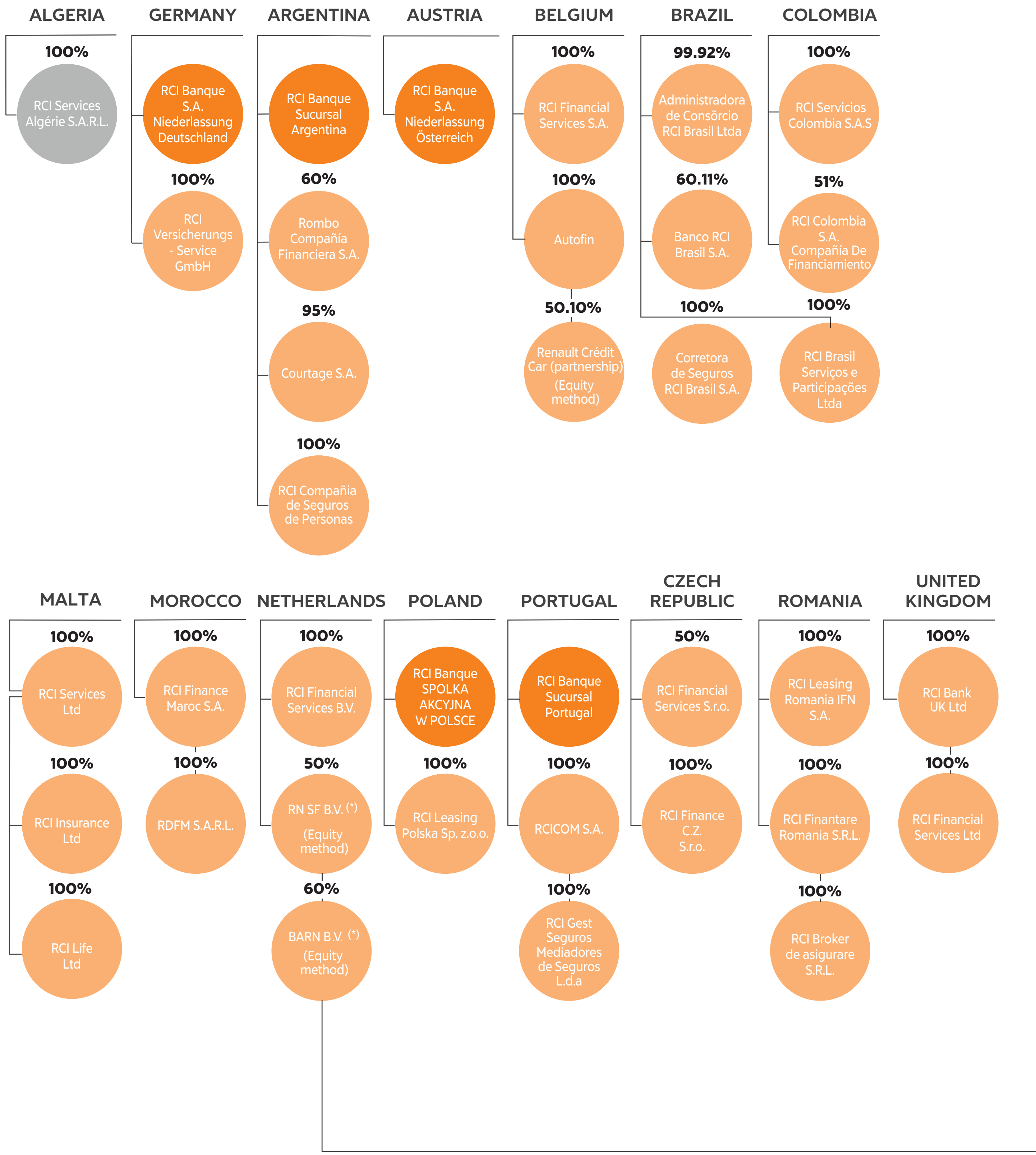
# ANNUAL REPORT 2021

## THE FINANCIAL REPORT

RCI BANK AND SERVICES

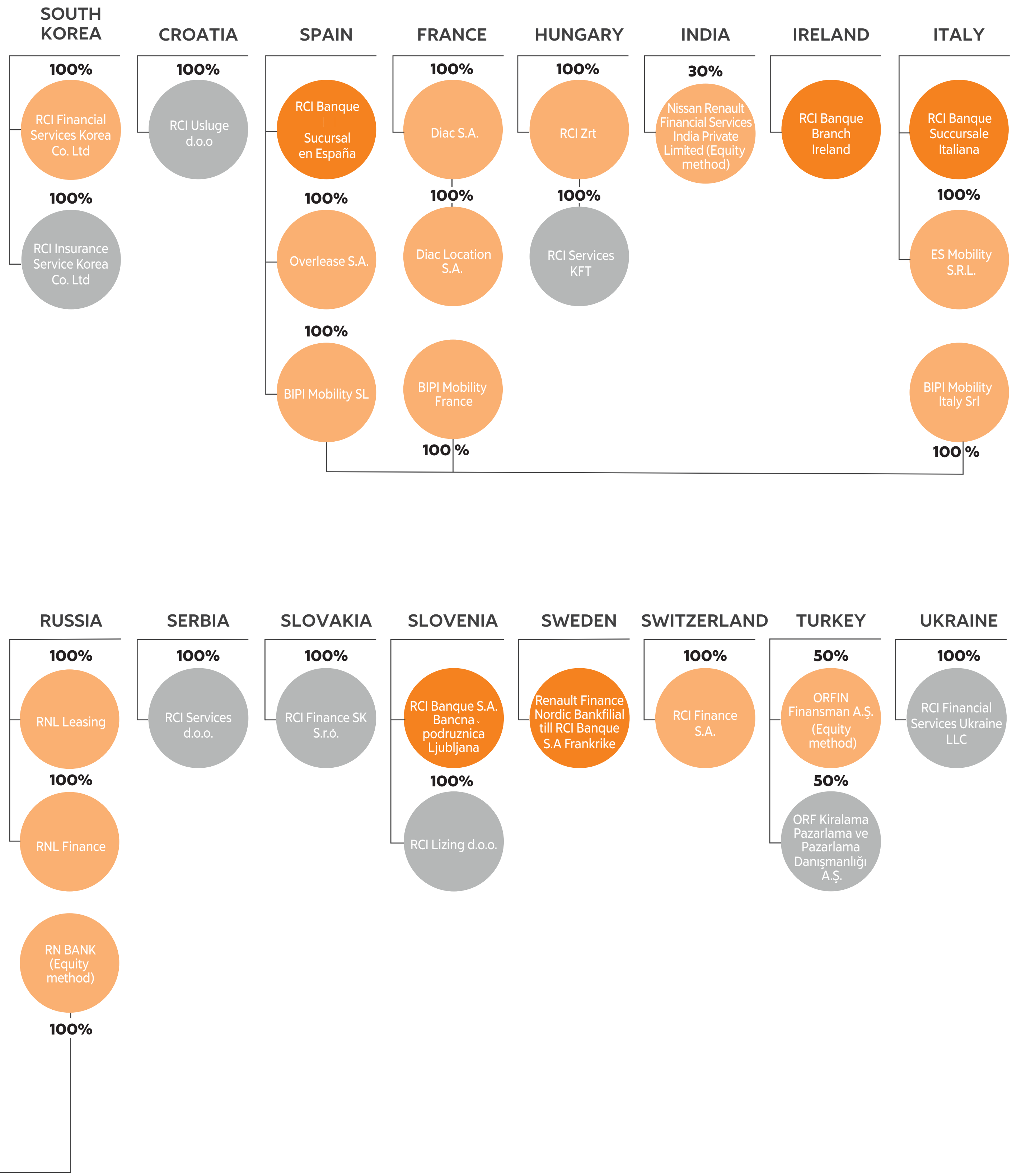
# RCI BANQUE ORGANIZATION CHART 2021

**RENAULT S.A.S.** 〉 **100% RCI BANQUE S.A.**




Subsidiary · Branch · Non-consolidated subsidiary

*(*) Organization of the activity in Russia.*


SOUTH KOREA
100%
RCI Financial Services Korea Co. Ltd
100%
RCI Insurance Service Korea Co. Ltd
CROATIA
100%
RCI Usluge d.o.o
SPAIN
RCI Banque Sucursal en España
100%
Overlease S.A.
100%
BIPI Mobility SL
FRANCE
100%
Diac S.A.
100%
Diac Location S.A.
BIPI Mobility France
100%
HUNGARY
100%
RCI Zrt
100%
RCI Services KFT
INDIA
30%
Nissan Renault Financial Services India Private Limited (Equity method)
IRELAND
RCI Banque Branch Ireland
ITALY
RCI Banque Succursale Italiana
100%
ES Mobility S.R.L.
BIPI Mobility Italy Srl
100%
RUSSIA
100%
RNL Leasing
100%
RNL Finance
RN BANK (Equity method)
100%
SERBIA
100%
RCI Services d.o.o.
SLOVAKIA
100%
RCI Finance SK S.r.o.
SLOVENIA
RCI Banque S.A. Bancna podruznica Ljubljana
100%
RCI Lizing d.o.o.
SWEDEN
Renault Finance Nordic Bankfilial till RCI Banque S.A Frankrike
SWITZERLAND
100%
RCI Finance S.A.
TURKEY
50%
ORFIN Finansman A.Ş. (Equity method)
50%
ORF Kiralama Pazarlama ve Pazarlama Danışmanlığı A.Ş.
UKRAINE
100%
RCI Financial Services Ukraine LLC

The financial reports are part of the 2021 Annual Report, of which the magazine section can be viewed on the following link: **www.annualreport2021.rcibs.com**.


2021
ANNUAL
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THE
FINANCIAL
REPORT

THANKS TO A 19% INCREASE IN PRE-TAX INCOME COMPARED TO 2020 AND AN ROE OF 14.5%, RCI BANK AND SERVICES ONCE AGAIN ACHIEVED A HIGH LEVEL OF PROFITABILITY AND DEMONSTRATED THE STRENGTH OF ITS BUSINESS MODEL.

# MESSAGE FROM CLOTILDE DELBOS

## Deputy CEO of Renault Group, CEO of Mobilize, Chairman of the Board of Directors of RCI Banque

### What do you think of RCI Bank and Services' annual results?

In 2021, RCI Bank and Services still made a significant contribution to the results of Renault Group, despite an automotive context still heavily disrupted by the health crisis and the semiconductor crisis. Thanks to a 19% increase in pre-tax income compared to 2020 and an ROE of 14.5%, RCI Bank and Services once again achieved a high level of profitability and demonstrated the strength of its business model.

### Mobilize is one year old! How would you assess this first year?

2021 has been a great year, which has enabled us to build the foundations of Mobilize, whose ambition is to contribute to a more sustainable world. We have defined our strategy, presented our range of electric vehicles, and we have also developed partnerships in the energy and mobility sector. And of course, we have structured our organization in which RCI Bank and Services holds a strategic place.

### How can RCI Bank and Services support the development of Mobilize in 2022?

With the acquisition by RCI Bank and Services of Bipi, a reference multi-brand platform in car subscription offers, Mobilize will be able to offer its customers flexible mobility solutions, based on the use of the vehicle, in a simple, accessible, and digital way. We are also working hand in hand to create financing offers for taxi and private hire vehicle drivers, a new customer base that we are targeting with our LIMO vehicle. Mobilize will also be able to benefit from the expertise of RCI Bank and Services to offer services that will facilitate the adoption of new modes of electric mobility such as the financing of electric terminals or the Mobilize Charge Pass, giving users access to the largest network of charging stations in Europe. In short, we have many challenges to overcome together in 2022!

# CREATE SUSTAINABLE MOBILITY FOR ALL

**IN A CONTEXT STILL DISRUPTED BY THE COVID-19 PANDEMIC AND SEMICONDUCTOR CRISIS, I'M PROUD OF THE WORK DONE BY OUR TEAMS ALL AROUND THE WORLD.**

**João Leandro, Chief Executive Officer of RCI Bank and Services**

**How would you summarize RCI Bank and Services' performance in 2021?**

In a context still disrupted by the Covid-19 pandemic and semiconductor crisis, I'm proud of the work done by our teams all around the world.

- We achieved a group pre-tax profit of €1,194 million, up 19% compared to 2020.
- In terms of customer satisfaction, we set a new record of Net Promoter Score, and we continue to be the benchmark among automotive captives.
- Finally, in terms of organization: we modernized the way we work with more and more projects managed in an agile and lean way. We also created numerous tribes that are working in important topics, including our sustainability strategy.

**You entered the car subscription market in 2021, by acquiring Bipi. What's the strategy behind it?**

Experts in the market estimate that car subscription will represent between 10-20% of the car financing market, so we need to seize this business opportunity. After a deep analysis of what we would need to advance quickly in this market, we decided to acquire Bipi, who is a reference among multi-brand car subscription players. In 2022, we will support Bipi in their deployment across several countries in Europe. Furthermore, we will work with Bipi launch subscription offers to the Alliance brands, including for the new Mobilize cars like Limo.

**In 2022, Renault and Nissan have strong ambitions regarding electric vehicles with the launch of Megane E-Tech and Nissan Ariya. How are you going to support them?**

As a partner who cares for all its customers, we build financial services to create sustainable mobility for all. That's our purpose, our DNA. We kept this objective in mind, while working very closely with Renault and Nissan to support their ambition to be leader on the EVs transition and green market.

**AS A PARTNER WHO CARES FOR ALL ITS CUSTOMERS, WE BUILD FINANCIAL SERVICES TO CREATE SUSTAINABLE MOBILITY FOR ALL.**

Regarding Megane E- Tech, we will deploy a complete offer to ensure a successful launch based on 3 main pillars.
First, a competitive monthly payment financing offer focusing in leasing offers.
Then, services to lift main EV barriers such as: Mobilize charge pass in all major countries to make it easier for our clients to charge their EV on public charging stations or a Wall box financing solution to enable the customers to pay their home charging solutions in several installments.
We will offer our Switch Car option that will allow Megane E-Tech drivers to benefit from a combustion engine vehicle for 10 to 50 days per year for their longer travels during holidays for example.
We will also offer for the first time, a full online journey in main European countries, with built to order vehicles that customers will be able to buy online.
To sum up it's much more than a car we launch, it's a complete ecosystem that will benefit to the customers, the car makers and will help us fulfill our goal of helping society transition to a more sustainable mobility.

# OUR 2021 PERFORMANCES

## A SOLID COMMERCIAL AND FINANCIAL PERFORMANCE

Despite an automotive context disrupted by the pandemic and the semiconductor crisis, the 2021 results demonstrate the strength of the RCI Bank and Services business model. By developing its service and mobility offerings, the group intends to respond to the new uses of customers and thus improve their satisfaction.

## RESILIENT KEY INDICATORS DESPITE THE PANDEMIC CONTEXT

### WORLDWIDE

**4,000**
EMPLOYEES

**9**
BRANDS

**36**
COUNTRIES

### FINANCING

**1.4 MILLION**
OF NEW FINANCING CONTRACTS
- 6.9% VS 2020

**17.8 BILLION EUROS**
IN NEW FINANCING CONTRACTS
- 0.2% VS 2020

**46%**
OF REGISTRATIONS FINANCED
+ 1.8 VS 2019

**364 THOUSAND**
USED VEHICLE FINANCING CONTRACTS
- 4.1% VS 2020

### SERVICES

**4.7 MILLIONS**
SERVICE CONTRACTS SOLD
+ 2% VS 2020

**3** SERVICES SOLD PER FINANCING CONTRACT
VS 3.03 in 2020

### FINANCIAL PERFORMANCE

**44.8**
**BILLION EUROS**
IN AVERAGE PERFORMING ASSETS
-4.6% VS 2020

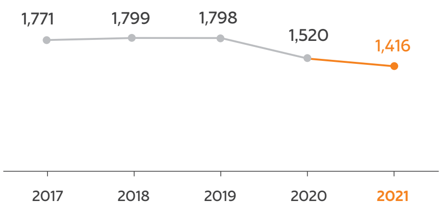
**1,194**
**BILLION EUROS**
IN PRE-TAX AVANT IMPÔTS
+19% VS 2020

**1,828**
**BILLION EUROS**
IN NET BANKING INCOME
-6.5 % VS 2020

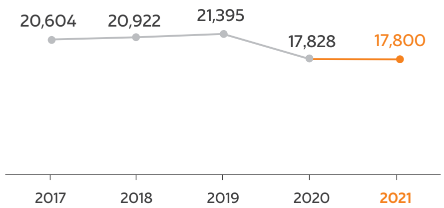
* Net Promoter Score

# KEY INDICATORS
# HIGH LEVEL

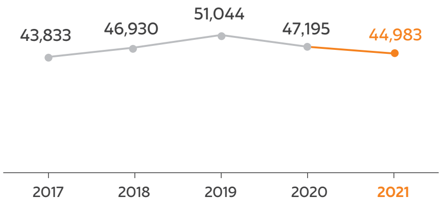
## TOTAL NUMBER OF VEHICLE CONTRACTS
*(in thousands)*




## NEW FINANCINGS
*(excl. personal loans and credit cards/in millions of euros)*

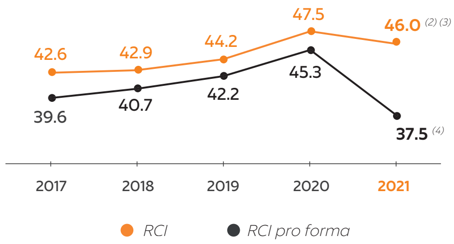



## NET ASSETS AT END 2021 (1)
*(€ million)*




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

## FINANCING PENETRATION RATE (1)
*(percentage of registrations)*



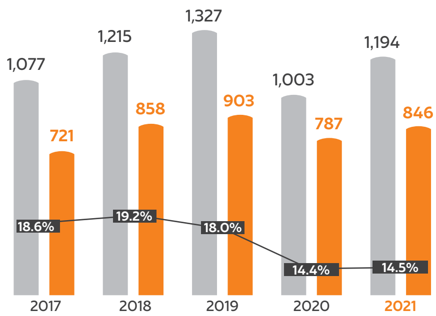

(1) *The penetration rate is calculated as the number of new vehicles financed divided by the number of vehicles registered by the manufacturers. Given the time lags between vehicle registration and delivery, the drop in registrations has a slight positive impact on the penetration in %.*

(2) *Excluding Turkey, Russia and India (Equity Affiliated Companies: "EAC"), RCI Pro forma.*

(3) *The financing penetration rate was down 1.5 points compared to 2020, due to a more company-oriented mix of registrations and a desire to refocus on the most profitable financings channels.*

(4) *The lower figure of 2021 is due to the integration of Lada which has a low penetration rate (4,9%)*

## RESULTS
*(€ million)*




Pre-tax income in €m
Return On Equity
After-tax income
(parent company shareholder's share)

# BUSINESS ACTIVITY

**In a context still disrupted by the Covid-19 pandemic and semiconductor crisis, RCI Bank and Services' new financings was up by 0.4% (1) compared to 2020, helped by the strong performance of used vehicle financing contracts and the growth in average amounts financed for new vehicles and used vehicles.**

| | Financing penetration rate (%) | | New vehicle contracts (thousands) | | New financings excluding cards and PL (€m) | | Net assets at year-end (2) (€m) | |
|---|---|---|---|---|---|---|---|---|
| PC + LCV market (1) | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| **EUROPE (3)** | **48.2%** | 48.3% | **1,078** | 1,132 | **15,420** | 15,251 | **40,832** | 42,965 |
| of which Germany | **47.5%** | 47.2% | **151** | 172 | **2,362** | 2,566 | **7,809** | 8,361 |
| of which Spain | **51.4%** | 52.7% | **98** | 109 | **1,275** | 1,305 | **3,593** | 4,120 |
| of which France | **52.8%** | 54.9% | **408** | 427 | **5,723** | 5,760 | **15,320** | 15,993 |
| of which Italy | **68.0%** | 67.3% | **154** | 151 | **2,229** | 2,153 | **5,352** | 5,620 |
| of which United Kingdom | **39.9%** | 36.2% | **113** | 101 | **1,987** | 1,538 | **4,369** | 4,116 |
| of which other countries | **33.2%** | 33.6% | **155** | 173 | **1,844** | 1,929 | **4,389** | 4,755 |
| **AMERICAS** | **35.8%** | 41.6% | **134** | 148 | **1,101** | 1,014 | **2,227** | 2,157 |
| of which Argentina | **21.6%** | 28.2% | **15** | 18 | **113** | 77 | **166** | 123 |
| of which Brazil | **33.6%** | 41.1% | **83** | 100 | **640** | 682 | **1,475** | 1,498 |
| of which Colombia | **60.3%** | 62.8% | **37** | 29 | **349** | 254 | **586** | 536 |
| **AFRICA - MIDDLE-EAST - INDIA AND PACIFIC** | **31.8%** | 41.8% | **95** | 107 | **906** | 1,156 | **1,910** | 2,072 |
| **EURASIA (3)** | **14.1%** | 35.4% | **109** | 133 | **373** | 407 | **14** | 1 |
| **TOTAL GROUPE RCI BANQUE (4)** | **37.5%** | **45.3%** | **1,416** | **1,520** | **17,800** | **17,828** | **44,983** | **47,195** |

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

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

*(3) The change of region of Romania, formerly "EURASIA", is reflected on the RCI perimeter by integration into the "EUROPE" region.*

*(4) Financing penetration rate of 46.0% in 2021 compared to 47.5% in 2020, excluding companies consolidated using equity method.*

| Of which customer net assets at year-end (€m) | | Of which dealer net assets at year-end (€m) | | Average performing assests (€m) | | Net banking income (€m) | | Pre-tax income (€m) | |
|---|---|---|---|---|---|---|---|---|---|
| 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| 34,551 | 34,448 | 6,281 | 8,517 | 40,768 | 42,584 | 1,559 | 1,685 | 1,044 | 895 |
| 6,828 | 7,002 | 981 | 1,359 | 7,974 | 8,114 | 227 | 262 | 143 | 176 |
| 3,253 | 3,492 | 340 | 628 | 3,810 | 4,328 | 112 | 127 | 62 | 47 |
| 12,362 | 12,262 | 2,958 | 3,731 | 14,845 | 14,961 | 373 | 415 | 186 | 129 |
| 4,875 | 4,873 | 477 | 747 | 5,370 | 5,753 | 174 | 172 | 116 | 99 |
| 3,934 | 3,440 | 435 | 676 | 4,414 | 4,499 | 158 | 153 | 133 | 89 |
| 3,299 | 3,379 | 1,090 | 1,376 | 4,354 | 4,929 | 515 | 557 | 404 | 355 |
| 1,855 | 1,879 | 372 | 278 | 2,086 | 2,294 | 181 | 171 | 91 | 49 |
| 94 | 75 | 72 | 48 | 122 | 103 | 41 | 30 | 18 | 5 |
| 1,201 | 1,311 | 274 | 187 | 1,427 | 1,717 | 98 | 109 | 50 | 38 |
| 560 | 493 | 26 | 43 | 537 | 474 | 42 | 32 | 23 | 6 |
| 1,793 | 1,973 | 117 | 99 | 1,893 | 2,029 | 87 | 95 | 50 | 40 |
| 14 | 1 | - | - | 5 | 0 | 0 | 3 | 15 | 19 |
| 38,213 | 38,301 | 6,770 | 8,894 | 44,752 | 46,907 | 1,827 | 1,955 | 1,194 | 1,003 |

# Chapter 01

# FINANCIAL POLICY

**The decline in the coronavirus pandemic in Europe and the United States enabled governments to restore economic activity to levels close to normal in 2021. Fueled by soaring energy prices and tensions in the supply chain, inflation was a major focus for investors in the second half of the year.**

Inflation figures reached their highest level in ten years in the Eurozone (+4.9% on an annualized basis in November, following increases of 1.8% and 2.8% in the second and third quarters respectively), leading to a rise in long-term interest rates. Global economic growth is slowing due in particular to persistent supply chain bottlenecks. The slowdown in growth also reflects a normalization from the post-COVID-19 rebound, with base effects from reopenings fading and a reduction in support measures."

In the United States, the economic recovery slowed down in the second half (annualized growth in the third quarter of 2.3% compared to 6.7% in the second quarter of 2021) due to supply chain constraints and the sharp rise in infections from the delta variant. COVID-19 cases increased at the beginning of the third quarter, leading to a drop in consumer confidence and a decrease in spending, especially in vulnerable sectors.

At its meeting on 15 December, the US Federal Reserve formalized the change in its monetary policy and showed its commitment to reduce the increase in prices, recognizing that the current inflation phenomenon (5.3% annualized in the third quarter), following increases of 1.9% and 4.8% respectively in the first and second quarters) can no longer be considered as transitory. Thus, from January onwards, the rate of reduction of the monetary easing policy ("tapering") will be doubled and purchases will be reduced by $30 billion, with a target date of March for the final end of the economic support program. It has maintained its Fed Funds rate target at 0-0.25%, but is now planning three rate hikes of 25 bps each in 2022.

The European Central Bank has maintained its broadly accommodative policy, estimating that the inflation peak is temporary and that it will return to around 2% in the next two years. The ECB has left its main key rate unchanged at 0%, and does not expect any increase in the short term. It announced a further reduction in its bond purchases, while promising to maintain significant support for the economy in 2022. Purchases of securities under the Pandemic Emergency Purchase Programme (PEPP) launched in March 2020 will continue to decline in the coming months and will come to a complete halt at the end of March 2022. Purchases under the APP (Asset Purchase Programme) will double during the second quarter to €40 billion per month, before falling to €30 billion in the third quarter and €20 billion in the fourth quarter.

Unexpectedly, the Bank of England (BoE) raised its key rate by 15 bps to 0.25% at its monetary policy meeting in December. However, its asset purchase program remains unchanged at £895 billion.

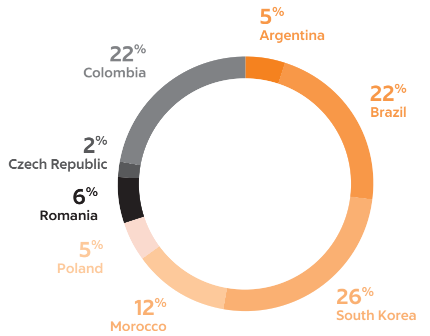
In this context of high inflation, bond yields have risen since the beginning of the year. At the end of December, the German ten-year sovereign bond yield rose by 39 bps over the year to -0.19%.

Driven by excellent corporate financial results and expectations of a resurgence in inflation, the major stock market indices saw strong increases in 2021, as evidenced by the 21% increase in the Euro Stoxx 50. Credit spreads have been stable around levels close to the lows observed in 2019 and early 2020. In a context of low volatility and abundant liquidity, the IBOXX Corporate index stood at 61 bps at the end of December 2021 compared to 74 bps at the end of 2020 and 70 bps at the end of 2019.

In the absence of growth in the commercial portfolio, funding needs remained modest and the group took a number of initiatives to reduce its liquidity reserve, which had reached an all-time high at end-2020. In this context, RCI Banque did not issue on the bond market and sought to slow the growth in customer deposits, which nevertheless grew by €0.5 billion since December to reach €21.0 billion (representing a growth of +2.6% compared with +15% in 2020). To diversify its funding sources. The group rolled out in July its savings business in the Netherlands through the fintech Raisin.

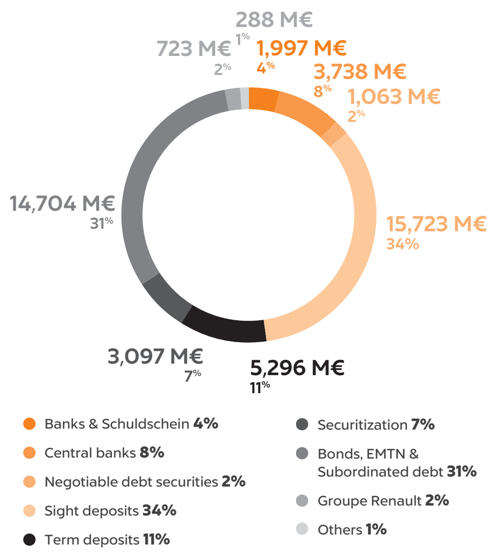
### GEOGRAPHICAL BREAKDOWN OF NEW RESOURCES WITH A MATURITY OF ONE YEAR OR MORE (EXCLUDING DEPOSITS AND TLTRO)

*(as at 31/12/2021)*



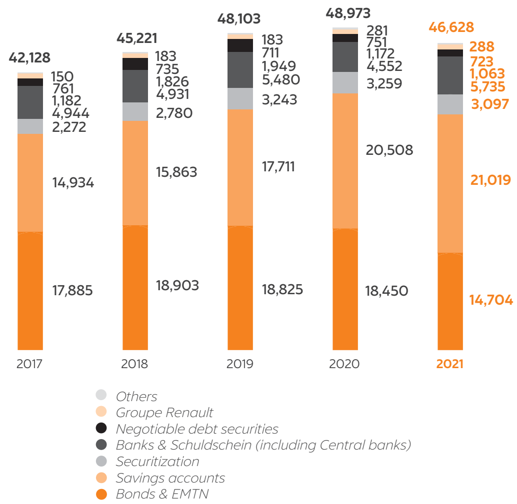

### STRUCTURE OF TOTAL DEBT

*(as at 31/12/2021)*



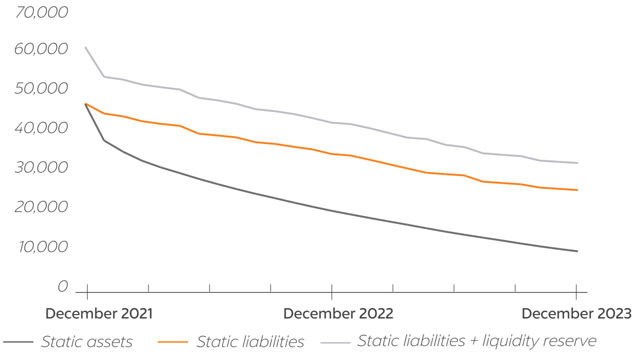

### CHANGES IN THE STRUCTURE OF TOTAL DEBT

*(in million euros)*



## STATIC LIQUIDITY POSITION[(1)]

*(in million euros)*

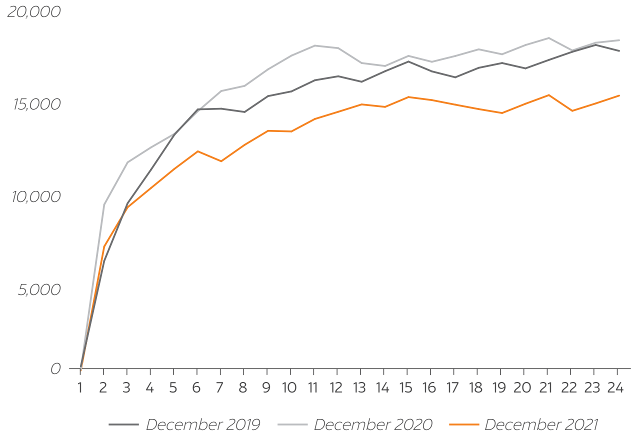



*Static assets: Assets runoff over time assuming no renewal*
*Static liabilities: Liabilities runoff over time assuming no renewal*

*(1) Scope: Europe.*

## STATIC LIQUIDITY GAP[(1)] *(in million euros)*

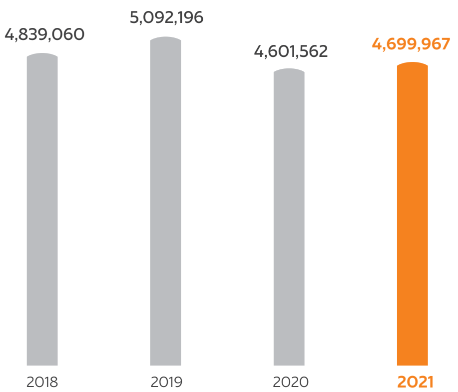
*(at 31/12/2021)*




*(1) Scope: Europe.*

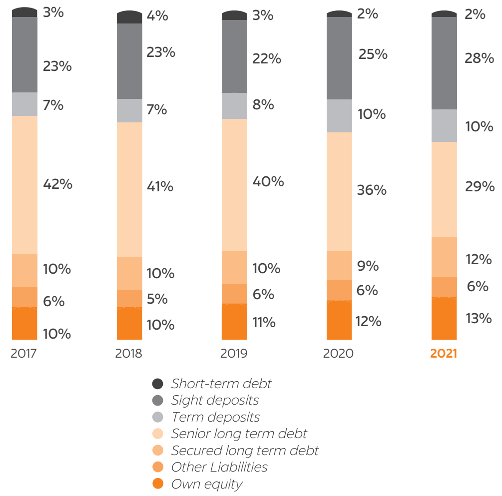
## SERVICE CONTRACTS *(in number)*

*(at 31/12/2021)*



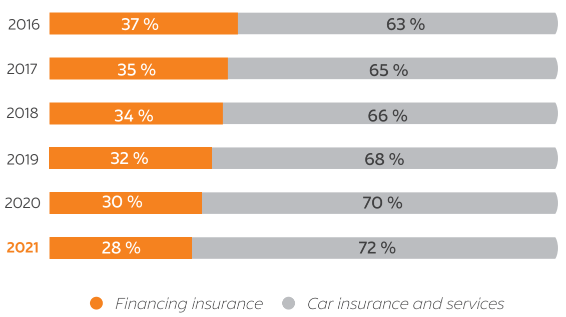

## BREAKDOWN OF LIABILITIES

*(at 31/12/2021)*




## SERVICE MIX *(as a %)*

*(at 31/12/2021)*




To prepare for the future, we renewed and upsized our retained securitization in Italy from €1.4 billion to €1.8 billion. We also set up a new private securitization program to refinance the residual values of finance leases in France. This program, which is currently used for a symbolic amount, can be increased and represents a potential new source of secure financing for the company. In the second half of 2021, a new public securitization program was set up in the United Kingdom. The £750 million in self-subscribed senior securities should be eligible for Bank of England long-term monetary policy operations, enabling RCI Bank UK to access the TFSME[(1)] long-term refinancing program and diversify its liquidity reserve. Lastly, RCI Banque arranged a public securitization backed by auto loans in Germany and issued €900 million in senior securities (including €200 million self-subscribed).

*(1) Term Funding Scheme for SMEs (TFSME).*

These resources, together with €4.3 billion of undrawn confirmed bank lines, €3.3 billion of collateral eligible for Central Bank monetary policy operations and €6.6 billion of High Quality Liquid Assets (HQLA), enable RCI Banque to maintain the financing granted to its customers for more than 12 months without access to external liquidity. As of 31 December 2021, RCI Banque's liquidity reserve (Europe scope) stood at €14.4 billion. This controlled reduction of €2.2 billion compared with the end of 2020 also makes it possible to reduce the cost of carrying cash surpluses. The liquidity reserve nevertheless remains significantly above internal targets.

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

As of 31 December 2021, a parallel rise in rates(1) would have an impact on the group's net interest margin (NII) of:

- -€0.9 million in EUR;
- -€0.8 million in BRL;
- +€0.8 million in KRW;
- +€0.3 million in GBP;
- -€1.7 million in PLN;
- +€0.3 million in CHF.

The sum of the absolute values of the sensitivities to a parallel interest rate shock(1) in each currency amounts to €8.6 million.

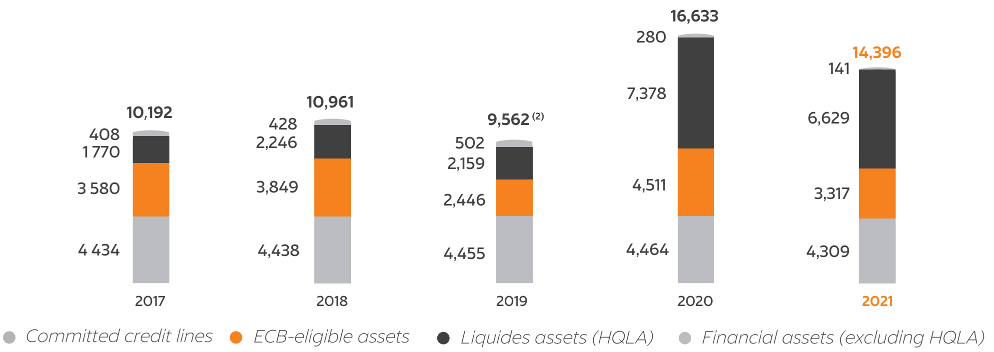
The group RCI Banque's consolidated transactional foreign exchange position(2) is €4.2 million.

*(1) Since 2021 and in accordance with the guidelines of the regulator (IRRBB Guidelines of 2018), the magnitude of interest rate shocks depends on the currency.*
*Over 2021, the currency rate shocks were:*
*+100 bps for EUR, CHF, KRW,GBP, PLN, MAD, HUF, JPY, USD and SKK;*
*+150 bps for SEK and DKK;*
*+200 bps for CZK and RON;*
*+300 bps for BRL;*
*+500 bps for ARS and RUB.*

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

## LIQUIDITY RESERVE(1)

*(in million euros)*




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

### RCI Banque group's programs and issuances

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

| Issuer(1) | Instrument | Market | Amount | S&P | Moody's | Other |
|---|---|---|---|---|---|---|
| RCI Banque S.A. | Euro MTN Program | Euro | €23,000 million | **BBB-** (stable outlook) | **Baa2** (negative outlook) | |
| RCI Banque S.A. | NEU CP Program(2) | French | €4,500 million | **A-3** | **P2** | |
| RCI Banque S.A. | NEU MTN Program(3) | French | €2,000 million | **BBB-** (stable outlook) | **Baa2** (negative outlook) | |
| RCI Banque S.A. | Tier 2 Subordinated Notes n°19-517 | Euro | €850 million | **BB** | **Ba2** (negative outlook) | |
| DIAC S.A. | NEU CP Program(2) | French | €1,000 million | **A-3** | | |
| DIAC S.A. | NEU MTN Program(3) | French | €1,500 million | **BBB-** (stable outlook) | | |
| Rombo Compania Financiera S.A. | Bond Program | Argentinian | ARS6,000 million | | **A+** (arg) (stable oulook) | Fix Scr: **AA- (arg)** (stable outlook) |
| RCI Financial Services Korea Co Ltd | Bonds | South Korean | KRW1,520 billion(4) | | | KR, KIS, NICE: **A+** |
| Banco RCI Brasil S.A. | Bonds | Brazilian | BRL3,371 million(4) | | **AA+.br** (stable outlook) | |
| RCI Finance Maroc | BSF Program | Moroccan | MAD3,500 million | | | |
| RCI Finance Maroc | Tier 2 Subordinated | Moroccan | MAD68 million | | | |
| RCI Colombia S.A. Compañia de Financiamiento | Bonds | Colombian | COP451 billion(4) | **AAA.co** | | |
| RCI Colombia S.A. Compañia de Financiamiento | CDT: Certificado de depósito a Término | Colombian | COP580 billion(4) | **AAA.co** | | |

*(1) RCI Banque & Subsidiaries fully consolidated.*
*(2) Negotiable European Commercial Paper (NEU CP), new name for Certificates of Deposit.*
*(3) Negotiable European Medium-Term Note (NEU MTN), new name for Negotiable Medium-Term Notes.*
*(4) Outstandings.*

# Chapter 02

# RISKS **PILLAR III**

# 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 III 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 31 December 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 | Clotilde Delbos |
|---|---|
| Chief Executive Officer | 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 20 May 2019 (CRD V).

It is published on a consolidated basis (Article 13 of the CRR) and meets the requirements set out in part eight 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

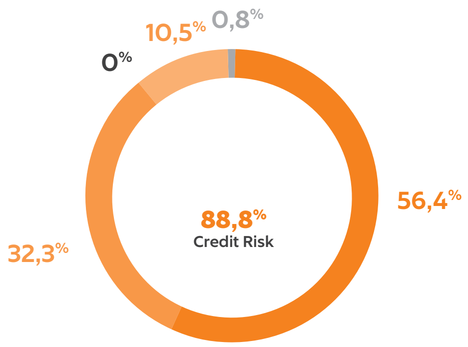
### EU KM1 – Key metrics template

| *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% | |

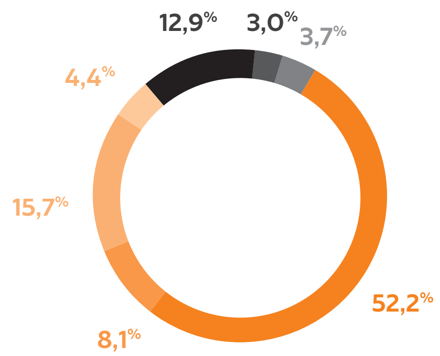
The data relating to the LCR and its aggregates are averages for the 12 months ending on the reporting date mentioned (Article 447 f of CRR2).

## OWN FUNDS REQUIREMENTS BY TYPE OF RISK




- Credit Risk (Internal Ratings Based Approach) **56,4%**
- Credit Risk (Standard Approach) **32,3%**
- Operational Risk **10,5%**
- Credit Valuation Adjustment Risk **0,8%**
- Market Risk **0,0%**
- Credit Ris **88,8%**

## EXPOSURE BY EXPOSURE CLASS




- Retail **52,2%**
- Retail SME **8,1%**
- Corporates **15,7%**
- Corporates SME **4,4%**
- Central Governments or Central Banks **12,9%**
- Institutions **3,0%**
- Other non-credit obligation assets **3,7%**

## 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 earning 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, and 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 | | Qualitative information – Free format |
|---|---|---|
| Point (f) of Article 435(1) CRR | 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 | 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 | 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 | 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 | 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 | 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 Part IX-1 Liquidity risk<br>Part X-1 Operational and non-compliance risks<br>Part XI-1 Other risks |
| Points (a) and (d) of Article 435(1) CRR | 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<br>+7 Credit risk mitigation techniques + V Advanced method<br>Part X-4 Insurance of operational risks |

### EU OVB – DISCLOSURE ON GOVERNANCE ARRANGEMENTS

| Legal basis | | Qualitative information – Free format |
|---|---|---|
| Point (a) of Article 435(2) CRR | 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 | 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 | 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 | 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 | Description on the information flow on risk to the management body. | Part II-1 Risk of governance policy – Risk appetite framework 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 IV/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 subsidiary. 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 monitoring 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 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

| | Position held in RCI Banque S.A. | Number of other positions held inside Renault Group | Number of other positions held outside Renault Group |
|---|---|---|---|
| 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 Statement Framework and a Risk Appetite Framework 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 CommitteeFor 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 the 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 six months' business continuity has been set for centrally funded subsidiaries (three 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 inappropriate 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 has been established through the corresponding mapping. Work in progress will lead to the finalization of the risk appetite framework by 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 S.A. acts as a central refinancing facility, 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 S.A.
- 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. Their variable remuneration in 2021 totaled €2,561,892, 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; total variable remuneration = €735,803;
- control functions: total fixed remuneration = €1,074,610; total variable remuneration = €263,557;
- corporate functions excluding Executive Committee and control: total fixed remuneration = €382,056; total variable remuneration = €115,597;
- other positions: total fixed remuneration = €6,550,930; total variable remuneration = €1,406,935.

In 2021, the external directors of the Board of Directors received remuneration for their duties in the amount of €82,000. No employee receives an annual salary of more than €1,000,000. 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; 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 three 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 politcy 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, 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, 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. The amounts that remain deferred in respect of the fiscal year 2018 to 2022 amount to €170,530;
- for the fiscal year 2019, amounts determined in 2020 represented a total deferred of €510,549, 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 out of a 100% amount of €170,183. Amounts still to be deferred in respect of the fiscal year 2019 over the years 2022 and 2023 amount to €340,366;
- for the fiscal year 2020, amounts determined in 2021 represented a total deferred of €205,422, 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.

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

| 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 |
|---|---|---|---|---|---|---|---|---|
| MB Supervisory function | | | | | | | | |
| Cash-based | | | | | | | | |
| Shares or equivalent ownership interests | | | | | | | | |
| Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| Other instruments | | | | | | | | |
| Other forms | | | | | | | | |
| MB Management function | 379,912 | 97,360 | 282,552 | (8,251) | | | 89,109 | |
| Cash-based | 12,387 | 12,387 | | | | | 12,387 | |
| Shares or equivalent ownership interests | | | | | | | | |
| Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| Other instruments | 367,525 | 84,973 | 282,552 | (8,251) | | | 76,722 | |
| Other forms | | | | | | | | |
| Other senior management | 153,235 | 70,989 | 82,246 | (4,217) | | | 66,772 | |
| Cash-based | 10,619 | 10,619 | | | | | 10,619 | |
| Shares or equivalent ownership interests | | | | | | | | |
| Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| Other instruments | 142,616 | 60,370 | 82,246 | (4,217) | | | 56,153 | |
| Other forms | | | | | | | | |
| Other identified staff | 674,946 | 323,428 | 351,518 | (18,012) | | | 305,416 | |
| Cash-based | 52,526 | 52,526 | | | | | 52,526 | |
| Shares or equivalent ownership interests | | | | | | | | |
| Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| Other instruments | 622,420 | 270,902 | 351,518 | (18,012) | | | 252,890 | |
| Other forms | | | | | | | | |
| **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 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)

| | Management body remuneration | | | Business areas |
|---|---|---|---|---|
| | MB Supervisory function | MB Management function | Total MB | Investment banking |
| TOTAL NUMBER OF IDENTIFIED STAFF | | | | |
| Of which: members of the MB | 8 | 3 | 11 | |
| Of which: other senior management | | | | |
| Of which: other identified staff | | | | |
| TOTAL REMUNERATION OF IDENTIFIED STAFF | 82,000 | 1,225,632 | 1,307,632 | |
| Of which: variable remuneration | 40,000 | 394,887 | 434,887 | |
| Of which: fixed remuneration | 42,000 | 830,744 | 872,744 | |

| Business areas | | | | | |
|---|---|---|---|---|---|
| Retail banking | Asset management | Corporate functions | Independent internal control functions | All other | Total |
| | | | | | **95** |
| | | | | | |
| | | 6 | 2 | | |
| 34 | | 3 | 10 | 29 | |
| **4,294,721** | | **1,678,178** | **1,723,970** | **3,663,144** | |
| 759,298 | | 358,630 | 361,440 | 647,637 | |
| 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

| | | | Carrying values of items subject to: | | | | |
|---|---|---|---|---|---|---|---|
| *In millions of euros* | Carrying values as reported in published financial statements | Carrying values under scope of prudential consolidation | Credit risk framework | Counterparty credit risk framework | Securitisation framework | Market risk framework | Not subject or deduction from own funds |
| **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** |

| *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 |
|---|---|---|---|---|---|---|---|
| **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)

| | | Method of prudential consolidation | | | | | |
|---|---|---|---|---|---|---|---|
| **Name of the entity** | **Method of accounting consolidation** | **Full consolidation** | **Proportional consolidation** | **Equity method** | **Neither consolidated nor deducted** | **Deducted** | **Description of the entity** |
| 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 regulatory 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>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 occurrences 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 S.A. and DIAC S.A. 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 S.A. 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 31 December 2021 (of which Core Tier one 14.76%) compared to 19.83% as of 31 December 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 -€971 million is explained by an exceptional distribution in 2021 of reserves of €931 million.

The variation in Risk Exposure Amount – REA(5) (-€1,282 million) 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 II (P2R – "Pillar II 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 S.A. and DIAC S.A. These are set at 10% of risk weight assets (TREA) and 3% of the leverage ratio exposure (LRE) for RCI Banque S.A., and these are set at 8% of risk weight assets (TREA) and 3% of the leverage ratio exposure for Diac S.A. They apply individually. RCI Banque S.A. and Diac S.A. comply with these MREL requirements.

## EU CCYB1 – GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER

| | General credit exposures | | Relevant credit exposures Market risk | | Securitisation exposures Exposure value for non-trading book | Total exposure value |
|---|---|---|---|---|---|---|
| *In millions of euros* | 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 | | |
| **BREAKDOWN BY COUNTRY** | | | | | | |
| Argentina | 189 | | | | | 189 |
| Austria | 616 | | | | | 616 |
| Belgium | 201 | | | | | 201 |
| Brazil | 1,380 | | | | | 1,380 |
| Swiss | 799 | | | | | 799 |
| Czech Republic | 166 | | | | | 166 |
| Germany | 696 | 7,762 | | | | 8,457 |
| Spain | 360 | 3,466 | | | | 3,826 |
| France | 1,665 | 15,794 | | | | 17,459 |
| Great-Britain | 740 | 4,276 | | | | 5,016 |
| Hungary | 26 | | | | | 26 |
| Ireland | 332 | | | | | 332 |
| India | 36 | | | | | 36 |
| Italy | 598 | 5,269 | | | | 5,867 |
| South Korea | 57 | 1,470 | | | | 1,528 |
| Luxembourg | 69 | | | | | 69 |
| Morocco | 598 | | | | | 598 |
| Malta | 131 | | | | | 131 |
| Netherlands | 675 | | | | | 675 |
| Poland | 678 | | | | | 678 |
| Portugal | 579 | | | | | 579 |
| Romania | 361 | | | | | 361 |
| Russia | 16 | | | | | 16 |
| Sweden | 139 | | | | | 139 |
| Slovenia | 228 | | | | | 228 |
| Slovakia | 20 | | | | | 20 |
| Turkey | 140 | | | | | 140 |
| Colombia | 646 | | | | | 646 |
| Croatia | 2 | | | | | 2 |
| **TOTAL ALL COUNTRIES** | **12,143** | **38,037** | | | | **50,179** |

| Own funds requirements | | | | | | |
|---|---|---|---|---|---|---|
| Relevant credit risk exposures – Credit risk | Relevant credit exposures – Market risk | Relevant credit exposures – Securitisation positions in the non-trading book | Total | Risk-weighted exposure amounts | Own funds requirement weights | Countercyclical capital buffer rate |
| | | | | | | |
| 14 | | | 14 | 180 | 0.62% | |
| 39 | | | 39 | 483 | 1.66% | |
| 15 | | | 15 | 193 | 0.66% | |
| 84 | | | 84 | 1,046 | 3.61% | |
| 47 | | | 47 | 593 | 2.04% | |
| 9 | | | 9 | 113 | 0.39% | 0.50% |
| 253 | | | 253 | 3,166 | 10.92% | |
| 168 | | | 168 | 2,105 | 7.26% | |
| 833 | | | 833 | 10,413 | 35.91% | |
| 238 | | | 238 | 2,980 | 10.28% | |
| 2 | | | 2 | 26 | 0.09% | |
| 20 | | | 20 | 250 | 0.86% | |
| 7 | | | 7 | 89 | 0.31% | |
| 239 | | | 239 | 2,989 | 10.31% | |
| 49 | | | 49 | 613 | 2.11% | |
| 7 | | | 7 | 86 | 0.30% | 0.25% |
| 38 | | | 38 | 479 | 1.65% | |
| 25 | | | 25 | 313 | 1.08% | |
| 55 | | | 55 | 690 | 2.38% | |
| 39 | | | 39 | 484 | 1.67% | |
| 38 | | | 38 | 476 | 1.64% | |
| 22 | | | 22 | 269 | 0.93% | |
| 1 | | | 1 | 10 | 0.03% | |
| 11 | | | 11 | 139 | 0.48% | |
| 14 | | | 14 | 173 | 0.59% | |
| 2 | | | 2 | 21 | 0.07% | 1.00% |
| 8 | | | 8 | 104 | 0.36% | |
| 41 | | | 41 | 513 | 1.77% | |
| 0 | | | 0 | 4 | 0.01% | |
| **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 €800 million. 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 -€1,085 million compared to 31 December 2020 to €4,932 million:

- distribution of reserves in the amount of -€931 million;
- integration of the result for the year 2021 net of the planned dividend (+€46 million);
- increase in the foreign exchange reserve (+€55 million);
- deduction of additional goodwill essentially due to the consolidation of Bipi Car (-€68 million);
- IFB shortfall of credit risk adjustments to expected losses (-€212 million).

## 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 five years without advance repayment during these first five 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 at the end of December 2019, the subordinated bond issued in November 2019 for €850 million, as well as the subordinated security issued by RCI Finance Maroc S.A. in December 2020 for €6.3 million.

### 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 million divided into 1 million shares of a nominal value of €100 |
| 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 | No |
| 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 |

| | Qualitative or quantitative information |
|---|---|
| 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 French 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 M |
| Nominal amount of instrument | €100,000 |
| 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% |

| | Qualitative or quantitative information |
|---|---|
| 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 |

| | a |
|---|---|
| | Qualitative or quantitative information |
| 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 |

| | a |
|---|---|
| | **Qualitative or quantitative information** |
| 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] minimum: 100% of TAM, floored at 6,50% 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 |

| | Qualitative or quantitative information – Free format |
|---|---|
| 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* | Amounts | Ref CC2 |
|---|---|---|
| **Common Equity Tier 1 (CET1) capital: instruments and reserves** | | |
| 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** | | |
| 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) | | |

| *In millions of euros* | Amounts | Ref CC2 |
|---|---|---|
| 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** | | |
| 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** | | |
| 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) | | |

| *In millions of euros* | Amounts | Ref CC2 |
|---|---|---|
| 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** | | |
| 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** | | |
| 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** | | |
| Common Equity Tier 1 capital | 14.76% | |
| Tier 1 capital | 14.76% | |
| Total capital | 17.68% | |

| *In millions of euros* | Amounts | Ref CC2 |
|---|---|---|
| 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* | | |
| 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)** | | |
| 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** | | |
| 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)** | | |
| 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* | 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Category level AVA** | **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

| | Total risk exposure amounts (TREA) | | Total own funds requirements |
|---|---|---|---|
| *In millions of euros* | 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 risk weighted 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% R W) 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 (i.e. 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

| **CRR leverage ratio exposures** *(in millions of euros)* | **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 (i.e. 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** |
| **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 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)) | | |

| **CRR leverage ratio exposures** *(in millions of euros)* | **31/12/2021** | **30/06/2021** |
|---|---|---|
| (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)** | | |
| **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% |

| **CRR leverage ratio exposures** *(in millions of euros)* | **31/12/2021** | **30/06/2021** |
|---|---|---|
| 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 billion to €4.9 billion, with the exceptional distribution in 2021 of reserves of €931 million, while the risk exposure amount remains almost stable at €58.6 billion (+€0.15 billion). |

## 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>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>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>RCI Banque also relies on its extensive knowledge of dealer networks to keep its risks in this category under control.<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>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>● 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 IFRS 9 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, IFRS 9 ECL computation on all countries, and Anacredit on several countries. Projects steering through specific Committees, like IFRS 9, 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 IFRS 9 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). |

**Qualitative disclosures**

| | | |
|---|---|---|
| | | 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>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 consistency of risk policies with the Risk Appetite Framework, the efficiency of risk measurement, risk monitoring and risk management system. 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 branches as 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. 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 IFRS 9 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) | of methods used for determining general and specific credit risk adjustments. | General credit risk adjustments:<br>All financial instruments within the scope of IFRS 9 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 January 2017 aims to replace and harmonize the practices of credit institutions in the identification of outstandings. This text applies from 1 January 2021.

In addition, EBA/RTS/2016/06 "Final draft RTS on materiality threshold of past due credit obligations" published on 28 September 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 21 November 2018, the ECB has set, for credit institutions in the European Union with the characteristics of RCI Banque:

- the absolute threshold at €100 for retail exposures and at €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 December 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 (countries excluding G7 countries), the new definition of default has been applied for the Customer and Dealer portfolios from 1 January 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 31 December 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: 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: PERFORMINÉG AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

| | Gross carrying amount/ nominal amount | | | | | |
|---|---|---|---|---|---|---|
| | Performing exposures | | | Non-performing exposures | | |
| *In millions of euros* | | 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 |
| • *Central banks* | *16* | *16* | | | | |
| • *General governments* | *81* | *58* | *23* | *22* | | *22* |
| • *Credit institutions* | *58* | *58* | | | | |
| • *Other financial corporations* | *15,343* | *13,940* | *1,401* | *345* | | *304* |
| • *Non-financial corporations* | *7,257* | *6,515* | *741* | *277* | | *246* |
| • *Of which SMEs* | *28,773* | *26,910* | *1,851* | *684* | | *667* |
| • *Households* | | | | | | |
| Debt securities | 762 | 745 | 17 | | | |
| • *Central banks* | *96* | *96* | | | | |
| • *General governments* | *592* | *575* | *17* | | | |
| • *Credit institutions* | | | | | | |
| • *Other financial corporations* | *74* | *74* | | | | |
| • *Non-financial corporations* | | | | | | |
| Off-balance-sheet exposures | 3,465 | 3,419 | 46 | 21 | | 12 |
| • *Central banks* | | | | | | |
| • *General governments* | *17* | *16* | *1* | *0* | | *0* |
| • *Credit institutions* | *26* | *25* | *1* | | | |
| • *Other financial corporations* | | | | | | |
| • *Non-financial corporations* | *1,461* | *1,417* | *44* | *19* | | *10* |
| • *Households* | *1,962* | *1,961* | *0* | *2* | | *1* |
| **TOTAL** | **56,441** | **53,089** | **3,339** | **1,072** | | **1,005** |

| Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | | | Collateral and financial guarantees received | |
|---|---|---|---|---|---|---|---|---|
| Performing exposures | | | Non-performing exposures | | | Accumulated partial write-off | On performing exposures | On non-performing exposures |
| | Of which stage 1 | Of which stage 2 | | Of which stage 2 | Of which stage 3 | | | |
| | | | | | | | | |
| (462) | (292) | (170) | (568) | | (540) | | 17,621 | 258 |
| | | | | | | | | |
| (1) | 0 | (1) | (7) | | (7) | | 3 | 3 |
| 0 | 0 | | | | | | 58 | |
| (155) | (84) | (70) | (163) | | (145) | | 13,202 | 159 |
| (91) | (50) | (41) | (138) | | (122) | | 1,755 | 74 |
| (307) | (208) | (98) | (398) | | (388) | | 4,359 | 95 |
| | | | | | | | | |
| 0 | 0 | | | | | | | |
| 0 | 0 | | | | | | | |
| 0 | 0 | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| (8) | (4) | (4) | (2) | | (1) | | | |
| | | | | | | | | |
| 0 | 0 | | 0 | | 0 | | | |
| 0 | 0 | | | | | | | |
| | | | | | | | | |
| (7) | (3) | (4) | (1) | | (1) | | | |
| (1) | (1) | 0 | 0 | | 0 | | | |
| **(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 and < = 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 | | Collateral received and financial guarentees 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 advences | 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

| | Gross carrying/Nominal amount | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Performing exposures | | | Non-performing exposures | | | | | | | | |
| *In millions of euros* | | Non past due or past due < 30 days | Past due 30 days and 90 days | | 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 wich 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 wich 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 | Of which non-performing | Of which defaulted | Ow subject to impairment | 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 |
|---|---|---|---|---|---|---|---|
| **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) | | |
| Netherlands | 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 | |
| Netherlands | 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 credit risk | Accumulated negative changes in FV due to credit risk on non-performing |
|---|---|---|---|---|---|---|
| | | Of which non-performing | Of which defaulted | OW loans and advances subject to impairment | | |
| 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 activities | 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, compul. | 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 | 64 | 3 | 3 | 64 | (3) | |
| Other service | 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 nonlegislative moratoria on loan repayments applied in the light of the COVID-19 crisis, onnewly originated exposures subject to public guarantee schemes and the impairment attached to.

## INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA

| | Gross carrying amount | | | | | | |
|---|---|---|---|---|---|---|---|
| | | 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 |
| Loans and advances subject to moratorium | 688,660 | 630,423 | - | 441,230 | 58,237 | - | - |
| • *of which: Households* | *221,679* | *182,905* | - | *85,832* | *38,774* | - | - |
| *of which: Collateralised by residential immovable property* | - | - | - | - | - | - | - |
| • *of which: Non-financial corporations* | *466,981* | *447,518* | - | *355,398* | *19,463* | - | - |
| *of which: Small and Medium-sized Enterprises* | *426,726* | *407,263* | - | *355,398* | *19,463* | - | - |
| *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 |
|---|---|---|---|---|
| | | Gross carrying amount | | |
| | Number of obligors | | Of which: legislative moratoria | Of which: expired |
| Loans and advances for which moratorium was offered | 199,726 | 1,924,195,492 | | |
| Loans and advances subject to moratorium (granted) | 192,394 | 1,754,052,226 | 353,258,103 | 1,753,363,566 |
| • *of which: Households* | | *457,203,233* | *212,115,191* | *456,981,554* |
| • *of which: Collateralised by residential immovable property* | | - | - | - |
| • *of which: Non-financial corporations* | | *1,296,848,993* | *141,142,912* | *1,296,382,012* |
| • *of which: Small and Medium- sized Enterprises* | | *800,309,133* | *133,758,190* | *799,882,407* |
| • *of which: Collateralised by commercial immovable property* | | - | - | - |

| | Accumulated impairment, accumulated negative changes in fair value due to credit risk | | | | | | | Gross carrying |
|---|---|---|---|---|---|---|---|---|
| | | Performing | | | Non performing | | | Inflows to non-performing exposures |
| | | | 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 | |
| | (33,966) | (14,016) | - | (13,249) | (19,950) | - | - | 177,241 |
| | *(16,577)* | *(4,995)* | - | *(4,899)* | *(11,582)* | - | - | *15,443* |
| | - | - | - | - | - | - | - | - |
| | *(17,389)* | *(9,021)* | - | *(8,350)* | *(8,368)* | - | - | *7,504* |
| | *(17,047)* | *(8,679)* | - | *(8,350)* | *(8,368)* | - | - | *7,504* |
| | - | - | - | - | - | - | - | - |

| | e | f | g | h | i |
|---|---|---|---|---|---|
| | Gross carrying amount | | | | |
| | Residual maturity of moratoria | | | | |
| | ≤ 3 months | > 3 months ≤ 6 months | > 6 months ≤ 9 months | > 9 months ≤ 12 months | > 1 year |
| | | | | | |
| | 609,926 | 19,816 | 58,918 | - | - |
| | *182,063* | *19,816* | *19,800* | - | - |
| | - | - | - | - | - |
| | *427,863* | - | *39,118* | - | - |
| | *414,766* | - | *11,960* | - | - |
| | - | - | - | - | - |

### 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.

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 IFRS 9 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. Restrucured 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 €2.2 billion compared to end-December 2020 and amounted €6.8 billion 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 €37 million, and this evolution is linked to the decrease in outstandings, to the reduction in forward looking (-€14.5 million) as well as to the annual update of the PD and LGD parameters.

Non-performing loans increased slightly from €65.4 million at the end of December 2020 to €66.7 million 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 €2.1 million (notably Germany €1.2 million, Spain €0.4 million and the UK €0.4 million), which confirms the good control of the risk on Network financing.

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

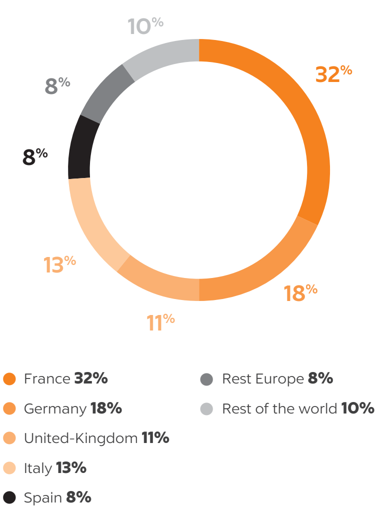
# 3 DIVERSIFICATION OF CREDIT RISK EXPOSURE

RCI Retail performing assets at end December 2021 are stable at €37.9 billion and include a positive currency effect of €0.2 billion in relation with the appreciation of the Sterling pound. They remain 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 million 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.

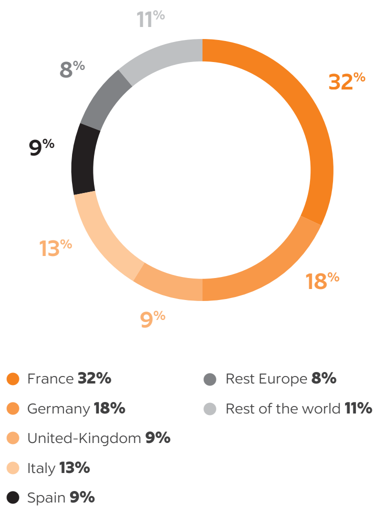
In terms of the breakdown of Retail business by product, credits represented 59% of RCI outstandings, financial leases 37%, up 1 point, and operating leases (including battery leases) 4%, stable.

## RETAIL CREDIT RISK EXPOSURE

### RETAIL 12/2021



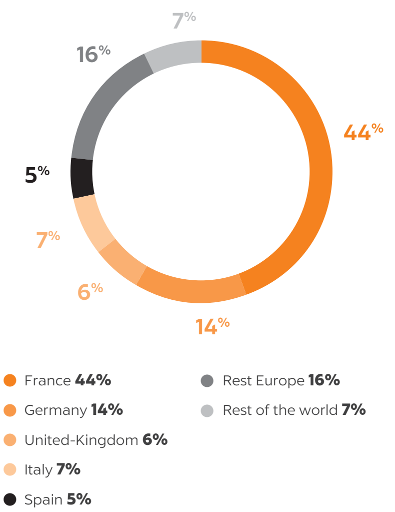

### RETAIL 12/2020



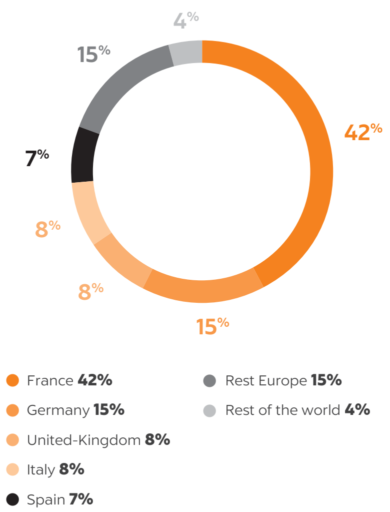

Network outstandings are spread over 25 consolidated countries, with a strong preponderance of Europe. The breakdown of outstandings by country is relatively stable: although France's outstandings fell to €3 billion from €3.8 billion at the end of 2020, its weighting increased by 2 points (from 42% to 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

### WHOLESALE 12/2021




### WHOLESALE 12/2020



# 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.

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.

*(1) 1 For these six 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.*

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-balance 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: | |
| | | (i) the relationship between the risk management function and the internal audit function; | i) Part IV-5 a) Governance |
| | | (ii) the rating system review; | ii) Part 5-h) Procedures for monitoring internal ratings |
| | | (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; | iii) Part IV-5 a) Governance |
| | | (iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models | 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; | i) Part 5-d)i)Description of the internal rating process |
| | | (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; | ii) Part 5-e)Transaction data dimension – Loss given default parameter |
| | | (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. | iii) Part 5-f)Credit conversion factor |

## EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE

| PD scale *(in millions of euros)* | On-balance sheet exposures | Off-balance sheet exposures pre- CCF | Exposure weighted average CCF | EAD post CRM and post-CCF | Exposure weighted average PD |
|---|---|---|---|---|---|
| **A-IRB Corporate** | | | | | |
| 0.00 to < 0.15 | 50 | 7 | 1.0 | 57 | 0.05% |
| 0.00 to < 0.10 | 50 | 7 | 1.0 | 57 | 0.05% |
| 0.10 to < 0.15 | | | | | |
| 0.15 to < 0.25 | | | | | |
| 0.25 to < 0.50 | 89 | 6 | 1.0 | 95 | 0.41% |
| 0.50 to < 0.75 | 545 | 39 | 1.0 | 584 | 0.62% |
| 0.75 to < 2.50 | 3,952 | 366 | 1.0 | 4,319 | 1.51% |
| 0.75 to < 1.75 | 2,581 | 147 | 1.0 | 2,728 | 1.25% |
| 1.75 to < 2.50 | 1,371 | 219 | 1.0 | 1,590 | 1.96% |
| 2.50 to < 10.00 | 1,780 | 101 | 1.0 | 1,882 | 3.97% |
| 2.50 to < 5.00 | 1,470 | 76 | 1.0 | 1,546 | 3.49% |
| 5.00 to < 10.00 | 311 | 25 | 1.0 | 336 | 6.18% |
| 10.00 to < 100.00 | 245 | 12 | 1.0 | 256 | 15.13% |
| 10.00 to < 20.00 | 194 | 10 | 1.0 | 204 | 11.45% |
| 20.00 to < 30.00 | 33 | 1 | 1.0 | 35 | 26.46% |
| 30.00 to < 100.00 | 18 | 0 | 1.0 | 18 | 35.64% |
| 100.00 (Default) | 52 | 9 | 1.0 | 61 | 100.00% |
| **SUB-TOTAL A-IRB CORPORATE** | **6,713** | **540** | **1.0** | **7,254** | **3.36%** |
| **A-IRB Corporate SME** | | | | | |
| 0.00 to < 0.15 | 5 | 1 | 1.0 | 6 | 0.04% |
| 0.00 to < 0.10 | 5 | 1 | 1.0 | 6 | 0.04% |
| 0.10 to < 0.15 | | | | | |
| 0.15 to < 0.25 | | | | | |
| 0.25 to < 0.50 | 64 | 0 | 1.0 | 64 | 0.37% |
| 0.50 to < 0.75 | 520 | 59 | 1.0 | 579 | 0.63% |
| 0.75 to < 2.50 | 383 | 31 | 1.0 | 414 | 1.30% |
| 0.75 to < 1.75 | 272 | 28 | 1.0 | 301 | 1.06% |
| 1.75 to < 2.50 | 111 | 2 | 1.0 | 113 | 1.94% |
| 2.50 to < 10.00 | 296 | 11 | 1.0 | 308 | 4.68% |
| 2.50 to < 5.00 | 180 | 4 | 1.0 | 183 | 3.25% |
| 5.00 to < 10.00 | 117 | 7 | 1.0 | 124 | 6.80% |
| 10.00 to < 100.00 | 114 | 5 | 1.0 | 119 | 20.06% |
| 10.00 to < 20.00 | 55 | 2 | 1.0 | 57 | 13.21% |
| 20.00 to < 30.00 | 47 | 3 | 1.0 | 50 | 24.11% |
| 30.00 to < 100.00 | 12 | 0 | 1.0 | 12 | 35.76% |
| 100.00 (Default) | 50 | 1 | 1.0 | 51 | 100.00% |
| **Sub-Total A-IRB Corporate SME** | **1,432** | **108** | **1,000** | **1,540** | **6.40%** |

| 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 |
|---|---|---|---|---|---|---|
| | | | | | | |
| 16 | 18.77% | 2.0 | 4 | 6.67% | 0 | 0 |
| 16 | 18.77% | 2.0 | 4 | 6.67% | 0 | 0 |
| | | | | | | |
| | | | | | | |
| 36 | 19.50% | 1.0 | 21 | 22.10% | 0 | 0 |
| 1,303 | 16.47% | 1.0 | 273 | 46.73% | 1 | (1) |
| 3,623 | 25.81% | 2.0 | 2,876 | 66.60% | 19 | (34) |
| 1,917 | 17.24% | 1.0 | 1,193 | 43.72% | 6 | (18) |
| 1,706 | 40.52% | 2.0 | 1,683 | 105.84% | 13 | (16) |
| 1,358 | 21.40% | 1.0 | 1,313 | 69.79% | 16 | (17) |
| 1,027 | 23.25% | 1.0 | 1,052 | 68.03% | 13 | (13) |
| 331 | 12.89% | 2.0 | 261 | 77.86% | 3 | (4) |
| 298 | 21.76% | 1.0 | 300 | 116.99% | 9 | (8) |
| 258 | 21.46% | 1.0 | 232 | 113.56% | 5 | (5) |
| 32 | 24.38% | 1.0 | 48 | 138.30% | 2 | (1) |
| 8 | 20.09% | 1.0 | 20 | 114.89% | 1 | (2) |
| 237 | 65.55% | 2.0 | 24 | 39.20% | 39 | (13) |
| **6,871** | **23.97%** | **1.6** | **4,811** | **66.32%** | **83** | **(73)** |
| | | | | | | |
| 8 | 17.97% | 1.0 | 0 | 2.80% | 0 | 0 |
| 8 | 17.97% | 1.0 | 0 | 2.80% | 0 | 0 |
| | | | | | | |
| | | | | | | |
| 250 | 22.56% | 1.0 | 10 | 15.56% | 0 | 0 |
| 812 | 15.88% | 2.0 | 262 | 45.30% | 1 | (3) |
| 705 | 16.49% | 1.0 | 226 | 54.58% | 1 | (1) |
| 312 | 14.93% | 2.0 | 184 | 61.36% | 0 | (1) |
| 393 | 20.65% | 1.0 | 41 | 36.54% | 0 | 0 |
| 542 | 20.06% | 1.0 | 151 | 49.18% | 3 | (3) |
| 333 | 20.29% | 1.0 | 72 | 39.23% | 1 | (1) |
| 209 | 19.72% | 1.0 | 79 | 63.88% | 2 | (2) |
| 187 | 18.77% | 1.0 | 84 | 70.38% | 5 | (6) |
| 119 | 18.32% | 1.0 | 38 | 67.46% | 1 | (3) |
| 38 | 18.90% | 1.0 | 36 | 71.73% | 2 | (2) |
| 30 | 20.40% | 1.0 | 9 | 78.73% | 1 | (1) |
| 54 | 53.85% | 1.0 | 55 | 107.06% | 24 | (21) |
| **2,558** | **18.65%** | **1.4** | **788** | **51.14%** | **33** | **(35)** |

| PD scale *(in millions of euros)* | On-balance sheet exposures | Off-balance sheet exposures pre- CCF | Exposure weighted average CCF | EAD post CRM and post-CCF | Exposure weighted average PD |
|---|---|---|---|---|---|
| **A-IRB Retail SME** | | | | | |
| 0.00 to < 0.15 | 0 | | | 0 | 0.09% |
| 0.00 to < 0.10 | 0 | | | 0 | 0.09% |
| 0.10 to < 0.15 | | | | | |
| 0.15 to < 0.25 | | | | | |
| 0.25 to < 0.50 | 242 | 29 | 1.0 | 270 | 0.48% |
| 0.50 to < 0.75 | | | | | |
| 0.75 to < 2.50 | 986 | 114 | 1.0 | 1,100 | 1.34% |
| 0.75 to < 1.75 | 941 | 112 | 1.0 | 1,053 | 1.30% |
| 1.75 to < 2.50 | 45 | 1 | 1.0 | 47 | 2.42% |
| 2.50 to < 10.00 | 1,134 | 124 | 1.0 | 1,258 | 4.10% |
| 2.50 to < 5.00 | 876 | 97 | 1.0 | 973 | 3.41% |
| 5.00 to < 10.00 | 258 | 27 | 1.0 | 285 | 6.46% |
| 10.00 to < 100.00 | 245 | 21 | 1.0 | 265 | 22.20% |
| 10.00 to < 20.00 | 119 | 12 | 1.0 | 131 | 12.34% |
| 20.00 to < 30.00 | 105 | 8 | 1.0 | 113 | 27.39% |
| 30.00 to < 100.00 | 21 | 1 | 1.0 | 22 | 54.58% |
| 100.00 (Default) | 85 | 1 | 1.0 | 86 | 100.00% |
| **SUB-TOTAL A-IRB RETAIL SME** | **2,692** | **288** | **1,000** | **2,980** | **7.12%** |
| **A-IRB Retail no SME** | | | | | |
| 0.00 to < 0.15 | 696 | 17 | 1.0 | 713 | 0.10% |
| 0.00 to < 0.10 | 352 | 3 | 1.0 | 355 | 0.09% |
| 0.10 to < 0.15 | 345 | 13 | 1.0 | 358 | 0.10% |
| 0.15 to < 0.25 | 1,683 | 256 | 1.0 | 1,938 | 0.20% |
| 0.25 to < 0.50 | 4,005 | 412 | 1.0 | 4,417 | 0.37% |
| 0.50 to < 0.75 | 2,597 | 200 | 1.0 | 2,797 | 0.66% |
| 0.75 to < 2.50 | 10,605 | 621 | 1.0 | 11,227 | 1.32% |
| 0.75 to < 1.75 | 8,518 | 479 | 1.0 | 8,998 | 1.10% |
| 1.75 to < 2.50 | 2,087 | 142 | 1.0 | 2,229 | 2.19% |
| 2.50 to < 10.00 | 3,509 | 129 | 1.0 | 3,639 | 4.87% |
| 2.50 to < 5.00 | 2,275 | 90 | 1.0 | 2,365 | 3.49% |
| 5.00 to < 10.00 | 1,234 | 39 | 1.0 | 1,273 | 7.44% |
| 10.00 to < 100.00 | 1,021 | 19 | 1.0 | 1,041 | 23.87% |
| 10.00 to < 20.00 | 421 | 10 | 1.0 | 430 | 13.30% |
| 20.00 to < 30.00 | 419 | 8 | 1.0 | 427 | 23.46% |
| 30.00 to < 100.00 | 181 | 2 | 1.0 | 183 | 49.59% |
| 100.00 (Default) | 457 | 1 | 1.0 | 458 | 100.00% |
| **SUB-TOTAL A-IRB RETAIL NO SME** | **24,573** | **1,656** | **1.0** | **26,228** | **4.08%** |
| **TOTAL A-IRB** | **35,411** | **2,591** | **1.0** | **38,003** | **4.28%** |

| 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 |
|---|---|---|---|---|---|---|
| | | | | | | |
| 23 | 48.00% | | 0 | 10.16% | 0 | 0 |
| 23 | 48.00% | | 0 | 10.16% | 0 | 0 |
| | | | | | | |
| | | | | | | |
| 11,023 | 38.67% | | 59 | 21.88% | 0 | 0 |
| | | | | | | |
| 61,226 | 38.41% | | 387 | 35.15% | 6 | (2) |
| 57,100 | 38.17% | | 364 | 34.59% | 5 | (2) |
| 4,126 | 43.86% | | 22 | 47.65% | 0 | 0 |
| 65,432 | 39.30% | | 580 | 46.11% | 20 | (8) |
| 52,494 | 39.37% | | 443 | 45.47% | 13 | (6) |
| 12,938 | 39.08% | | 138 | 48.27% | 7 | (3) |
| 11,112 | 38.69% | | 181 | 68.18% | 23 | (11) |
| 5,498 | 38.88% | | 76 | 58.04% | 6 | (4) |
| 4,363 | 38.34% | | 87 | 77.63% | 12 | (6) |
| 1,251 | 39.41% | | 18 | 80.35% | 5 | (2) |
| 5,636 | 75.92% | | 59 | 68.82% | 60 | (50) |
| **154,452** | **39.91%** | | **1,266** | **42.48%** | **110** | **(72)** |
| | | | | | | |
| 107,977 | 38.55% | | 75 | 10.54% | 0 | 0 |
| 55,261 | 44.79% | | 44 | 12.45% | 0 | 0 |
| 52,716 | 32.37% | | 31 | 8.66% | 0 | 0 |
| 375,177 | 39.38% | | 321 | 16.56% | 1 | (1) |
| 435,679 | 40.69% | | 1,213 | 27.47% | 7 | (12) |
| 221,735 | 40.36% | | 1,049 | 37.50% | 7 | (12) |
| 905,655 | 41.03% | | 5,530 | 49.26% | 61 | (39) |
| 729,509 | 41.38% | | 4,287 | 47.64% | 42 | (33) |
| 176,146 | 39.63% | | 1,244 | 55.79% | 19 | (6) |
| 352,966 | 42.35% | | 2,511 | 69.00% | 76 | (82) |
| 217,058 | 41.94% | | 1,565 | 66.18% | 34 | (31) |
| 135,908 | 43.12% | | 946 | 74.25% | 41 | (51) |
| 100,079 | 40.12% | | 993 | 95.39% | 102 | (83) |
| 41,572 | 39.77% | | 347 | 80.75% | 23 | (18) |
| 38,686 | 39.03% | | 424 | 99.36% | 39 | (33) |
| 19,821 | 43.48% | | 221 | 120.49% | 40 | (33) |
| 59,473 | 79.42% | | 257 | 56.04% | 344 | (296) |
| **2,558,741** | **41.53%** | | **11,949** | **45.56%** | **598** | **(524)** |
| **2,722,622** | **37.12%** | **1.6** | **18,813** | **49.51%** | **823** | **(705)** |

| PD scale *(in millions of euros)* | On-balance sheet exposures | Off-balance sheet exposures pre- CCF | Exposure weighted average CCF | EAD post CRM and post-CCF | Exposure weighted average PD |
|---|---|---|---|---|---|
| **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% |
| 0.75 to < 1.75 | | | | | |
| 1.75 to < 2.50 | 30 | | | 30 | 1.85% |
| 2.50 to < 10.00 | 4 | | | 4 | 3.25% |
| 2.50 to < 5.00 | 4 | | | 4 | 3.25% |
| 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%** |

| 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 |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 7 | 45.00% | 3.0 | 36 | 119.05% | 0 | 0 |
| | | | | | | |
| 7 | 45.00% | 3.0 | 36 | 119.05% | 0 | 0 |
| 2 | 45.00% | 3.0 | 5 | 139.26% | 0 | 0 |
| 2 | 45.00% | 3.0 | 5 | 139.26% | 0 | 0 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| **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 subjeet 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 | Definition | PD estimation method | Data | Validation | Adequacy between PD and default 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 adequate 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% |

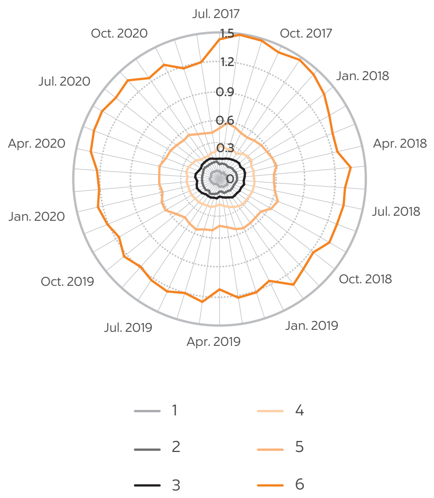
## iv) Testing PD models

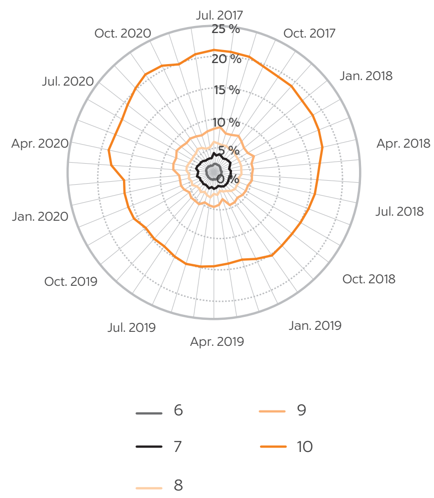
The figures disclosed in this section come from the backtesting databases, which are in line with the modeling databases. The figures given in the previous sections correspond to the use of parameters, and so there may be differences in management rules. For example, the default rates and PDs derived 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, 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

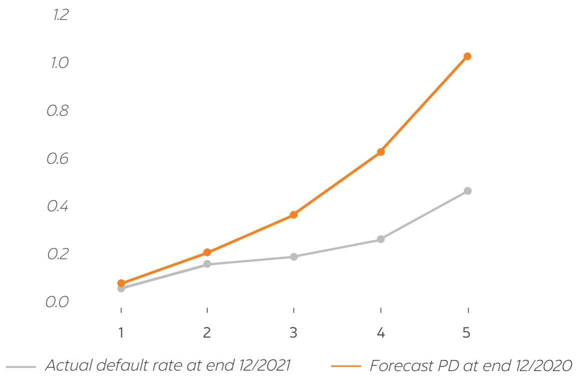


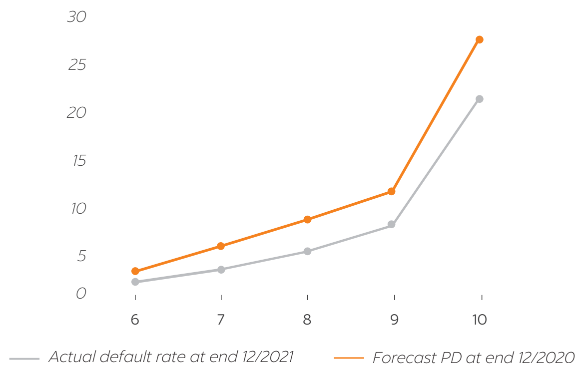

Since the curves by rating class are concentric, the two graphs above enable to conclude that the model is discriminant.

## BACKTESTING OF CONSUMER PD MODEL FOR GERMANY AT END-DECEMBER 2021

### CLASS 1 TO 5




### CLASS 6 TO 10




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 |
| | 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 | 2,923 | 51 | 1.74% | 1.48% | 1.51% | 1.67% |
| | 0.75 to < 1.75 | 2,811 | 45 | 1.60% | 1.26% | 1.11% | 1.68% |
| | 1.75 to < 2.5 | 112 | 6 | 5.36% | 1.93% | 1.97% | 1.07% |
| **COCOR** | 2.50 to < 10.00 | 1,642 | 32 | 1.95% | 3.88% | 4.17% | 2.46% |
| | 2.5 to <5 | 1,200 | 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% |
| | 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% |
| **COSME** | 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% |

| 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 |
| 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 | 16,786 | 33 | 0.20% | 0.34% | 0.47% | 0.28% |
| | 0.50 to <0.75 | 9,746 | 28 | 0.29% | | | 1.07% |
| | 0.75 to < 2.50 | 76,161 | 582 | 0.76% | 1.33% | 1.34% | 1.12% |
| | 0.75 to <1.75 | 44,576 | 268 | 0.60% | 1.33% | 1.26% | 0.93% |
| | 1.75 to < 2.5 | 31,585 | 314 | 0.99% | 2.42% | 2.42% | 1.63% |
| | 2.50 to < 10.00 | 34,390 | 746 | 2.17% | 3.48% | 4.06% | 3.16% |
| | 2.5 to <5 | 24,083 | 412 | 1.71% | 3.35% | 3.43% | 2.52% |
| | 5 to <10 | 10,307 | 334 | 3.24% | 6.46% | 6.63% | 6.20% |
| | 10.00 to <100.00 | 10,549 | 1,543 | 14.63% | 20.96% | 22.83% | 20.32% |
| | 10 to <20 | 5,848 | 476 | 8.14% | 12.13% | 12.60% | 12.84% |
| | 20 to <30 | 3,071 | 501 | 16.31% | 27.36% | 26.63% | 33.25% |
| | 30.00 to <100.00 | 1,630 | 566 | 34.72% | 47.08% | 54.78% | 35.52% |
| | 100.00 (Default) | 6,051 | 6,051 | 94.68% | 100.00% | 100.00% | 100.00% |
| REIND | 0.00 to < 0.15 | 318,140 | 147 | 0.05% | 0.09% | 0.10% | 0.17% |
| | 0.00 to < 0.10 | 229,036 | 91 | 0.04% | 0.09% | 0.09% | 0.11% |
| | 0.10 to < 0.15 | 89,104 | 56 | 0.06% | 0.10% | 0.10% | 0.18% |
| | 0.15 to <0.25 | 360,983 | 602 | 0.17% | 0.20% | 0.19% | 0.20% |
| | 0.25 to <0.50 | 580,905 | 1,487 | 0.26% | 0.34% | 0.38% | 0.31% |
| | 0.50 to <0.75 | 254,317 | 710 | 0.28% | 0.65% | 0.64% | 0.48% |
| | 0.75 to < 2.50 | 685,827 | 5,157 | 0.75% | 1.27% | 1.32% | 1.00% |
| | 0.75 to < 1.75 | 493,134 | 2,765 | 0.56% | 1.27% | 1.11% | 0.87% |
| | 1.75 to < 2.5 | 192,693 | 2,392 | 1.24% | 2.19% | 2.17% | 1.71% |
| | 2.50 to < 10.00 | 241,539 | 7,645 | 3.16% | 3.38% | 5.03% | 4.22% |
| | 2.5 to <5 | 160,799 | 3,281 | 2.04% | 3.34% | 3.49% | 2.99% |
| | 5 to <10 | 80,740 | 4,364 | 5.41% | 7.41% | 7.52% | 7.01% |
| | 10.00 to <100.00 | 65,691 | 11,915 | 18.14% | 18.00% | 24.29% | 22.14% |
| | 10 to <20 | 28,687 | 2,920 | 10.18% | 12.12% | 13.68% | 14.86% |
| | 20 to <30 | 18,343 | 3,718 | 20.27% | 23.48% | 22.86% | 29.15% |
| | 30.00 to <100.00 | 18,661 | 5,277 | 28.28% | 46.76% | 49.40% | 36.15% |
| | 100.00 (Default) | 60,403 | 60,403 | 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) | | | | | | |

| 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 |
| 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 seven 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.

<table>
<tr><th>Exposure class</th><th>Country</th><th>Scope</th><th>Definition</th><th>LGD estimation method</th><th>LGD downturn estimation method</th><th>Time to work out</th><th>Data</th><th>Validation</th></tr>
<tr><td rowspan="18">Retail</td><td>Germany</td><td>LGD</td><td rowspan="24">The definition of default conforms to Guidelines EBA GL 2016 07 Final report on Guideline on default definition.</td><td rowspan="24">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.</td><td rowspan="24">LGD downturn is estimated in accordance with the LGD Downturn Guideline EBA/GL/2019/03</td><td rowspan="24">● 84 months for Credit's bucket on the France Retail model<br>● 60 months for model Spain Retail<br>● 48 months for others models</td><td>Since 2008</td><td rowspan="24">Models have been approved by the ECB within the scope of the 2020 inspection on the new definition of default.</td></tr>
<tr><td>Germany</td><td>LGD in default</td><td>Since 2008</td></tr>
<tr><td>Germany</td><td>ELBE</td><td>Since 2008</td></tr>
<tr><td>Spain</td><td>LGD</td><td>Since 2008</td></tr>
<tr><td>Spain</td><td>LGD in default</td><td>Since 2008</td></tr>
<tr><td>Spain</td><td>ELBE</td><td>Since 2008</td></tr>
<tr><td>Italy</td><td>LGD</td><td>Since 2008</td></tr>
<tr><td>Italy</td><td>LGD in default</td><td>Since 2008</td></tr>
<tr><td>Italy</td><td>ELBE</td><td>Since 2008</td></tr>
<tr><td>France</td><td>LGD</td><td>Since 2008</td></tr>
<tr><td>France</td><td>LGD in default</td><td>Since 2008</td></tr>
<tr><td>France</td><td>ELBE</td><td>Since 2008</td></tr>
<tr><td>UK</td><td>LGD</td><td>Since 2010</td></tr>
<tr><td>UK</td><td>LGD in default</td><td>Since 2010</td></tr>
<tr><td>UK</td><td>ELBE</td><td>Since 2010</td></tr>
<tr><td>Korea</td><td>LGD</td><td>Since 2011</td></tr>
<tr><td>Korea</td><td>LGD in default</td><td>Since 2011</td></tr>
<tr><td>Korea</td><td>ELBE</td><td>Since 2011</td></tr>
<tr><td rowspan="3">Wholesale</td><td>DE-ES-IT-FR-UK</td><td>LGD</td><td rowspan="3">Since 2010</td></tr>
<tr><td>DE-ES-IT-FR-UK</td><td>LGD in default</td></tr>
<tr><td>DE-ES-IT-FR-UK</td><td>ELBE</td></tr>
<tr><td rowspan="3">Corporate</td><td>France</td><td>LGD</td><td>Since 2008</td></tr>
<tr><td>France</td><td>LGD in default</td><td>Since 2008</td></tr>
<tr><td>France</td><td>ELBE</td><td>Since 2008</td></tr>
</table>

### 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 2019 (+€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 million (-43.5%) compared to December 2020, under the effect of the decrease in net exposures (-€1,704.6 million of which -€65.1 million in default), corresponding to a decrease in defaulted -€20.7 million (-52%) and non-defaulted -€15.8 million (-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 predated 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 12/2021 | Risk weighted exposure amount 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 +€354 million. 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 | |
|---|---|---|---|
| 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

| | Exposures before CCF and CRM | | Exposures post CCF and CRM | | RWA and RWA density | |
|---|---|---|---|---|---|---|
| *In Millions of euros* | 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 particulary 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 has been changed to 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%** |
| Central governments or central banks | 7,641 | | | | 0 | | 3 | |
| Regional government or local authorities | | | | | 35 | | | |
| Public sector entities | | | | | | | | |
| Multilateral development bank | | | | | | | | |
| International organisations | | | | | | | | |
| Institutions | | | | | 1,151 | | 8 | |
| Corporates | | | | | | | | |
| Retail exposures | | | | | | | | |
| Exposures secured by mortgages on immovable | | | | | | | | |
| Exposures in default | | | | | | | | |
| Exposures associated with particularly high risk | | | | | | | | |
| Covered bonds | | | | | | | | |
| Exposures to institutions and corporates with a short-term | | | | | 34 | | | |
| Units or shares in collective investment undertakings | | | | | | | | |
| Equity exposures | | | | | | | | |
| Other items | 0 | | | | 307 | | | |
| **TOTAL** | **7,641** | | | | **1,527** | | **11** | |

| Risk weight | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 75% | 100% | 150% | 250% | 370% | 1250% | Others | Total | Of which unrated |
| | 10 | 14 | 108 | | | | 7,776 | |
| | 0 | | | | | | 35 | 35 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | 0 | 1 | | | | | 1,159 | 1,147 |
| | 3,043 | 44 | | | | | 3,087 | 3,087 |
| 6,610 | | | | | | | 6,610 | 6,610 |
| | | | | | | | | |
| | 175 | 34 | | | | | 209 | 199 |
| | | | | | | | | |
| | | | | | | | | |
| | | 24 | | | | | 58 | 24 |
| | | | | | 1 | 69 | 70 | 1 |
| | 36 | | 252 | | | | 288 | 288 |
| | 1,492 | | | | | | 1,799 | 1,799 |
| **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 €700 million 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 million.

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 €134 million, reducing exposures to €95 million 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. 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. 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** |

## IV-32 EU CR7-A – IRB APPROACH – DISCLOSURE OF THE EXTENT OF THE USE OF CRM TECHNIQUES

| | | Credit risk Mitigation techniques | | | | | |
|---|---|---|---|---|---|---|---|
| | | Funded credit Protection (FCP) | | | | | |
| *In millions of euros* | Total exposures | % of exposures covered by Financial Collaterals | 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 | exposures covered by Other funded credit protection |
| **EXPOSURES UNDER AIRB** | | | | | | | |
| Central governments and central banks | | | | | | | |
| Institutions | | | | | | | |
| Corporates | 8,794 | 5.14% | | | | | |
| • *Of which Corporates – SMEs* | *1,540* | | | | | | |
| • *Of which Corporates – Specialised lending* | | | | | | | |
| • *Of which Corporates – Other* | *7,254* | *6.23%* | | | | | |
| • *Retail* | *29,209* | | | | | | |
| • *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* | | | | | | |
| • *Of which Retail – Other non-SMEs* | *26,228* | | | | | | |
| **TOTAL** | **38,003** | **1.19%** | | | | | |
| **EXPOSURES UNDER FIRB** | | | | | | | |
| Central governments and central banks Institutions | | | | | | | |
| Corporates | 34 | | | | | | |
| • *Of which Corporates – SMEs* | | | | | | | |
| • *Of which Corporates – Specialised lending* | | | | | | | |
| • *Of which Corporates – Other* | *34* | | | | | | |
| **TOTAL** | **34** | | | | | | |

| 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 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 substitution effects) |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | 5,599 | 5,599 |
| | | | | | *788* | *788* |
| | | | | | | |
| | | | | | *4,811* | *4,811* |
| | | | | | *13,215* | *13,215* |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | *1,266* | *1,266* |
| | | | | | *11,949* | *11,949* |
| | | | | | **18,813** | **18,813** |
| | | | | | | |
| | | | | | | |
| | | | | | 41 | 41 |
| | | | | | | |
| | | | | | | |
| | | | | | *41* | *41* |
| | | | | | **41** | **41** |

# 8 COUNTERPARTY CREDIT RISK

## EU CCRA – QUALITATIVE DISCLOSURE RELATED TO CCR

| | | Flexible format disclosure |
|---|---|---|
| (a) | **Article 439 (a) CRR**<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 Renault Group consolidated counterparty risk monitoring. |
| (b) | **Article 439 (b) CRR**<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>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>Any other risk management objectives and relevant policies related to CCR | Not applicable |
| (e) | **Article 439 (d) CRR**<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

| | Risk weight | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | 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

| **PD scale** *(in millions of euros)* | 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

| | 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 | |
| *In millions of euros* | Segregated | Un-segregated | Segregated | Un-segregated | Segregated | Un-segregated | Segregated | Un-segregated |
| 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 contribut.) | 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 contribution) | 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 | | |
| **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>● *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.* |

| Legal basis | Row number | Qualitative information – Free format | |
|---|---|---|---|
| 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) | 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 | RCI does not invest in securitizations for which capital requirement is calculated based on the securitization position and always accounts for the underlying receivables when assessing own funds requirements.<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>RCI Banque S.A. 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 €12,590 million on 31 December 2021 (€11,790 million on 31 December 2020), namely:

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

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 €984 million, and funding secured through public securitizations placed on the markets totaled €2,514 million.

### EU-SEC1 – SECURITISATION EXPOSURES IN THE NON-TRADING BOOK

| | Institution acts as originator | | | | | |
|---|---|---|---|---|---|---|
| | Traditional | | | | Synthetic | |
| *In millions of euros* | STS | *of which SRT* | Non STS | *of which SRT* | *of which SRT* | Sub-total |
| **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 | | | | | | |
| Loans to corporates commercial mortgage | | | | | | |
| 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.

| Institution acts as sponsor | | | | Institution acts as investor | | | |
|---|---|---|---|---|---|---|---|
| Traditional | | Synthetic | Sub-total | Traditional | | Synthetic | Sub-total |
| STS | Non-STS | | | STS | Non STS | | |
| | | | | | | | |
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## EU-SEC5 – EXPOSURES SECURITISED BY THE INSTITUTION – EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS

| | Institution acts as originator or as sponsor | | |
|---|---|---|---|
| | Total outstanding nominal amount | | Specific credit risk adjustments made during the period |
| *In millions of euros* | | *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>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>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. 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. |

| | Flexible format disclosure |
|---|---|
| **Point (c) of Article 435 (1) CRR**<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>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>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);<br>Article 448(2) |

**Qualitative information – free format** | **Legal basis**

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**

Two indicators are monitored internally for interest rate risk:

- 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. This measurement is used to set the limits that apply to the group's entities.

Two scenarios are embedded with this indicator.

- a parallel up scenario,
- 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;

- Net Interest Income sensitivity measures the impact of a change in interest rates on undiscounted future earnings.

It is calculated over a 12-month time-horizon and on a lifetime time-horizon with limits associated to those two indicators.

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 €70 million 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.

Legal basis: Article 448(1), point (e) (iii);
Article 448(2)

| Qualitative information – free format | | Legal basis |
|---|---|---|
| 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>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>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.<br>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. | Article 448(1), point(e) (ii); Article 448(2) |
| 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 S.A., 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>Sensitivity to interest rate fluctuations is managed with interest rate swaps.<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>RCI uses principles of IFRS 9 accounting to classify derivatives that hedge Interest Risk.<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. | Article 448(1), point (e) (iv); Article 448(2) |

| Qualitative information – free format | | Legal basis |
|---|---|---|
| | • 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.<br>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.<br>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 IFRS 9 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. | |
| A description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1 (if applicable) | 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 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. | Article 448(1), point (c);<br>Article 448(2) |

| Qualitative information – free format | | Legal basis |
|---|---|---|
| Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures | **INTERNAL INDICATORS**<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>**(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 €70 million.<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 €8.6 million as of December end 2021, compared to €9.3 million at the end of 2020;<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 €8.3 million as of December end 2021, compared to €9.1 million 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>● -€0.9 million in EUR;<br>● -€0,8 million in BRL;<br>● +€0.8 million in KRW;<br>● +€0.3 million in GBP;<br>● -€1.7 million in PLN;<br>● +€0.3 million 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 million 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><br>NII result | Article 448(1), point (d) |

| Qualitative information – free format | | Legal basis |
|---|---|---|
| | 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 use its internal consolidated NII calculated on the consolidated banking perimeter for regulatory purpose.<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 million *(see EU IRRBB 1 table – Changes of the Net Interest Income)* as of December end 2021, compared to €8.7 million 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

| | | a | b | c | d |
|---|---|---|---|---|---|
| | | Changes of the economic value of equity | | Change of the net interest income | |
| **Supervisory shock scenarios** *(in thousands of euros)* | | 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

## IX-1 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 S.A. 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 S.A. and Centrally Funded entities liquidity position is managed as a pool. There is no subsidiary-to-subsidiary lending or borrowing.<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>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. |

| Row number | Qualitative information – Free format | |
|---|---|---|
| (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>Liquidity Reserve indicators measure the bank secured sources of funding that can be used to counter-balance outflows.<br>Liquidity risk indicators are calculated on an aggregated basis for RCI Banque S.A. and its subsidiaries and branches included in the "Central Refinancing perimeter" or on a stand-alone basis for "Locally Funded entities".<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 monitoring the continuing effectiveness of hedges and mitigants. | RCI main policies for mitigating liquidity risk use static and dynamic indicators.<br>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>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. |

| Row number | Qualitative information – Free format | |
|---|---|---|
| (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>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;<br>• balance sheet and off-balance sheet items broken down into maturity Buckets and the resultant liquidity gaps. | 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 S.A. (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 €14,4 billion 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 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 institutions 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 €100 million). |
| 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 €6,603 million. It amounted to €6,217 million 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 one 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: No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | Weighted value |
|---|---|---|---|---|---|
| **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 €7,475 million, making up 13% of total assets.

### EU AE1 – ENCUMBERED AND UNENCUMBERED ASSETS

| *In millions of euros* | Carrying amount of encum-bered assets | o w notionally eligible EHQLA and HQLA | Fair value of encum-bered assets | o w notionally eligible EHQLA and HQLA | Carrying amount of unencum-bere d assets | o w notionally eligible EHQLA and HQLA | Fair value of unencum-bere d assets | o w notionally eligible 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 | F V of encumbered | | FV of collateral | |
|---|---|---|---|---|
| | collateral received or own debt securities issued | o w notionally eligible EHQLA and HQLA | received or own debt securities issued available for encumbrance | o w notionally eligible 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-2 Organization 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 transactions regulations;
- regulations and standards in matters of law, tax and accounting;
- 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 three 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 -€498 million due to the entry of 2021 and the exit of 2018 in the calculation of the 3-year average (impact

-€86 million) 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 -€413 million).

**EU OR1 – OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS**

| | Relevant indicator | | | | |
|---|---|---|---|---|---|
| *In millions of euros* | Year-3 | Year-2 | Last year | Own funds requirements | Risk weighted exposure amount |
| Banking axctivities 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 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 1st January, 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 of 2021, 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

| | Residual values | | | | | Residual Value Provision | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | 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 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** |

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.

### RESIDUAL VALUES RISK NOT CARRIED BY THE RCI BANQUE GROUP

| | Residual Values | | | | |
|---|---|---|---|---|---|
| *In millions euros* | 2021 | 2020 | 2019 | 2018 | 2017 |
| 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 Management division, in order to develop a global vision of those risks and their impact on the other existing risks within the group, 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 entitiesowned 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 reinsurance undertakings or insurance holding company not deducted from own funds | 121 | 302 |

# CROSS-REFERENCE TABLE

| CRD V | 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 |

| CRR | Purpose | Consistency |
|---|---|---|
| **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) | Partie II-3 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 |

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| **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 |
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| **IV-5-c** | EU CR6 | IRB approach – Credit risk exposures by exposure class and PD range |
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# Chapter 03

# REPORT ON **CORPORATE GOVERNANCE**

# 3.1 ORGANIZATION OF RCI BANQUE GROUP

The aim of the organization implemented by RCI Banque group is to boost its business action in both the financing of the Renault-Nissan Alliance manufacturers' sales and associated services. It gives the support functions a more comprehensive role to play in supporting international expansion.

Subject to control by the European Central Bank in its capacity as a credit institution, RCI Banque has structured its governance in accordance with banking and financial regulations.

Oversight of this organization is delivered in three ways:

## 3.1.1 HIERARCHICAL LINE

RCI Banque's Senior Management and its Executive Committee direct RCI Banque's policy and strategy, under the control of the Board of Directors.

The Management Committees, both central and in the controlled subsidiaries and branches, implement the actions needed to meet the objectives set by Senior Management and the Executive Committee.

## 3.1.2 FUNCTIONAL LINE

The functional departments play the role of "technical overseer" for the following purposes:

- establishing specific policies and rules of operation for IT systems, human resources, financial policy, credit risk management, etc.);
- providing the operational departments with support and ensuring that established policies are implemented as they should be by those departments. The group also has standardized mapping of all of the company's processes.

## 3.1.3 SUPERVISION

At 31 December 2021, the Board of Directors, a supervisory body, was supported by four Committees: a Risk Management Committee, an Accounts and Audit Committee, a Compensation Committee and a Committee of nominations.

### ACCOUNTS AND AUDIT COMMITTEE AS AT 31 DECEMBER 2021

| | Position in the company | Position within the Committee |
|---|---|---|
| **Isabelle Maury** | Director | President |
| **Clotilde Delbos** | Chairman of the Board of Directors | Member |
| **Isabelle Landrot** | Director | Member |
| **Laurent David** | Director | Member |
| **Nathalie Riez-Thiollet** | Director | Member |

### COMMITTEE OF NOMINATIONS AS AT 31 DECEMBER 2021

| | Position in the company | Position within the Committee |
|---|---|---|
| **Clotilde Delbos** | Chairman of the Board of Directors | President |
| **Isabelle Landrot** | Director | Member |
| **Philippe Buros** | Director | Member |

### COMPENSATION COMMITTEE AS AT 31 DECEMBER 2021

| | Position in the company | Position within the Committee |
|---|---|---|
| **Clotilde Delbos** | Chairman of the Board of Directors | President |
| **Isabelle Landrot** | Director | Member |
| **Philippe Buros** | Director | Member |

### RISK MANAGEMENT COMMITTEE AS AT 31 DECEMBER 2021

| | Position in the company | Position within the Committee |
|---|---|---|
| **Isabelle Landrot** | Director | President |
| **Clotilde Delbos** | Chairman of the Board of Directors | Member |
| **Isabelle Maury** | Director | Member |
| **Nathalie Riez-Thiollet** | Director | Member |
| **Patrick Claude** | Director | Member |

# 3.2. BODIES AND PEOPLE INVOLVED

## 3.2.1 THE BOARD OF DIRECTORS

The principles governing the operation, role and responsibilities of RCI Banque's Board of Directors and Board Committees are described in its internal rules and regulations, the main features of which are given below.

### 3.2.1.1 Role and responsibilities of the Board of Directors

In accordance with the French Commercial Code (Code de Commerce), Monetary and Financial Code (Code Monétaire et Financier) and more generally, all regulations that apply to the banking sector, the role and responsibilities of the Board of Directors are as follows:

- it determines the broad lines of the company's business activities and oversees implementation by the Executive Directors and the Executive Committee of supervisory systems so as to ensure effective and prudent management;
- it approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of risks to which the company is or might be exposed, including risks generated by the economic environment. In this respect, it ensures that the group's risk management systems are appropriate and effective, inspects and verifies the exposure to risk of its activities and approves the level of risk appetite and the related limits and alert thresholds as determined by the Risk Management Committee. It also ensures that corrective measures taken to remedy any shortcomings are effective;
- it reviews the governance system, regularly assesses its effectiveness and ensures that corrective measures are taken to remedy any shortcomings;
- it makes sure that the consolidated and separate financial statements are true, fair and accurate, and that the information published by RCI Banque is of high quality;
- it approves the annual management report and the report on corporate governance;
- it checks the publication and disclosure process, and makes sure that all information to be published or disclosed by the company is reliable and of high quality;
- it adopts and reviews the general principles of the compensation policy applied within groupe RCI;
- it discusses beforehand any changes to RCI Banque's management structures;
- it prepares and convenes the general meeting of shareholders and establishes its agenda;
- it may delegate to any person at its discretion the powers needed to complete, within a one-year limit, bond issues, and to determine the terms and conditions thereof;
- subject to the powers specifically allocated to shareholders' meetings, and within the purview of the company's corporate purpose, it deals with all matters relating to the good conduct of the company's business and decides all pertinent issues through its deliberations.

The Board of Directors holds at least one annual meeting to a review of the internal control system and approves the annual report on Internal Control sent to France's Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution – ACPR). It also has the power to authorize transactions affecting the share capital, bond issues, the signature or termination of agreements with other undertakings that entail commitments affecting the company's future, and major transactions likely to alter significantly the scope of business or capital structure of the company and the group it controls. The Board of Directors relies in particular on the work of the different Committees to help it fulfill its duties.

### 3.2.1.2 Composition of the Board of Directors

As at 31 December 2021, the Board of Directors of RCI Banque comprised eight directors.

#### BOARD OF DIRECTORS AS AT 31 DECEMBER 2021

| | Position in the company | Appointment or renewal date | Term | List of mandates held in any companies | Number of held shares | % in the share capital |
|---|---|---|---|---|---|---|
| **Clotilde Delbos** | Chairman of the Board of Directors | 29/04/2020 | May 2026 | Spain: Renault España S.A. – Director<br>France: Renault MAI s.a.s.- Chairman<br>France: Mobilize Ventures s.a.s. - Chairman<br>France: Alstom – Director<br>France: Axa - Director<br>France: Hactif Patrimoine – Co-manager<br>The Netherlands: RN BV – Director | 1 | 0.001 |
| **Philippe Buros** | Director | 10/07/2019 | May 2025 | Germany: Renault Deutschland AG – Member of the SB<br>Spain: Renault España S.A. – Director<br>France: Carizy – Director<br>France: Renault Retail Group - CEO<br>France: Sogedir – Chairperson<br>Poland: Renault Polska SP zoo - Member of the SB<br>United Kingdom: Fixter Ltd - Chairman of the Board of Directors<br>Slovenia: Revoz D.D – Member of the SB | 0 | 0 |
| **Laurent David** | Director | 10/07/2019 | May 2025 | France: Dacia – Director | 0 | 0 |
| **Isabelle Landrot** | Director | 22/05/2018 | May 2024 | China: Renault Brilliance Jinbei Automative Co, Ltd - Director<br>China: JMEV - Director<br>Hong Kong: Renault Asia Pacific Ltd - Director<br>France: Glide.io - Chairman of the Board of Directors<br>France: Renault MAI - Chief Executive Officer | 0 | 0 |
| **Isabelle Maury** | Director | 05/12/2019 | May 2024 | France: Caisse de crédit mutuel de Verneuil sur Seine – Chairman of the SB<br>France: IM7 Consulting - Chairperson<br>France: Société Générale SFH - Director<br>France: Société Générale SCF - Director | 0 | 0 |
| **Nathalie Riez-Thiollet** | Director | 26/06/2020 | May 2023 | Belgium: AB Finances – Director | 0 | 0 |
| **Alain Ballu** | Director | 26/06/2020 | May 2023 | France: Renault Energy Services s.a.s. - Chairman<br>Netherlands: Jedlix BV – Director | 0 | 0 |

| | Position in the company | Appointment or renewal date | Term | List of mandates held in any companies | Number of held shares | % in the share capital |
|---|---|---|---|---|---|---|
| Patrick Claude | Director | 20/07/2021 | May 2024 | France: RDIC - Chairman<br>Malta: RCI Services - Director<br>Malta: RCI Insurance - Director<br>Malta: RCI Life - Director<br>Netherlands: Renault Group BV - Chairman of the SB<br>Netherlands: Barn BV - Director<br>Russia: RN Bank - Director<br>Singapore: Renault Treasury Services Pte - Director<br>Switzerland: Renault Finance - Chairman<br>Turkey: Orfin Finansman – Director | 0 | 0 |

By decision of 21 December 2021, the general meeting appointed Etienne Boris as Director of RCI Banque for a term of three years from 1 January 2022.

## OTHER CORPORATE OFFICERS IN FUNCTION AS AT 31 DECEMBER 2021

| | Position in the company | Appointment or renewal date | Term | List of mandates held in any companies | Number of held shares | % in the share capital |
|---|---|---|---|---|---|---|
| João Miguel Leandro | Chief Executive Officer (CEO) | 23/07/2019 | N/A | Brazil: Banco RCI Brasil – Director<br>Spain: Overlease – Director as RCI Banque legal representative<br>Spain: BIPI Mobility SL - Chairperson of the Board of Directors<br>France: Diac – Chairman of the Board of Directors<br>The Netherlands: RN SF – Director<br>United Kingdom: Fixter - Director<br>Russia: RN Bank – Director | 0 | 0 |
| François Guionnet | Director of Territories and Performance Deputy CEO | 08/02/2019 | N/A | Brazil: Banco RCI Brasil – Chairman of the Board of Directors<br>France: Diac Location – Director<br>France: Rugby Club Massy Essonne – Chief Executive Officer<br>Hungary: RCI Zrt – Director<br>Morocco: RCI Finance – Director<br>Poland: RCI Leasing Polska - Member of the SB<br>Czech Rep.: RCI Financial services sro - Member of the SB<br>Romania: RCI Leasing Romania IFN – Director<br>Switzerland: RCI Finance – Chairman<br>Turkey: Orfin – Director | 0 | 0 |
| Jean-Marc Saugier | Director of Finance and Treasury Deputy CEO | 08/02/2019 | N/A | Argentina: Rombo Compania Financiera – Director<br>Brazil: Banco RCI Brasil – Director<br>Colombia: RCI Comp de Financiero – Director<br>France: SCI JAF – Manager | 0 | 0 |

### SHAREHOLDER AS AT 31 DECEMBER 2021

| | Number of held shares | % in the share capital |
|---|---|---|
| Renault s.a.s. | 999,999 | 99.99% |

Members of the Board of Directors are appointed by the general meeting on a recommendation of the Committee of nominations. Their term of office is set at three years, except in the case of co-option.

The directors have been appointed to the Board of Directors on the basis of their good repute, their knowledge of the company's activity and lines of business, their technical and general expertise and, in some cases, the experience acquired in performing their duties in the shareholder companies.

Collectively, the members of the Board of Directors and the Executive Directors have the knowledge, expertise and experience needed for a full understanding of all of the company's business activities, including the main risks to which to which it is exposed, of the sales financing sector, of the Renault-Nissan Alliance and of the automotive sector.

On the recommendation of the Committee of nominations, the Board of Directors has defined the notion of independent director as follows: "An RCI director is independent when he or she has no relationship of any kind whatsoever with either the RCI group or its management that might influence his or her judgment. Thus, an independent director does not only mean a non-executive director, i.e. a director who does not hold management positions within the RCI group, but also has no ties of particular interest (significant shareholder, employee, other) with these."; activities with the Renault-Nissan Alliance not constituting links of particular interest, in accordance with the specified qualification criteria. On this basis, it has identified five directors as independent as recommended by the Committee of nominations dated 4 June 2021.

As at 31 December 2021, the Board of Directors of RCI Banque consisted of four women and four men. As recommended by the Committee of nominations, the Board of Directors set the goal of maintaining a minimum proportion of 40% of directors of each sex.

To the best of the company's knowledge, there are no conflicts of interests between the private interests of the members of the Board of Directors and their duties towards the company. There are no family ties between the members of the Board of Directors.

During the last financial year, no agreements or arrangements were entered into by any of the company's Senior Managers or significant shareholder with any subsidiary. In accordance with Order 2014-863 of 31 July 2014, the Board of Directors hereby states that agreements entered into with the parent company or with company subsidiaries that are directly or indirectly fully owned are excluded from the scope of control of regulated agreements.

To the best of the company's knowledge, none of the members of the Board of Directors and none of its Senior Managers has, in the past five years:

- been convicted in relation to fraudulent offences;
- been associated with any bankruptcy, receivership or liquidation, in the capacity of Senior Manager;
- been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities; or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of any issuer.

The management of conflicts of interests is governed by Article 4 of the Board of Directors' internal regulations which state as follows:

### Article 4: Conduct and conflicts of interests

**4.1** In compliance with RCI group Procedure related to the management of conflicts of interests of staff, the directors shall maintain under all circumstances their independence in analyzing, assessing, deciding and acting in order to ensure sound and prudent management of RCI Banque.

They commit to not search for or accept any advantage that may compromise their independence.

**4.2** The directors shall inform the Chairman of the Board of any conflicts of interests, including potential, they might directly or indirectly be involved in.

The directors shall inform for example the Chairman of the Board of their intention to accept any new mandate in a listed company which is not part of Renault Group.

They shall also inform the Chairman of the Board of any sentence for fraud, and/or public sanction, and of any prohibition to manage or to operate, that may have been ordered against them, as well as any bankruptcy, confiscation or liquidation they may have been associated with.

**4.3** A conflict of interests involving a director is handled by the Chairman of the Board. Where appropriate, the latter assesses the importance of the conflict of interests and decides the relevant mitigation measures.

Where appropriate, the Committee of nominations is requested, and potentially the Board of Directors of RCI Banque. In this case, the relevant director in a situation of conflict of interests does not take part in voting on his case.

**4.4** A conflict of interests involving the Chairman of the Board is handled by the Committee of nominations, and potentially the whole Board of Directors.

**4.5** The members of the Board of Directors shall sign a declaration indicating the existence or absence of potential conflicts of interests annually.

### 3.2.1.3 Preparation of Board of Directors' meetings

The Board of Directors meets at least four times a year and as often as the interest of the company requires, upon notice duly served adequately in advance, by any means, by the secretary of the Board appointed by the Chairperson, in accordance with the provisions of the Articles of association.

In accordance with Article L.823-17 of the French Commercial Code (Code de Commerce), the statutory auditors are invited to all meetings of the Board of Directors examining or preparing the annual or interim financial statements, and if relevant, to other meetings at the same time as the directors themselves.

All technical documents and information required for the directors to fulfill their responsibilities are sent to them in compliance with the applicable provisions of the law and the company's Articles of association.

The Chairman chairs the meetings of the Board of Directors. He/she sets the schedule and agenda. He/she organizes and oversees the work of the Board and reports thereon to the general meeting. He/she chairs general meetings.

The Chairman makes sure that the company's bodies operate properly and that best governance practices are implemented. This applies in particular to the Committees set up within the Board of Directors, whose meetings the Chairperson may attend. He/she may submit questions to be examined by these Committees for their opinion.

The Chairman is provided with all information required to perform his/her duties and tasks. He/she is provided with regular updates by Senior Management on all significant events relating to the life of RCI group. He/she may request communication of all appropriate documents and information needed to enlighten the Board of Directors. In this respect, he/she may also interview the statutory auditors and, after informing the Chief Executive Officer thereof, any member of RCI group's Senior Management.

The Chairman ensures that the members of the Board of Directors are in a position to fulfill their duties and makes sure that they are properly informed.

### 3.2.1.4 Activity of the Board of Directors during the 2021 financial year

The Board of Directors met nine times during the 2021 financial year:

- on 22 and 29 January 2021, the Board of Directors appointed branch managers and discussed and approved the draft response to the European Central Bank's letter of 4 December 2020;
- on 12 February 2021, the Board in particular examined the activity report, approved the consolidated and separate financial statements to 31 December 2020, and approved the 2021 budget. On the recommendation of the Accounts and Audit Committee, it approved the revised 2021 audit plan. On the recommendation of the Compensation Committee, the Board approved the RCI group variable compensation system for the 2021 financial year, and the Wholesale compensation policy. On the recommendation of the Risk Management Committee, it approved the report on compliance with alert thresholds and limits associated with the level of risk appetite, and the *"Risk Appetite Statement"*, it reviewed the limit and delegation of interest rate risk, and reviewed the delegation of transactional foreign exchange risk. It decided on the terms and conditions for the payment of directors' compensation for 2020, as authorized by the general meeting, and initiated the annual questionnaire on self-assessment of the governance system;
- on 16 April 2021, the Board reviewed the quarterly activity report. On the recommendation of the Risk Management Committee, it approved the 2020 internal control report, took note of the ICAAP and ILAAP assumptions and results, approved the "Capital Adequacy Statement" and "Liquidity Adequacy Statement", and took note of the 2020 ethics and compliance report. It also approved the AML/TF report related to the fight against anti-money laundering and terrorism financing. Finally, the European Central Bank intervened during the meeting to present the results of the SREP 2020;
- on 17 June 2021, the Board approved the proposed acquisition of BIPI Mobility;
- on 25 June 2021, the Board reviewed the appointment of Clotilde Delbos as Board member of AXA. On the recommendation of the Committee of nominations, it approved the report on the assessment of RCI executives, the qualification of independent director and the objective of gender balance, and the supplement to the GSP 2021 as well as the 2021 compensation policy. Lastly, it appointed Marc Lagrené as the new Chief Risk Officer, Philippe Durand as the new Credit Officer, and Pierre-Yves Beaufils as the new Compliance Officer, as well as new branch managers;
- on 23 July 2021, the Board reviewed the activity report and approved the consolidated half-year financial statements to 30 June 2021. On the recommendation of the Risk Management Committee, it approved the new definition of risk and the changes in risk appetite related to structural FX risk due to the new guidelines of the European Banking Authority, and modified the delegation of powers for investments related to strategic risk;
- on 3 September 2021, the Board approved a proposal for the allocation of reserves, and the Compliance Officer presented the results of the 2020 self-assessment questionnaire of the governance system;
- on 3 December 2021, the Board examined the draft budget for 2022. It authorized the 2021/2022 bond issues and securitization transactions and renewed the delegations of powers for their implementation. It approved the ILAAP governance update. The Fleet Director provided an update on the BIPI project, and the Board approved the creation of BIPI subsidiaries in the United Kingdom and the Netherlands. On the recommendation of the Risk Management Committee, the Board approved the changes made to the "Risk Appetite Framework". On the recommendation of the Committee of nominations, the Board proposed the appointment of Etienne Boris as a director for a period of three years from 1 January 2022, convened a general meeting and examined the conflicts of interests of Patrick Claude as an RCI director due to his past position as Chief Risk Officer at RCI. Patrick Claude will be asked to abstain from any vote on the deliberation in question. Sandrine Blec-Recoquillay, Director of Human Resources and Communication, presented the work on RCI's purpose and values, and the Director of Innovation presented the Kadensis project. Lastly, the Board decided on the new composition of the Risk Management Committee and the Accounts and Audit Committee, and appointed new branch managers.

The director attendance rate at these meetings was 91% over the full year.

The meetings of the Board of Directors were held at the company's registered office, and by means of videoconference, allowing the identification and effective participation of the directors due to the Covid-19 health crisis.

The minutes of each Board of Director's meeting were drawn up by the secretary of the Board, approved at the following meeting, and transferred to a register held at the company's registered office and available for inspection by the directors.

In addition to the aforementioned meetings, the Board of Directors held a seminar on 1 April 2021 during which the Executive Committee and various business unit directors presented the following topics: Renaulution, Together 4 Customers, a focus on IT systems, and the business model on electric vehicle batteries.

#### 3.2.1.5 Special Committees of the Board of Directors

The **Accounts and Audit Committee** met three times in 2021. Its main duties were to present and monitor the financial statements and preparation thereof, and to monitor the statutory audits of the consolidated and separate financial statements. It also examined the audit plan and analyzed the audits performed. The Committee monitored the effectiveness of the internal control and risk management systems, the independence of the statutory auditors, the management of their non-audit services. It also focused on non-consolidated companies.

The **Risk Management Committee** met eight times in 2021. Its main duties were to review the risk mapping and validation of the definition of risks, the analysis and validation of the RCI group risk limits, the analysis of action plans in the event of exceeding limits or alert thresholds. It also examined the pricing systems for products and services and the compensation policy with regard to its impact on risks. Lastly, it analyzed and approved the report on internal control, the ICAAP and ILAAP systems, as well as the recovery plan, and the significant aspects of the rating and estimation processes of the company's internal credit risk models.

The **Compensation Committee** met twice in 2021. Their main duty was to review groupe RCI Banque's compensation policy and variable component system for 2021. The Committee also reviewed the compensation granted to corporate officers and the compensation policy for individuals with an impact on risk and risk management.

The **Committee of nominations** met three times in 2021. Their main duty was to recommend members for the Board of Directors and new members of the Executive Committee. They were also tasked with the annual review of the Board of Directors, and in particular with reviewing its structure, its composition, the diversity of knowledge, expertise and experience of its members, the definition of independent director and its gender balance objectives. They recommended the appointment of a new Chief Risk Officer, a new Compliance Officer, a new Credit Director, and two new directors.

## 3.2.2 SENIOR MANAGEMENT

### 3.2.2.1 Senior Management method

In accordance with the Act implementing CRD IV and with the Order of 3 November on internal control, the roles of Chairperson and Chief Executive Officer are separate.

As at 31 December 2021, the company's Senior Management and Executive Directors (per the meaning of Article L.511-13 of the French Monetary and Financial code) are assumed under the responsibility of João Miguel Leandro, Chief Executive Officer, François Guionnet, Deputy Chief Executive Officer and Director of Territories and Performance division, and Jean-Marc Saugier, Deputy Chief Executive Officer and Director of Finance and Treasury division.

The Chief Executive Officer holds the broadest powers to act under any circumstances on the company's behalf, within the limits of the corporate purpose and conditional on those powers that the law expressly attributes to shareholders' meetings and the Board of Directors. The Chief Executive Officer has the authority to grant sub-delegations or substitute powers of attorney for one or more specified transactions or categories of transactions.

However, the Chief Executive Officer must obtain authorization from the Board of Directors to acquire, sell or mortgage buildings, the Board intending to retain authority in such matters.

The Deputy Chief Executive Officer has the same powers as the Chief Executive Officer with regard to third parties.

### 3.2.2.2 Executive Committee

RCI Banque's Executive Committee contributes to forming RCI Banque's policy and strategy.

At 31 December 2021, it was composed of the Chief Executive Officer (João Miguel Leandro), the Director of Territories and Performance and Deputy CEO (François Guionnet), the Finance and Treasury Director and Deputy CEO (Jean-Marc Saugier), the Chief Compliance Officer (Pierre-Yves Beaufils), the Director of Human Resources and Communication (Sandrine Blec-Recoquillay), the Director of Marketing and Strategy (Frédéric Schneider), the Director of Accounting and Performance Control (Stéphane Johan), the Credit Director (Philippe Durand), the Director of Information Systems (Umberto Marini), the Chief Risk Officer (Marc Lagrené), and the Director of Transformation (Mallika Mathur Lhéritier).

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

- the **Finance Committee**, which reviews the following: economic analyses and forecasts, resource cost, liquidity, interest rate and counterparty risks across the group's different scopes and subsidiaries. Changes in RCI Holding's balance sheet and income statement are also analyzed so that the necessary adjustments to intra-group transfer prices can be made;
- the **Credit Committee**, which validates commitments that are beyond the authority of the subsidiaries and group Commitments Officer;
- the **Performance Committee**, for "Retail and Wholesale risks" matters, which assesses the quality of customer lending and subsidiary collection performances in relation to objectives set. With respect to the Wholesale business, changes in outstandings and stock rotation indicators, as well as changes in dealership and loan classification are reviewed;
- the **Regulations Committee** which reviews major regulatory changes in prudential supervision and action plans, and validates internal rating models and the related management system;
- the **Internal Control, Operational Risk and Compliance Committee** which oversees the whole of the group's internal control system, checks its quality and its related systems, and adjusts means, systems and procedures accordingly. It defines, steers and monitors the principles of the operational risk management policy as well as the principles of the compliance control system. It monitors progress made on the action plans. An Internal Control, Operational Risk and Compliance Committee operates in RCI Banque group subsidiaries;
- the **New Product Committee** which verifies new products before they are marketed, by ensuring in particular that new products comply with the group's commercial policy, the group's budgetary requirements, legislation applicable locally, and the group's governance of risks.

# 3.3 SPECIFIC PROVISIONS FOR SHAREHOLDER PARTICIPATION IN THE GENERAL MEETING

## (Articles27 to 33 of the Articles of Association)

The provisions of the Articles of Association regarding the terms and conditions for shareholder participation at general meetings are published in the General Information section.

## 3.4 REGULATED AGREEMENTS

No agreements resulting in the special application of Article L.225-38 of the French Commercial Code were entered into during the 2021 financial year.

## 3.5 SUMMARY TABLE OF CURRENT DELEGATIONS WITHIN THE MEANING OF ARTICLE L.225-37-4 3 OF THE FRENCH COMMERCIAL CODE

| Corporate body | Transaction concerned | Maximum amount | Term of the delegation | Implementation of the delegation |
|---|---|---|---|---|
| General meeting of 20/05/2021 | Capital increase in cash | €400 million | 18 months | None |

# Chapter 04

# **CONSOLIDATED** FINANCIAL STATEMENTS

# 4.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**For the year ended 31 December 2021**

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the annual general meeting of RCI Banque S.A.,

## Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of RCI Banque S.A. for the year ended 31st December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31st December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## Basis for opinion

### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from 1st January 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

## Justification of assessments - Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

**Assessment of credit risk and evaluation of impairment (buckets 1, 2 and 3)**

| | |
|---|---|
| **Risk identified** | RCI Banque S.A. recognizes impairment losses to cover the risk of non-recovery of loans granted to retail customers and car dealers. RCI Banque S.A. applies the accounting principles of IFRS 9 "Financial Instruments" which defines a provisioning model for expected losses based on three stages of risk: on healthy outstandings (bucket 1), outstandings with a significant increase in risk since initial recognition (bucket 2) and outstandings delinquent /defaulted (bucket 3).<br>We consider the amount of credit loss provisioning as a key point of the audit, due to the significant amount of loans granted to retail customers and car dealers in the assets of the Group's balance sheet, the use of numerous parameters and assumptions in the calculation models and the use of judgment made by management in estimating expected credit losses.<br>Those assumptions are even more important in the current situation of the evolution of the Covid-19 crisis which brings economical uncertainties in the world for the years to come.<br>The note 2 "Key Highlights" of the consolidated financial statements describes the assumptions used to estimate the impact of the evolution of the Covid-19 crisis. They mainly consisted in additional provisionning on the customers' segments that are mostly affected by the Covid-19 crisis and increasing the weighting of the "adverse" scenario used in the calculation of the "forward-looking" impairment.<br>The expected credit losses set in accordance with IFRS 9 are presented in the Note 7 to the consolidated financial statements and amount to M€ 1 052 with a gross amount of receivables of M€ 46,470. |
| **Our audit response** | Our procedures, performed with our specialists, mainly consisted in:<br>● Assessing the key controls related to the governance established to validate the changes in parameters and key assumptions involved in the calculation of the expected credit loss impaiment;<br>● Evaluating the staging process and most particularly the identification of the significant increase of credit risk on healthy receivables;<br>● Testing the quality of the application program interfaces that support the calculation and accounting of the expected credit losses;<br>● Assessing the methodologies applied to set the parameters used in the impairment models, as mentioned in note 3.E of the financial statements, and their operationnal integration in the information systems;<br>● Examining the documentation supporting the assumptions made to determine the additional impairment booked to reflect the impact of the Covid-19 crisis;<br>● Assessing the assumptions used to determine the prospective component of the expected credit loss (statistical forward looking) estimation, in particular on the weighting of the scenarios;<br>● Carrying out analytical procedures on the evolution of retail customer and car dealer loans oustandings and credit risk impairment;<br>● Assessing the appropriateness of the information presented in the notes to the consolidated financial statements. |

## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

## Report on other legal and regulatory requirements

### Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in article L451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of RCI Banque S.A. by the annual general meeting held on 22nd May 2014 for KPMG S.A. and on 29th April 2020 for Mazars.

As at 31st December 2021, KPMG S.A. and Mazars were respectively in the 8th year and 2nd year of total uninterrupted engagement.

## Responsibilities of management and those charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Statutory auditors' responsibilities for the audit of the consolidated financial statements

### Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

## Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The statutory auditors

| Mazars | KPMG S.A. |
| --- | --- |
| Courbevoie, 23th february 2022 | Paris la Défense, 23th february 2022 |
| Anne VEAUTE | Ulrich SARFA |
| *Associée* | *Associé* |

# 4.2 CONSOLIDATED FINANCIAL STATEMENTS

## 4.2.1 CONSOLIDATED BALANCE SHEET

### ASSETS

| *(in millions of euros)* | Notes | 12/2021 | 12/2020 |
|---|---|---|---|
| Cash and balances at central banks | 2 | 6,745 | 7,299 |
| Derivatives | 3 | 147 | 230 |
| Financial assets at fair value through other comprehensive income | 4 | 837 | 649 |
| Financial assets at fair value through profit or loss | 4 | 137 | 219 |
| Amounts receivable at amortised cost from credit institutions | 5 | 1,294 | 1,232 |
| Loans and advances at amortised cost to customers | 6 and 7 | 44,074 | 46,222 |
| Current tax assets | 8 | 21 | 26 |
| Deferred tax assets | 8 | 179 | 188 |
| Tax receivables other than on current income tax | 8 | 112 | 139 |
| Adjustment accounts & miscellaneous assets | 8 | 957 | 973 |
| Investments in associates and joint ventures | 9 | 146 | 129 |
| Operating lease transactions | 6 and 7 | 1,344 | 1,418 |
| Tangible and intangible non-current assets | 10 | 94 | 83 |
| Goodwill | 11 | 149 | 79 |
| **TOTAL ASSETS** | | **56,236** | **58,886** |

### LIABILITIES AND EQUITY

| *(in millions of euros)* | Note s | 12/2021 | 12/2020 |
|---|---|---|---|
| Central Banks | 12.1 | 3,738 | 2,250 |
| Derivatives | 3 | 44 | 84 |
| Amounts payable to credit institutions | 12.2 | 1,997 | 2,302 |
| Amounts payable to customers | 12.3 | 22,030 | 21,540 |
| Debt securities | 12.4 | 17,971 | 21,991 |
| Current tax liabilities | 14 | 136 | 143 |
| Deferred tax liabilities | 14 | 670 | 587 |
| Taxes payable other than on current income tax | 14 | 21 | 24 |
| Adjustment accounts & miscellaneous liabilities | 14 | 1,916 | 2,151 |
| Provisions | 15 | 162 | 190 |
| Insurance technical provisions | 15 | 436 | 461 |
| Subordinated debt - Liabilities | 17 | 893 | 890 |
| Equity | | 6,222 | 6,273 |
| • *Of which equity - owners of the parent* | | *6,208* | *6,260* |
| *Share capital and attributable reserves* | | *814* | *814* |
| *Consolidated reserves and other* | | *4,950* | *5,159* |
| *Unrealised or deferred gains and losses* | | *(402)* | *(500)* |
| *Net income for the year* | | *846* | *787* |
| • *Of which equity - non-controlling interests* | | *14* | *13* |
| **TOTAL LIABILITIES & EQUITY** | | **56,236** | **58,886** |

## 4.2.2 CONSOLIDATED INCOME STATEMENT

| *In millions of euros* | Note s | 12/2021 | 12/2020 |
|---|---|---|---|
| Interest and similar income | 25 | 1,766 | 1,928 |
| Interest expenses and similar charges | 26 | (599) | (643) |
| Fees and commission income | 27 | 639 | 609 |
| Fees and commission expenses | 27 | (282) | (250) |
| Net gains (losses) on financial instruments at fair value through profit or | 28 | 8 | 7 |
| Income of other activities | 29 | 1,091 | 1,039 |
| Expense of other activities | 29 | (795) | (735) |
| **NET BANKING INCOME** | | **1,828** | **1,955** |
| General operating expenses | 30 | (556) | (581) |
| Depreciation and impairment losses on tangible and intangible assets | | (20) | (19) |
| **GROSS OPERATING INCOME** | | **1,252** | **1,355** |
| Cost of risk | 31 | (62) | (353) |
| **OPERATING INCOME** | | **1,190** | **1,002** |
| Share in net income (loss) of associates and joint ventures | 9 | 19 | 19 |
| Gains less losses on non-current assets | | | (1) |
| Impact of Profit & Loss for Subisidiaries in Hyperinflation Context | | (14) | (15) |
| Goodwill impairment | | (1) | (2) |
| **PRE-TAX INCOME** | | **1,194** | **1,003** |
| Income tax | 32 | (328) | (206) |
| **NET INCOME** | | **866** | **797** |
| Of which, noncontrolling interests | | 20 | 10 |
| Of which owners of the parent | | 846 | 787 |
| Number of shares | | 1,000,000 | 1,000,000 |
| **Net Income per share (1) in euros** | | **846.42** | **787.32** |
| **Diluted earnings per share in euros** | | **846.42** | **787.32** |

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

The RCI group applies IAS 33 and on this basis considers that the basic earnings per share is calculated by dividing the net profit (loss) for the period attributable to ordinary shareholders by the number of ordinary shares issued during the period. The group has no treasury shares.

Diluted earnings per share reflect the potential dilution that could occur if dilutive instruments are converted into ordinary shares. The group has not issued any dilutive instruments in ordinary shares.

## 4.2.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **NET INCOME** | **866** | **797** |
| Actuarial differences on post-employment benefits | 8 | (4) |
| *Total of items that will not be reclassified subsequently to profit or loss* | *8* | *(4)* |
| Unrealised P&L on cash flow hedge instruments | 47 | |
| Unrealised P&L on financial assets | (3) | |
| Exchange differences | 53 | (159) |
| *Total of items that will be reclassified subsequently to profit or loss* | *97* | *(159)* |
| Other comprehensive income | 105 | (163) |
| **TOTAL COMPREHENSIVE INCOME** | **971** | **634** |
| Of which Comprehensive income attributable to noncontrolling interests | 27 | 8 |
| Of which Comprehensive income attributable to owners of the parent | 944 | 626 |

## 4.2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *In millions of euros* | Share capital[1] | Attribut. reserves[2] | Consolid. reserves | Translation adjust.[3] | Unrealized or deferred P&L[4] | Net income (Shareholders of the parent company) | Equity (Shareholders of the parent company) | Equity (Non-controlling interests) | Total Consolidated equity |
|---|---|---|---|---|---|---|---|---|---|
| **Equity at 31 December 2019** | **100** | **714** | **4,271** | **(299)** | **(40)** | **903** | **5,649** | **53** | **5,702** |
| Appropriation of net income of previous year | | | 903 | | | (903) | | | |
| **Equity at 1 January 2020** | **100** | **714** | **5,174** | **(299)** | **(40)** | | **5,649** | **53** | **5,702** |
| Change in value of financial instruments recognized in equity | | | | | (2) | | (2) | 2 | |
| Actuarial differences on defined-benefit pension plans | | | | | (4) | | (4) | | (4) |
| Exchange differences | | | | (155) | | | (155) | (4) | (159) |
| Net income for the year (before appropriation) | | | | | | 787 | 787 | 10 | 797 |
| **Total comprehensive income for the period** | | | | **(155)** | **(6)** | **787** | **626** | **8** | **634** |
| Effect of acquisitions, disposals and others | | | (4) | | | | (4) | (1) | (5) |
| Dividend for the year | | | | | | | | (11) | (11) |
| Repurchase commitment of noncontrolling interests | | | (11) | | | | (11) | (36) | (47) |
| **Equity at 31 December 2020** | **100** | **714** | **5,159** | **(454)** | **(46)** | **787** | **6,260** | **13** | **6,273** |
| Appropriation of net income of previous year | | | 787 | | | (787) | | | |
| Equity at 1 January 2021 | 100 | 714 | 5,946 | (454) | (46) | | 6,260 | 13 | 6,273 |
| Change in value of financial instruments recognized in equity | | | | | 35 | | 35 | 9 | 44 |
| Actuarial differences on post-employment benefits | | | | | 8 | | 8 | | 8 |
| Exchange differences | | | | 55 | | | 55 | (2) | 53 |
| Net income for the year (before appropriation) | | | | | | 846 | 846 | 20 | 866 |
| Total comprehensive income for the period | | | | 55 | 43 | 846 | 944 | 27 | 971 |
| Effect of acquisitions, disposals and other | | | 1 | | | | 1 | | 1 |
| Dividend for the year[5] | | | (1,000) | | | | (1,000) | (20) | (1,020) |
| Repurchase commitment of noncontrolling interests | | | 3 | | | | 3 | (6) | (3) |
| **Equity at 31 December 2021** | **100** | **714** | **4,950** | **(399)** | **(3)** | **846** | **6,208** | **14** | **6,222** |

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

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

*(3) The change in translation adjustments at 31 December 2021 relates primarily to Argentina, Brazil, Colombia, South Korea, India, Morocco, Turkey, the United Kingdom, Switzerland and Czech Republic. At 31 December 2020, it related primarily to Argentina, Brazil, Colombia, South Korea, India, Morocco, Poland, Russia, Turkey, the United Kingdom and Czech Republic.*

*(4) Includes changes in the fair value of derivatives used as cash flow hedges and fair value on debt instruments for €15 million and IAS 19 actuarial gains and losses for -€18 million at end-December 2021.*

*(5) Distribution to the shareholder Renault of a dividend on the 2020 result for €69 million and an exceptional dividend on retained earnings for €931 million.*

## 4.2.5 CONSOLIDATED CASH FLOW STATEMENT

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY** | **846** | **787** |
| Depreciation and amortization of tangible and intangible non-current assets | 19 | 18 |
| Net allowance for impairment and provisions | (89) | 238 |
| Share in net (income) loss of associates and joint ventures | (19) | (19) |
| Deferred tax (income)/expense | 62 | (35) |
| Net loss/gain from investing activities | 5 | 4 |
| Net income attributable to noncontrolling interests | 20 | 10 |
| Other (gains/losses on derivatives at fair value through profit and loss) | 13 | (9) |
| **CASH FLOW** | **857** | **994** |
| Other movements (accrued receivables and payables) | (222) | 231 |
| **TOTAL NON-MONETARY ITEMS INCLUDED IN NET INCOME AND OTHER ADJUSTMENTS** | **(212)** | **437** |
| Cash flows on transactions with credit institutions | 1,289 | (645) |
| • Inflows/outflows in amounts receivable from credit institutions | 165 | (79) |
| • Inflows/outflows in amounts payable to credit institutions | 1,124 | (566) |
| Cash flows on transactions with customers | 2,774 | 5,843 |
| • Inflows/outflows in amounts receivable from customers | 2,525 | 2,721 |
| • Inflows/outflows in amounts payable to customers | 249 | 3,122 |
| Cash flows on other transactions affecting financial assets and liabilities | (3,998) | (757) |
| • Inflows/outflows related to AFS securities and similar | (71) | 547 |
| • Inflows/outflows related to debt securities | (3,914) | (1,612) |
| • Inflows/outflows related to collections | (13) | 308 |
| Cash flows on other transactions affecting non-financial assets and liabilities | (57) | 44 |
| **NET CHANGE IN ASSETS AND LIABILITIES RESULTING FROM OPERATING ACTIVITIES** | **8** | **4,485** |
| **NET CASH GENERATED BY OPERATING ACTIVITIES (A)** | **642** | **5,709** |
| Flows related to financial assets and investments | (101) | 5 |
| Flows related to tangible and intangible non-current assets | (15) | (10) |
| **NET CASH FROM/(USED BY) INVESTING ACTIVITIES (B)** | **(116)** | **(5)** |
| Net cash from/(to) shareholders | (1,020) | (5) |
| • Outflows related to repayment of Equity instruments and subordinated borrowings | | 6 |
| • Dividends paid | (1,020) | (11) |
| **NET CASH FROM/(USED BY) FINANCING ACTIVITIES (C)** | **(1,020)** | **(5)** |
| **EFFECT OF CHANGES IN EXCHANGE RATES AND SCOPE OF CONSOLIDATION ON CASH AND EQUIVALENT (D)** | **88** | **(57)** |
| **CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)** | **(406)** | **5,642** |
| Cash and cash equivalents at beginning of year: | 8,111 | 2,469 |
| • Cash and balances at central banks | 7,289 | 1,494 |
| • Balances in sight accounts at credit institutions | 822 | 975 |
| Cash and cash equivalents at end of year: | 7,705 | 8,111 |
| • Cash and balances at central banks | 6,729 | 7,289 |
| • Credit balances in sight accounts with credit institutions | 1,236 | 1,010 |
| • Debit balances in sight accounts with credit institutions | (260) | (188) |
| **CHANGE IN NET CASH [(1)]** | **(406)** | **5,642** |

*(1) The rules for determining treasury and treasury equivalent cash flows are presented in §. 3.S*

# 4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

RCI Banque S.A.'s registered office is located at 15, rue d'Uzès 75002 Paris, France. RCI Banque S.A.'s main business is to provide financing for the Alliance brands.

The consolidated financial statements of the RCI Banque S.A. group as at 31 December relate to the company and its subsidiaries, and to the group's interests in associates and jointly-controlled entities.

## 4.3.1 APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

**RCI Banque group consolidated financial statements at 31 December 2021, were approved by the Board of Directors' meeting on 11 February 2022, and will be put before the annual general meeting of 20 May 2022, for approval.**

The RCI Banque group's consolidated financial statements for the year 2020 were established by the Board of Directors on 12 February 2021 and approved at the mixed general meeting on 20 May 2021. It was decided to pay shareholders a dividend of €69.4 million on the 2020 result, calculated in accordance with the ECB recommendation (ECB/2020/62) on dividend distributions in the context of the Covid-19 pandemic. This dividend was paid in June 2021.

At the annual ordinary general meeting of 30 September 2021, it was decided to pay shareholders an exceptional dividend on retained earnings in the amount of €930.6 million.

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

## 4.3.2 KEY HIGHLIGHTS

### New issues of securitization funds

The French subsidiary DIAC has set up a new private securitization program ("Cars Alliance Auto Leases France RV MASTER" sub-fund) to refinance the residual values of Leases with Purchase Options (LOA) originated by DIAC. This is currently used for an amount of €150 million for class A securities and €127.8 million for class B securities auto-subscribed for by DIAC S.A.

This amount can be increased and represents a potential new source of secure financing for the company.

### New Securitization in Germany

RCI Banque placed a public securitization backed by car loans in Germany and issued €900m of senior securities (of which €200 million of treasury stock).

### TFSME program

The group was also able to benefit from the TFSME program issued by the Bank of England in 2020 and was able to make accumulated drawdowns of GBP 409.3 million in 2021 with a maturity in September and October 2025. (see Note 12)

The maximum interest rate applicable to this financing over the period is calculated on the basis of the Bank of England base rate (0.25% at 31 December 2021) plus a margin of 0.25%.

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

### Acquisition of Bipi

The group acquired the Bipi entity on July 8, 2021.

Bipi is a Spanish start-up based in Madrid that offers an on-line Car Subscription offering enabling retail and small business customers to subscribe to a flexible rental agreement (without a long-term commitment and tacit renewal of the monthly rental charge). They can choose between a range of new or used vehicles with a fixed monthly rental charge that includes services such as warranty extension, maintenance, vehicle insurance, management of fines, etc.

With this acquisition, the RCI group is expanding its service package, enabling it to face a more flexible automotive market, based on usage. This entity is a leading multi-brand platform for car subscription offerings for used vehicles, a growing segment.

The automotive market is moving towards greater flexibility. Customer demand is therefore moving towards more transparent, flexible and usage-based models. Car subscription offerings should thus reach 8% of the car financing market in the EU5 (France, Germany, etc.) in 2025, i.e. around €22 billion.

Goodwill of €68 million was recorded at the time of this acquisition (see section B and Note 11). This amount could be reviewed in 2022 following the Purchase Price Allocation.

### Covid-19 health crisis:

Although the economic climate is still uncertain and disrupted by the evolution of the pandemic, the situation in 2021 is different to that in 2020. Teleworking has remained widely applied within the group, however, depending on each specific local context. The year 2020 reflected the full effect of the Covid-19 crisis, with strict lockdown measures in almost all of the countries in which the group is present.

In 2021, the effects of the Covid-19 crisis on the economy are gradually diminishing, particularly in Europe, thanks to government support plans and less restrictive lockdown measures made possible by the acceleration of vaccination campaigns. However, the circumstances surrounding the Covid-19 pandemic continued to slightly disrupt lending activity in some countries.

Newly defaulted outstandings on average remained at a level below or equal to those seen before the Covid-19 crisis, while risk management systems remained calculated cautiously. Debt collection performance has improved. This change is more noticeable in Europe, and less marked in other regions, particularly South America and Morocco.

Particular attention was paid to recovery resources and practices. This had led us to organize and program the end of maturity date extensions in all countries to help our customers continue to pay their loan instalments and get through this difficult period.

In terms of our loan granting policy, most of the 2020 arrangements have been extended. The aim was to adapt the acceptance criteria so as to ensure the quality of the loans to finance production remained in line with risk appetite requirements. We thus took measures targeted to the business segments to mitigate the consequences of the crisis and many of our acceptance systems (scores, business activity rules, anti-fraud systems) were revised to take better account of the situation.

Finally, at the end of the last two fiscal years affected by the Covid-19 crisis, we opted for non-model adjustments (see Key hypotheses for the calculation of expected losses under IFRS). They cover primarily, when a deterioration of the credit risk looks likely, the exposures that had benefited from significant moratorium periods in 2020 – 2021 (in Morocco, Spain, Italy, Brazil and Colombia) or customers identified as vulnerable using, where applicable, external data (in the UK, Spain, Italy).

**Note**: RCI Banque is not involved in the granting of government-guaranteed loans (PGE).

#### INFORMATION ON OUTSTANDINGS SUBJECT TO ACTIVE MORATORIUMS 2021.12

| *in millions of euros* | Retail | | Wholesale | | Total | |
|---|---|---|---|---|---|---|
| **Geographical Zone** | Outstandings | Provisions | Outstandings | Provisions | Outstandings | Provisions |
| Europe | 0.6 | -0.1 | 0.0 | -0.0 | 0.7 | -0.1 |
| of which Germany | - | - | - | - | - | - |
| of which Spain | 0.0 | 0.0 | - | - | 0.0 | 0.0 |
| of which France | - | - | - | - | - | - |
| of which Italy | 0.6 | -0.1 | 0.0 | -0.0 | 0.6 | -0.1 |
| of which United Kingdom | - | - | - | - | - | - |
| of which other countries* | 0.0 | -0.0 | - | - | 0.0 | -0.0 |
| **Eurasia** | - | - | - | - | - | - |
| **Africa-Middle East** | - | - | - | - | - | - |
| **Asia-Pacific** | - | - | - | - | - | - |
| Amercias | - | - | - | - | - | - |
| of which Argentina | - | - | - | - | - | - |
| of which Brazil | - | - | - | - | - | - |
| of which Colombia | - | - | - | - | - | - |
| **TOTAL** | **0.6** | **-0.1** | **0.0** | **-0.0** | **0.7** | **-0.1** |

## INFORMATION ON OUTSTANDINGS SUBJECT TO ACTIVES MORATORIUMS 2020.12

| *in millions of euros* | Customers | | Dealer financing | | Total | |
|---|---|---|---|---|---|---|
| Geographical Zone | Outstandings | Provisions | Outstandings | Provisions | Outstandings | Provisions |
| Europe | 220.0 | -20.9 | 22.8 | -0.1 | 242.8 | -21.0 |
| of which Germany | - | - | 1.8 | -0.0 | 1.8 | -0.0 |
| of which Spain | 5.1 | -2.0 | - | - | 5.1 | -2.0 |
| of which France | 16.3 | -1.4 | - | - | 16.3 | -1.4 |
| of which Italy | 150.9 | -13.2 | 0.2 | -0.0 | 151.1 | -13.2 |
| of which United Kingom | 8.4 | -0.2 | - | - | 8.4 | -0.2 |
| of which other countries | 39.3 | -4.2 | 20.9 | -0.1 | 60.2 | -4.3 |
| **Eurasia** | **0.3** | **-** | **-** | **-** | **0.3** | **-** |
| **Africa-Middle East-India** | **24.9** | **-9.1** | **1.8** | **-0.0** | **26.7** | **-9.1** |
| **Asia-Pacific** | **2.0** | **0.0** | **-** | **-** | **2.0** | **0.0** |
| Americas | 16.5 | -9.6 | - | - | 16.5 | -9.6 |
| of which Argentina | 4.9 | -4.3 | - | - | 4.9 | -4.3 |
| of which Brazil | - | - | - | - | - | - |
| of which Colombia | 11.6 | -5.4 | - | - | 11.6 | -5.4 |
| **TOTAL** | **263.8** | **-39.6** | **24.7** | **-0.1** | **288.4** | **-39.7** |

Covid-19 moratoriums were applied according to the situation in each country. Renewals remained very low in 2021. Exposures subject to moratoriums in accordance with the provisions of the EBA amounted to €0.65 million (€0.6 million performing) at the end of 2021, compared with €263.8 million at the end of 2020 (€262.2 million performing).

In Dealer financing activity, the value of still current exposures granted extensions is now only €0.057 million and relates only to two countries: Italy and Croatia. With the exception of these two countries, all of the extensions granted to dealers during the lockdown period have been settled to RCI. It should be noted that since then, no new generalized extension measures have been taken.

At the end of 2021, outstandings of retail and corporate customers classified as Bucket 3, stood at €991 million, compared with €704 million at the end of 2020 (see Note 7). This increase of €287 million came from application of the new definition of default which requires the total payment of sums due to stop the arrears counter and provides for downgrading to Bucket 3 when the debtor is in arrears by more than 90 days.

With the iso methodology (former default definition), the outstandings classified in Bucket 3 were down compared to the end of 2020. This change reflects the favourable trend in risk parameters and the good recovery performance observed (decline in collections and defaults, recoveries when in default, improvement in LGD). The shortage of new vehicles, linked to the semiconductor crisis, also contributed positively to the resale performance for seized vehicles.

As the economic climate remains uncertain, the cautious approach adopted at the end of 2020 and mid-2021 was maintained.

- On the criteria for reclassifying certain receivables to Bucket 2 (receivables impaired from origination).

These are non-model adjustments mainly concerning a) corporate exposures outside the network on which an individual review is carried out on a regular basis, and b) clients whose moratoriums have expired, some of them downgraded to forbearance.

Better analysis of situations through external data and/or hindsight mean it is now possible to assess the behaviour of outstandings that have had longer moratoriums in Italy and Morocco being downgraded to forbearance.

- In the provisioning of the same receivables; this is a non-model adjustment (mainly when signs of a possible deterioration are identified).

Furthermore, in the same way as at 31 December 2020, the forward-looking provision forecast was completed for customer segments deemed particularly affected by the crisis. In the absence of any late payments, the segments concerned were retained in their original bucket. These all relate to Retail exposures on clients operating in business sectors particularly affected by the crisis, but for which an individual analysis was not possible. The outstandings concerned amount to €2,369 million. The adjustment made was to bring the provisioning rate in line with the rate recorded for the outstandings of the same segments recognized in Bucket 2.

In total, the provisioning rate for Bucket 2 fell from 6% to 5.2%, while the provisioning rate for Bucket 3 fell from 67.5% to 54.5% between the end of 2020 and the end of December 2021, the drop in the hedging rate being attributable to the implementation of the New Definition of Default across the entire scope. The hedging rate of B1, on customer exposures in this category, was stable (0.7% vs. 0.8%), and the contribution of the sector forward - looking adjustment was also stable. Additional adjustments contributed 1.46% and 3.48% respectively to the coverage rates for Buckets 2 and 3.

On the lender insurance business covered by the group's insurance subsidiaries, the impact of Covid-19 manifested itself as at 31 December 2021 by:

- A decrease in production directly linked to the decrease in the volumes of financing granted: -18% compared to the same period in 2019 (pre-Covid-19 reference year), i.e. -€ 27m in written premiums;
- With regard to death cover, the introduction of vaccines has reduced mortality, which makes it no longer possible to model death waves. The Covid-19 loss ratio is now included in the traditional loss ratio projection methods.

Over this period, 506 claims Covid 19 related claims were paid for an amount of €4.3 million. By way of comparison, payouts for 213 death claims had already been made in 2020 for an amount of €1.8 million.

With regard to job loss insurance, in view of the economic support measures still in force, no significant increase in actual claims was recorded during the period. However, the additional provision of €3.5 million set up in 2020 was retained to plan ahead for the potential effects of an end to the accommodating economic policies. Note that these guarantees do not cover partial unemployment.

### Cost of risk

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

The cumulative cost of customer risk at the end of December 2021 amounted to 0.26% of average performing assets, compared with 0.89% at the end of December 2020. It can be accounted for primarily by:

- net write-offs of recoveries which rose by a moderate 8% compared to the financial year 2020, to €114.2 m or 0.30% of average outstandings. This increase reflects the maturity of outstandings in Colombia and the implementation of a policy of abandonments during this year for the entirely provisioned receivables;
- additional appraisal adjustments of 0.10% of average customer outstandings, mainly driven by a) analyzes of counterparties undertaken "on a case-by-case basis" as indicated above and as part of the standard practice of hedging corporate exposures. b) hedging up to 100% of exposures on financed frauds detected in the specific economic context and c) hedging, in certain cases using external data, of exposures that had until recently benefited from "Covid-19" moratoriums or which, with the benefit of insight, proved to have a more risky profile.

For the dealer network, the cost of risk stood at 0.52% of average performing assets, i.e. a reversal of the provision for impairment of €37 million in 2021.

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

For retail, the forward-looking adjustment resulted in a charge of €3 million only to the cost of risk compared with €67 million in 2020:

- €0.7 million for the update of the macroeconomic/"statistical" component in which the adverse scenario weighting was reduced for the United Kingdom, Brazil, Spain and Italy in view of the more stable economic outlook;
- €2.3 million for the collective provision for economic players in sectors most affected by the Covid-19 crisis.

For the dealer network, the forward-looking adjustment was a reversal of €14.5 million in the year of 2021.

It should also be noted that the loss given default used to calibrate provisions, which had been negatively impacted by the health crisis in 2020, show signs of improvement in 2021, with a return to the normal debt collection processes. The shortage of new vehicles, linked to the semiconductor crisis, also contributed positively to the resale performance for vehicles seized.

The breakdown of transactions with customers and the provisions associated with each IFRS 9 classification are detailed in Notes 7.

### Significant assumptions for IFRS 9 expected loss calculations:

These are close to those used for the 2020 financial year, to which is added the forecast adverse effect on the amount of provisions for the application of the new definition of default for the scope treated under the advanced method.

#### Forward-looking

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

The statistical provision is based on three scenarios:

- "Stability": which provides for three years of stability of the expected credit loss provision parameters (ECL: Expected Credit Losses), based on the latest available risk parameters;
- "Baseline": the most optimistic scenario that uses the parameters of the European Central Bank (ECB) stress tests of February 2021 and thus making it possible to stress the PDs and LGDs, and therefore the ECLs for the G7 countries in the RCI provision tool;
- "Adverse": least optimistic scenario, which also stems from the ECB stress tests for the retail part and internal historical data for the wholesale activity.

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

Since the Covid-19 crisis, the forward-looking statistic includes a sectoral provision and is therefore composed of a statistical + sectoral provision, after restatement of the statistical component of the sectoral provisions so as not to have a double provision for outstandings.

### Forward-looking - Sector approach

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

Additional hedging was assigned to the main business sectors affected by the Covid-19 crisis (hotels, catering, passenger transport, etc.) by applying the hedging ratio for B2 outstandings to B1 exposures, as was done at the end of 2020. They were occasionally supplemented by a small number of sectors specific to certain countries. This adjustment represented €47 million at the end of June 2021, compared with €45 million at the end of 2020.

### Forward-looking - Statistical approach

After 2020, a year marked by Covid-19 and the corresponding uncertainties in terms of macroeconomic impact, in 2021 we have more perspective on the long-term economic projections. The RCI group thus decided to uphold "stability" as its main scenario while slightly reducing the adverse scenarios in certain countries:

- the Adverse scenario for Italy's Retail activity was reduced from 35% to 25% and that of Spain from 30% to 25%, aligning the two "Mediterranean" countries on account of, primarily, Italy's strong rebound in the OECD macroeconomic data for December 2021. In addition, these two countries have similar trends in terms of GDP projections. Italy will benefit from a strong rebound of 6.31% in 2021 and an outlook of +4.62% in 2022, while Spain's GDP will increase by 4.46% in 2021 and 5.52% in 2022. On the unemployment rate projections, the trends are also similar but the starting point for Spain remains higher at 15%. Given the similarities, the adverse scenario for Italy's wholesale activity was also reduced to 40%, in line with Spain, compared to 45% in June 2021;
- the UK's adverse scenario was also reduced for retail activity from 40% to 25% and for wholesale activity from 40% to 30%. In December 2020 a hard Brexit scenario was still likely and thus the UK's weighting had been increased. At the end of 2021, the economic outlook is good with a GDP increase of 6.92% in 2021 and a projection of more than 4% in 2022. The expected unemployment rate remains at low levels of around 4%;
- the adverse scenario for Brazil has been slightly reduced from 45% to 40% for retail activity in order to take account of an increase in GDP of almost 5% in 2021 but has been held at higher levels than the other G7 countries in view of the low GDP projections in 2022 and 2023 (1.44% and 2.06%) and upcoming elections in 2022. In addition, unemployment remains high at 13.82% in 2021 and over 12% in 2022 and 2023.

Following these changes in weightings, the statistical forward-looking provision is €87.8 million, compared with €101.5 million in December 2020.

### Forward-looking statistical sensitivity:

If a weighting of 100% is applied to the stability scenario, we take account of the ECL given out by the calculation tool with no stress applied. There would therefore be no stock of forward-looking statistics created.

If a weighting of 100% is applied to the baseline scenario, the resulting ECL stock is €71 million lower than the accounting ECL. We would have a smaller stock of ECL than we have at present, consisting of a forward- looking projection based on a more favourable macroeconomic climate than the one taken into consideration in the calculation tool.

With a weighting of 100% on the adverse scenario, the ECL stock would be greater and the forward-looking stock would increase to €369 million.

### The statistical and sectoral provision stood at €134.8 million compared to €146.2 million in December 2020.

| | Customer | | | Dealer financing | | | Total 12/2021 |
|---|---|---|---|---|---|---|---|
| *In millions of euros* | Bucket 1 | Bucket 2 | Bucket 3 | Bucket 1 | Bucket 2 | Bucket 3 | |
| France | 27.3 | 5.8 | 5.6 | 9.5 | 0.4 | 0.0 | 48.6 |
| Brazil | 3.6 | 6.0 | 2.2 | 1.3 | 0.2 | | 13.3 |
| Italy | 5.8 | 2.5 | 2.0 | 2.0 | 0.4 | 0.4 | 13.0 |
| Spain | 4.3 | 2.9 | 2.1 | 2.7 | 0.8 | 0.1 | 12.9 |
| Morocco | 5.8 | 1.3 | 1.4 | 1.1 | 0.3 | 0.1 | 9.9 |
| United Kingdom | 4.9 | 1.7 | 0.7 | 0.4 | 0.0 | | 7.7 |
| Germany | 3.2 | 2.1 | 0.8 | 1.0 | 0.1 | 0.0 | 7.2 |
| Colombia | 3.1 | 0.8 | 0.7 | 0.1 | 0.1 | 0.0 | 4.7 |
| Portugal | 3.2 | 0.2 | 0.1 | 1.0 | 0.0 | 0.0 | 4.5 |
| Austrian | 2.2 | 0.3 | 0.1 | 0.4 | 0.0 | | 3.0 |
| Poland | 1.5 | 0.3 | 0.3 | 0.6 | | 0.1 | 2.8 |
| Czech Rep | 0.9 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 1.1 |
| Other | 1.9 | 1.5 | 0.5 | 1.7 | 0.5 | 0.0 | 6.1 |
| **TOTAL** | **67.5** | **25.5** | **16.5** | **21.9** | **2.8** | **0.7** | **134.8** |

| | Customer | | | Dealer financing | | | Total 12/2020 |
|---|---|---|---|---|---|---|---|
| *In millions of euros* | Bucket 1 | Bucket 2 | Bucket 3 | Bucket 1 | Bucket 2 | Bucket 3 | |
| France | 23.2 | 7.6 | 2.1 | 12.4 | 0.5 | 0.0 | 45.9 |
| Brazil | 2.3 | 3.8 | 1.8 | 1.9 | 0.3 | 0.1 | 10.2 |
| Italy | 4.9 | 3.3 | 1.0 | 1.5 | 0.4 | 0.2 | 11.2 |
| Spain | 6.6 | 5.2 | 0.6 | 5.9 | 1.6 | 0.1 | 20.0 |
| Morocco | 4.2 | 1.2 | 0.4 | 1.2 | 0.4 | 0.0 | 7.3 |
| United Kingdom | 14.1 | 7.2 | 1.1 | 1.4 | 0.1 | | 23.9 |
| Germany | 2.5 | 2.2 | 0.3 | 2.1 | 0.2 | 0.1 | 7.4 |
| Colombia | 2.9 | 1.3 | 0.2 | 0.1 | | 0.0 | 4.5 |
| Portugal | 0.9 | 0.2 | 0.0 | 3.4 | 0.3 | 0.0 | 4.8 |
| Austrian | 1.9 | 0.3 | 0.1 | 0.3 | 0.0 | 0.0 | 2.5 |
| Poland | 1.2 | 0.5 | 0.1 | 1.2 | 0.1 | 0.0 | 3.1 |
| Czech Rep | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 | | 0.2 |
| Other | 0.4 | 0.9 | 0.2 | 3.0 | 0.7 | 0.0 | 5.3 |
| **TOTAL** | **65.0** | **33.5** | **8.0** | **34.8** | **4.7** | **0.5** | **146.4** |

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

### Vulnerable customers

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

Excluding the benefit of moratoriums, vulnerable customers were identified in Spain, the UK and Colombia, using external data where appropriate. Additional hedging was put in place.

At the end of 2021, the adjustment represents a provision of €47 million compared with €41.7 million at the end of 2020, on a like-for-like basis.

### Fraud

In the uncertainty of the fiscal year, the hedging of exposures identified as fraud was increased by an additional provision of €13.1 million in in 2021.

### Non-model adjustments

These adjustments that were made to take account of specific situations or recent developments not yet included in the risk parameters. For example, if an offering with a higher risk profile was detected, or to take account of volumes of outstandings measured in 2021 which may only be temporary in certain situations (economic support program or partial unemployment), but which impact on the risk parameters.

### Other adjustments

These represent €11.8 million and are intended to anticipate changes in the provisioning model in Colombia in 2022, or to adjust the bucket classification of outstandings in anticipation of ongoing tool adjustments. Lastly, for Argentina, provisions are currently made outside the automatic risk parameters (during the revision of the post-moratorium risk parameters).

## Classification of assets by bucket

In the event of non-model adjustments following an individual review of corporate counterparties (excluding wholesale), the healthy exposure is downgraded to B2. The outstandings concerned by this review reached €317 million at the end of 2021, while the corresponding provision amounted to €35 million at the end of 2021.

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

In the RCI Banque group, this analysis was carried out on a case-by-case basis without resorting to systematic downgrading (see section E and Note 7.1).

## Application of the new definition of default

The purpose of the EBA/GL/2016/07 "Guidelines on the application of the default definition" issued by the European Banking Authority (EBA) on 01/18/2017 is to harmonize the practices of credit institutions in the identification of defaulted outstandings by providing detailed clarification on the various grounds for default (including the counting of days in arrears), the conditions for returning to non-default and the associated processes. This text applies from 1 January 2021.

In addition, the EBA/RTS/2016/06 "Final draft RTS on materiality threshold of past due credit obligations", also produced by the EBA and published on 09/28/2016, introduces a single methodology for counting days in arrears (Day Past Due counting) 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 considered important:

- the absolute threshold at €100 for retail customer exposures and €500 for other exposures;
- the relative threshold (ratio between the total amount of arrears of a debtor and the total amount of the exposures to this debtor appearing on the balance sheet of the institution) at 1%.

In addition, the ECB requests the application of the two materiality thresholds no later than 1 January 2021.

RCI Banque launched its project to comply with the new definition of default in 2018. It has chosen the "One Step" approach, which consists of applying the new definition of default and adjusting its internal models at the same time, for both the Dealer network portfolio and the Customer portfolio.

For the countries using the advanced method to calculate the solvency ratio (France, Italy, Spain, Germany, United Kingdom & South Korea), the ECB's mission relating to the calibration of the New Default was finalized in December 2020.

As for the countries using the standardized method (non-G7 countries) and Brazil, for the calculation of the solvency ratio, the new definition of default has been applied for the Customer and Dealer network portfolios from January 1, 2021.

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

The impact of the new definition of default on the retail cost of risk at end-December 2021 is low.

Thus, for the standard method scope (excluding Brazil): we record no impact, the rules for provisioning remained the same and still according to the duration of the arrears.

Receivables identified as doubtful, given the new definition of default, remain covered using unchanged provisioning methods.

Application of the new definition of default to the standard method countries and Brazil generally generates an increase in doubtful receivables and a decrease in the hedging ratio of these same receivables.

The provisioning parameters (PD, LGD) are currently established according to the new definition of default methods (reconstruction of historic calculations, adapted day past due counter, etc.).

#### Dealer network

Transition to the new definition of default only impacted the cost of risk through the update of the PDs and LGDs.

## 4.3.3 ACCOUNTING RULES AND METHODS

In application of Regulation 1606/2002 adopted on 19 July 2002 by the European Parliament and European Council, RCI Banque group has prepared its consolidated financial statements for 2020 in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) at 31 December 2021 and as adopted in the European Union by the statement closing date.

During the fiscal year, Diac Location amended its method for determining the interest-related credit notes to be issued. This adjustment generated an overall pre-tax loss over previous fiscal years of €23 million, of which €5 million for 2020.

### 4.3.3.1 Changes in accounting policies

RCI Banque group applies the standards and amendments published in the Official Journal of the European Union, application of which has been mandatory since 1 January 2021.

#### New regulations that must be applied at 1 January 2021

| | |
|---|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Benchmark interest rate reform – Phase 2 |
| Amendments IFRS 4 | Insurance policies - Extension of the provisional exemption from application of IFRS 9 for fiscal years beginning before 1 January 2023 |

The amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 relating to financial instruments, relating to the Phase 2 interest rate reform, was applied early by the RCI group in its consolidated financial statements at December 31, 2020. The RCI group signed up to the ISDA 2020 IBOR Fallbacks Protocol in 2020 and to the ISDA 2018 Benchmark Supplement Protocol in 2021.

In the second half of 2021, the RCI group terminated swaps that comprised interest rate references affected by the reform that were included in hedging relationships for nominal amounts of CHF 300 million and £100 million.

The group consider that it has no uncertainty regarding the future of the Euribor index since the compliance of this index was validated by the European Banking Authority.

As a result, there's no more relationship qualifying as an interest rate hedge within the meaning of IFRS 9 including an index affected by the rate reform in the annual financial statements of group RCI at 31 December 2021.

The application of these amendments has no material effect on the group's financial statements.

#### New text in force from 1 April 2021

In March 2021, the IASB published an amendment to IFRS 16 "Covid-19 related reductions in lease payments beyond 30 June 2021". It came into force on 1 April 2021 and extended the period of application of the 2020 amendment concerning "Covid-19 related reductions in lease payments". In line with the position adopted for fiscal year 2020, the group did not apply the amendment in the annual financial statements for fiscal year 2021, As in 2020, the reductions granted to the group in 2021 have no material impact.

### New texts not applied in advance by the group

| | | |
|---|---|---|
| Amendments IAS 16 | Revenue generated before intended use | 01/01/2022 |
| Amendments IFRS 3 | Update of the reference to the conceptual framework | 01/01/2022 |
| Amendments IAS 37 | Costs to be taken into account when determining if the contract is onerous | 01/01/2022 |
| Annual improvements (2018-2020 cycle) | Annual standards improvement process | 01/01/2022 |
| IFRS 17 and amendments | Insurance policies | 01/01/2023 |

The group is currently analyzing the potential impacts but at this stage does not anticipate any significant impact on the consolidated financial statements arising from the application of these amendments.

Other standards and amendments not yet adopted by the European Union

In addition, the IASB has published new standards and amendments not yet adopted by the European Union.

| | | |
|---|---|---|
| Amendments IAS 1 | Classification of liabilities as current or non-current liabilities. | 01/01/2023 |
| Amendments IAS 1 | Information on material accounting policies | 01/01/2023 |
| Amendments IAS 8 | Definition of accounting estimates | 01/01/2023 |
| Amendments IAS 12 | Deferred tax on assets and liabilities arising from the same transaction | 01/01/2023 |

The group is currently analyzing the potential impacts but at this stage does not anticipate any significant impact on the consolidated financial statements arising from the application of these amendments.

### Interpretation of the IFRIC on Attributing benefits to periods of service (IAS 19)

In May 2021, IFRS IC published a decision to clarify the provisioning period for retirement benefits in the case of programs for which:

- The benefit is due to the employee if he or she is present in the company at the time of retirement;
- the indemnity is calculated according to the number of years spent by the employee in the entity but is capped at a certain number of months of salary.

The decision clarifies that in this case and in accordance with IAS 19, the cost of these benefits should be allocated to the last years of service required for their acquisition before the retirement age (and not to spread the benefit over the employee's entire career).

To take account of this interpretation, the amount of the provision for acquired rights was modified in the 2021 financial statements but the amount in question was immaterial.

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

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

### Interpretation of the IFRIC on the recognition of "Targeted Long Term Refinancing Operations" (IFRS 9 and IAS 20).

Finalisation of the IFRIC decision aimed at clarifying the analysis and accounting of TLTRO III transactions, scheduled for December 2021, has been postponed until February 2022. The group has chosen to apply IFRS 9 to all drawdowns made under the TLTRO III program, considering that the rate set by the ECB is a market rate, insofar as it applies in the same way to all banks benefiting from the program and where the ECB decides the rate and can modify it unilaterally at any time. Additional information on these drawdowns is provided in Note 12.

## 4.3.3.2 Consolidation principles

### Scope and methods of consolidation

The consolidated financial statements incorporate the accounts of companies over which the group directly or indirectly (subsidiaries and branches) exercises control, within the meaning of IFRS 10 (associate companies or joint control - joint ventures).

The securitized assets of Diac SA, RCI FS Ltd and the Italian and German branches for which groupe RCI Banquehas retained the majority of the risks and rewards, remain on the asset side of the balance sheet. Under IFRS 10, the group retains control of the securitization fund-FCT vehicles that it creates as part of its securitization program because it retains the most risky shares. These are what determine who has power in the securitization fund-FCT vehicle. Thus, because it has control, the group can consolidate and eliminate reciprocal transactions; while retaining the assigned receivables. The assigned receivables as well as the accrued interest and impairment allowances on them continue to appear on the asset side of the group's balance sheet. At the same time, the bonds issued by the Fund are included in the liabilities of the group's balance sheet, along with the related expenses.

Thus, during the securitization process, the group does not derecognize the securitized receivables because the vehicle (securitization fund-FCT), which manages the securitization, remains under the control of the RCI group. The non-recognition of receivables assigned under the securitization programs is supported by paragraph 3.2.4 IFRS 9.

It should be noted that under the “collection” business model, as part of the group’s accounting and threshold policy, assignments of receivables via securitization are infrequent but significant.

Associate companies and joint ventures are accounted for under the equity method (IFRS 11). Significant transactions between consolidated companies are eliminated.

For the most part, the companies included in RCI Banque’s scope of consolidation are the Renault, Nissan, Dacia, Samsung and Datsun vehicle sales finance companies and the associated service companies.

#### Acquisition cost of shares and goodwill

Goodwill is measured at the acquisition date, as the excess of:

- the total amount transferred, measured at fair value, and any participation amount which does not give controlling interest in the acquired company; and
- the net carrying amounts of identifiable assets acquired and liabilities assumed.

Costs related to the acquisition such as broker’s commissions, advisory fees, legal, accounting, valuation and other professional and consulting fees, are recorded as expenses for the periods when costs are incurred and services received.

Debt issuance or equity costs are accounted for under IAS 32 and IFRS 9. If the business combination generates negative goodwill, the relevant amount is immediately recognized in profit or loss.

An impairment test is performed at least annually and whenever there is an indication of a loss in value, by comparing the book value of the assets with their recoverable amount, the latter being the highest value between the fair market value (after deducting the cost of disposal) and the going concern value. The value-in-use is based on a market approach and determined by using multiples for each group of cash-generating units, which comprise legal entities or groups thereof in the same country. A single discounting value is used for all cash-generating units thus tested, which is the risk-free 10-year forward rate augmented by the average risk premium for the sector in which they operate.

One-year data projections about profit or loss are used.

Goodwill is therefore measured at its cost less any accrued impairment losses. If impairment is found, the impairment loss is recognized in the income statement.

Transactions with noncontrolling interests (purchases/sales) are booked as capital transactions. The difference between the amount received or paid and the book value of the noncontrolling interests sold or bought is recognized directly in equity.

#### Non-controlling interests

The group has granted buy-out commitments on the interests held by minority shareholders in fully consolidated subsidiaries. For the group, these buy-out commitments represent contractual obligations arising from the sales of put options. The exercise price for these options is determined by estimating the price the RCI Banque group would have to pay out to the noncontrolling interests if the options were exercised, taking into account future returns on the financing portfolio existing at the closing date and the provisions set out in the cooperation agreements concerning the subsidiaries.

In accordance with the provisions set out in IAS 32, the group has recognized a liability arising from put options sold to noncontrolling interests of exclusively controlled entities in a total amount of €168 million at 31 December 2021, compared with €165 million at 31 December 2020. This liability is initially measured at the present value of the estimated exercise price of the put options.

The counterpart entries for this liability are booked as decreases in the noncontrolling interests underlying the options and, for the balance, a decrease in equity attributable to the owners of the parent company. The obligation to recognize a liability even though the put options have not been exercised means that, in order to be consistent, the group has initially applied the same accounting treatment as that applied to increases in its interests in controlled entities.

If the options have not been exercised when this commitment expires, the previous entries are reversed. If the options are exercised and the buyout is made, the amount recognized as a liability is extinguished by the cash outlay associated with the buy-out of the noncontrolling interests.

Details of subsidiaries in which noncontrolling interests are significant are detailed in note B.

### 4.3.3.3 Presentation of the financial statements

The summary statements are presented in the format recommended by the Autorité des Normes Comptables (French Accounting Standards Authority) in its Recommendation n° 2017-02 of 14 June 2017 on the format of consolidated financial statements for banking sector institutions applying international accounting standards.

Operating income includes all income and expense directly associated with RCI Banque group operations, whether these items are recurring or result from one-off decisions or transactions, such as restructuring costs.

### 4.3.3.4 Estimates and judgement

In preparing its financial statements, RCI Banque has to make estimates and assumptions that affect the book value of certain assets and liabilities, income and expense items, and the information disclosed in certain Notes. RCI Banque regularly reviews its estimates and assessments to take account of past experience and other factors deemed relevant in view of economic circumstances. If changes in these assumptions or circumstances are not as anticipated, the figures reported in RCI Banque’s future financial statements could differ from current estimates. The main items in the financial statements that depend on estimates and assumptions are the recoverable value of loans and advances to customers and allowances for impairment and provisions.

These estimates are taken into account in each of the relevant Notes.

Given the context of the specific decree and the impacts related to Covid-19, changes were made to the judgement and assumptions used compared to December 2020, concerning:

- **Forward-looking** (see the paragraph "Cost of risk" in section 2. KEY HIGHLIGHTS);
- **Provision estimation models**:

  Since the second half of 2021, estimation models have included the transition to the new definition of default. In addition to these points above, the main areas of judgement and estimation in the preparation of the consolidated financial statements remain the same.

## 4.3.3.5 Loans and advances to customers and finance lease contracts

### Measurement (excluding impairment) and presentation of loans and advances to customers

Sales financing receivables from end customers and dealer financing receivables come under the category of "Loans and advances issued by the company". As such, they are initially recorded at fair value and carried at amortized cost calculated according to the effective interest rate method.

The effective interest rate is the internal rate of return to maturity or, for adjustable-rate loans, to the nearest rate adjustment date. The discounted amount of amortization on any difference between the initial loan amount and the amount payable at maturity is calculated using the effective interest rate.

In addition to the contractual component of the receivable, the amortized cost of sales financing receivables includes interest subsidies received from the car maker or dealer as part of promotional campaigns, handling fees paid by customers, and commissions paid for referral of business. These items, which are all factors in the return on the loan, are either deducted from or added to the amount receivable. They are recognized in the income statement as a pro- rated portion discounted at the effective interest rate for the receivables to which they apply.

Finance lease contracts, as identified by the rules described in Part F, are in substance booked as sales financing receivables.

It should be noted that when commissions are attached to a loan or finance lease, the commissions are valued on an actuarial basis according to the contract's effective interest rate. These commissions are spread over the life of the contract. Indeed, these fees are directly linked to the establishment of the contract and are therefore treated as incremental costs under IFRS 9.

When commissions are "stand-alone", they are not attached to a financing contract. These fees are recognized in accordance with IFRS 15. They are recognized in the income statement when the performance obligation is fulfilled, i.e. either at a specific point in time or on a percentage-of-completion basis (see Note 27).

Income from the resale of vehicles at the end of finance lease contracts is included under "Net income/(expense) of other activities".

As a result, gains and losses on the resale of vehicles coming off performing lease agreements, amounts charged to or recovered from allowances for risks on residual values, and gains or losses resulting from damage to vehicles less any corresponding insurance settlements, are recorded under "Other income related to banking operations" and "Other expenses related to banking operations".

### Significant deterioration in risk (definition of bucketing):

Each loan or receivable, at the reporting date, is classified in a risk category depending on whether or not it has suffered significant deterioration in credit risk since its initial recognition. This classification depends on the level of the provision for expected impairment to be recognized for each instrument:

- Bucket 1: no deterioration or insignificant deterioration in credit risk since origination;
- Bucket 2: significant deterioration in credit risk since origination or non-investment grade financial counterparty;
- Bucket 3: deterioration such that the loss is proven (category of default).

This segmentation of outstandings by risk level, required under IFRS 9, is integrated into the credit risk monitoring and management processes of the group's entities and implemented in the operating systems.

The origination date is defined at the level of each loan or receivable and not at the level of the counterparty (e.g. date of entry into relationship).

The origination date is defined as follows:

- for irrevocable financing commitments, the origination date is the date of signature of the commitment or, for Dealer network financing commitments, the date of the last review of the limits;
- for outstandings on conventional loans, finance or operating leases, the date of origination is the date of the transition to management, i.e. the date on which the treatment of the financing commitment changes, and the receivable is recorded on the balance sheet;
- for Dealer network "single account" loan outstandings, the origination date will correspond to the date of the last transfer to the debit balance;
- for securities, the origination date corresponds to the purchase date.

### Identifying credit risk

The RCI Banque group currently uses a number of different internal rating systems:

- a group-wide rating for borrowers in the Dealer segment, which is used during the various phases of the relationship with the borrower (initial approval, risk monitoring, provisioning);

- a group-wide rating for bank counterparties, which is established on the basis of external ratings and each counterparty's level of capital;
- for the "Customer" borrowers, different acceptance scoring systems are used; these vary by affiliate and by type of financing.

As a result, the significant deterioration in credit risk is assessed at the transaction level, i.e. at the level of the financing contract (Retail and Corporate customers financing activity) or the financing line (Wholesale financing activity). For portfolios with an IRB-A rating, which are the largest majority in the group, a downgrade from Bucket 1 to Bucket 2 is made depending on the downgrading of the transaction's rating by in relation to origination.

Example: if the rating of a transaction is downgraded by x notches on the reporting date vs. the origination date, we downgrade the transaction from Bucket 1 to Bucket 2.

The number of notches "x" is determined depending on the portfolio in question.

The credit rating is not projected over the life of the transaction, nor over 12 months.

Restructured contracts (forborne) are also downgraded to Bucket 2.

For portfolios using the standard method (not rated), Bucket 1 is downgraded to Bucket 2 according to different decision trees between the Retail and Wholesale activities, taking into account, among other things, the presence of arrears and restructuring contracts (forborne).

The portfolios are divided into four segments on which behavioural scores are developed: Retail, Business Customers, Large Corporations (France only), Wholesale.

The score variables are specific to each country and each segment:

- qualitative criteria: legal form of the company, age of the company, type of new vehicle/used vehicle, percentage of cash contribution, marital status, type of residence, occupation, etc.;
- quantitative criteria: duration of outstanding arrears, period elapsed since the last deferred payment, exposure, initial financing period, usual balance sheet ratios.

## Forborne exposures

- The RCI Banque group uses the definition given by the European Banking Authority (EBA) in its ITS (Implementing Technical Standards) 2013/03 rev1 of 24.07.2014 to identify its forborne exposures (restructured loans).

Forbearance (loan restructuring) consists of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments.

It thus refers to cases where there is:

- a modification of the terms and conditions of a contract in order to give the customer in financial difficulties the chance to meet their commitments (such as a change to the number of repayments, extension of term, change to instalment amount, change to customer interest rate);
- a total or partial refinancing of a troubled debt contract (instead of terminating it) that would not have been granted had the customer not been in financial difficulties.

The classification of contracts as forborne exposures is separate from provisioning (for example, a contract that is forborne and returns to being considered as performing will not be provisioned and yet will be classified as a forborne exposure throughout the probation period).

Receivables whose characteristics have been commercially renegotiated with counterparties not in financial difficulties are not identified as forborne exposures.

The definition of forborne exposure is applied at the level of the individual contract ("facility") that is forborne, and not at the level of the third party (no contagion principle).

Financial difficulties however, are assessed at the debtor level.

The forbearance classification of a contract is discontinued when all of the following conditions are met:

- the contract is considered as performing and analysis of the financial condition of the debtor shows that they have recovered their creditworthiness and debt service ability,
- a minimum 2-year probation period has passed from the date the forborne exposure returned to being considered as performing,
- a regular and significant payments have been made by the debtor during at least half of the probation period;
- none of the exposures to the debtor is more than 30 days past-due at the end of the probation period.

If a contract currently considered as performing but previously classified as forborne again benefits from forbearance measures (such as an extension of term) or if any of the exposures to the debtor is more than 30 days past-due, it must be re-classified as a forborne exposure.

## Impairment for credit risk

Under IFRS 9, it is no longer necessary for an operative event to occur to recognize depreciation as was the case under IAS 39 ("incurred loss"). So any financial instruments coming within the scope of the standard are allocated depreciation for expected losses from the outset (except for ones originating or acquired if there is an event of default):

- originally, the instrument is allocated a loss in value representing the expected loss at 12 months (Bucket 1);
- in the case of significant deterioration in credit risk from the outset, the instrument is then allocated a loss in value representing expected credit losses for the full term.

### Definition of Expected Credit Loss

IFRS 9 defines the ECL as the expectation of updated credit loss (in principal and interest). The expectation will form the amount of the provision allocated to a facility or portfolio.

To calculate the ECL, the standard requires the use of relevant (verified) and reasonably available internal and external information, in order to make estimates of expected/forward-looking loses, that includes past events, current conditions and forecasts of future events and economic conditions.

#### Generic ECL formula

On the basis of the above components, the ECL calculation formula used by the RCI Banque group can be given in generic form as follows:

$$ECL_{Maturity} = \sum_{i=1\,month}^{M\,month} EAD_i * PD_i^9 * ELBE_D^9 * \frac{1}{(1+t)^{i/12}}$$

With:

- **M** = maturity
- **$EAD_i$**= expected exposure at the time of the start of default for the year in question (taking into account any early repayments)
- **$PD^9_i$**= probability of default during the year in question
- **$ELBE^9_O$**= best estimate of the loss in the event of default on the facility
- **t**= discount rate

Each of the parameters is individually calibrated.

Credit losses anticipated for the next 12 months are a portion of the credit losses expected over the full term, and represent cash flow shortfalls for the full term that would occur in the event of a default in the 12 months following the date of the financial year-end (or a shorter period if the expected term of the financial instrument is less than 12 months), weighted by the probability of a default. Consequently, the 12-month EL is deduced from the above formula restricted to measuring parameters over the next 12 months.

So it would appear that, for contracts with a maturity of under 12 months, the provision is the same whether the transaction of classified as Bucket 1 or Bucket 2. For the RCI Banque group, it has in particular an impact on the Network perimeter as it mainly concerns short term finance.

#### Probability of default – PD:

The RCI group capitalizes on the Basel provisions to calculate its IFRS 9 parameters.

#### Best estimate of loss in the event of default – ELBE9 IFRS 9:

IFRS 9 does not include any specific mention of the period for monitoring and collecting historic data used for calculating LGD parameters. Consequently, it is possible, for the countries concerned, to use estimates of the LGD as determined in the prudential environment in the IRB approach as starting point (adjustments are made if necessary).

#### Update:

The standard states that expected losses must be updated on the date of the report at the actual interest rate (AIR) for the asset (or an approximate estimate of the rate determined at initial recognition.

Because of the option allowed by the standard and bearing in mind the generic structure of the RCI group's agreements, the AIR can be approximated as the rate for the agreement.

#### Forward-looking perspective:

IFRS 9 introduces into the credit risk-related expected loss (ECL) calculation the notion of forward looking. Through this notion, new requirements in terms of monitoring and measuring credit risk are introduced with the use of forward- looking data, in particular of macroeconomic type.

The incorporation of forward-looking data is not intended to determine a prudential margin on the amount of provisions. It mainly concerns taking account of the fact that past observations do not necessarily reflect future expectations and consequently adjustments are necessary to the amount of the provision determined on the basis of parameters calibrated exclusively on a historic basis. Such adjustments of the amount of the provision can be made either upwards or downwards and must be duly documented.

The RCI Bank & Services method is based on a multi-scenario (3 scenarios) approach. PDs and LGDs are determined for each scenario in order to calculate the expected losses for each of them.

Macroeconomic indicators (such as GDP and long-term rates) and sector-based data are used to attach a probability of occurrence to each scenario and thus get the final forward-looking amount.

### Definition of default used at RCI Banque

Criteria for defaulting in the retail sector:

- quantitative criterion: the absolute threshold and the relative threshold have been exceeded for more than 90 consecutive days; or
- qualitative criterion: Unlikeliness To Pay (UTP): signs of a probable lack of payment. Namely:
  - there is one or more arrears for at least three months (in accordance with the new definition of default rules for counting arrears),
  - or the deterioration in the counterparty's financial circumstances translates into a risk of non-collection. In particular in the event of over-indebtedness/insolvency procedures, receivership, bankruptcy, compulsory liquidation, personal bankruptcy or liquidation of assets, or in the event of summons to appear before an international court,
  - or there are litigation proceedings between the establishment and its counterparty.

The quantitative criteria for default are:

**a)** absolute materiality threshold (SA)

- the value of the absolute threshold was set by the regulator at €500 for non-retail arrears.

The value of the absolute threshold is to be compared with all non-technical arrears of the customer (single obligor) on the day of the calculation.

The threshold is considered to be reached if ∑ (the customer's non-technical arrears on day D) > SA This calculation of all non-technical customer arrears must be performed on a daily basis.

Threshold value in non-euro currencies:

For countries outside the Euro zone, the absolute threshold must correspond to the equivalent of €100 and €500 in national currency.

The exchange rates applied in the RCI group are always those used by Renault.

**b)** the value of the relative threshold was set by the ECB at 1%.

The value of the relative threshold of 1% is to be compared with the ratio Sum of all of the customer's arrears on day D/Total value of the customer's balance sheet outstandings (including arrears) on day D.

This calculation must be carried out on a daily basis for arrears as well as for balance sheet outstandings. The threshold is considered to be met if:

(∑ (Arrears day D)/∑ (Balance sheet outstandings day D)) > SR Customer Customer

The customer's balance sheet outstandings will be calculated as follows:

OUTSTANDINGS =

+ Outstanding amounts due

- Credit balances

- Balance of security deposit

+ ICNE

+ Balance due recognized at invoicing (principal)

+ Balance due recognized at invoicing (collection costs)

+ Balance due recognized at invoicing (IR)

+ Balance not due (principal)

The definition of default for dealers is based on the presence of at least one of the following default criteria, common to the entire RCI scope:

Default:

1. counting of late days;
2. inability to pay:
   - a. one abstention,
   - b. Legal and litigation proceedings,
   - c. Inventory audit anomalies,
   - d. Fraud,
   - e. Other indications of improbability of payment (see details below),
   - f. Contagion,
   - g. End of financial contract;
3. Judicial liquidation;
4. Forfeiture of term.

For the retail sector and the dealer sector, defaulted receivables are excluded:

- disputed receivables: receivables where the customer refuses to make payment further to a dispute over interpretation of the clauses in the contract (if the customer's financial situation does not seem to be compromised);
- customers with negotiable payment terms if, and only if, there is no doubt that the debt will be collected;
- receivables that are affected by a country risk only: a receivable should not be considered as doubtful just because a country risk exists.

Overnight loan transactions with the Central Bank are included in "Cash and balances at central banks".

### Rules for writing off loans

The rules on write-offs are detailed in IFRS 9 §5.4.4: the gross book value of a financial asset is reduced when there is no reasonable expectation of the outstanding amount being repaid. RCI group subsidiaries must remove from the financial statements the amount due from the counterparty on an account in loss and resume the associated depreciation when the unrecoverable nature of receivables is confirmed and so at the latest when its rights as creditor are extinguished.

In particular, receivables become irrecoverable and thus removed from the accounts if they:

- have been abandoned through negotiation with the customer in particular as part of an insolvency plan;
- are time-barred;
- have been the subject of an unfavourable court ruling (negative result of legal proceedings or litigation);
- concern a customer that has disappeared.

### Transfer of bucket (complementary information)

In addition to the information already provided in the "Identification and analysis of credit risk" section, the conditions under which transactions previously classified in Bucket 2 are returned to Bucket 1 are as follows:

- retail and wholesale portfolios rated in IRB-A are returned to Bucket 1 when the rating of the transaction has improved;
- non-rated Retail portfolios under the standardized approach are returned to Bucket 1 twelve months after the date of settlement of the last unpaid rent;
- wholesale portfolios under the standardized approach are returned to Bucket 1 when the risk status of the third party improves.

In addition, instruments classified in Bucket 3 are returned to Bucket 2 when the customer has repaid all of its outstandings and no longer meets the default criterion.

For the Retail activity, transactions can return from Bucket 3 to Bucket 2 when the customer settles its arrears.

For the Wholesale activity, any financing lines originated when the customer was in default (POCI) remain in Bucket 3. If there is a return to a healthy status, new exposures come into line with this status.

### Impairment of residual values

The RCI Banque group regularly monitors the resale value of used vehicles across the board so as to optimize the pricing of its financing products.

In most cases, tables of quoted prices showing typical residual values based on vehicle age and mileage are used to determine the residual value of vehicles at the end of the contract term.

However, for contracts under which the trade-in value of the vehicle at the end of the contract term is not guaranteed by a third party outside the RCI Banque group, an impairment allowance is determined by comparing:

- **a)** the economic value of the contract, meaning the sum of future cash flows under the contract plus the re-estimated residual value at market conditions on the measurement date, all discounted at the contract interest rate;
- **b)** the carrying value on the balance sheet at the time of the measurement.

The projected resale value is estimated by considering known recent trends on the used vehicle market, which may be influenced by external factors such as economic conditions and taxation, and internal factors such as changes in the model range or a decrease in the car maker's prices.

The impairment charge is not offset by any profit on resale.

## 4.3.3.6 "Operating leases" (IFRS 16) as lessor

In accordance with IFRS 16, RCI Banque group makes a distinction between finance leases and operating leases as lessor. The new standard does not imply any change for the lessor compared with the standard it supersedes, namely IAS 17.

The general principle that RCI Banque group uses to classify leases as one or the other is still whether the risks and rewards incidental to ownership are transferred to another party. Thus, leases under which the leased vehicle will be bought back by a RCI Banque group entity at the end of the lease are classified as operating leases since most of the risks and rewards are not transferred to a third party outside the group. The classification as operating leases of lease contracts that contain a buy-back commitment from RCI Banque group also takes into account the estimated term of such leases. This lease term is far shorter than the economic life of the vehicles, which is put by the Renault Group at an estimated seven or eight years, depending on the type of vehicle. Consequently, all leases with this buy-back clause are treated as operating leases.

The classification of battery leases for electric vehicles as operating leases is justified by the fact that RCI Banque group retains the risks and rewards incidental to ownership throughout the automobile life of the batteries, which is put at between eight and ten years, and so is much longer than the lease agreements.

Operating leases are recognized as non-current assets leased out and are carried on the balance sheet at the gross value of the assets less depreciation, plus lease payments receivable and transaction costs still to be staggered. Lease payments and impairment are recognized separately in the income statement in "Net income (expense) of other activities". Depreciation does not take into account residual values and is taken into the income statement on a straight-line basis, as are transaction costs. Classification as an operating lease does not affect the assessments of counterparty risk and residual value risk.

Income from the resale of vehicles at the end of operating lease contracts is included in "Net income (or expense) of other activities".

## 4.3.3.7 Operating leases (IFRS 16), lessee side

Pursuant to IFRS 16, all leases are recognized in the balance sheet through the recognition of an asset representing the right of use of the leased asset, in exchange for a lease liability, corresponding to the present value of the leased assets rents to be paid over the reasonably certain term of the lease. The lease term is the non-cancellable period during which the lessee has the right to use the asset leased, to which are added the renewal options that the group is reasonably certain to exercise.

The right of use generates depreciation expenses while the existence of a debt generates financial expenses.

The group has also opted for the exemption of low-value, short-term contracts. Indeed, RCI Banque group applies IFRS 16 only to its leases deemed material. These contracts are mainly represented by material real estate leases in certain subsidiaries and vehicle leases held solely by its subsidiary Bipi.

In fact, in the course of 2021, the group acquired Bipi, a platform offering car subscription packages; Car subscription (see key events). Bipi, through partnerships with long-term rental companies, chooses vehicles to put in its own window. This entity leases vehicles from these lessors for a minimum period of 24 months and a maximum of 36

months (Bipi therefore pays a monthly rent to the lessors, including services) without any residual value commitment and returns the vehicles to the lessors at the end of the contractual term.

Subsequently, Bipi sub-leases these vehicles (through its platform) to end customers with a mark-up that depends on the duration of the contract and therefore on the flexibility left to the customers (i.e. 3 month up to a maximum of 36 months) and takes care of the letting arrangements.

In view of this significant new activity, the RCI group has activated its movable property contracts under IFRS 16. These are the only furniture contracts deemed material and at the end of December they represented:

Net right of use (see Note 10): €15.4 million Lease debt (see Note 14): €15.4 million.

### 4.3.3.8 Transactions between the RCI Banque group and the Renault-Nissan Alliance

Transactions between related parties are conducted following terms equivalent to those prevailing in the case of transactions subject to conditions of normal competition if these terms can be substantiated.

The RCI Banque group helps to win customers and build loyalty to Renault-Nissan Alliance brands by offering financing and providing services as an integral part of the Alliance's sales development strategy.

The main indicators and cash flows between the two entities are as follows:

Sales support

At 31 December 2021, the RCI Banque group had provided €17,832 m in new financing (including cards) compared with €17,858 m at 31 December 2020.

Relations with the dealer network

The RCI Banque group acts as a financial partner to maintain and ensure the sound financial health of the Renault- Nissan Alliance distribution networks.

At 31 December 2021, dealer financing net of impairment allowances amounted to €6,770 m against €8,894 m at 31 December 2020.

At 31 December 2021, €505 m was finance directly granted to subsidiaries or branches of Renault Group against

€1,152 m at 31 December 2020.

At 31 December 2021, the dealer network had received, as business introducers, remuneration of €837 m against

€792 m at 31 December 2020.

Relations with the car makers

The RCI Banque group pays the car maker for vehicles delivered to dealers for which it provides financing. Conversely, at the end of the contract, the Renault Group pays the RCI Banque group for vehicles taken back under financial guarantees made by the car maker. These transactions generate substantial cash flows between the two groups.

Under their trade policies and as part of promotional campaigns, the manufacturers help to subsidize financings granted to customers by the RCI Banque group. At 31 December 2021, this contribution amounted to €338 m against €501 m at 31 December 2020.

### 4.3.3.9 Recognition and measurement of the securities portfolio

RCI Banque's portfolio of securities is classified according to the financial asset categories specified in IFRS 9

#### Securities measured at fair value through P&L (FV P&L)

UCITSs and FCPs (units in funds) are deemed non SPPI and so will be valued at fair value by result.

Shares in companies neither controlled nor under significant influence also come into this category and are valued by result.

The fair value of financial assets is determined as a priority by reference to the market price, or, which failing, on the basis of valuation methods not based on market data. These shares are no longer depreciated under IFRS 9.

#### Securities measured at fair value through OCI (FV OCI)

This category includes securities that pass the SPPI tests and in RCI Banque it concerns:

**Debt instruments:**

These securities are measured at fair value (including accrued interest) and changes in value (excluding accrued interest) are recognized directly in equity under a revaluation reserve. Depreciation on this type of share follows the models recommended by IFRS 9 according to the ECLs.

### 4.3.3.10 Tangible and intangible non-current assets (IAS 16/IAS 36)

Tangible non-current assets are carried and depreciated using the components approach. The components of an asset item, especially a complex asset, are treated as separate assets if their characteristics or useful lives are different, or if they generate economic benefits at different rates.

Property, plant and equipment is measured at historical acquisition cost less accumulated depreciation and impairment losses, if any.

Non-current assets other than land are generally depreciated on a straight-line basis over the following estimated useful lives:

| | |
|---|---|
| buildings | 15 to 30 years |
| other tangible non-current assets | 4 to 8 years |

Intangible assets are mainly software, amortized on a straight-line basis over three years.

### 4.3.3.11 Income taxes (IAS 12)

The restatements of the annual financial statements of companies included in the scope of consolidation, made to bring them into line with IAS standards for financial reporting purposes, and the tax deferrals allowed in the statutory statements filed for tax purposes, give rise to timing differences in the recognition of income for tax and financial reporting purposes. A timing difference is also recognized whenever the book value of an asset or liability differs from its value for tax purposes.

These differences give rise to the recognition of deferred taxes in the consolidated financial statements. Under the liability method used by RCI Banque group, deferred tax expense is calculated by applying the last tax rate in effect at the closing date and applicable to the period in which the timing differences will be reversed. Within a given taxable entity (company, establishment, or tax consolidation group), deferred tax assets and liabilities are presented on a net basis whenever the entity is entitled to offset its tax receivables against its tax payables. Deferred tax assets are written down whenever their utilization is unlikely.

For fully consolidated companies, a deferred tax liability is recognized for taxes payable on advance dividend distributions by the group.

## 4.3.3.12 Pension and other post-employment benefits (IAS 19)

### Overview of plans

The RCI Banque group uses different types of pension and post-employment benefit plans:

**Defined benefit plans:**

Charges are booked to provisions for these plans to cover:

- indemnities payable upon retirement (France);
- supplementary pensions: the main countries using this type of plan are the United Kingdom and Switzerland;
- mandated savings plans: this type of plan is used in Italy.

Defined-benefit plans are in some cases covered by funds. Such funds are subject to periodic actuarial valuation by independent actuaries. The value of such funds, if any, is deducted from the corresponding liability.

The RCI Banque group affiliates that use external pension funds are RCI Financial Services Ltd and RCI Finance SA.

**Defined contribution plans:**

In accordance with the laws and practices of each country, the group makes salary-based contributions to national or private institutions responsible for pension plans and provident schemes.

Such plans and schemes release the group from any later obligations, as the national or private institution is responsible for paying employees the amounts owed to them. Payments by the group are booked as expenses for the period to which they refer.

### Valuation of liabilities for defined benefit plans

With respect to defined-benefit plans, the costs of post-employment benefits are estimated using the projected unit credit method. Under this method, benefit rights are allocated to periods of service according to the plan's vesting formula, taking into account a linearizing effect when rights are not vested uniformly over subsequent periods of service.

The amounts of future benefits payable to employees are measured on the basis of assumptions about salary increases, retirement age and mortality, and then discounted to their present value at a rate based on interest rates on the long- term bonds of top-grade issuers and on the estimated average term of the plan measured.

Actuarial gains or losses resulting from revision of the assumptions used in the calculation and experience-related adjustments are recognized as items of other comprehensive income.

The net expense of the period, corresponding to the sum of the cost of services rendered plus any past service costs, and to the cost of accretion of provisions less the return on plan assets is recognized in the income statement under personnel expenses.

Details by country are given in the notes to the balance sheet.

## 4.3.3.13 Translation of financial statements of foreign companies

The presentation currency used by the group is the euro.

As a general rule, the functional currency used by foreign companies is their local currency. In cases where the majority of transactions are conducted in a currency other than the local currency, that currency is used.

The financial statements of the group's foreign companies are drawn up in their functional currency, and then translated into the group's presentation currency as follows:

- balance sheet items other than equity, which are held at the historic exchange rate, are translated at closing exchange rates;
- income statement items are translated at the average rate for the period, said rate being used as an approximation applied to underlying transactions, except in the event of significant fluctuations;
- translation adjustments are included as a separate component of consolidated equity and do not affect income.

Goodwill and measurement differences realized when combining with a foreign company are treated as assets and

liabilities of the acquired entity.

When a foreign company is disposed of, the translation differences in its assets and liabilities, previously recognized in equity, are recognized in the income statement.

To determine whether a country is in hyperinflation, the group refers to the list published by the AICPA (American Institute of Certified Public Accountants) International Task Force. Only Argentina, where RCI Banque has significant business, is on the list. The IFRS, IAS 29 "Financial information in hyperinflationist economies", requires revaluation of financial assets for the financial year in which hyperinflation appears. This requires restatements in individual accounts for the companies concerned so that uniform information is published. These individual restated financial statements are then incorporated into the group's consolidated accounts. As the currency is suffering from hyperinflation, the conversion rate is devaluing; restatements made in local accounts partially neutralize, in the consolidated accounts, the impacts of such devaluation. For Argentine companies, a revaluation has been made in the profit and loss account in accordance with the IPC indicator. The counterparty for revaluation restatement due to hyperinflation is given in the result as inflation exposure.

## 4.3.3.14 Translation of foreign currency transactions

Transactions made by an entity in a currency other than its functional currency are translated and booked in the functional currency at the rate in effect on the date such transactions are made.

On the statement closing date, cash assets and liabilities in currencies other than the entity's functional currency are translated at the exchange rate in effect on that date. Gains or losses from such foreign currency translation are recorded in the income statement.

## 4.3.3.15 Financial liabilities

The RCI Banque group recognizes financial liabilities consisting of bonds and similar obligations, negotiable debt securities, securities issued as part of securitization transactions, amounts owed to credit institutions and savings deposits from customers.

Any issuance costs and premiums on financial liabilities are amortized on an actuarial basis over the term of the issue according to the effective interest rate method.

When first recognized, financial liabilities are measured at fair value net of transaction costs directly attributable to their issuance.

At each closing, financial liabilities are measured at amortized cost using the effective interest rate method, except when specific hedge accounting procedures are applicable. The financial expenses calculated in this way include issuance costs and issue or redemption premiums.

Financial liabilities covered by a fair value hedge are accounted for as described in: Derivatives and hedge accounting.

The group's medium-term and long-term issuance programs do not feature any clauses that might lead to acceleration of maturity of the debt.

## 4.3.3.16 Structured products and embedded derivatives

The group engages in a small number of structured transactions. These issues are hedged by derivatives so as to neutralize the embedded derivative and thereby obtain a synthetic adjustable-rate liability.

The only embedded derivatives identified within the RCI Banque group correspond to indexing clauses contained in structured bond issues. When embedded derivatives are not closely related to the host contract, they are measured and recognized separately at fair value. Changes in fair value are then recognized in the income statement. The structured issue with the embedded derivative extracted, i.e. the host contract, is measured and recognized at amortized cost.

Structured issues are associated with swaps of assets, whose characteristics are strictly identical to those of the embedded derivative, thereby providing an effective economic hedge. However, embedded derivatives that are separated from the host contract and swaps associated with structured issues are accounted for as if held for trading purposes.

## 4.3.3.17 Derivatives and hedge accounting

### Risks

The RCI Banque group's management of financial risks (interest-rate risk, currency risk, counterparty risk and liquidity risk) is described in the "Financial risks" appendix of this document.

The RCI Banque group enters derivative contracts as part of its currency and interest-rate risk management policy. Whether or not these financial instruments are then accounted for as hedging instruments depends on their eligibility for hedge accounting.

The financial instruments used by RCI Banque can be classified as fair value hedges or cash flow hedges. A fair value hedge protects against changes in the fair value of the assets and liabilities hedged. A cash flow hedge protects against changes in the value of cash flows associated with existing or future assets or liabilities.

### Measurement

Derivatives are measured at fair value when first recognized. Subsequently, fair value is re-estimated at each closing date.

In accordance with IFRS 13 "Fair Value Measurement", fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At initial recognition in the accounts, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability (exit price):

- the fair value of forward currency agreements and currency swaps is determined by discounting cash flows at market interest rates and exchange rates at the closing date. It also incorporates the measurement of interest rate and currency swap "base" effects;
- the fair value of interest-rate derivatives represents what the group would receive (or would pay) to unwind the running contracts at the closing date, taking into account unrealized gains or losses as determined by current interest rates at the closing date.

### Credit adjustment

An adjustment is booked on the valuation of OTC derivative portfolios, excluding those cleared by a CCP, for counterparty credit risk (or CVA, Credit Valuation Adjustment) and own credit risk (or DVA, Debt Valuation Adjustment).

Exposure (EAD - Exposure At Default) is approximated by the mark-to-market (MTM) plus or minus an add-on, representing potential future risk and taking into account netting agreements with each counterparty. This potential future risk is estimated using the standard method recommended by French banking regulations (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, Article 274 on capital adequacy requirements applicable to credit institutions and investment companies).

Loss Given Default (LGD) is estimated by default at 60%.

Probability of default (PD) is the probability of default associated with each counterparty's CDS (Credit Default Swaps). In certain countries, if this information is unavailable, the approximated probability of default is that of the counterparty's country.

### Fair value hedge

RCI Banque has elected to apply fair value hedge accounting for hedging interest-rate risk on fixed rate liabilities using a receive fixed/pay variable swap or cross currency swap;

Fair value hedge accounting is applied on the basis of documentation of the hedging relation at the date of implementation and of the results of fair value hedge effectiveness tests, which are performed at each balance sheet date.

Changes in the value of fair value hedging derivatives are recognized in the income statement.

For financial liabilities covered by a fair value hedge, only the hedged component is measured and recognized at fair value. Changes in the value of the hedged component are recognized in the income statement. The unhedged component of these financial liabilities is measured and recognized at amortized cost.

If the hedging relationship is terminated before the end of its term, the hedging derivative is classified as an asset or liability held for trading purposes and the item hedged is recognized at amortized cost in an amount equal to its last fair value measurement.

### Cash flow hedge

RCI Banque has elected to apply cash flow hedge accounting in the following cases:

- hedging interest-rate risk on variable rate liabilities using a receive variable/pay fixed swap, enabling them to be backed by fixed rate assets;
- hedging interest-rate risk on fixed rate liabilities and pay variable/pay fixed swap by using a pay fixed/receive variable swap;
- hedging future or probable cash flows in foreign currency.

Cash flow hedge effectiveness tests are performed at each balance sheet date to ensure that the relevant transactions are eligible for hedge accounting. For the second type of hedging, the test performed entails ascertaining that interest- rate exposure on the cash flows from reinvestment of non-derivative financial assets is indeed reduced by the cash flows from the derivatives used for hedging.

Changes in the value of the effective part of cash flow hedging derivatives are recognized in equity, in a special revaluation reserve account.

### Trading transactions

This line item includes transactions not eligible for hedge accounting and currency hedging transactions to which the RCI Banque group has preferred not to apply hedge accounting.

Changes in the value of these derivatives are recognized in the income statement.

## 4.3.3.18 Operating segments (IFRS 8)

Segment reporting is presented in the annual financial statements in accordance with IFRS 8 “Operating Segments”.

RCI Banque is tasked with offering a comprehensive range of financing products and services to its two core markets: end Customers (Retail and Corporate) and the Renault, Nissan, Dacia, Samsung and Datsun brands Dealer network. These two segments have different expectations, needs and demands, and so each require a specific approach in terms of marketing, management processes, IT resources, sales methods and communication. Adjustments have been made to the group’s organization to make it consistent with these two types of customer, to strengthen its management and support role and to increase its integration with Renault and Nissan, especially with respect to sales and marketing aspects.

In accordance with IFRS 8, segmentation by market has therefore been adopted as the operating segmentation method. This is in line with the strategic focus developed by the company. The information presented is based on internal reports sent to the group Executive Committee, identified as the “chief operating decision maker” under IFRS 8.

A breakdown by market is thus provided for the main income statement as well as for average performing loan outstandings in the corresponding periods.

Since 1 January 2009, as decided by the Executive Committee, the formerly separate Retail and Corporate segments have been consolidated into the single “Customer” segment. The breakdown of operating segments as required by IFRS 8 has followed the same segmentation.

The Dealer segment covers financing granted to the Renault-Nissan Alliance Dealer network. The Customer segment covers all financing and related services for all customers other than Dealers. Results are presented separately for each of these two market segments. Refinancing and holding activities are grouped together under “Other activities”.

Renault, Nissan, Dacia, Samsung and Datsun sales financing activities have been combined.

| Business | Retail customers | Dealer network |
|---|---|---|
| Lending | • | • |
| Finance Lease | • | NA |
| Operating Lease | • | NA |
| Services | • | NA |

### 4.3.3.19 Insurance

The accounting policies and measurement rules specific to assets and liabilities generated by insurance contracts issued by consolidated insurance companies are established in accordance with IFRS 4.

Other assets held and liabilities issued by insurance companies follow the rules common to all of the group's assets and liabilities and are presented in the same balance sheet and consolidated income statement items.

#### Assets dedicated to insurance:

The primary objective of the group's investment strategy is to protect and preserve its assets, with all investment decisions to be made in accordance with the "prudent person" principle, while seeking an adequate return to ensure that investments are made in the best interests of policyholders.

In this respect, the insurance business investment portfolio can be considered conservatively managed as it is largely composed of corporate, sovereign and supranational bonds, term loans as well as demand deposits. Following the previous year, the group continued to diversify its holdings into investment grade corporate bonds. (see Note 4)

It should be noted that bonds and term loans are held to maturity in accordance with the group's business model policy of "inflows".

#### Technical liabilities on insurance contracts

- provisions for unearned premiums (non-life insurance): Technical reserves for unearned premiums are equivalent to the portion of the premiums relating to the period between the inventory date and the following endowment date. They are calculated by policy on a prorata daily basis;
- policy reserves (life insurance): These are intended to cover the long-term obligations (or payment of benefits) resulting from the commitments given, and the costs of managing such contracts. They are calculated by policy on a prorata daily basis;
- reserve for outstanding claims: the reserve for outstanding claims represents the estimate, net of outstanding recoveries, of the cost of all claims reported but not yet settled at the closing date. Outstanding claim reserve are calculated by claim file based on reserving rules set according to the insurance benefit definition;
- IBNR (Incurred But Not Reported) claim provisions: these are reserves for claims not yet reported, estimated on a statistical basis. They are calculated according to an actuarial method (method type: "chain ladder"), where the ultimate claim charge is estimated from a statistical analysis of the payments development on past claim history. Historical data is calculated using a Best Estimate method, plus a calibrated prudential margin. Thus, the IBNR provisions are always sufficient even in the event of a very unfavourable scenario.

The guarantees offered cover death, disability, redundancy and unemployment as part of a loan protection insurance policy. These types of risk are controlled through the use of appropriate mortality tables, statistical checks on loss ratios for the population groups insured and through a reinsurance program.

Liability adequacy test: a goodness-of-fit test aimed at ensuring that insurance liabilities are adequate with respect to current estimates of future cash flows generated by the insurance contracts is performed at each statement of account. Future cash flows resulting from the contracts take into account the guarantees and options inherent therein. In the event of inadequacy, the potential losses are fully recognized in net income.

The modeling of future cash flows in the insurance liability adequacy test are based are based on the following assumptions:

- the frequency of claims, corresponding to the mortality rates for the death cover, the incidence rate for the incapacity for work and unemployment cover, and the frequency of total loss of the vehicles for the financial loss cover;
- the claims acceptance rate, which reflects the impact of claims management on the eligibility of claims reported to the insurer;
- the policy surrender rate to take into account policy terminations prior to term, specifically early repayments of the corresponding underlying financing assets. This repurchase rate will impact all future cash flows (premiums, claims, expenses, etc.) by modifying their probability of occurrence;
- general expenses assumptions expressed in the form of variable costs per item (administration, claims management, financial, production) and fixed costs to reflect the overhead costs of insurance companies;
- the interest rate curve used to discount future cash flows. The curve used is that provided quarterly by EIOPA.

At the end of 2021, this liability adequacy test did not reveal any anomalies.

#### Income statement:

The income and expenses recognized for the insurance contracts issued by the RCI Banque group appear in the income statement in "Net income of other activities" and "Net expense of other activities".

#### Risk management:

The group adopts a "prudent approach" to its management of the risks to which it could be exposed through its insurance activities.

##### Risk of contrepartie

As stated above, it only invests in assets (bank deposit, sovereign bonds, supra or agencies or corporate bonds) of quality investment grade with low credit risk.

##### Interest rate risk

As part of the Solvency II calculations, a rate shock scenario of +/- 100 bp is simulated. As of 31 December 2021, the impact of an increase of 100 bp on the asset portfolio was -€4.9 million, i.e. 1.5% of the portfolio value. However, it is important to note that companies systematically keep their assets until maturity.

#### Liquidity risk

Insurance company don't have financial debt. The company's main financial liabilities are short-term debt. Most exposure to liquidity risk comes from the need to settle future obligations relating to insurance technical provisions (these commitments to clients are more than one year) and other liabilities such as income tax and other amounts due. In order to meet these obligations, the group has set itself very strict liquidity analysis criteria based on a run-off scenario for the insurance portfolios updated every quarter and only invests in highly liquid assets which enhance the group's security profile.

It has no exposure to illiquid assets such as equities, real estate, equity investments, unlisted assets, etc.

#### Insurance/reinsurance risk

As part of our internal risk and solvency assessment (ORSA), insurance risk was classified as a major risk in terms of probability of occurrence and financial impact. We therefore simulated over four years (2021-2024) the impact of an increase in claims assumptions (Death PPI: +20%, Disability PPI +20%; and Unemployment PPI: +50%; Gap: +30%). This shock led to a drop in profitability of less than 8% for the insurance subsidiary RCI Life and less than 5% for the insurance subsidiary RCI Insurance. In addition, the solvency ratio should remain well above 100% for both companies (and around 200% of our target by adjusting the dividends paid downwards)

In addition, the group does not rely on external refinancing for insurance activities.

### 4.3.3.20 Cash flow statement

The cash flow statement is presented on the basis of the indirect method model. The operating activities are representative of the RCI group's income-generating activities. Tax flows are presented with operating activities in full.

Investing activities represent cash flows for the acquisition and disposal of interests in consolidated and non-consolidated companies, and non-current tangible and intangible assets.

Financing activities result from changes related to transactions bearing on the financial structure of equity and long-term borrowings.

Net cash includes cash, receivables and debts with central banks, as well as accounts (assets and liabilities) and sight loans with credit institutions.

## 4.3.4 ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

In a mixed economic environment, RCI Banque continues to implement a prudent financial policy and reinforces its liquidity management and control system.

### Liquidity

RCI Banque pays great attention to diversifying its sources of access to liquidity. Since the start of the financial crisis of 2008, the company has largely diversified its sources of funding. In addition to its traditional bond investor base in euros, new investment areas have also been successfully worked.

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

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

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

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

- **risk appetite:** This component is determined by the Board of Directors' Risk Committee;
- **refinancing:** The funding plan is constructed with a view to diversifying access to liquidity by product, by currency and by maturity. Funding requirements are regularly reviewed and clarified so that the funding plan can be adjusted accordingly;
- **liquidity reserve:** The company's aim is to have available at all times a liquidity reserve consistent with its appetite for liquidity risk. The liquidity reserve consists of confirmed lines of credit, assets eligible as collateral in European Central Bank monetary policy transactions, High Quality Liquid Assets (HQLA), and financial assets. It is reviewed every month by the Finance Committee;
- **transfer prices:** Refinancing for the group's European entities is mainly delivered by the group Finance and Treasury division, which centralizes liquidity management and pools costs. Internal liquidity costs are reviewed at regular intervals by the Finance Committee and are used by sales subsidiaries to construct their pricing;
- **stress scenarios:** Every month, the Finance Committee is informed of the length of time for which the company would be able to maintain its business activity using its liquidity reserve in various stress scenarios. The stress scenarios used include assumptions about runs on deposits, loss of access to new funding, partial unavailability of certain components of the liquidity reserve, and forecasts of new gross lending. Assumptions about runs on deposits under stress are very conservative and are regularly back-tested;
- **emergency plan:** An established emergency plan identifies the steps to be taken in the event of stress on the liquidity position.

### Credit business risk

In 2021, the economic situation related to the Covid-19 pandemic continued to disrupt credit activity, primarily due to periods of lockdown. As such, in line with 2020, RCI changed its organization and collection processes to adapt its resources to its business.

All of these actions helped to improve the quality of the lending portfolio with an 11% decrease in default on outstanding loans compared to the end of 2020 (stage 3-pro-forma former definition of default), on the one hand, and on the an increase in the quality of the loans put in place, which is primarily reflected in the 7.8% decrease in collections compared to 2020.

Particular attention was paid to recovery resources and practices. This had led us to organize and program the end of maturity date extensions in all countries to help our customers continue to pay their loan installments and get through this difficult period.

In terms of our loan granting policy, most of the 2020 arrangements have been extended. In view of the pandemic and economic situation, the aim was to adjust the acceptance criteria so as to maintain the quality of loans for production in line with the risk appetite requirements. We thus took measures targeted to the business segments to mitigate the consequences of the crisis and many of our acceptance systems (scores, business activity rules, anti-fraud systems) were revised to take better account of the situation.

Finally, at the end of the last two fiscal years affected by the Covid-19 crisis, we opted for non-model adjustments (see Key hypotheses for the calculation of expected losses IFRS). They cover primarily, when a deterioration of the credit risk looks likely, the exposures that had benefited from significant moratorium periods in 2020 – 2021 (in Morocco, Spain, Italy, Brazil and Colombia) or customers identified as vulnerable using, where applicable, external data (in the UK, Spain, Italy). The systematic identification and treatment of vulnerable customers will remain a fundamental approach.

The group continues to aim to keep the overall credit risk at a level compatible with the expectations of the financial community and its profitability targets.

### Profitability

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

### Governance

Liquidity indicators are the subject of particular scrutiny at each monthly Financial Committee meeting.

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

### Exposure to non-commercial credit risk

Financial counterparty risk arises from the investment of cash surpluses, invested in the form of short-term bank deposits with leading banks, investments in money market funds, the purchase of bonds issued by governments, supranational issuers, government agencies, and corporate bonds with an average duration of less than one year at 31 December 2020.

All these investments are made with counterparties of superior credit quality previously authorized by the Finance Committee. RCI Banque pays close attention to diversifying its counterparties.

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

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

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

### Macroeconomic environment

The decline of the coronavirus pandemic in Europe and the United States enabled governments to return to an economic activity that was close to normal in 2021. Fueled by soaring energy prices and tensions in the supply chain, inflation has been a major focus for investors since September. Inflation figures reached their highest level in ten years in the eurozone (+4.9% on an annualized basis in November, after increases of 1.8% and 2.8% respectively in the second and third quarters.) and have lead to a rise in long-term interest rates.

Global economic growth is slowing due in part to persistent supply bottlenecks. The slowdown in growth momentum also reflects a normalization compared to the post-Covid-19 rebound, as the base effects of the reopenings diminish and the support measures are reduced.

In the United States, the economic recovery slowed down in the second half (2.3% annualized growth in the third quarter compared to 6.7% in the second quarter of 2021) due to supply chain constraints and the sharp increase in contamination by the delta variant. Indeed, Covid-19 cases increased at the beginning of the third quarter, leading to a drop in consumer confidence and a decrease in spending, especially in vulnerable sectors.

At its 15 December meeting, the US Federal Reserve formalized the change in its monetary policy and showed its determination to lower price increases, recognizing that the current inflation phenomenon (5.3% annualized in the third quarter after increases of 1.9% and 4.8% respectively in the first and second quarters) can no longer be considered as transitory. Thus, from January onwards, the rate of reduction of the monetary easing policy ("tapering") will be doubled and purchases will be reduced by $30 billion, targeting a definitive end to the economic support program in March. It has maintained its Fed Funds rate target at 0-0.25%, but now plans three rate hikes of 25 bps each in 2022.

The European Central Bank has maintained its broadly accommodating policy, estimating that the inflation peak is temporary and that it will return to around 2% in the next two years. The ECB has left its main key rate unchanged at 0%, and does not expect any increase in the short term. It announced a further reduction in its bond purchases, while promising to maintain significant support for the economy in 2022. Purchases of securities under the Emergency Pandemic Purchasing Program (PEPP) launched in March 2020 will continue to decline in the coming months, ending entirely at the end of March 2022. Purchases under the APP (Asset Purchase Program) will double during the second quarter to €40 billion per month, before falling again to €30 billion in the third quarter and then €20 billion in the fourth quarter.

The Bank of England (BoE) unexpectedly raised its key rate by 15 bps to 0.25% at its monetary policy meeting in December. However, it is keeping its asset purchase program unchanged at £895 billion.

In this context of high inflation, bond yields have risen since the beginning of the year. At the end of December, the German ten-year sovereign bond yield rose by 39 bps over the year to -0.19%.

Driven by excellent corporate financial results and expectations of a return to inflation, the major stock market indices saw strong increases in 2021, as evidenced by the 21% increase in the Euro Stoxx 50. Credit spreads have been stable around levels close to the lows observed in 2019 and early 2020. In a context of low volatility and abundant liquidity, the IBOXX Corporate index stood at 61 bps at the end of December 2021 compared to 74 bps at the end of 2020 and 70 at the end of 2019.

## 4.3.5. REFINANCING

In the absence of growth in the commercial portfolio, funding needs remained modest and the group took a number of initiatives to reduce its liquidity reserve, which had reached an all-time high at end-2020. In this context, RCI Banque did not issue on the bond market and sought to slow the growth in customer deposits, which nevertheless grew by

€0.5 billion since December to reach €21.0 billion (representing a growth of +2.6% compared with +15% in 2020). To diversify its funding sources, in July the group rolled out its savings business in the Netherlands through the fintech Raisin.

To prepare for the future, we renewed and upsized our retained securitization in Italy from €1.4 billion to €1.8 billion. We also set up a new private securitization program to refinance the residual values of finance leases in France. This program, which is currently used for a symbolic amount, can be increased and represents a potential new source of secure financing for the company. In the second half of 2021, a new public securitization program was set up in the United Kingdom. The £750 million of self-subscribed senior securities should be eligible for Bank of England long- term monetary policy operations, enabling RCI Bank UK to access the TFSME long-term refinancing program [1] and diversify its liquidity reserve. Lastly, RCI Banque arranged a public securitization backed by auto loans in Germany and issued €900 million in senior securities (including €200 million self-subscribed).

These resources, plus, on the Europe scope, €4.3 billion in undrawn confirmed bank lines, €3.3 billion in collateral eligible for ECB monetary policy operations, and EUR €6.6 billion in highly liquid assets (HQLA), allow RCI Banque to maintain the financing granted to its customers for over 12 months without access to external liquidity. At 31 December, 2021, RCI Banque's liquidity reserve (Europe scope) stood at €14.4 billion. This controlled reduction of €2.2 billion compared with the end of 2020 also enabled a reduction in the cost of carrying cash surpluses. The liquidity reserve nevertheless remains significantly above internal targets.

## 4.3.6. REGULATORY REQUIREMENTS

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

At 31 December 2021, the ratios calculated do not reveal any non-compliance with regulatory requirements.

*(1) Term Funding Scheme for Small and Medium-sized Enterprises (TFSME) was announced by the Bank of England (BoE) in March 2020.*

## 4.3.7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# NOTE 1 SEGMENT INFORMATION

## 1.1 SEGMENTATION BY MARKET

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

| *In millions of euros* | Customer | Dealer financing | Other | Total 12/2020 |
|---|---|---|---|---|
| Average performing loan outstandings | 36,392 | 9,329 | | 45,721 |
| Net banking income | 1,564 | 229 | 162 | 1,955 |
| Gross operating income | 1,117 | 180 | 58 | 1,355 |
| Operating income | 781 | 163 | 58 | 1,002 |
| Pre-tax income | 783 | 162 | 58 | 1,003 |

A breakdown by market is provided for the main income statement as well as for average performing loan outstanding in the corresponding periods.

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

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

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

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

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

## 1.2 SEGMENTATION BY GEOGRAPHIC REGION

| *In millions of euros* | Year | Net Loans outstandings at year-end(1) | of which Customers outstandings at year-end(1) | of which Dealers outstandings at year-end |
|---|---|---|---|---|
| **EUROPE** | **2021** | **40,832** | **34,551** | **6,281** |
| | 2020 | 42,965 | 34,448 | 8,517 |
| of which Germany | **2021** | **7,809** | **6,828** | **981** |
| | 2020 | 8,361 | 7,002 | 1,359 |
| of which Spain | **2021** | **3,593** | **3,253** | **340** |
| | 2020 | 4,120 | 3,492 | 628 |
| of which France | **2021** | **15,319** | **12,359** | **2,960** |
| | 2020 | 15,993 | 12,262 | 3,731 |
| of which Italy | **2021** | **5,352** | **4,875** | **477** |
| | 2020 | 5,620 | 4,873 | 747 |
| of which United-Kingdom | **2021** | **4,371** | **3,936** | **435** |
| | 2020 | 4,116 | 3,440 | 676 |
| of which other countries(2) | 2021 | 4,388 | 3,300 | 1,088 |
| | 2020 | 4,755 | 3,379 | 1,376 |
| **AFRICA - MIDDLE EAST(3)** | **2021** | **496** | **384** | **112** |
| | 2020 | 503 | 407 | 96 |
| Asia - Pacific | **2021** | **1,414** | **1,409** | **5** |
| | 2020 | 1,569 | 1,566 | 3 |
| of which South Korea | **2021** | **1,414** | **1,409** | **5** |
| | 2020 | 1,569 | 1,566 | 3 |
| **AMERICA** | **2021** | **2,227** | **1,855** | **372** |
| | 2020 | 2,157 | 1,879 | 278 |
| of which Argentina | **2021** | **166** | **94** | **72** |
| | 2020 | 123 | 75 | 48 |
| of which Brazil | **2021** | **1,475** | **1,201** | **274** |
| | 2020 | 1,498 | 1,311 | 187 |
| of which Colombia | **2021** | **586** | **560** | **26** |
| | 2020 | 536 | 493 | 43 |
| **EURASIA(4)** | **2021** | **14** | **14** | |
| | 2020 | 1 | 1 | |
| **TOTAL RCI BANQUE GROUP** | **2021** | **44,983** | **38,213** | **6,770** |
| | 2020 | 47,195 | 38,301 | 8,894 |

*(1) Including operating leases*
*(2) Belgium, Netherlands, Switzerland, Austria, Scandinavian countries, Poland, Czech Republic, Hungary, Slovenia; Ireland, Portugal.*
*(3) The "Africa, Middle East, India and Pacific" segment was split into "Africa-Middle East" and "Asia-Pacific" in 2021. These same changes were made to the 2020 comparison.*
*(4) Romania changed the segment from "Eurasia" to "Europe - including other countries" in 2021. This same change was made to the comparison in 2020.*

Income from external customers is allocated to the different countries according to the home country of each of the entities. Each entity actually only books income from customers residing in the same country as that entity.

## NOTE 2 CASH AND BALANCES AT CENTRAL BANKS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **CASH AND BALANCES AT CENTRAL BANKS** | **6,729** | **7,289** |
| Cash and balances at central banks | 6,729 | 7,289 |
| **TERM DEPOSITS AT CENTRAL BANKS** | **16** | **10** |
| Accrued interest | 16 | 10 |
| **TOTAL CASH AND BALANCES AT CENTRAL BANKS** | **6,745** | **7,299** |

## NOTE 3 DERIVATIVES

| | 12/2021 | | 12/2020 | |
|---|---|---|---|---|
| *In millions of euros* | Assets | Liabilities | Assets | Liabilities |
| **FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES RECOGNIZED AS DERIVATIVES HELD FOR TRADING PURPOSES** | **12** | **17** | **12** | **12** |
| Interest-rate derivatives | 7 | 1 | 3 | 4 |
| Currency derivatives | 5 | 16 | 9 | 8 |
| **FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES RECOGNIZED AS DERIVATIVES USED FOR HEDGING** | **135** | **27** | **218** | **72** |
| Interest-rate and currency derivatives: Fair value hedges | 84 | 6 | 211 | |
| Interest-rate derivatives: cash flow hedges | 51 | 21 | 7 | 72 |
| **TOTAL DERIVATIVES** | **147** | **44** | **230** | **84** |

"Other derivatives" include the credit risk adjustment of -€0.03 million at 31 December 2021, broken down into income of +€0.11 million in respect of DVA and an expense of -€0.14 million in respect of the CVA.

The CVA/DVA adjustment covers the counterparty risk generated by the non-netted derivatives.

These line items mainly include OTC derivatives contracted by the RCI Bank group as part of its currency and interest-rate risk hedging policy.

The transactions that give rise to entries under this heading are described in the accounting rules and methods in the following paragraphs: "Financial liabilities" and "Derivatives and hedge accounting".

### Changes in the cash flow hedging instrument revaluation reserve

| | | Schedule for the transfer of the CFH reserve account to the income statement | | |
|---|---|---|---|---|
| *In millions of euros* | Cash flow hedging | <1 year | 1 to 5 years | +5 years |
| **BALANCE AT 31 DECEMBER 2019** | **(20)** | **(3)** | **(17)** | |
| Changes in fair value recognized in equity | (8) | | | |
| Transfer to income statement | 6 | | | |
| **BALANCE AT 31 DECEMBER 2020** | **(22)** | **(3)** | **(19)** | |
| Changes in fair value recognized in equity | 27 | | | |
| Transfer to income statement | 11 | | | |
| **BALANCE AT 31 DECEMBER 2021** | **16** | **1** | **15** | |

With respect to cash flow hedging, the above table shows the periods during which RCI Banque expects cash flows to intervene and affect the income statement.

Changes in the cash flow hedging reserve result from changes in the fair value of the hedging instruments carried in equity, and from the transfer of the period to the income statement at the same rate as the item hedged.

## Nominal values of derivative instruments by maturity and management intent

| *In millions of euros* | < 1 year | 1 year to 5 years | > 5 years | Total 12/2021 | Related parties |
|---|---|---|---|---|---|
| **HEDGING OF CURRENCY RISK** | | | | | |
| **Forward forex contracts** | | | | | |
| Sales | 922 | | | 922 | |
| Purchases | 912 | | | 912 | |
| **Currency swaps** | | | | | |
| Loans | 187 | 72 | | 259 | |
| Borrowings | 195 | 73 | | 268 | |
| **HEDGING OF INTEREST-RATE RISK** | | | | | |
| **Interest rate swaps** | | | | | |
| Lender | 13,410 | 9,303 | 750 | 23,463 | |
| Borrower | 13,410 | 9,303 | 750 | 23,463 | |

| *In millions of euros* | < 1 year | 1 year to 5 years | > 5 years | Total 12/2020 | Related parties |
|---|---|---|---|---|---|
| **HEDGING OF CURRENCY RISK** | | | | | |
| **Forward forex contracts** | | | | | |
| Sales | 735 | | | 735 | |
| Purchases | 738 | | | 738 | |
| **Spot forex transactions** | | | | | |
| Loans | 1 | | | 1 | |
| Borrowings | 1 | | | 1 | |
| **Currency swaps** | | | | | |
| Loans | 64 | 216 | | 280 | |
| Borrowings | 63 | 222 | | 285 | |
| **HEDGING OF INTEREST-RATE RISK** | | | | | |
| **Interest rate swaps** | | | | | |
| Lender | 7,165 | 12,806 | 2,150 | 22,121 | |
| Borrower | 7,165 | 12,806 | 2,150 | 22,121 | |

## NOTE 4 FINANCIAL ASSETS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME** | **837** | **649** |
| Government debt securities and similar | 713 | 404 |
| Bonds and other fixed income securities | 123 | 244 |
| Interests in companies controlled but not consolidated | 1 | 1 |
| **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS** | **137** | **219** |
| Variable income securities | 30 | 25 |
| Bonds and other fixed income securities | 70 | 191 |
| Interests in companies controlled but not consolidated | 37 | 3 |
| **TOTAL FINANCIAL ASSETS (*)** | **974** | **868** |
| *(*) Of which related parties* | *8* | *4* |

Equity investments in non-consolidated companies increased in value due to the acquisition of equity interests in non- consolidated companies:

- (Mobility Trader holding GmbH) HEYCAR, based in Germany, €30 million for a 5% stake; and
- KADENSIS, €4 million for a 13.82% stake.

## NOTE 5 AMOUNTS RECEIVABLE AT AMORTISED COST FROM CREDIT INSTITUTIONS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **CREDIT BALANCES IN SIGHT ACCOUNTS AT CREDIT INSTITUTIONS** | **1,236** | **1,010** |
| Ordinary accounts in debit | 1,175 | 968 |
| Overnight loans | 61 | 42 |
| **TERM DEPOSITS AT CREDIT INSTITUTIONS** | **58** | **222** |
| Term loans in bucket 1 | 58 | 162 |
| Term loans in bucket 2 | | 60 |
| **TOTAL AMOUNTS RECEIVABLE FROM CREDIT INSTITUTIONS (*)** | **1,294** | **1,232** |
| *(*) Of which related parties* | | *60* |

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

Current bank accounts held by the FCTs (Fonds Commun de Titrisation - Securitisation Mutual Funds) contribute in part to the funds’ credit enhancement. They totaled €909m at year-end 2021 and are included in “Ordinary Accounts in debit”.

Overnight loan transactions with the Central Bank are included in “Cash and balances at central banks”.

# NOTE 6 CUSTOMER FINANCE TRANSACTIONS AND SIMILAR

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **LOANS AND ADVANCES TO CUSTOMERS** | **44,074** | **46,222** |
| Customer finance transactions | 29,894 | 32,314 |
| Finance lease transactions | 14,180 | 13,908 |
| **OPERATING LEASE TRANSACTIONS** | **1,344** | **1,418** |
| **TOTAL CUSTOMER FINANCE TRANSACTIONS AND SIMILAR** | **45,418** | **47,640** |

The gross value of restructured outstandings (including non-performing), following all measures and concessions to borrowing customers who encounter (or are likely in future to encounter) financial difficulties, amounts to

€272 million at 31 December 2021, compared to €446 million at 31 December 2020. It was impaired in the amount of

€80 million at 31 December 2021, compared with €78 million at December 31, 2020.

The share of restructuring related to Covid-19 amounted to €44.1 million, mainly for Customers and was subject to impairment for a total of €19.4 million (including € 14.8 million among the additional adjustments mentioned above).

## 6.1 CUSTOMER FINANCE TRANSACTIONS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **LOANS AND ADVANCES TO CUSTOMERS** | **29,985** | **32,530** |
| Healthy factoring | 164 | 228 |
| Factoring with a significant increase in credit risk since initial recognition | 13 | 7 |
| Other healthy commercial receivables | 4 | 5 |
| Other healthy customer credit | 27,105 | 29,206 |
| Other customer credit with a significant increase in credit risk since initial recognition | 1,687 | 2,268 |
| Healthy ordinary accounts in debit | 339 | 337 |
| Defaulted receivables | 673 | 479 |
| **INTEREST RECEIVABLE ON CUSTOMER LOANS AND ADVANCES** | **62** | **49** |
| Other non-defaulted customer credit | 41 | 40 |
| Non-defaulted ordinary accounts | 17 | 5 |
| Defaulted receivables | 4 | 4 |
| **TOTAL OF ITEMS INCLUDED IN AMORTIZED COST - CUSTOMER LOANS AND ADVANCES** | **594** | **495** |
| Staggered handling charges and sundry expenses - Received from customers | (67) | (70) |
| Staggered contributions to sales incentives by manufacturer or dealers | (307) | (431) |
| Staggered fees paid for referral of business | 968 | 996 |
| **IMPAIRMENT ON LOANS AND ADVANCES TO CUSTOMERS** | **(747)** | **(760)** |
| Impairment on healthy receivables | (134) | (153) |
| Impairment on receivables with a significant increase in credit risk since initial recognition | (98) | (157) |
| Impairment on defaulted receivables | (409) | (359) |
| Impairment on residual value | (106) | (91) |
| **TOTAL CUSTOMER FINANCE TRANSACTIONS, NET** | **29,894** | **32,314** |

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

The factoring receivables result from the acquisition by the group of the Renault-Nissan Alliance's commercial

receivables. Impairment on residual value concerns credit (risk borne and not borne).

## 6.2 FINANCE LEASE TRANSACTIONS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **FINANCE LEASE TRANSACTIONS** | **14,334** | **14,141** |
| Other healthy customer credit | 12,384 | 11,694 |
| Other customer credit with a significant increase in credit risk since initial recognition | 1,584 | 2,170 |
| Defaulted receivables | 366 | 277 |
| **ACCRUED INTEREST ON FINANCE LEASE TRANSACTIONS** | **7** | **20** |
| Other non-defaulted customer credit | 6 | 19 |
| Defaulted receivables | 1 | 1 |
| **TOTAL OF ITEMS INCLUDED IN AMORTIZED COST - FINANCE LEASES** | **116** | **47** |
| Staggered handling charges | 49 | 62 |
| Staggered contributions to sales incentives by manufacturer or dealers | (273) | (325) |
| Staggered fees paid for referral of business | 340 | 310 |
| **IMPAIRMENT ON FINANCE LEASES** | **(277)** | **(300)** |
| Impairment on healthy receivables | (51) | (46) |
| Impairment on receivables with a significant increase in credit risk since initial recognition | (72) | (111) |
| Impairment on defaulted receivables | (153) | (142) |
| Impairment on residual value | (1) | (1) |
| **TOTAL FINANCE LEASE TRANSACTIONS, NET** | **14,180** | **13,908** |

### Reconciliation between gross investment in finance lease contracts at the closing date and present value of minimum payments receivable

| *In millions of euros* | < 1 year | 1 year to 5 years | > 5 years | Total 12/2021 |
|---|---|---|---|---|
| Finance leases - net investment | 6,432 | 7,983 | 42 | 14,457 |
| Finance leases - future interest receivable | 400 | 374 | 2 | 776 |
| **FINANCE LEASES - GROSS INVESTMENT** | **6,832** | **8,357** | **44** | **15,233** |
| Amount of residual value guaranteed to RCI Banque group | 4,428 | 4,657 | 4 | 9,089 |
| • Of which amount guaranteed by related parties | 2,611 | 2,015 | | 4,626 |
| Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17) | 4,221 | 6,342 | 44 | 10,607 |

| *In millions of euros* | < 1 year | 1 year to 5 years | > 5 years | Total 12/2020 |
|---|---|---|---|---|
| Finance leases - net investment | 6,332 | 7,833 | 43 | 14,208 |
| Finance leases - future interest receivable | 417 | 393 | 4 | 814 |
| **FINANCE LEASES - GROSS INVESTMENT** | **6,749** | **8,226** | **47** | **15,022** |
| Amount of residual value guaranteed to RCI Banque group | 4,083 | 4,558 | | 8,641 |
| • Of which amount guaranteed by related parties | 2,680 | 2,233 | | 4,913 |
| Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17) | 4,069 | 5,993 | 47 | 10,109 |

## 6.3 OPERATING LEASE TRANSACTIONS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **FIXED ASSET NET VALUE ON OPERATING LEASE TRANSACTIONS** | **1,360** | **1,426** |
| Gross value of tangible assets | 1,985 | 1,914 |
| Depreciation of tangible assets | (625) | (488) |
| **RECEIVABLES ON OPERATING LEASE TRANSACTIONS** | **12** | **18** |
| Non-defaulted receivables | 9 | 12 |
| Defaulted receivables | 9 | 9 |
| Income and charges to be staggered | (6) | (3) |
| **IMPAIRMENT ON OPERATING LEASES** | **(28)** | **(26)** |
| Impairment on defaulted receivables | (7) | (7) |
| Impairment on residual value | (21) | (19) |
| **TOTAL OPERATING LEASE TRANSACTIONS, NET (*)** | **1,344** | **1,418** |

*(*) Of which related parties* *(1)* *(1)*

### The amount of minimum future payments receivable under operating non-cancelable lease contracts is analyzed as follows

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| 0-1 year | 87 | 119 |
| 1-5 years | 157 | 238 |
| +5 years | 429 | 73 |
| **TOTAL** | **673** | **430** |

## 6.4 MAXIMUM EXPOSURE TO CREDIT RISK AND INDICATION CONCERNING THE QUALITY OF RECEIVABLES DEEMED NON IMPAIRED BY THE RCI BANQUE GROUP

At 31 December 2021, the RCI Banque group's maximum aggregate exposure to credit risk stood at €58,532m against €60,209m at 31 December 2020. This exposure chiefly includes net loans outstanding from sales financing, sundry debtors, asset derivatives and irrevocable financing commitments on the RCI Banque group's off-balance sheet (see Note 23 Commitments received).

### Amount of receivables due

| *In millions of euros* | 12/2021 | of which non-defaulted (1) | 12/2020 | of which non-defaulted (1) |
|---|---|---|---|---|
| Between 0 and 90 days | 570 | 324 | 608 | 381 |
| Between 90 and 180 days | 65 | | 65 | |
| Between 180 days and 1 year | 59 | | 49 | |
| More than one year | 52 | | 67 | |
| **RECEIVABLES DUE** | **746** | **324** | **789** | **381** |

*(1) Only includes sales financing receivables non classed in stage 3.*

The risks on the quality of customer loans are assessed (using a score system) and monitored per type of business (Customer and Dealer). At the statement closing date, no component affected the credit quality of non-due and non-impaired sales financing receivables.

There is no significant concentration of risks within the sales financing customer base in line with regulatory requirements.

As at 31 December 2021, guarantees held on doubtful or delinquent receivables totaled €805m, against €866m at 31 December 2020.

## 6.5 RESIDUAL VALUES OF RISK CARRIED BY RCI BANQUE

The total risk on residual values carried by the RCI Banque group amounted to €2,110 m at 31 December 2021 against €1,810 m at 31 December 2020. A provision was made in the amount of €47 million at 31 December 2021 against €45 million at 31 December 2020 for the provision residual values of risk carried without battery risk and without Voluntary Termination risk (mainly concerns the United Kingdom). The provision for residual value risk borne is a provision that covers the loss of value borne by the RCI group on the resale of a vehicle.

# NOTE 7 CUSTOMER FINANCE TRANSACTIONS BY BUSINESS SEGMENT

| *In millions of euros* | Customer | Dealer financing | Other | Total 12/2021 |
|---|---|---|---|---|
| **GROSS VALUE** | **39,188** | **6,845** | **437** | **46,470** |
| Healthy receivables | 35,073 | 6,619 | 436 | 42,128 |
| *On % of total receivables* | *89.5%* | *96.7%* | *99.8%* | *90.7%* |
| Receivables with a significant increase in credit risk since initial recognition | 3,124 | 165 | | 3,289 |
| *On % of total receivables* | *8.0%* | *2.4%* | | *7.1%* |
| Defaulted receivables | 991 | 61 | 1 | 1,053 |
| *On % of total receivables* | *2.5%* | *0.9%* | *0.2%* | *2.3%* |
| **IMPAIRMENT ALLOWANCE** | **(975)** | **(75)** | **(2)** | **(1,052)** |
| Impairment on healthy receivables | (274) | (37) | (2) | (313) |
| *On% of total impairment* | *28.1%* | *49.3%* | *100.0%* | *29.8%* |
| Impairment on receivables with a significant increase in credit risk since initial recognition | (161) | (9) | | (170) |
| *On % of total impairment* | *16.5%* | *12.0%* | | *16.2%* |
| Impairment on defaulted receivables | (540) | (29) | | (569) |
| *On % of total impairment* | *55.4%* | *38.7%* | | *54.1%* |
| ***Coverage rate*** | ***2.5%*** | ***1.1%*** | ***0.5%*** | ***2.3%*** |
| *Healthy receivables* | *0.8%* | *0.6%* | *0.5%* | *0.7%* |
| *Receivables with a significant increase in credit risk since initial recognition* | *5.2%* | *5.5%* | | *5.2%* |
| *Defaulted receivables* | *54.5%* | *47.5%* | | *54.0%* |
| **NET VALUE (*)** | **38,213** | **6,770** | **435** | **45,418** |
| *(*) Of which: related parties (excluding participation in incentives and fees paid* | *9* | *505* | *264* | *778* |

| *In millions of euros* | Customer | Dealer financing | Other | Total 12/2020 |
|---|---|---|---|---|
| **GROSS VALUE** | **39,272** | **9,007** | **447** | **48,726** |
| Healthy receivables | 34,399 | 8,658 | 446 | 43,503 |
| *On % of total receivables* | *87.6%* | *96.1%* | *99.8%* | *89.3%* |
| Receivables with a significant increase in credit risk since initial recognition | 4,169 | 284 | | 4,453 |
| *On % of total receivables* | *10.6%* | *3.2%* | | *9.1%* |
| Defaulted receivables | 704 | 65 | 1 | 770 |
| *On % of total receivables* | *1.8%* | *0.7%* | *0.2%* | *1.6%* |
| **IMPAIRMENT ALLOWANCE** | **(971)** | **(113)** | **(2)** | **(1,086)** |
| Impairment on healthy receivables | (245) | (63) | (2) | (310) |
| *On % of total impairment* | *25.2%* | *55.8%* | *100.0%* | *28.5%* |
| Impairment on receivables with a significant increase in credit risk since initial recognition | (251) | (17) | | (268) |
| *On % of total impairment* | *25.8%* | *15.0%* | | *24.7%* |
| Impairment on defaulted receivables | (475) | (33) | | (508) |
| *On % of total impairment* | *48.9%* | *29.2%* | | *46.8%* |
| ***Coverage rate*** | ***2.5%*** | ***1.3%*** | ***0.4%*** | ***2.2%*** |
| *Healthy receivables* | *0.7%* | *0.7%* | *0.4%* | *0.7%* |
| *Receivables with a significant increase in credit risk since initial recognition* | *6.0%* | *6.0%* | | *6.0%* |
| *Defaulted receivables* | *67.5%* | *50.8%* | | *66.0%* |
| **NET VALUE (*)** | **38,301** | **8,894** | **445** | **47,640** |
| *(*) Of which: related parties (excluding participation in incentives and fees paid* | *13* | *1,152* | *238* | *1,403* |

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

With regard to retail activity, the 40.77% increase in B3 compared to 2020 is explained by the group-wide move to the new definition of default during the year. The estimated B3 at the end of 2021, after neutralizing the outstandings classified as B3 in accordance with the new criteria, is down 11% compared to the end of 2020.

As a result, the provisioning rate observed in B3 was 54.5% compared to 67.5% at the end of the previous year.

It should be noted that we present credit quality information, i.e. information relating to credit risk exposure

(illustrated by cross-referencing the internal rating classifications with the different bucket levels) by category of economic agent (customer segment: retail and corporate/wholesale segment: dealer) and by geographical area for financial assets, in the credit risk section of Pillar 3 annual report.

## 7.1 CHANGE OF CUSTOMER FINANCE TRANSACTIONS

| *In millions of euros* | 12/2020 | Increase (1) | Reclas. (2) | Repayment | Write off | 12/2021 |
|---|---|---|---|---|---|---|
| Healthy receivables | 43,503 | 56,876 | (1,143) | (57,108) | | 42,128 |
| Receivables with a significant increase in credit risk since initial recognition | 4,453 | | 607 | (1,771) | | 3,289 |
| Defaulted receivables | 770 | | 536 | (105) | (148) | 1,053 |
| **CUSTOME R FINANCE TRANSACTIONS (GV)** | **48,726** | **56,876** | | **(58,984)** | **(148)** | **46,470** |

*(1) Increase = New production.*
*(2) Reclassification = Transfer between buckets.*

## 7.2 CHANGE OF IMPAIRMENTS OF CUSTOMER FINANCE TRANSACTIONS

| *In millions of euros* | 12/2020 | Increase (1) | Decrease (2) | Reclas. (3) | Variations (4) | Other (5) | 12/2021 |
|---|---|---|---|---|---|---|---|
| Impairment on healthy receivables (*) | 310 | 132 | (95) | (120) | 75 | 11 | 313 |
| Impairment on receivables with a significant increase in credit risk since initial recognition | 268 | 35 | (45) | (69) | (18) | (1) | 170 |
| Impairment on defaulted receivables | 508 | 74 | (256) | 189 | 56 | (2) | 569 |
| **IMPAIRMENTS OF CUSTOMER FINANCE TRANSACTION** | **1,086** | **241** | **(396)** | | **113** | **8** | **1,052** |

*(1) Increase = Allowance due to new production.*
*(2) Decrease = Reversal of allowance due to reimbursement, disposals or write-off.*
*(3) Reclassification = Transfer between buckets.*
*(4) Variations = Variation due to risk criteria adjustments (PD, LGD, ECL…).*
*(5) Other = Reclassification, currency translation effects, changes in scope of consolidation.*
*(*) Impairment on performing receivables includes impairments on residual values (vehicles and batteries) for an amount of €129 million as at 31 December 2021, compared to €111 million at 31 December 2020.*

*Note: increases (1), decreases (2), and variations (3) are accounted for in the income statement under Net banking income or cost of risk.*
*Other movements (4) are balance sheet changes only.*

## NOTE 8 ADJUSTMENT ACCOUNTS & MISCELLANEOUS ASSETS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **TAX RECEIVABLES** | **312** | **353** |
| Current tax assets | 21 | 26 |
| Deferred tax assets | 179 | 188 |
| Tax receivables other than on current income tax | 112 | 139 |
| **ADJUSTMENT ACCOUNTS AND OTHER ASSETS** | **957** | **973** |
| Social Security and employee-related receivables | 1 | |
| Other sundry debtors | 476 | 408 |
| Adjustment accounts - Assets | 63 | 57 |
| Other assets | 2 | 2 |
| Items received on collections | 310 | 361 |
| Reinsurer part in technical provisions | 105 | 145 |
| **TOTAL ADJUSTMENT ACCOUNTS – ASSETS AND OTHER ASSETS (*)** | **1,269** | **1,326** |
| *(*) Of which related parties* | *169* | *220* |

Deferred tax assets are analysed in Note 32.

## NOTE 9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

| | 12/2021 | | 12/2020 | |
|---|---|---|---|---|
| *In millions of euros* | Share of net assets | Net income | Share of net assets | Net income |
| Orfin Finansman Anonim Sirketi | 16 | 4 | 22 | 4 |
| RN SF B.V. | 94 | 13 | 76 | 13 |
| Nissan Renault Financial Services India Private Limited | 36 | 2 | 31 | 2 |
| **TOTAL INTERESTS IN ASSOCIATES** | **146** | **19** | **129** | **19** |

## NOTE 10 TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **INTANGIBLE ASSETS: NET** | **11** | **7** |
| Gross value | 48 | 41 |
| Accumulated amortization and impairment | (37) | (34) |
| **PROPERTY, PLANT AND EQUIPMENT: NET** | **28** | **34** |
| Gross value | 126 | 127 |
| Accumulated depreciation and impairment | (98) | (93) |
| **AMORTIZATION RIGHT OF USE ON RENTED ASSET: NET** | **55** | **42** |
| Gross value | 92 | 58 |
| Accumulated depreciation and impairment | (37) | (16) |
| **TOTAL TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS** | **94** | **83** |

Property, plant and equipment includes real estate leases activated under IFRS 16 (see section 3.A "Changes in accounting policies").

# NOTE 11 GOODWILL

| In millions of euros | 12/2021 | 12/2020 |
|---|---|---|
| Argentina | | 1 |
| United Kingdom | 37 | 34 |
| Germany | 12 | 12 |
| Italy | 9 | 9 |
| South Korea | 19 | 19 |
| Czech Republic | 4 | 4 |
| Spain | 68 | |
| **TOTAL GOODWILL FROM ACQUISITIONS BY COUNTRY** | **149** | **79** |

Impairment tests were performed on all goodwill (using the methods and assumptions described in Note B). These tests did not reveal any material impairment risk at 31 December 2021.

Following the acquisition of Bipicar, the leading multi-brand platform for car subscription packages for used vehicles, goodwill of €68 million was recorded (see key events and section B). This amount could be review in 2022 following the Purchase Price Allocation.

# NOTE 12 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS & DEBT SECURITIES

## 12.1 CENTRAL BANKS

| In millions of euros | 12/2021 | 12/2020 |
|---|---|---|
| Term borrowings | 3,738 | 2,250 |
| **TOTAL CENTRAL BANKS** | **3,738** | **2,250** |

At 31 December 2021, the book value of the collateral presented to the Bank of France (3G) amounted to €7,111 million, that means €6,628 million in securities issued by securitization vehicles, €3m in eligible bond securities, and €480m in private accounts receivable.

The group was able to benefit from the TLTRO III program, and was able to make three drawdowns during 2020:

- €750 million maturing in June 2023;
- €500 million maturing in September 2023;
- €500 million maturing in December 2023.

Two new drawdowns were made in 2021:

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

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

The group has chosen to apply IFRS 9 to the drawdowns made on the TLTRO III program, considering that the ECB rate is a market rate. It applies in the same way to all banks benefiting from the program and the ECB can unilaterally change the MRO rate at any time.

The initial effective interest rate of the drawdowns takes into account the group's achievement of the lending targets set for the reference period ending in March 2021. The ECB confirmed achievement of these objectives in September 2021.

Based on its predictions to date, the group has not incorporated into its estimates achievement of the lending targets over the additional special reference period. As a result, the changes in the interest rate conditions decided in the European Central Bank's decision of 29 January 2021 had no impact on the estimated future debt flows and therefore had no effect on the recognition of drawdowns.

The rate applicable for the period June 2021-June 2022 could still be subsidized if the lending targets over the additional special reference period are met. Pursuant to the current provisions of IFRS 9, the impact of this subsidy, if achieved, would be recognized as an adjustment to the value of the debt in accordance with paragraph B5.4.6.

### TFSME program

The group was also able to avail itself of the TFSME program issued by the Bank of England in 2020 and draw down

£409.3 million in 2021 with a maturity in September and October 2025.

The maximum interest rate applicable to this financing over the period is 0.35% and is calculated on the basis of the Bank of England base rate (0.25% at 31 December 2021) with a 0.25% margin.

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

## 12.2 AMOUNTS PAYABLE TO CREDIT INSTITUTIONS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **SIGHT ACCOUNTS PAYABLE TO CREDIT INSTITUTIONS** | **260** | **188** |
| Ordinary accounts | 16 | 12 |
| Overnight borrowings | | 4 |
| Other amounts owed | 244 | 172 |
| **TERM ACCOUNTS PAYABLE TO CREDIT INSTITUTIONS** | **1,737** | **2,114** |
| Term borrowings | 1,669 | 2,041 |
| Accrued interest | 68 | 73 |
| **TOTAL LIABILITIES TO CREDIT INSTITUTIONS** | **1,997** | **2,302** |

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

## 12.3 AMOUNTS PAYABLE TO CUSTOMERS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **AMOUNTS PAYABLE TO CUSTOMERS** | **21,928** | **21,415** |
| Ordinary accounts in credit | 202 | 225 |
| Term accounts in credit | 723 | 703 |
| Ordinary saving accounts | 15,715 | 14,703 |
| Term deposits (retail) | 5,288 | 5,784 |
| **OTHER AMOUNTS PAYABLE TO CUSTOMERS AND ACCRUED INTEREST** | **102** | **125** |
| Other amounts payable to customers | 65 | 86 |
| Accrued interest on ordinary accounts in credit | 21 | 18 |
| Accrued interest on ordinary saving accounts | 8 | 11 |
| Accrued interest on customers term accounts | 8 | 10 |
| **TOTAL AMOUNTS PAYABLE TO CUSTOMERS (*)** | **22,030** | **21,540** |
| *(*) Of which related parties* | *740* | *769* |

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

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

## 12.4 DEBT SECURITIES

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **NEGOTIABLE DEBT SECURITIES (1)** | **1,063** | **1,172** |
| Certificates of deposit | 1,050 | 944 |
| French MTNs and similar | | 220 |
| Accrued interest on negotiable debt securities | 13 | 8 |
| **OTHER DEBT SECURITIES (2)** | **3,097** | **3,259** |
| Other debt securities | 3,095 | 3,258 |
| Accrued interest on other debt securities | 2 | 1 |
| **BONDS AND SIMILAR** | **13,811** | **17,560** |
| Bonds | 13,695 | 17,439 |
| Accrued interest on bonds | 116 | 121 |
| **TOTAL DEBT SECURITIES** | **17,971** | **21,991** |

*(1) Certificates of deposit, commercial paper and French MTNs are issued by RCI Banque S.A., Banco RCI Brasil S.A., RCI Colombia S.A Compania De Financiamiento and Diac S.A.*

*(2) Other debt securities consists primarily of the securities issued by the vehicles created for the German (RCI Banque S.A. Niederlassung Deutschland), UK (RCI Financial Services Ltd), Brazilian (Corretora de Seguros S.A.), French (Diac S.A.) and Italian (RCI Banque Succursale Italiana) securitization offerings.*

## 12.5 BREAKDOWN OF LIABILITIES BY VALUATION METHOD

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **LIABILITIES VALUED AT AMORTIZED COST - EXCLUDING FAIR VALUE HEDGE** | **39,827** | **39,339** |
| Central Banks | 3,738 | 2,250 |
| Amounts payable to credit institutions | 1,997 | 2,302 |
| Amounts payable to customers | 22,030 | 21,540 |
| Debt securities | 12,062 | 13,247 |
| **LIABILITIES VALUED AT AMORTIZED COST - FAIR VALUE HEDGE** | **5,909** | **8,744** |
| Debt securities | 5,909 | 8,744 |
| **TOTAL FINANCIAL DEBTS** | **45,736** | **48,083** |

## 12.6 BREAKDOWN OF FINANCIAL LIABILITIES BY RATE TYPE BEFORE DERIVATIVES

| *In millions of euros* | Variable | Fixed | 12/2021 |
|---|---|---|---|
| Central Banks | 3,738 | | 3,738 |
| Amounts payable to credit institutions | 697 | 1,300 | 1,997 |
| Amounts payable to customers | 16,372 | 5,658 | 22,030 |
| Negotiable debt securities | 236 | 827 | 1,063 |
| Other debt securities | 2,855 | 242 | 3,097 |
| Bonds | 3,240 | 10,571 | 13,811 |
| **TOTAL FINANCIAL LIABILITIES BY RATE** | **27,138** | **18,598** | **45,736** |

## 12.7 BREAKDOWN OF FINANCIAL LIABILITIES BY REMAINING TERM TO MATURITY

The breakdown of financial liabilities by maturity is shown in Note 18.

# NOTE 13 SECURITIZATION

## Securitization – Public issues

| Country | France | France | France | France | France | Italy | Germany | Germany | Germany | Germany | United Kingdom |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Originator | DIAC SA | DIAC SA | DIAC SA | DIAC SA | DIAC SA | RCI Banque Succursale Italiana | RCI Bank Niederlassung | RCI Bank Niederlassung | RCI Bank Niederlassung | RCI Bank Niederlassung | RCI Bank UK |
| Securitized collateral | Auto loans to customers | Auto loans to customers | Receivables independant dealers | Auto Leasing (Rent) | Auto Leasing (Rent) | Auto loans to customers | Auto loans to customers | Auto loans to customers | Receivables independant dealers | Auto loans to customers | Auto loans to customers |
| Issuer | CARS Alliance Auto Loans France FCT Master | CARS Alliance Auto Loans France V 2018-1 | FCT Cars Alliance DFP France | CARS Alliance Auto Leases France V 2020-1 | CARS Alliance Auto Leases France Master | Cars Alliance Auto Loans Italy 2015 s.r.l. | CARS Alliance Auto Loans Germany Master | CARS Alliance Auto Loans Germany V 2021-1 | Cars Alliance DFP Germany 2017 | Cars Alliance Auto Loans Germany V 2019-1 | CARS Alliance UK Master Plc |
| Closing date | May 2012 | April 2018 | July 2013 | October 2020 | October 2020 | July 2015 | March 2014 | October 2021 | July 2017 | May 2019 | October 2021 |
| Legal maturity date | August 2030 | October 2029 | July 2028 | October 2036 | October 2038 | December 2031 | March 2031 | June 2034 | June 2026 | August 2031 | September 2032 |
| Initial purchase of receivables | 715M € | 799M € | 1,020 M€ | 1,057 M€ | 533 M€ | 1,234 M€ | 674 M€ | 1,009 M€ | 852 M€ | 1,107 M€ | 1249M € |
| Credit enhancement as at the closing date | Cash reserve for 1% Over-colla-teralization of receivables 13 3% | Cash reserve for 1% Over-colla-teralization of receivables 8% | Cash reserve for 1% Over-colla-teraliztion of receivables 12 5% | Cash reserve for 1% Over-colla-teralization of receivables 9% | Cash reserve for 1% Over-colla-teralization of receivables 11 05% | Cash reserve for 1% Over-colla-teralization of receivables 14 9% | Cash reserve for 1% Over-colla-teralization of receivables 8% | Cash reserve for 0.75% Over-colla-teralization of receivables 7 5% | Cash reserve for 1.5% Over-colla-teralization of receivables 20 75% | Cash reserve for 1% Over-colla-teralization of receivables 7 5% | Cash reserve for 1% Over-colla-teralization of receivables 28% |
| Receivables purchased as of 31 | 1,268 M€ | 154 M€ | 1,271 M€ | 968 M€ | 636 M€ | 2,064 M€ | 1,263 M€ | 1,005 M€ | 512 M€ | 559 M€ | 1n257 M€ |
| Notes in issue as at 31 December 2021(including any units held by the RCI Banque group) | Class A Rating: AAA 1,126 M€ Class B Non rated 173 M€ | Class A Rating: AAA 98 M€ Class B Rating: AA 23M € Class C Non rated 38M € | Class A Rating: AA 1,000 M€ | Class A Rating: AAA 950 M€ Class B Rating: AA 42 M€ Class C Non rated 53 M€ | Class A Rating: AAA 610 M€ Class B Non rated 76 M€ | Class A Rating: AA 1835M € Class J Non rated 296 M€ | Class A Rating: AAA 1,110 M€ Class B Non rated 97 M€ | Class A Rating: AAA 900M € Class B Rating: AA 24 M€ Class C Non rated 49 M€ | Class A Rating: AAA 540M € | Class A Rating: AAA 476 M€ Class B Rating: AA 26 M€ Class C Non rated 51 M€ | Class A Rating: AA 893 M€ Class B Non rated 345M € |
| Period | Revolving | Amortizing | Revolving | Revolving | Revolving | Revolving | Revolving | Revolving | Revolving | Amortizing | Revolving |
| Transaction's nature | Retained | Market | Retained | Market | Retained | Retained | Retained | Market | Retained | Market | Retained |

In 2021, the RCI Banque group carried out securitization transactions in public format in Germany and in the United Kingdom by means of special purpose vehicles.

The French subsidiary DIAC has set up a new private securitization program ("Cars Alliance Auto Leases France RV MASTER" sub-fund) to refinance the residual values of Leases with Purchase Options (LOA) originated by DIAC.

In addition, and as part of its efforts to diversify its refinancing, operations were secured by banks or conduits. As these issues are private, their terms and conditions are not disclosed in the above table.

At 31 December 2021, the amount of financing obtained through securitization by conduit totaled €984m. The amount of financing obtained through securitization transactions in public format placed on the markets totaled €2,514m.

The securitization transactions carried out by the group all meet the requirement under Article 405 of European Directive No. 575/2013 for a net economic interest of not less than 5% to be retained. These transactions were not intended to result in derecognition of the receivables transferred, and at 31 December 2021, the amount of the sales financing receivables thus maintained on the balance sheet totaled €12,589m (€11,790m at 31 December 2020), as follows:

- securitization transactions placed on the market: €2,686m;
- retained securitization transactions: €8,271m;
- private securitization transactions: €1,633m.

The fair value of these receivables is €12,541m at 31 December 2021.

Liabilities of €3,098m have been booked under "Other debt securities" corresponding to the securities issued during securitization transactions. The fair value of these liabilities is €3,113m at 31 December 2021.

The difference between the amount of receivables transferred and the amount of the aforementioned liabilities corresponds to the credit enhancement needed for these transactions and to the share of securities retained by the RCI Banque group serving as a liquidity reserve.

# NOTE 14 ADJUSTMENT ACCOUNTS & MISCELLANEOUS LIABILITIES

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **TAXES PAYABLE** | **827** | **754** |
| Current tax liabilities | 136 | 143 |
| Deferred tax liabilities | 670 | 587 |
| Taxes payable other than on current income tax | 21 | 24 |
| **ADJUSTMENT ACCOUNTS AND OTHER AMOUNTS PAYABLE** | **1,916** | **2,151** |
| Social security and employee-related liabilities | 61 | 58 |
| Other sundry creditors | 857 | 923 |
| Debt on rented asset | 58 | 45 |
| Adjustment accounts - liabilities | 569 | 586 |
| Accrued interest on other sundry creditors | 366 | 454 |
| Collection accounts | 5 | 85 |
| **TOTAL ADJUSTMENT ACCOUNTS - LIABILITIES AND OTHER LIABILITIES (*)** | **2,743** | **2,905** |
| *(*) Of which related parties* | *212* | *247* |

Deferred tax assets are analyzed in Note 32.

In addition, other sundry creditors and accruals on sundry creditors mainly concern accrued invoices, provisions for commissions payable for referral of business, insurance commissions payable by the Maltese entities and the valuation of put options on minority interests.

# NOTE 15 PROVISIONS

| *In millions of euros* | 12/2020 | Charge | Reversals Used | Reversals Not Used | Other (*) | 12/2021 |
|---|---|---|---|---|---|---|
| **PROVISIONS ON BANKING OPERATIONS** | **506** | **299** | **(47)** | **(287)** | **5** | **476** |
| Provisions for signature commitments | 12 | 15 | (1) | (20) | 2 | 8 |
| Provisions for litigation risks | 7 | 2 | | (2) | (1) | 6 |
| Insurance technical provisions | 461 | 272 | (44) | (255) | 2 | 436 |
| Other provisions | 26 | 10 | (2) | (10) | 2 | 26 |
| **PROVISIONS ON NON-BANKING OPERATIONS** | **145** | **10** | **(21)** | **(1)** | **(11)** | **122** |
| Provisions for pensions liabilities and related | 66 | 5 | (10) | | (10) | 51 |
| Provisions for restructuring | 22 | 3 | (9) | | (1) | 15 |
| Provisions for tax and litigation risks | 53 | 2 | (2) | (1) | 1 | 53 |
| Other | 4 | | | | (1) | 3 |
| **TOTAL PROVISIONS** | **651** | **309** | **(68)** | **(288)** | **(6)** | **598** |

*(*) Other = Reclassification, currency translation effects, changes in scope of consolidation (**) Provisions for signature commitments = Mainly financing commitments*

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

The group's companies are periodically subject to tax audits in the countries where they are based. Uncontested deficiency notices are booked by means of tax provisions. Contested deficiency notices are recognized case by case on the basis of estimates taking into account the merit of the claims against the company concerned and the risk that it may not prevail in its case. At this stage of the procedure, no tax risk has been identified under IFRIC 23.

Other provisions on banking operations mainly consist of the insurance technical provision for captive insurance company commitments towards policy holders and beneficiaries. The insurance technical provision came to €436m at end-December 2021.

Provisions for restructuring are for the work exemption plan, a career development scheme funded by the company. The remaining provisions relate to administration/processing fees billed to business customers.

### Insurance risk

The main risk to which the group is exposed in respect of insurance and re-insurance policies taken out is the risk that the actual total amount of claims and settlements and/or the rate of payment thereof may differ from estimations. The frequency of claims, their seriousness, the valuation of settlements paid out and the type of claims, some of whose development may be long term, all have an impact on the main risk to which the group is exposed. The group makes sure that its available reserves are sufficient to cover its commitments.

Exposure to risk is limited by diversifying the portfolio of insurance and re-insurance policies, and the geographical areas in which they are taken out. Fluctuations in the level of risk are also kept to a minimum through stringent policy selection, compliance with subscription guides and the use of re-insurance agreements.

The group makes use of re-insurance in order to limit risk. Policies are transferred under re-insurance agreements on a proportionate basis. Proportionate reinsurance treaties are signed in order to reduce the group's overall exposures for all businesses and in all countries. The amounts that may be recovered from re-insurers are determined in accordance with the claim reserves and with the reinsurance treaties. Re-insurance does not release the transferor from its commitments to policy holders and if for any reason the re-insurer is unable to meet its obligations, the group is exposed to a credit risk on the policies transferred. Re- insurance treaties are signed with A-rated counterparties and the group actively monitors each re-insurer's rating. The group has assessed the risks covered by reinsurance contracts and believes that no retrocession is required.

#### Key assumptions

The main assumption underlying estimations of liabilities is that the trend in future claims will follow exactly the same trend as in past claims.

The group has therefore factored in an ultimate loss rate in estimating the total cost of claims and of claim reserves (IBNR). Bearing in mind the reinsurance treaties that have been signed, any deterioration or improvement in this loss rate would have no significant impact on the year's results.

### Provisions for pension and other post-employment benefits

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| France | 32 | 41 |
| Rest of world | 19 | 25 |
| **TOTAL PROVISIONS** | **51** | **66** |

### Subsidiaries without a pension fund

| | France | |
|---|---|---|
| **Main actuarial assumptions** | 12/2021 | 12/2020 |
| Retirement age | 67 years | 67 years |
| Salary increases | 1.82% | 2.20% |
| Financial discount rate | 0.92% | 0.60% |
| Starting rate | 7.24% | 6.53% |

### Subsidiaries with a pension fund

| | United Kingdom | | Switzerland | | Netherlands | |
|---|---|---|---|---|---|---|
| **Main actuarial assumptions** | 12/2021 | 12/2020 | 12/2021 | 12/2020 | 12/2021 | 12/2020 |
| Average duration | 20 years | 21 years | 20 years | 23 years | 21 years | 21 years |
| Rate of wage indexation | | | 1.00% | 1.00% | 1.00% | 1.00% |
| Financial discount rate | 1.90% | 1.40% | 0.50% | 0.30% | 0.80% | 0.80% |
| Actual return rate of hedge assets | 9.30% | 7.84% | 1.00% | 1.00% | 0.80% | 0.80% |

### Changes in provisions during the year

| *In millions of euros* | Actuarial value of obligations(A) | Actuarial value of invested funds(B) | Obligations less invested funds(C) | Net liabilities of the defined-benefit pension plans(A)-(B)-(C) |
|---|---|---|---|---|
| **OPENING BALANCE OF THE CURRENT PERIOD** | **118** | **52** | | **66** |
| Current service cost | (3) | | | (3) |
| Net interest on the net liability (asset) | 1 | | | 1 |
| **EXPENSE (INCOME) RECORDED IN THE INCOME STATEMENT** | **(2)** | | | **(2)** |
| Actuarial gains and losses on the obligation resulting from changes in financial assumptions | (4) | | | (4) |
| Net return on fund asset (not included in net interest above) | | 3 | | (3) |
| Actuarial gains and losses on the obligation resulting from experience adjustme | (4) | | | (4) |
| **EXPENSE (INCOME) RECORDED IN OTHER COMPONENTS OF COMPREHENSIVE INCOME** | **(8)** | **3** | | **(11)** |
| Employer's contributions to funds | | 1 | | (1) |
| Benefits paid | (4) | (1) | | (3) |
| Effect of changes in exchange rates | 6 | 4 | | 2 |
| **BALANCE AT THE CLOSING DATE OF THE PERIOD** | **110** | **59** | | **51** |

### Nature of invested funds

| *In millions of euros* | 12/2021 Quoted on an active market | 12/2021 Not quoted on an active market | 12/2020 Quoted on an active market | 12/2020 Not quoted on an active market |
|---|---|---|---|---|
| Shares | 18 | | 18 | |
| Bonds | 35 | | 30 | |
| Others | 6 | | 4 | |
| **TOTAL** | **59** | | **52** | |

## NOTE 16 IMPAIRMENTS ALLOWANCES TO COVER COUNTERPARTY RISK

| *In millions of euros* | 12/2020 | Charge | Reversals Used | Reversals Not Used | Other (*) | 12/2021 |
|---|---|---|---|---|---|---|
| **IMPAIRMENTS ON BANKING OPERATIONS** | **1,086** | **582** | **(476)** | **(148)** | **8** | **1,052** |
| Customer finance transactions | 1,086 | 582 | (476) | (148) | 8 | 1,052 |
| ● Ow impairment on healthy receivables | 310 | 208 | (142) | (74) | 11 | 313 |
| ● Ow impairment on receivables with a significant increase in credit risk | 268 | 104 | (151) | (50) | (1) | 170 |
| ● Ow Impairment on defaulted receivables | 508 | 270 | (183) | (24) | (2) | 569 |
| **IMPAIRMENT ON NON-BANKING OPERATIONS** | **3** | **1** | **(1)** | **(1)** | **1** | **3** |
| Impairment for signature commitments | 3 | 1 | (1) | (1) | 1 | 3 |
| **IMPAIRMENT ON BANKING OPERATIONS** | **19** | **17** | **(1)** | **(22)** | **1** | **14** |
| Provisions for signature commitments | 12 | 15 | (1) | (20) | 2 | 8 |
| Provisions for litigation risks | 7 | 2 | | (2) | (1) | 6 |
| **TOTAL PROVISIONS TO COVER COUNTERPARTY RISK** | **1,108** | **600** | **(478)** | **(171)** | **10** | **1,069** |

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

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

## NOTE 17 SUBORDINATED DEBT - LIABILITIES

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **LIABILITIES MEASURED AT AMORTIZE D COST** | **876** | **876** |
| Subordinated securities | 856 | 856 |
| Accrued interest on subordinated securities | 20 | 20 |
| **HEDGED LIABILITIES MEASURED AT FAIR VALUE** | **17** | **14** |
| Participating loan stocks | 17 | 14 |
| **TOTAL SUBORDINATED LIABILITIES** | **893** | **890** |

Participating initial loan stocks of 500,000,000 Francs were issued in 1985 by Diac SA. The remuneration system includes:

- a fixed portion equal to 60% of the Annual Monetary Rate (AMR);
- a variable portion obtained by applying the rate of increase in consolidated net income for the last financial year over that of the previous financial year to 40% of the AMR.

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

## NOTE 18 FINANCIAL ASSETS AND LIABILITIES BY REMAINING TERM TO MATURITY

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

| *In millions of euros* | Up to 3 months | 3 months to 1 year | 1 year to 5 years | > 5 years | Total 12/2020 |
|---|---|---|---|---|---|
| **FINANCIAL ASSETS** | **17,632** | **14,896** | **22,577** | **746** | **55,851** |
| Cash and balances at central banks | 7,296 | 2 | 1 | | 7,299 |
| Derivatives | 18 | 9 | 106 | 97 | 230 |
| Financial assets | 164 | 329 | 167 | 208 | 868 |
| Amounts receivable from credit institutions | 1,172 | 60 | | | 1,232 |
| Loans and advances to customers | 8,982 | 14,496 | 22,303 | 441 | 46,222 |
| **FINANCIAL LIABILITIES** | **18,529** | **6,947** | **19,775** | **3,806** | **49,057** |
| Central Banks | 500 | | 1,750 | | 2,250 |
| Derivatives | 3 | 31 | 50 | | 84 |
| Amounts payable to credit institutions | 421 | 826 | 1,055 | | 2,302 |
| Amounts payable to customers | 16,080 | 1,726 | 3,034 | 700 | 21,540 |
| Debt securities | 1,506 | 4,363 | 13,886 | 2,236 | 21,991 |
| Subordinated debt | 19 | 1 | | 870 | 890 |

Central Bank borrowings correspond to the longer-term refinancing operations (TLTRO) introduced at the end of 2014 and gradually being used by RCI Banque.

# NOTE 19 BREAKDOWN OF FUTURE CONTRACTUAL CASH FLOWS BY MATURITY

| *In millions of euros* | Up to 3 months | 3 months to 1 year | 1 year to 5 years | > 5 years | Total 12/2021 |
|---|---|---|---|---|---|
| **FINANCIAL LIABILITIES** | **19,733** | **6,031** | **19,211** | **2,311** | **47,286** |
| Central Banks | | | 3,737 | | 3,737 |
| Derivatives | 22 | 11 | 5 | | 38 |
| Amounts payable to credit institutions | 603 | 515 | 809 | | 1,927 |
| Amounts payable to customers | 17,121 | 1,519 | 2,653 | 700 | 21,993 |
| Debt securities | 1,581 | 3,677 | 11,798 | 745 | 17,801 |
| Subordinated debt | 19 | | | 865 | 884 |
| Future interest payable | 387 | 309 | 209 | 1 | 906 |
| **FINANCING AND GUARANTEE COMMITMENTS** | **3,329** | **44** | | **2** | **3,375** |
| **TOTAL BREAKDOWN OF FUTURE CONTRACTUAL CASH FLOWS BY MATURITY** | **23,062** | **6,075** | **19,211** | **2,313** | **50,661** |

| *In millions of euros* | Up to 3 months | 3 months to 1 year | 1 year to 5 years | > 5 years | Total 12/2020 |
|---|---|---|---|---|---|
| **FINANCIAL LIABILITIES** | **18,409** | **7,035** | **20,206** | **3,845** | **49,495** |
| Central Banks | 500 | | 1,750 | | 2,250 |
| Derivatives | 1 | 8 | 16 | | 25 |
| Amounts payable to credit institutions | 406 | 768 | 1,055 | | 2,229 |
| Amounts payable to customers | 16,051 | 1,718 | 3,034 | 700 | 21,503 |
| Debt securities | 1,317 | 4,292 | 13,869 | 2,236 | 21,714 |
| Subordinated debt | 19 | | | 865 | 884 |
| Future interest payable | 115 | 249 | 482 | 44 | 890 |
| **FINANCING AND GUARANTEE COMMITMENTS** | **2,329** | **76** | **30** | **129** | **2,564** |
| **TOTAL BREAKDOWN OF FUTURE CONTRACTUAL CASH FLOWS BY MATURITY** | **20,738** | **7,111** | **20,236** | **3,974** | **52,059** |

The sum of the future contractual cash flows is not equal to the values in the balance sheet. This is because future contractual interest and non-discounted coupon payments on swaps are taken into account.

For liability derivatives, the contractual cash flows correspond to the amounts payable.

For the other non-derivative financial liabilities, the contractual cash flows correspond to the repayment of the value and the payment of interest.

Interest for variable rate financial instruments has been estimated on the basis of the interest rate in effect at 31 December 2021.

# NOTE 20 FAIR VALUE OF ASSETS AND LIABILITIES (IN ACCORDANCE WITH IFRS 7 & IFRS 13) AND BREAKDOWN OF ASSETS AND LIABILITIES BY FAIR VALUE HIERARCHY

| 31/12/2021 *(in millions of euros)* | Book Value | Fair Value Level 1 | Level 2 | Level 3 | FV (*) | Gap (*) |
|---|---|---|---|---|---|---|
| **FINANCIAL ASSETS** | **53,234** | **936** | **8,186** | **43,823** | **52,945** | **(289)** |
| Cash and balances at central banks | 6,745 | | 6,745 | | 6,745 | |
| Derivatives | 147 | | 147 | | 147 | |
| Financial assets | 974 | 936 | | 38 | 974 | |
| Amounts receivable from credit institutions | 1,294 | | 1,294 | | 1,294 | |
| Loans and advances to customers | 44,074 | | | 43,785 | 43,785 | (289) |
| **FINANCIAL LIABILITIES** | **46,673** | **17** | **46,734** | | **46,751** | **(78)** |
| Central Banks | 3,738 | | 3,690 | | 3,690 | 48 |
| Derivatives | 44 | | 44 | | 44 | |
| Amounts payable to credit institutions | 1,997 | | 2,065 | | 2,065 | (68) |
| Amounts payable to customers | 22,030 | | 22,030 | | 22,030 | |
| Debt securities | 17,971 | | 18,140 | | 18,140 | (169) |
| Subordinated debt | 893 | 17 | 765 | | 782 | 111 |

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

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

Customer loans and receivables, classified in Level 3, are measured at amortized cost in the balance sheet. Fair value calculations are provided for information purposes only and should be interpreted as estimates only. In most cases, the values provided are not intended to be realized and generally could not be realized in practice. These values are not indicators used for the purpose of managing the bank's activities, for which the management model is collection of expected cash flows.

The assumptions used to measure the fair value of the instruments at amortized cost are presented below.

| 31/12/2020 *(in millions of euros)* | Book Value | Fair Value Level 1 | Level 2 | Level 3 | FV (*) | Gap (*) |
|---|---|---|---|---|---|---|
| **FINANCIAL ASSETS** | **55,851** | **864** | **8,761** | **46,051** | **55,676** | **(175)** |
| Cash and balances at central banks | 7,299 | | 7,299 | | 7,299 | |
| Derivatives | 230 | | 230 | | 230 | |
| Financial assets | 868 | 864 | | 4 | 868 | |
| Amounts receivable from credit institutions | 1,232 | | 1,232 | | 1,232 | |
| Loans and advances to customers | 46,222 | | | 46,047 | 46,047 | (175) |
| **FINANCIAL LIABILITIES** | **49,057** | **14** | **48,753** | | **48,767** | **290** |
| Central Banks | 2,250 | | 2,213 | | 2,213 | 37 |
| Derivatives | 84 | | 84 | | 84 | |
| Amounts payable to credit institutions | 2,302 | | 2,407 | | 2,407 | (105) |
| Amounts payable to customers | 21,540 | | 21,540 | | 21,540 | |
| Debt securities | 21,991 | | 21,765 | | 21,765 | 226 |
| Subordinated debt | 890 | 14 | 744 | | 758 | 132 |

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

### Assumptions and methods used:

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

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

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

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

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

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

The main assumptions and valuation methods used are the following:

#### Financial assets

Fixed-rate loans have been estimated by discounting future cash flows at the interest rates offered by RCI Banque at 31 December 2020 and at 31 December 2021 for loans with similar conditions and maturities.

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

#### Loans and advances to customers

Sales financing receivables have been estimated by discounting future cash flows at the interest rate that would have applied to similar loans (conditions, maturity and borrower quality) at 31 December 2020 and at 31 December 2021.

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

#### Financial liabilities

Fair value of financial liabilities has been estimated by discounting future cash flows at the interest rates offered to RCI Banque at 31 December 2020 and 31 December 2021 for borrowings with similar conditions and maturities. Projected cash flows are therefore discounted according to the zero-coupon yield curve, augmented by the spread specific to RCI Banque for issues on the secondary market against 3 months.

# NOTE 21 NETTING AGREEMENTS AND OTHER SIMILAR COMMITMENTS

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

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

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

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

## Synthesis of financial assets and liabilities agreements

| 31/12/2021 *(in millions of euros)* | Gross book value before agreement | Netted gross amounts | Net amount in balance sheet | Non compensated amount: Financial instruments on the liability | Guarantees on the liability | Off-balance sheet guarantees | Net Exposure |
|---|---|---|---|---|---|---|---|
| **ASSETS** | **878** | | **878** | **26** | **586** | | **266** |
| Derivatives | 147 | | 147 | 26 | | | 121 |
| Network financing receivables (1) | 731 | | 731 | | 586 | | 145 |
| **LIABILITIES** | **44** | | **44** | **26** | | | **18** |
| Derivatives | 44 | | 44 | 26 | | | 18 |

*(1) The gross book value of dealer financing receivables breaks down into €452m for the Renault Retail Group, whose exposures are hedged for up to €452m by a cash warrant agreement given by the Renault manufacturer (see Note 12.3), and €279m for dealers financed by Banco RCI Brasil S.A., whose exposures are hedged for up to €134m by pledge of letras de cambio (bills of exchange) subscribed by the dealers.*

| 31/12/2020 *(in millions of euros)* | Gross book value before agreement | Netted gross amounts | Net amount in balance sheet | Non compensated amount: Financial instruments on the liability | Guarantees on the liability | Off-balance sheet guarantees | Net Exposure |
|---|---|---|---|---|---|---|---|
| **ASSETS** | **1,461** | | **1,461** | **26** | **805** | | **630** |
| Derivatives | 230 | | 230 | 26 | | | 204 |
| Network financing receivables (1) | 1,231 | | 1,231 | | 805 | | 426 |
| **LIABILITIES** | **84** | | **84** | **26** | | | **58** |
| Derivatives | 84 | | 84 | 26 | | | 58 |

*(1) The gross book value of dealer financing receivables breaks down into €1,038m for the Renault Retail Group, whose exposures are hedged for up to €696m by a cash warrant agreement given by the Renault manufacturer (see Note 12.3), and €193m for dealers financed by Banco RCI Brasil S.A., whose exposures are hedged for up to €110m by pledge of letras de cambio (bills of exchange) subscribed by the dealers.*

# NOTE 22 COMMITMENTS GIVEN

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **FINANCING COMMITMENTS** | **3,400** | **2,420** |
| Commitments to credit institutions | | 1 |
| Commitments to customers | 3,400 | 2,419 |
| **GUARANTEE COMMITMENTS** | **29** | **193** |
| Commitments to credit institutions | 27 | 26 |
| Customer guarantees | 2 | 167 |
| **OTHER COMMITMENTS GIVEN** | **58** | **23** |
| Commitments given for equipment leases and real estate leases | 58 | 23 |
| **TOTAL COMMITMENTS GIVEN (*)** | **3,487** | **2,636** |
| *(*) Of which related parties* | *2* | *7* |

# NOTE 23 COMMITMENTS RECEIVED

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **FINANCING COMMITMENTS** | **4,608** | **4,811** |
| Commitments from credit institutions | 4,608 | 4,811 |
| **GUARANTEE COMMITMENTS** | **17,146** | **16,355** |
| Guarantees received from credit institutions | 159 | 167 |
| Guarantees from customers | 6,150 | 6,058 |
| Commitments to take back leased vehicles at the end of the contract | 10,837 | 10,130 |
| **OTHER COMMITMENTS RECEIVED** | **52** | **16** |
| Other commitments received | 52 | 16 |
| **TOTAL COMMITMENTS RECEIVED (*)** | **21,806** | **21,182** |
| *(*) Of which related parties* | *5,726* | *5,558* |

At 31 December 2021, RCI Banque had €4,608 million in unused confirmed lines of credit, as well as broadly diversified short-term and medium-term issuance programs. It also held €3,317 million of assets eligible and mobilizable with the European Central Bank (after haircuts and excluding securities and receivables already in use at year-end).

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

## Guarantees and collateral

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

With a view to reducing its risk-taking, the RCI Banque group thus actively and rigorously manages its sureties, among other things by diversifying them: credit insurance, personal and other guarantees.

# NOTE 24 EXPOSURE TO CURRENCY RISK

| | Balance sheet | | Off balance sheet | | Net position | | |
|---|---|---|---|---|---|---|---|
| **12/2021** *(in millions of euros)* | Long position | Short position | Long position | Short position | Total | Of which monetary | Of which structural |
| Position GBP | 620 | | | (274) | 346 | | 346 |
| Position CHF | 164 | | | (160) | 4 | | 4 |
| Position CZK | 43 | | | (26) | 17 | | 17 |
| Position ARS | 5 | | | | 5 | | 5 |
| Position BRL | 111 | | | | 111 | | 111 |
| Position PLN | 438 | | | (425) | 13 | 1 | 12 |
| Position HUF | 5 | | | | 5 | | 5 |
| Position RON | | | 2 | | 2 | 2 | |
| Position KRW | 159 | | | | 159 | | 159 |
| Position MAD | 28 | | | | 28 | | 28 |
| Position DKK | 41 | | | (40) | 1 | 1 | |
| Position TRY | 5 | | | | 5 | | 5 |
| Position SEK | 92 | | | (93) | (1) | (1) | |
| Position RUB | 15 | | | (15) | | | |
| Position INR | 25 | | | | 25 | | 25 |
| Position COP | 26 | | | | 26 | | 26 |
| **TOTAL EXPOSURE** | **1,777** | | **2** | **(1,033)** | **746** | **3** | **743** |

| | Balance sheet | | Off balance sheet | | Net position | | |
|---|---|---|---|---|---|---|---|
| 12/2020 *(in millions of euros)* | Long position | Short position | Long position | Short position | Total | Of which monetary | Of which structural |
| Position GBP | 265 | | 58 | | 323 | | 323 |
| Position CHF | 227 | | | (223) | 4 | | 4 |
| Position CZK | 34 | | | (18) | 16 | | 16 |
| Position ARS | 5 | | | | 5 | | 5 |
| Position BRL | 103 | | | | 103 | 1 | 102 |
| Position PLN | 402 | | | (390) | 12 | | 12 |
| Position HUF | 5 | | | | 5 | | 5 |
| Position RON | 2 | | | | 2 | 2 | |
| Position KRW | 160 | | | | 160 | | 160 |
| Position MAD | 30 | | | | 30 | 3 | 27 |
| Position DKK | 45 | | | (45) | | | |
| Position TRY | 9 | | | | 9 | | 9 |
| Position SEK | 77 | | | (77) | | | |
| Position INR | 24 | | | | 24 | | 24 |
| Position COP | 29 | | | | 29 | | 29 |
| **TOTAL EXPOSURE** | **1,417** | | **58** | **(753)** | **722** | **6** | **716** |

The structural foreign exchange position corresponds to the history value of foreign currency equity securities held by RCI Banque S.A.

## NOTE 25 INTEREST AND SIMILAR INCOME

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **INTERESTS AND SIMILAR INCOMES** | **2,604** | **2,728** |
| Transactions with credit institutions | 36 | 24 |
| Customer finance transactions | 1,811 | 1,957 |
| Finance lease transactions | 661 | 675 |
| Accrued interest due and payable on hedging instruments | 74 | 60 |
| Accrued interest due and payable on Financial assets | 22 | 12 |
| **STAGGERED FEES PAID FOR REFERRAL OF BUSINESS:** | **(838)** | **(800)** |
| Customer Loans | (639) | (619) |
| Finance leases | (199) | (181) |
| **TOTAL INTERESTS AND SIMILAR INCOME (*)** | **1,766** | **1,928** |
| *(*) Of which related parties* | *575* | *661* |

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

## NOTE 26 INTEREST EXPENSES AND SIMILAR CHARGES

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| Transactions with credit institutions | (194) | (196) |
| Customer finance transactions | (94) | (119) |
| Finance lease transactions | (8) | (6) |
| Accrued interest due and payable on hedging instruments | (43) | (51) |
| Expenses on debt securities | (248) | (260) |
| Other interest and similar expenses | (12) | (11) |
| **TOTAL INTEREST AND SIMILAR EXPENSES** | **(599)** | **(643)** |

## NOTE 27 FEES AND COMMISSIONS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **FEES AND COMMISSIONS INCOME** | **639** | **609** |
| Commissions | 20 | 20 |
| Fees | 16 | 17 |
| Commissions from service activities | 111 | 82 |
| Insurance brokerage commission | 54 | 57 |
| Incidental insurance commissions from finance contracts | 236 | 230 |
| Incidental maintenance commissions from finance contracts | 138 | 136 |
| Other incidental commissions from finance contracts | 64 | 67 |
| **FEES AND COMMISSIONS EXPENSES** | **(282)** | **(250)** |
| Commissions | (29) | (26) |
| Commissions on service activities | (83) | (64) |
| Incidental insurance commissions from finance contracts | (35) | (31) |
| Incidental maintenance commissions from finance contracts | (98) | (86) |
| Other incidental commissions from finance contracts | (37) | (43) |
| **TOTAL NET COMMISSIONS (*)** | **357** | **359** |
| *(*) Of which related parties* | *9* | *13* |

Incidental income from and Expenses of services related to finance contracts as well as income and expenses of service activities primarily concern insurance and maintenance contracts.

## NOTE 28 NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **NET GAINS (LOSSES) ON DERIVATIVES CLASSIFIED AS TRANSACTIONS IN TRADING SECURITIES** | **4** | **1** |
| Net gains/losses on forex transactions | 12 | (9) |
| Net gains/losses on derivatives classified in trading securities | (1) | 5 |
| Net gains and losses on equity securities at fair value | (3) | 1 |
| Fair value hedges: change in value of hedging instruments | (128) | 52 |
| Fair value hedges: change in value of hedged items | 124 | (49) |
| Net gains/losses on financial assets designated at fair value through profit or loss | | 1 |
| **FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS** | **4** | **6** |
| Dividends from non-consolidated holdings | 8 | 8 |
| Gains and losses on assets at fair value through profit and loss | (4) | (2) |
| **TOTAL NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE (*)** | **8** | **7** |
| *(*) Of which related parties* | *8* | *8* |

Interest income on financial assets measured at amortized cost and at fair value through recyclable equity is not material at the end of December 2021.

## NOTE 29 NET INCOME OR EXPENSE OF OTHER ACTIVITIES

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **OTHER INCOME FROM BANKING OPERATIONS** | **1,072** | **1,027** |
| Income from insurance activities | 415 | 432 |
| Income related to non-doubtful lease contracts | 363 | 331 |
| • of which reversal of impairment on residual values | 106 | 65 |
| Income from operating lease transactions | 267 | 243 |
| Other income from banking operations | 27 | 21 |
| • of which reversal of charge to reserve for banking risks | 12 | 6 |
| **OTHER EXPENSES OF BANKING OPERATIONS** | **(776)** | **(726)** |
| Cost of insurance activities | (113) | (126) |
| Expenses related to non-doubtful lease contracts | (317) | (307) |
| • of which allowance for impairment on residual values | (114) | (74) |
| Distribution costs not treatable as interest expense | (98) | (86) |
| Expenses related to operating lease transactions | (201) | (180) |
| Other expenses of banking operations | (47) | (27) |
| • of which charge to reserve for banking risks | (10) | (9) |
| **OTHER OPERATING INCOME AND EXPENSES** | | **3** |
| Other operating income | 19 | 12 |
| Other operating expenses | (19) | (9) |
| **TOTAL NET INCOME (EXPENSE) OF OTHER ACTIVITIES (*)** | **296** | **304** |
| *(*) Of which related parties* | *(3)* | *(4)* |

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

### Net income of own risk insurance activities

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| Gross premiums issued | 360 | 354 |
| Net charge of provisions for technical provisions | 26 | 26 |
| Claims paid | (44) | (34) |
| Claims recovered from reinsurers | 12 | 12 |
| Others reinsurance charges and incomes | (50) | (48) |
| **TOTAL NET INCOME OF INSURANCE ACTIVITIES** | **304** | **310** |

## NOTE 30 GENERAL OPERATING EXPENSES AND PERSONNAL COSTS

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **PERSONNEL COSTS** | **(305)** | **(309)** |
| Employee pay | (206) | (200) |
| Expenses of post-retirement benefits - Defined-contribution pension plan | (19) | (17) |
| Expenses of post-retirement benefits - Defined-benefit pension plan | 6 | 1 |
| Other employee-related expenses | (72) | (67) |
| Other personnel expenses | (14) | (26) |
| **OTHER ADMINISTRATIVE EXPENSES** | **(251)** | **(272)** |
| Taxes other than current income tax | (48) | (43) |
| Rental charges | (9) | (8) |
| Other administrative expenses | (194) | (221) |
| **TOTAL GENERAL OPERATING EXPENSES (*)** | **(556)** | **(581)** |
| *(*) Of which related parties* | *(1)* | *2* |

Auditors' fees are analyzed in part E - "Fees of auditors and their network", in the "General Information" section.

In addition, non-audit services that KPMG S.A and Mazars provided during the financial year to RCI and entities that it controls mainly concern (i) comfort letters in connection with bond issues (ii) attest engagements, and (iii) agreed procedures carried out mainly for local regulatory reasons.

| **Average number of employees** | 12/2021 | 12/2020 |
|---|---|---|
| Sales financing operations and services in France | 1,750 | 1,689 |
| Sales financing operations and services in other countries | 2,099 | 2,046 |
| **TOTAL RCI BANQUE GROUP** | **3,849** | **3,735** |

Other personnel expenses include amounts charged to and reversed from provisions for restructuring and for personnel related risks totaling -€6 million as at December 31, 2021 compared to €15 million as at December 31, 2020.

## NOTE 31 COST OF RISK BY CUSTOMER CATEGORY

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **COST OF RISK ON CUSTOMER FINANCING** | **(98)** | **(335)** |
| Impairment allowances | (448) | (582) |
| Reversal of impairment | 465 | 353 |
| Losses on receivables written off | (145) | (136) |
| Amounts recovered on loans written off | 30 | 30 |
| **COST OF RISK ON DEALER FINANCING** | **37** | **(18)** |
| Impairment allowances | (28) | (76) |
| Reversal of impairment | 67 | 60 |
| Losses on receivables written off | (2) | (2) |
| **OTHER COST OF RISK** | **(1)** | |
| Change in allowance for impairment of other receivables | | |
| Other valuation adjustments | (1) | |
| **TOTAL COST OF RISK (*)** | **(62)** | **(353)** |

*(*) Of which related parties.*

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

The cost of risk for the Retail activity (private and corporate financing) improved in 2021:

- net losses on irrecoverable loans were €115 m million, an increase of €9 million;
- impairment on non-performing outstandings (B3) remained almost stable (a slight decrease of €3 million);
- a €82 million reversal of write-downs on performing outstandings (including a charge of €38 million for appraisal provisions (vulnerable customers, fraud, non-model adjustments), reversal of €123 million due to improved PD/LGD parameters and the transition between outstandings categories B1/B2/B3, allocation of €3 million as Forward Looking).

Thus, these positives developments had a knock-on effect on net provisions, which were a reversal of €17 million in 2021 compared to a provision of €229 million in 2020.

In the Dealer network activity (dealer financing), the cost of risk is primarily linked to a €25 million fall in net provisions, mainly as a result of the reduction in vehicle inventories in the dealer network due to the semiconductor crisis. To this amount for the year 2021 is added a reversal of €14.5 million related to the update of macro-economic forecasts as part of the IFRS 9 forward-looking provisioning.

## NOTE 32 INCOME TAX

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| **CURRENT TAX EXPENSE** | **(266)** | **(241)** |
| Current tax expense | (266) | (241) |
| **DEFERRED TAXES** | **(62)** | **35** |
| Income (expense) of deferred taxes, gross | (62) | 34 |
| Change in allowance for impairment of deferred tax assets | | 1 |
| **TOTAL INCOME TAX** | **(328)** | **(206)** |

The amount of the French CVAE tax (Cotisation sur la Valeur Ajoutée des Entreprises, a tax computed on the added value generated by the company) includes in current income tax is -€8 million.

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

The tax expense at 31 December 2021, takes into account tax income of €56 million. This tax income corresponds to the reimbursement by the Maltese State of a tax credit equivalent to 6/7 of the tax expense for 2020 (i.e. 6/7 of €65 million).

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

Since 2016, the group's effective tax rate includes the effect of the reduction in the rate of corporation tax provided for in the French Finance Act. At the end of December 2021, this impact generated a deferred income tax loss of -€31 million.

### Breakdown of net deferred taxes by major category

| *In millions of euros* | 12/2021 | 12/2020 |
|---|---|---|
| Provisions | 54 | 73 |
| Provisions and other charges deductible when paid | (6) | 30 |
| Tax loss carryforwards | 108 | 143 |
| Other assets and liabilities | 61 | 101 |
| Lease transactions | (702) | (744) |
| Non-current assets | 3 | 2 |
| Impairment allowance on deferred tax assets | (9) | (4) |
| **TOTAL NET DEFERRED TAX ASSET (LIABILITY)** | **(491)** | **(399)** |

The interest rate differential for French entities is mainly due to a less advantageous mechanism for capping deductions for financial expenses the "rabot" effect (French proportional interest deduction restriction).

### Deferred tax expense recognized in the other comprehensive income

| | 2021 change in equity | | | 2020 change in equity | | |
|---|---|---|---|---|---|---|
| *In millions of euros* | Before tax | Tax | Net | Before tax | Tax | Net |
| Unrealised P&L on cash flow hedge instruments | 70 | (23) | 47 | (1) | 1 | |
| Unrealised P&L on financial assets | (4) | 1 | (3) | | | |
| Actuarial differences | 10 | (2) | 8 | (5) | 1 | (4) |
| Exchange differences | 53 | | 53 | (159) | | (159) |

## NOTE 33 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 9 January 2019, the Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato) fined RCI Banque €125 million. The group challenged the basis of this fine and no provision booked. On 3 February 2022, the group won its case, settling the matter once and for all. No other post-closing event has been recorded.

## 4.3.8 GROUP SUBSIDIARIES AND BRANCHES

### 4.3.8.1 List of consolidated companies and foreign branches

| | Country | Direct interest of RCI | Indirect interest of RCI | | % interest | |
|---|---|---|---|---|---|---|
| | | | % | Held by | 2021 | 2020 |
| **PARENT COMPANY: RCI BANQUE S.A.** | | | | | | |
| **Branches of RCI Banque:** | | | | | | |
| RCI Banque S.A. Niederlassung Deutschland | Germany | | | | | |
| RCI Banque Sucursal Argentina | Argentina | | | | | |
| RCI Banque S.A Niederlassung Osterreich | Austrian | | | | | |
| RCI Banque S.A. Sucursal en Espana | Spain | | | | | |
| RCI Banque Sucursal Portugal | Portugal | | | | | |
| RCI Banque S.A. Bancna Podruznica Ljubljana | Slovenia | | | | | |
| RCI Banque Succursale Italiana | Italy | | | | | |
| RCI Banque Branch Ireland | Ireland | | | | | |
| Renault Finance Nordic, Bankfilial till RCI Banque S.A. Frankrike | Sweden | | | | | |
| RCI Banque Spółka Akcyjna Oddział w Polsce | Poland | | | | | |
| **FULLY CONSOLIDATED COMPANIES:** | | | | | | |
| RCI Versicherungs Service GmbH | Germany | 100 | | | 100 | 100 |
| Rombo Compania Financiera S.A. | Argentina | 60 | | | 60 | 60 |
| Courtage S.A. | Argentina | 95 | | | 95 | 95 |
| RCI Financial Services SA | Belgium | 100 | | | 100 | 100 |
| Autofin | Belgium | 100 | | | 100 | 100 |
| Administradora De Consorcio RCI Brasil Ltda. | Brazil | 99.92 | | | 99.92 | 99.92 |
| Banco RCI Brasil S.A. (ex Companhia de Arrendamento Mercantil RCI Brasil) | Brazil | 60.11 | | | 60.11 | 60.11 |
| Corretora de Seguros RCI Brasil S.A. | Brazil | 100 | | | 100 | 100 |
| RCI Brasil Serviços e Participações Ltda | Brazil | 100 | | | 100 | 100 |
| RCI Colombia S.A. Compania De Financiamiento | Colombia | 51 | | | 51 | 51 |
| RCI Servicios Colombia S.A. | Colombia | 100 | | | 100 | 100 |
| RCI Financial Services Korea Co, Ltd | South Korea | 100 | | | 100 | 100 |
| Overlease S.A. | Spain | 100 | | | 100 | 100 |
| Bipi Mobility SL(*) | Spain | 100 | | | 100 | 0 |
| Diac S.A. | France | 100 | | | 100 | 100 |
| Diac Location S.A. | France | - | 100 | Diac S.A. | 100 | 100 |
| Bipi Mobility France(*) | France | 100 | | | 100 | 0 |
| RCI ZRT | Hungary | 100 | | | 100 | 100 |
| ES Mobility SRL | Italy | 100 | | | 100 | 100 |
| Bipi Mobility Italy S.R.L(*) | Italy | 100 | | | 100 | 0 |
| RCI Services Ltd | Malta | 100 | | | 100 | 100 |
| RCI Insurance Ltd | Malta | - | 100 | RCI Services Ltd | 100 | 100 |
| RCI Life Ltd | Malta | - | 100 | RCI Services Ltd | 100 | 100 |
| RCI Finance Morocco | Morocco | 100 | | | 100 | 100 |
| RDFM | Morocco | - | 100 | RCI Finance Morocco | 100 | 100 |
| RCI Financial Services B.V. | Netherlands | 100 | | | 100 | 100 |

| | Country | Direct interest of RCI | Indirect interest of RCI % | Indirect interest of RCI Held by | % interest 2021 | % interest 2020 |
|---|---|---|---|---|---|---|
| RCI Leasing Polska | Poland | 100 | | | 100 | 100 |
| RCI COM S.A. | Portugal | 100 | | | 100 | 100 |
| RCI GEST SEGUROS – Mediadores de Seguros, Lda | Portugal | - | 100 | RCI COM S.A. | 100 | 100 |
| RCI Finance CZ s.r.o. | Czech Republic | 100 | | | 100 | 100 |
| RCI Financial Services s.r.o. | Czech Republic | 50 | | | 50 | 50 |
| RCI Broker De Asigurare S.R.L. | Roumania | - | 100 | RCI Finantare Romania | 100 | 100 |
| RCI Finantare Romania | Roumania | 100 | | | 100 | 100 |
| RCI Leasing Romania IFN S.A. | Roumania | 100 | | | 100 | 100 |
| RCI Financial Services Ltd | United-Kingdom | - | 100 | RCI Bank UK Ltd | 100 | 100 |
| RCI Bank UK Ltd(**) | United-Kingdom | 100 | | | 100 | 100 |
| RNL Leasing | Russia | 100 | | | 100 | 100 |
| RCI Finance S.A. | Switzerland | 100 | | | 100 | 100 |
| **SPV** | | | | | | |
| CARS Alliance Auto Loans Germany Master | Germany | | (cf note 13) | RCI Banque Niederlassung | | |
| CARS Alliance Auto Leases Germany | Germany | | | RCI Banque Niederlassung | | |
| Cars Alliance DFP Germany 2017 | Germany | | (cf note 13) | RCI Banque Niederlassung | | |
| Cars Alliance Auto Loans Germany V 2019-1 | Germany | | (cf note 13) | RCI Banque Niederlassung | | |
| CARS Alliance Auto Loans Germany V 2021-1(*) | Germany | | (cf note 13) | RCI Banque Niederlassung | | |
| CARS Alliance Auto Loans France V 2018-1 | France | | (cf note 13) | Diac S.A. | | |
| FCT Cars Alliance DFP France | France | | (cf note 13) | Diac S.A. | | |
| CARS Alliance Auto Loans France FCT Master | France | | (cf note 13) | Diac S.A. | | |
| CARS Alliance Auto Leases France V 2020-1(**) | France | | (cf note 13) | Diac S.A. | | |
| CARS Alliance Auto Leases France Master(**) | France | | (cf note 13) | Diac S.A. | | |
| Diac RV Master(*) | France | | | Diac S.A. | | |
| Cars Alliance Auto Loans Italy 2015 SRL | Italy | | (cf note 13) | RCI Banque Succursale Italiana | | |
| CARS Alliance UK Master Plc(*) | United-Kingdom | | (cf note 13) | RCI Financial Services Ltd | | |
| Cars Alliance Auto UK 2015 Limited | United-Kingdom | | | RCI Financial Services Ltd | | |
| **Equity accounted companies:** | | | | | | |
| RN SF B.V. | Netherlands | 50 | | | 50 | 50 |
| BARN B.V. | Netherlands | - | 60 | RN SF B.V. | 30 | 30 |
| RN Bank | Russia | - | 100 | BARN B.V. | 30 | 30 |
| Orfin Finansman Anonim Sirketi | Turkey | 50 | | | 50 | 50 |
| Renault Crédit Car | Belgium | - | 50,10 | AUTOFIN | 50,10 | 50,10 |
| Nissan Renault Financial Services India Private Ltd | India | 30 | | | 30 | 30 |

*(*) Entities added to the scope in 2021.*
*(**) Entities added to the scope in 2020.*

### 4.3.8.2 Subsidiaries in which non-controlling interests are significant

| **31/12/2021 - before intra-group elimination** *(in millions of euros)* | **RCI Financial Services, S.r.o.** | **Rombo Compania Financiera S.A.** | **Banco RCI Brasil S.A** | **RCI Colombia S.A.** |
|---|---|---|---|---|
| Country of location | Czech republic | Argentina | Brazil | Colombia |
| Percentage of capital held by non controlling interests | 50.00% | 40.00% | 39.89% | 49.00% |
| Share in associates by non controlling interests | 50.00% | 40.00% | 39.89% | 49.00% |
| Nature | Subsidiary | Subsidiary | Subsidiary | Subsidiary |
| Consolidation method | Fully consolidated | Fully consolidated | Fully consolidated | Fully consolidated |
| Net Income: Share in net income (loss) of associates and joint ventures | 3 | | 10 | 8 |
| Equity: Investments in associates and joint ventures | 13 | (1) | (1) | |
| Dividends paid to non controlling interests (minority shareholders) | 2 | | 16 | 2 |
| Cash, due from banks | 3 | 21 | 88 | 20 |
| Net outstandings customers loans and lease financings | 112 | 94 | 1,442 | 585 |
| Other assets | 5 | 2 | 111 | 7 |
| **TOTAL ASSETS** | **120** | **117** | **1,641** | **612** |
| Due to banks, customer deposits and debt securities issued | 90 | 101 | 1,330 | 523 |
| Other liabilities | 4 | 9 | 99 | 10 |
| Net Equity | 26 | 7 | 212 | 79 |
| **TOTAL LIABILITIES** | **120** | **117** | **1,641** | **612** |
| **NET BANKING INCOME** | **9** | **6** | **86** | **41** |
| Income tax | (1) | (1) | (16) | (7) |
| Net income | 5 | 1 | 26 | 16 |
| Other components of comprehensive income | | | 15 | (1) |
| **TOTAL COMPREHENSIVE INCOME** | **5** | **1** | **41** | **15** |
| Net cash generated by operating activities | (4) | 25 | 100 | 16 |
| Net cash generated by financing activities | (9) | | (68) | (6) |
| Net cash generated by investing activities | | | (1) | |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **(13)** | **25** | **31** | **10** |

Percentages of voting rights are identical.

The amount of debt for puts on minority interests for the Brazilian entity, Banco RCI Brasil S.A. is included under “Other liabilities” for €102m at 31 December 2021, against €100m at 31 December 2020.

The amount of debt for puts on minority interests for ROMBO Compania Financiera is included under “Other liabilities” for €4m at 31 December 2021, against €4m at 31 December 2020. The amount of debt for puts on minority interests for RCI Colombia S.A. is included under “Other liabilities” for €63m at 31 December 2021, against 61 at 31 December 2020.

| **31/12/2020 - before intra-group elimination** *(in millions of euros)* | **RCI Financial Services, S.r.o.** | **Rombo Compania Financiera S.A.** | **Banco RCI Brasil S.A** | **RCI Colombia S.A.** |
|---|---|---|---|---|
| Country of location | Czech republic | Argentina | Brazil | Colombia |
| Percentage of capital held by non controlling interests | 50.00% | 40.00% | 39.89% | 49.00% |
| Share in associates by non controlling interests | 50.00% | 40.00% | 39.89% | 49.00% |
| Nature | Subsidiary | Subsidiary | Subsidiary | Subsidiary |
| Consolidation method | Fully consolidated | Fully consolidated | Fully consolidated | Fully consolidated |
| Net Income: Share in net income (loss) of associates and joint ventures | 2 | (1) | 8 | 2 |
| Equity: Investments in associates and joint ventures | 12 | | (1) | |
| Dividends paid to non controlling interests (minority shareholders) | 2 | | 8 | |
| Cash, due from banks | 10 | 7 | 137 | 17 |
| Net outstandings customers loans and lease financings | 123 | 75 | 1,428 | 537 |
| Other assets | 6 | 3 | 148 | 15 |
| **TOTAL ASSETS** | **139** | **85** | **1,713** | **569** |
| Due to banks, customer deposits and debt securities issued | 112 | 68 | 1,440 | 486 |
| Other liabilities | 3 | 10 | 73 | 8 |
| Net Equity | 24 | 7 | 200 | 75 |
| **TOTAL LIABILITIES** | **139** | **85** | **1,713** | **569** |
| **NET BANKING INCOME** | **9** | **4** | **97** | **32** |
| Income tax | (1) | | (8) | (1) |
| Net income | 4 | (3) | 21 | 4 |
| Other components of comprehensive income | | | (10) | |
| **TOTAL COMPREHENSIVE INCOME** | **4** | **(3)** | **11** | **4** |
| Net cash generated by operating activities | 11 | | (50) | 9 |
| Net cash generated by financing activities | (10) | | (38) | |
| Net cash generated by investing activities | | | (1) | (2) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **1** | | **(89)** | **7** |

### 4.3.8.3 Significant associates and joint ventures

| **31/12/2021 - before intra-group elimination** *(in millions of euros)* | **RN Bank** | **ORFIN Finansman Anonim Sirketi** | **Nissan Renault Financial Services India Private Ltd** |
|---|---|---|---|
| Country of location | Russia | Turkey | India |
| Percentage of capital held | 30.00% | 50.00% | 30.00% |
| Nature | Associate | Joint venture | Associate |
| Consolidation method | Equity method | Equity method | Equity method |
| Share in net income of associates and joint ventures | 13 | 4 | 2 |
| Investments in associates and joint ventures | 94 | 16 | 36 |
| Dividends received from associates and joint ventures | | | |
| Cash, due from banks | 83 | 11 | 23 |
| Net outstandings customers loans and lease financings | 1,181 | 274 | 388 |
| Other assets | 33 | 5 | 9 |
| **TOTAL ASSETS** | **1,297** | **290** | **420** |
| Due to banks, customer deposits and debt securities issued | 959 | 249 | 151 |
| Other liabilities | 30 | 9 | 150 |
| Net Equity | 308 | 32 | 119 |
| **TOTAL LIABILITIES** | **1,297** | **290** | **420** |
| **NET BANKING INCOME** | **79** | **17** | **20** |
| Income tax | (10) | (2) | (3) |
| Net income | 40 | 9 | 8 |
| Other components of comprehensive income | | | |
| **TOTAL COMPREHENSIVE INCOME** | **40** | **9** | **8** |
| Net cash generated by operating activities | | | |
| Net cash generated by financing activities | (6) | 2 | (70) |
| Net cash generated by investing activities | (1) | | |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **(7)** | **2** | **(70)** |

| **31/12/2020 - before intra-group elimination** *(in millions of euros)* | **RN Bank** | **ORFIN Finansman Anonim Sirketi** | **Nissan Renault Financial Services India Private Ltd** |
|---|---|---|---|
| Country of location | Russia | Turkey | India |
| Percentage of capital held | 30.00% | 50.00% | 30.00% |
| Nature | Associate | Joint venture | Associate |
| Consolidation method | Equity method | Equity method | Equity method |
| Share in net income of associates and joint ventures | 13 | 4 | 2 |
| Investments in associates and joint ventures | 76 | 22 | 31 |
| Dividends received from associates and joint ventures | | | |
| Cash, due from banks | 84 | 15 | 8 |
| Net outstandings customers loans and lease financings | 997 | 414 | 328 |
| Other assets | 70 | 6 | 28 |
| **TOTAL ASSETS** | **1,151** | **435** | **364** |
| Due to banks, customer deposits and debt securities issued | 883 | 378 | 198 |
| Other liabilities | 17 | 14 | 62 |
| Net Equity | 251 | 43 | 104 |
| **TOTAL LIABILITIES** | **1,151** | **435** | **364** |
| **NET BANKING INCOME** | **75** | **16** | **18** |
| Income tax | (11) | (3) | (2) |
| Net income | 42 | 8 | 6 |
| Other components of comprehensive income | | | |
| **TOTAL COMPREHENSIVE INCOME** | **42** | **8** | **6** |
| Net cash generated by operating activities | 15 | (11) | 170 |
| Net cash generated by financing activities | | | |
| Net cash generated by investing activities | | | |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **15** | **(11)** | **170** |

### 4.3.8.4 Significant restrictions

The group has no significant restrictions on its ability to access or use its assets and settle its liabilities, other than those resulting from the regulatory framework in which its subsidiaries operate. Local supervisory authorities may require bank subsidiaries to maintain a certain level of capital and liquidities, to limit their exposure to other parts of the group and to comply with other ratios.

# 4.4 APPENDIX 1: INFORMATION ABOUT LOCATIONS AND OPERATIONS

**31/12/2021** *(in millions of euros)*

| Geographical location | Company name | Nature of activities | Number of employees | Net banking income | Profit or loss before tax | Current tax expense | Deferred taxes | Public subsidies received |
|---|---|---|---|---|---|---|---|---|
| France | RCI Banque S.A. | Holding | 418 | 132.9 | 95.4 | (36.0) | (38.0) | |
| Germany | RCI Banque S.A. Niederlassung Deutschland | Financing | | | | | | |
| | RCI Versicherungs-Service GmbH | Services | 365 | 226.6 | 142.9 | (32.6) | (12.1) | |
| Argentina | RCI Banque Sucursal Argentina | Financing | | | | | | |
| | Rombo Compania Financiera S.A. | Financing | | | | | | |
| | Courtage S.A. | Services | 54 | 41.4 | 17.9 | (6.6) | (0.3) | |
| Austrian | RCI Banque S.A. Niederlassung Österreich | Financing | 53 | 25.9 | 14.5 | (1.7) | (1.9) | |
| Belgium | RCI Financial Services S.A. | Financing | | | | | | |
| | Autofin S.A. | Financing | | | | | | |
| | Renault Crédit Car S.A. | Financing | 28 | 16.5 | 12.8 | (2.6) | (0.1) | |
| Brazil | Administradora de Consórcio RCI Brasil Ltda | Financing | | | | | | |
| | Banco RCI Brasil S.A. | Financing | | | | | | |
| | RCI Brasil Serviços e Participações Ltda | Services | | | | | | |
| | Corretora de Seguros RCI Brasil S.A. | Services | 164 | 97.8 | 50.5 | (26.6) | 7.2 | |
| Colombia | RCI Colombia S.A. Compania de Financiamiento | Financing | | | | | | |
| | RCI Servicios Colombia S.A. | Financing | 84 | 41.7 | 23.0 | (7.7) | 0.9 | |
| South Korea | RCI Financial Services Korea Co. Ltd | Financing | 111 | 61.3 | 39.4 | (11.4) | 1.8 | |
| Spain | RCI Banque S.A. Sucursal En España | Financing | | | | | | |
| | Overlease S.A. | Financing | | | | | | |
| | Bipi Mobility SL | Services | 336 | 112.3 | 57.2 | (16.4) | (0.8) | |
| France | Diac S.A. | Financing | | | | | | |
| | Diac Location S.A. | Financing | | | | | | |
| | Bipi Mobility France | Services | 1,100 | 373.9 | 186.3 | (40.3) | (15.4) | |
| Hungary | RCI Zrt | Financing | 6 | 2.8 | 2.9 | (0.1) | (0.1) | |
| India | Nissan Renault Financial Services India Private Limited | Financing | 118 | | 2.3 | | | |
| Ireland | RCI Banque, Branch Ireland | Financing | 30 | 14.4 | 8.6 | (1.1) | | |
| Italy | RCI Banque S.A. Succursale Italiana | Financing | | | | | | |
| | ES Mobility S.R.L. | Financing | | | | | | |
| | Bipi Mobility Italy S.R.L | Services | 222 | 173.5 | 115.8 | (39.1) | (0.9) | |
| Malta | RCI Services Ltd | Holding | | | | | | |
| | RCI Insurance Ltd | Services | | | | | | |
| | RCI Life Ltd | Services | 29 | 178.4 | 171.4 | (6.2) | 1.8 | |
| Morocco | RCI Finance Maroc S.A. | Financing | | | | | | |
| | RDFM S.A.R.L | Services | 50 | 25.9 | 7.8 | (3.8) | 0.7 | |
| Netherlands | RCI Financial Services B.V. | Financing | 46 | 22.4 | 16.3 | (4.2) | 0.2 | |

**31/12/2021** *(in millions of euros)*

| Geographical location | Company name | Nature of activities | Number of employees | Net banking income | Profit or loss before tax | Current tax expense | Deferred taxes | Public subsidies received |
|---|---|---|---|---|---|---|---|---|
| Poland | RCI Banque Spólka Akcyjna Oddzial w Polsce | Financing | | | | | | |
| | RCI Leasing Polska Sp. z o.o. | Financing | 63 | 31.7 | 23.1 | (0.8) | (5.1) | |
| Portugal | RCI Banque S.A. Sucursal Portugal | Financing | | | | | | |
| | RCI COM SA | Financing | | | | | | |
| | RCI Gest Seguros - Mediadores de Seguros Lda | Services | 38 | 11.3 | 9.0 | 0.8 | (0.9) | |
| Czech Rep | RCI Finance C.Z., S.r.o. | Financing | | | | | | |
| | RCI Financial Services, S.r.o. | Financing | 21 | 10.6 | 6.9 | (1.5) | 0.2 | |
| Romania | RCI Finantare Romania S.r.l. | Financing | | | | | | |
| | RCI Broker de asigurare S.R.L. | Services | | | | | | |
| | RCI Leasing Romania IFN S.A. | Financing | 64 | 22.0 | 15.2 | (2.5) | | |
| United Kingdom | RCI Financial Services Ltd | Financing | | | | | | |
| | RCI Bank UK | Financing | 289 | 158.2 | 132.7 | (19.7) | 0.6 | |
| Russia | RNL Leasing | Financing | | | | | | |
| | Sub group RNSF BV, BARN BV and RN Bank | Financing | 281 | 0.3 | 10.4 | | 0.3 | |
| Slovenia | RCI Banque S.A. Bančna podružnica Ljubljana | Financing | 36 | 9.7 | 6.0 | (1.5) | | |
| Sweden | Renault Finance Nordic Bankfilial till RCI Banque S.A., Frankrike | Financing | 19 | 9.9 | 6.0 | (0.9) | (0.2) | |
| Switzerland | RCI Finance S.A. | Financing | 48 | 26.5 | 15.6 | (3.5) | 0.1 | |
| Turkey | ORFIN Finansman Anonim Sirketi | Financing | 55 | | 4.5 | | | |
| **TOTAL** | | | **4,128** | **1,828** | **1,194** | **(266)** | **(62)** | |

# 4.5 APPENDIX 2: FINANCIAL RISKS

The management of the financial risks of the DIAC group is considered to be part of the RCI Banque group's global risk management process. In this respect, the RCI Banque S.A. holding company mainly carries out transactions on financial instruments, linked to its role as the central refinancing agency of the RCI Banque group.

### Refinancing and balance sheet management

The Finance and Cash department is responsible for refinancing those of the group's entities that are eligible for centralized refinancing. It obtains the funds required to ensure continuity of business activity (issuance of bonds and other negotiable debt securities, securitization, money market borrowings…), balances assets and liabilities, and adjusts the cash positions of the group's companies, while managing and minimizing exposure to financial risks, through the use of interest rate swaps, currency swaps and spot and forward foreign exchange transactions.

The principles of the financial policy extend to all consolidated subsidiaries of the RCI Banque group and are adapted and applied in subsidiaries whose refinancing is not centralized.

All refinancing for subsidiaries in countries outside the Eurozone whose transfer and convertibility risk is deemed to be a material risk by RCI Banque is generally done locally to limit any cross-border risk. Group procedures do however allow the central refinancing office to grant occasional cross border funding to subsidiaries located in such countries if the funding is for a limited amount only or if there is an insurance policy covering the non-convertibility and non-transfer risk.

Such subsidiaries are also subject to the same financial risk monitoring requirements as other group subsidiaries. They must observe limits on interest rate risk and foreign exchange risk, monitor their liquidity risk, contain their counterparty risk and have in place specific monitoring of financial risk by means of a dedicated Finance Committee and ad hoc reporting

Transactions on financial instruments carried out by the RCI Banque holding are for the main part related to its central refinancing function for the group.

## 4.5.1 ORGANIZATION OF MARKET RISK MANAGEMENT

The specific market risk management system is part of the RCI Banque group's overall internal control system and operates to standards approved by the Board of Directors. RCI Banque's Finance and Cash department is responsible for managing market risks (interest rate, liquidity and foreign exchange risks) and for verifying compliance with allowable limits in the consolidated RCI Banque group scope. The rules and ceilings are approved by the shareholder and are periodically updated. The Financial Risks Team, attached to the Risk and Banking Regulation department (Risk division), issues a daily report and monitors the group's exposure to financial risks.

Foreign exchange instruments, interest rate instruments and currencies approved for use in managing market risks are specified on a list of authorized products validated by RCI Banque's Chief Executive Officer.

## 4.5.2 MANAGING AGGREGATE INTEREST-RATE, FOREIGN EXCHANGE, COUNTERPARTY AND LIQUIDITY RISKS

### Interest rate risk

The overall interest rate risk represents the impact of fluctuating rates on the future gross financial margin. The RCI Banque group's aim is to mitigate this risk as far as possible.

Two monitoring indicators are used internally for rate risk:

- discounted sensitivity (Economic Value - EV) consists of measuring at a given point in time (t) the impact of a change in interest rates on the market price of an entity's balance sheet flows. The market price is determined by the discounting of future cash flows at the market rates at point t. This measurement is used to set the limits that apply to the group's management entities ;
- the net interest income which consists of measuring a gain or loss, according to an income statement vision. It is presented as the future interest income difference over a set time-frame. The particular feature adopting an NII vision, compared with the actuarial vision of sensitivity, is the linearization of the impact of new operations.

In order to take account of the difficulty of precisely adjusting the structure of borrowings to that of loans, limited flexibility is accepted in interest rate hedging by each subsidiary.

This flexibility consists in a sensitivity limit being assigned to each subsidiary as approved by the Finance Committee, in an individual adaptation of part of the overall limit determined by RCI Banque's Board of Directors.

| | |
|---|---|
| Central refinancing limit | €32m |
| Limit for sales financing subsidiaries | €29.5m |
| Not assigned | €8.5m |
| **Total sensitivity limit in €m granted by Renault to RCI Banque** | **€70.0m** |

In accordance with regulatory changes (EBA/GL/2018/02), RCI Banque also measures the sensitivity of the net interest margin (NIM) and the sensitivity of the economic value of equity (EVE).

Calculations are based on average monthly asset and liability gaps which incorporate fixed-rate transactions and floating rate transactions until their next review date.

Maturities of in-force business are determined by taking into account the contractual characteristics of transactions and the results of the modelling of historical customer behaviour patterns (early repayment, etc.), supplemented by assumptions about certain aggregates (owners' equity, etc.).

Sensitivity is calculated daily per currency and per management entity (central refinancing office, French and foreign sales financing subsidiaries) and enables overall management of interest rate risk across the consolidated scope of the RCI Banque group. Monitoring is performed by the Financial Risk Team attached to the Risk and Bank Regulations department (Risk Management department).

The situation of each entity with regard to its limit is checked daily, and immediate hedging directives are issued to the subsidiaries if circumstances so dictate.

The results of controls are the subject of monthly reporting to the Finance Committee, which checks that positions are in line with the group's financial strategy and with prevailing procedural memoranda.

As of 31 December 2021, RCI Banque's overall sensitivity to interest rate risk remained below the group's limit (€70 million).

## 4.5.3 ANALYSIS OF THE STRUCTURAL RATE HIGHLIGHTS THE FOLLOWING POINTS

### sales financing subsidiaries

Virtually all loans to customers by sales financing subsidiaries are granted at a fixed rate for terms of one to seventy- two months.

These loans are hedged by fixed-rate resources having the same structure. They are backed by macro-hedging and only generate a residual interest rate risk.

In subsidiaries where the resource is at a floating rate, interest rate risk is hedged by macro-hedging interest rate swaps.

### Central refinancing office

RCI Holding's main activity is to refinance the group's commercial subsidiaries.

The in-force business of the sales financing subsidiaries is backed by fixed-rate resources, some of which are micro-hedged by interest rate swaps and by variable rate resources.

Macro-hedging transactions in the form of interest rate swaps keep the sensitivity of the holding company below the limit set by the group (€32 million).

These macro-hedging transactions cover variable-rate resources and/or fixed- rate resources that are variable through micro-hedging of swaps.

These swaps and the securities available for sale are measured at fair value by reserves in accordance with IFRS 9. Monthly tests are carried out to ascertain:

- the effectiveness of the hedging of fixed-rate resources by the interest rate swaps assigned to micro-hedge them;
- the relevance of macro-hedging transactions, by setting them against variable rate resources/fixed variable rate resources.

These data are calculated on the basis of simplified scenarios, working on the assumption that all positions run to maturity and that they are not readjusted to factor in new market conditions.

The sensitivity of reserves to a change in interest rates as presented above would in no way be representative of an impact on future results.

## 4.5.4 LIQUIDITY RISK

RCI Banque pays great attention to diversifying its sources of access to liquidity. To that end, RCI Banque imposes stringent internal standards on itself.

RCI Banque's oversight of liquidity risk is based on the following:

### Static liquidity

This indicator measures the difference (gap) between existing liabilities and assets at a given date without any assumptions as to the renewal of liabilities or assets. It gives a point-in-time snapshot of the liquidity position, or static liquidity gap. The group's policy is refinance its assets by means of liabilities with a longer maturity, thus maintaining positive static liquidity gaps across all areas of the balance sheet.

### Liquidity reserve

The liquidity reserve is a source of emergency liquidity that can be used by RCI Banque in the event of necessity. It consists of High Quality Liquid Assets (HQLA) as defined by the Basel Committee for calculating the liquidity coverage ratio (LCR), financial assets not recognized as HQLA by the Basel Committee, confirmed bilateral lines of credit and assets eligible as collateral in European Central Bank (ECB) transactions not already counted as HQLA or financial assets. Minimum and adequate liquidity reserve levels are determined every six months within the centralized refinancing scope and for physical entities whose refinancing is local.

### Stress scenarios

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

## 4.5.5 FOREIGN EXCHANGE RISK

Since May 2009, RCI Banque has been authorized by France's Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution - ACPR) to exclude durable and structural assets from its foreign exchange exposure, given its compliance with the conditions set out in Article 331 of the Order dated 20 February 2007.

Consequently, as its foreign exchange position is below the 2% of capital threshold set in Article 293-2 of the Order dated 20 February 2007, RCI Banque no longer calculates capital requirements for the foreign exchange risk. However, RCI sets limits on its transactional currency position, which is derived from cash flows denominated in currencies other than the currency of its portfolio.

### Central refinancing

The forex position of RCI Banque S.A., the central refinancing unit, which historically is very low, stayed under €4m throughout the year.

No position is accepted within the framework of refinancing management. In this respect, the trading room secures the systematic hedging of all flows concerned.

Residual and temporary positions in currencies, related to cash flow timing differences inherent in multi-currency cash management, may, however, remain. Any such positions are monitored daily and are subject to the same hedging concern.

Any other forex transactions (in particular for the anticipated hedging of projected dividends) may only be initiated further to the decision of the head of the Finance and Cash department.

### Sales financing subsidiaries

Sales financing subsidiaries are required to refinance themselves in their own currency and thus are not exposed.

By way of exception, limits are allocated to subsidiaries whose sales financing operations or refinancing are multi-currency, and to those that are authorized to invest some of their cash surpluses in a currency other than their domestic currency.

RCI Banque group's overall forex limit granted by the Chairman of the Board of Directors on the advice of the Chairman of the Board's Risk Committee is €35 million.

At 31 December 2021, the RCI Banque group's consolidated forex position is €4.2m.

## 4.5.6 COUNTERPARTY RISK

RCI Banque's exposure to bank counterparty risk arises from various market transactions made by the group's entities as part of their everyday business (investment of cash surpluses, interest rate or forex hedging, investments in liquid assets, etc.).

Transactions are made with first-class banks and counterparty risk on market transactions is managed with a system of limits set by RCI Banque and then approved by Renault as part of the group-wide consolidation of counterparty risks. Limits are set using an internal rating method based on capital adequacy, long-term ratings by credit agencies and a qualitative appraisal of the counterparty.

Compliance with these limits is monitored daily. All the results of controls are communicated monthly to the RCI Banque Finance Committee and integrated into the consolidated monitoring of Renault Group counterparty risk.

In addition to meet regulatory requirements resulting from implementation of the 30-day liquidity coverage ratio (LCR), RCI has a portfolio of investments in liquid assets. Limits on the amount and maturity of the latter are set for each issuer.

RCI Banque has also invested in money market funds, corporate bonds and a fund whose assets consist of debt securities issued by European agencies, sovereigns and by supranational issuers. Each of these investments is subject to a specific limit approved by the Finance Committee and reviewed at least once a year.

Occasional authorization is also granted to sales refinancing subsidiaries so that they can invest in treasury bills or Central Bank notes in their home countries.

These limits are also monitored daily and are reported monthly to the RCI Banque Finance Committee.

In the case of finance entities, risk takes into account cash exposure (deposits and accrued interest) and exposure on derivatives calculated using the internal fixed-rate method presented hereafter.

### Fixed-rate method

Exposure to counterparty risk is measured using weighting factors which depend on the type of instrument and the duration of the transaction.

| Residual term | Rate factor *(as a% of the nominal)* | Initial Term | Foreign exchange factor *(as a% of the nominal)* |
|---|---|---|---|
| Between 0 and 1 year | 2% | Between 0 and 1 year | 6% |
| Between 1 and 2 years | 5% | Between 1 and 2 years | 18% |
| Between 2 and 3 years | 8% | Between 2 and 3 years | 22% |
| Between 3 and 4 years | 11% | Between 3 and 4 years | 26% |
| Between 4 and 5 years | 14% | Between 4 and 5 years | 30% |
| Between 5 and 6 years | 17% | Between 5 and 6 years | 34% |
| Between 6 and 7 years | 20% | Between 6 and 7 years | 38% |
| Between 7 and 8 years | 23% | Between 7 and 8 years | 42% |
| Between 8 and 9 years | 26% | Between 8 and 9 years | 46% |
| Between 9 and 10 years | 29% | Between 9 and 10 years | 50% |

These factors are intentionally higher than those stipulated by capital adequacy regulations, which is a deliberately prudent and conservative approach given current market conditions. No netting is made between risks relating to positions that neutralize each other with the same counterparty.

To ensure that this method is conservative, exposure on derivatives is recalculated at regular intervals using the regulatory "positive mark to market + add-on" method presented below:

## "Positive mark to market + add-on" method

This method is based on the so-called "major risks" regulatory method. Exposure for derivatives (rate and foreign exchange) is calculated as the sum of potential losses, calculated on the basis of the replacement value of the contracts with the counterparty without netting with potential gains, plus an "add-on" representing the potential future risk. This potential future risk is determined by French banking regulations (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, Article 274) as follows:

| Residual term | Interest rate options *(as a % of the nominal)* | Foreign currency and gold options *(as a % nominal)* |
|---|---|---|
| <= 1 year | 0% | 1% |
| 1 year < term <= 5 years | 0.50% | 5% |
| > 5 years | 1.50% | 7.50% |

According to the flat-rate method, it amounted to €201 million at 31 December 2021, compared to €239 million at 31 December 2020. According to the "positive mark to market + add-on" method, the equivalent counterparty risk was €27 million at 31 December 2021, compared with €18 million at 31 December 2020. These figures only relate to credit institutions. They were determined without taking into account netting agreements, in accordance with the methodology described.

# Chapter 05

# GENERAL INFORMATION

# 5.1 GENERAL INFORMATION ABOUT THE COMPANY

## 5.1.1 GENERAL PRESENTATION

### Corporate name and registered office

RCI Banque S.A.

Trade name: RCI Bank and Services

Nationality: French

Registered office: 15, rue d'Uzès – 75002 Paris – France

Tel.: +33 (0)1 49 32 80 00

### Legal form

Société Anonyme à Conseil d'administration (a limited company with a Board of Directors, under French law).

### Governing law

The company is governed by the provisions of the Code de Commerce (French Commercial Code).

Since it was granted its banking license by the Banque de France on 7 March 1991, RCI Banque has also been subject to all the laws and regulations applicable to credit institutions, in particular those incorporated into the Code Monétaire et Financier (French Monetary and Financial Code).

### Date created and term

The company was created on 9 April 1974 and registered with the Paris Commercial Court on 4 June 1974. It began operating on 21 August 1974, for a term of 99 years, i.e. until August 2073.

### Corporate purpose

The corporate purpose of the Société Anonyme (limited company under French law) RCI Banque, both in France and abroad, directly and indirectly, on its own behalf or own behalf of third parties, is:

- carrying out lending and banking operations, in all their forms, intended or not to finance the acquisition of goods and/or services, and in particular revolving loan operations and the issue or management of payment instruments linked to such operations;
- conducting studies of all kinds relating to the formation, expansion and transformation of industrial, commercial, financial and service undertakings;
- conducting full or partial studies, and engaging in consulting and negotiating activities in economic, financial, commercial and managerial areas;
- conducting research on designing and improving managerial, organizational and financial systems;
- carrying out projects resulting from the aforementioned studies, or contributing to the execution thereof by any appropriate means, including taking equity interests in existing or new entities;
- financing business customers, in particular by acquiring holdings of their equity or debt securities, using the company's own equity or borrowed funds;
- providing investment services as defined by the French Financial Activities Modernization Act (96-597) of 2 July 1996;
- managing the portfolio of securities resulting from these activities, in particular by carrying out all purchase, sale, exchange and transfer transactions in securities of all kinds;
- doing business as an insurance intermediary within the meaning of the French law of 15 December 2005 transposing the European Directive of 9 December 2002, acting as agent, commissioner or broker;
- more generally, carrying out any industrial, commercial, financial or property transactions directly or indirectly related to the corporate purpose or to any similar or connected purposes useful to, or facilitating the realization and development of that purpose.

### Registration and identification number

The company is registered with the Paris Register of Companies under SIREN number: 306 523 358, SIRET number: 306 523 358 00076, ORIAS number: 070 237 04, and APE code 641 9Z (business activity code).

### Access to legal documents

Legal documents pertaining to the issuer may be consulted at the company's registered office.

### Financial year

The company's financial year starts on 1 January and ends on 31 December of each calendar year.

## 5.1.2 SPECIAL ARTICLES OF ASSOCIATION PROVISIONS

### Statutory allocation of earnings

#### (Article 36 – distribution of dividends)

Net income consists of net revenues for the year, less overhead costs and other corporate expenses, and after depreciation, amortization and impairment allowances. At least 5% of net income less any prior-year losses is appropriated to fund the legal reserve. Once the amount of the legal reserve is equal to one-tenth of the share capital, this appropriation is no longer mandatory.

It is resumed in the event that the legal reserve falls below one tenth of the share capital for any reason. Distributable income consists of the current year's net income less any prior-year losses, the aforementioned appropriation, and any other transfers required by applicable law, plus unallocated retained earnings brought forward from previous years. From this income, the ordinary general meeting may decide to distribute dividends. Such dividends shall be appropriated first from the distributable income generated in the current year. From the available surplus, the ordinary general meeting may appropriate any amounts it deems appropriate, to be carried over to one or more general or special reserve accounts to be allocated or used as it sees fit.

### General meetings

#### (Articles 27 to 33 of the Articles of Association)

#### Types of general meetings

Each year, the shareholders convene in an ordinary general meeting, which must be held within five months of the end of the financial year.

In addition, the shareholders may hold ordinary general meetings that meet on an extraordinary basis, or extraordinary general meetings when their purpose is to amend the Articles of Association, except as otherwise provided for by law, may also be held.

The general meeting, duly constituted, represents all shareholders. Its decisions, taken in accordance with law and the company's Articles of Association, are binding on all shareholders, even those who are absent, incapable of attending or in disagreement. Shares held in treasury by the company are not counted when calculating the quorum for the various meetings.

Two members of the works council, appointed by that council, one representing engineers and managerial staff and the other representing support staff, may attend general meetings.

The Board of Directors may decide that shareholders will be able to take part in and vote at general meetings by videoconference or any other means of telecommunication that permits them to be identified as required by law.

#### Notice of meetings

The Board of Directors calls the shareholders to general meetings by means of a notice indicating the date, time and place of meeting. Failing this, general meetings may also be convened by:

- the statutory auditors;
- a representative appointed by order of the presiding judge of a French commercial court ruling in summary proceedings at the petition either of any interested party, or of one or more shareholders who together own at least 5% of the share capital;
- the receivers.

#### Quorum – Majority

Ordinary and extraordinary general meetings are subject to the quorum and majority requirements prescribed by law and exercise the powers allocated to them by law.

#### Composition of general meetings

All shareholders, regardless of the number of shares they own, may attend general meetings, participate in the proceedings and vote. Owners of registered shares who have requested that such shares be duly recorded in the company register at least five days before the meeting are admitted upon presentation of identification. Shareholders may be represented by another shareholder, or by their spouse. Proxies prepared in accordance with the law must be received at the registered office at least five days before the date of the meeting.

All shareholders, regardless of the number of shares they own, may attend extraordinary general meetings, take part in the proceedings and vote. The right to vote in ordinary general meetings belongs to the beneficial owner of the shares to which the right is attached; the right to vote in extraordinary general meetings belongs to the named legal owner. When a general meeting has been called, the company shall, at its own expense, deliver or send a mail ballot and attachments thereto, to any shareholder who so requests by registered mail (return receipt requested).

The company must honor any request received by its registered office no later than six days before the date of the meeting.

The mail ballot must include certain information as stipulated by Articles R.225-76 and seq. of the Code de Commerce (French Commercial Code). It must clearly notify the shareholder that abstention from voting or failure to indicate voting instructions on any item shown on the form will be treated as a vote against the proposed resolution.

The form may be included in the same document as the proxy form, if applicable. In this event, the applicable provisions are those of Article R.225-78 of the Code de Commerce (French Commercial Code). The documents stipulated by the aforementioned Article R.225-76 must be attached to the mail ballot. A mail ballot sent to the company for a given general meeting is also valid for any subsequent meetings convened to address the same agenda.

A mail ballot sent to the company for a given general meeting is also valid for any subsequent meetings convened to address the same agenda. Mail ballots must be received by the company at least three days before the date of the meeting. If a proxy is returned with a mail ballot, the proxy is taken into consideration subject to the votes indicated in the mail ballot.

#### Meeting officers – Attendance sheet

The general meeting is chaired by the Chairperson of the Board of Directors or, in his or her absence, by the Vice-Chairperson, if one has been named, or by a director appointed by the Board.

If the meeting has been convened by the statutory auditors, by a court-appointed representative or by the receivers, one of their members chairs the meeting. The votes are counted by the two largest shareholders, either acting on their own behalf or as representatives, or, if they decline, by the next largest shareholders, and so on, until this responsibility is accepted.

These officers appoint the secretary of the meeting, who need not be a member of the meeting. An attendance sheet containing all information required by law and regulation is drawn up at shareholders' meetings. The meeting's officers may attach to the attendance sheet all proxy or mail ballots showing the last name, usual first name and address of each shareholder represented or casting a mail ballot, the number of shares that he or she owns, and the number of votes attached to those shares. In this case, the meeting's officers shall indicate the number of proxies and mail ballots attached to the attendance sheet, together with the number of shares and voting rights associated with such proxies and mail ballots.

Proxies and mail ballots shall be submitted at the same time and under the same conditions as the attendance sheet. The accuracy of the attendance sheet, duly initialed by the shareholders in attendance and by shareholders' representatives, is certified by the meeting's officers.

The responsibilities of the officers relate exclusively to the holding of the meeting and proper conduct thereof; their decisions are always provisional and remain subject to a vote by the meeting itself. Any interested party may initiate such a vote.

#### Agenda

The meeting's agenda is established by the Board of Directors or by the person who convenes the general meeting. However, under the conditions prescribed by law, one or more shareholders may request that certain draft resolutions not concerning the presentation of candidates for the Board of Directors be included on the agenda.

#### Minutes

The proceedings of general meetings are recorded in minutes that are entered in a special numbered and initialed register and signed by the meeting's officers. The minutes may be drawn up on sequentially numbered, initialed loose-leaf sheets. Copies or extracts of the minutes to be provided for legal or other purposes are duly certified either by the Chairperson of the Board of Directors or by a director serving as Chief Executive Officer or by the meeting's secretary. Such copies or extracts are valid with respect to third parties provided that the signatures thereon are valid.

## 5.1.3 GENERAL INFORMATION ABOUT THE SHARE CAPITAL

### 5.1.3.1 General presentation

#### Share capital

The share capital, which was initially FRF 2 million, was subsequently altered by capital increases and by conversion into euros. Following these changes, the share capital has stood at €100,000,000 since 22 November 2000. It is divided into 1,000,000 fully paid shares of €100 each.

### 5.1.3.2 Current share capital ownership and voting rights

#### Shareholders

At 31 December 2021, all shares were held by Renault s.a.s. (except for one share granted to the Chairman of the Board of Directors).

#### Changes in share capital ownership over the past three years

Following an amendment to the Articles of Association decided upon by the extraordinary general meeting of 30 September 2015, the number of shareholders was reduced to seven. Following the amendment to Article L.225-1 of the Code de Commerce (French Commercial Code) by the Act of 10 May 2016, the number of shareholders was reduced to its minimum, i.e. to two shareholders.

### Individuals or legal entities that exercise or may exercise control over RCI Banque

Renault s.a.s. owns 99.99% of RCI Banque S.A. Organization - issuer's position within a group Renault Group consists of two separate and distinct branches:

- the automobile branch;
- the sales financing branch, created by groupe RCI Banque. Through its status as a bank, its independent access to financial markets and its inclusion in Renault's marketing policy, RCI Banque offers a competitive range of automotive financing products and related services to Groupe Nissan and Renault Group brand dealership networks worldwide.
- the organization of the RCI Banque group is described on the back cover of this document.

### 5.1.3.3 Markets for issuer's securities

The company's shares are not listed on any stock exchanges.

#### Securities listings

Publicly traded debt securities of groupe RCI Banque are listed on the Luxembourg and Paris stock exchanges.

### 5.1.3.4 Employee profit sharing scheme

In accordance with Articles L.442-1 and seq. of the Code du Travail (French Labor Code), a profit-sharing agreement was signed on 2 June 2003.

Profit-sharing is allocated to all group employees in proportion to the gross salary received by each eligible individual during the relevant year, up to the limits set by law. Each beneficiary may choose to allocate this amount:

- either to a current account in his or her name on the company's books; or
- to units in a unit trust. There is no RCI Banque share option plan for groupe RCI Banque employees and executives.

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Employee profit sharing *(in millions of euros)* | 10.9 | 2.9 | 10.3 | 9.5 | 9.1 | 8.4 | 7.5 |
| Beneficiaries | 1,957 | 1,866 | 1,814 | 1,707 | 1,601 | 1,499 | 1,447 |

## 5.1.4 FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

| | MAZARS statutory auditors | | | | KPMG | | | | Other statutory auditors | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount excl. tax | % | Amount excl. tax | % | Amount excl. tax | % | Amount excl. tax | % | Amount excl. tax | % | Amount excl. tax | % |
| Legal audit in the strict sense | 1,403 | 99% | 1,285 | 99% | 1,464 | 99% | 1,531 | 100% | 47 | 100% | | |
| Services necessarily rendered due to local regulations | 18 | 1% | | | 18 | 1% | | | | | | |
| Services usually provided by the auditors | 1 | 0% | 8 | 1% | 3 | 0% | 5 | 0% | | | | |
| **LEGAL AUDIT AND RELATED SERVICES** | **1,422** | | **1,293** | | **1,485** | | **1,536** | | **47** | | | |
| Tax, legal & social consulting | 15 | 22% | | | 9 | 69% | | | | | | |
| Organization consulting | | | | | | | | | | | | |
| Other consulting | 52 | 78% | 10 | 100% | 4 | 31% | 3 | 100% | | | | |
| **AUTHORIZED SERVICES EXCLUDING LEGAL AUDITS REQUIRING APPROVAL** | **67** | | **10** | | **13** | | **3** | | | | | |
| **TOTAL FEES** | **1,489** | | **1,303** | | **1,498** | | **1,539** | | **47** | | | |

### 5.1.5 EXTERNAL AUDITORS

#### KPMG S.A.

Tour Eqho, 2 Avenue Gambetta

92066 Paris La Défense Cedex

Société Anonyme (limited company under French law) listed in the Nanterre Register of Companies under no. 775,726,417

*Statutory auditor, Member, Compagnie Régionale de Versailles*

Term of office: six years

Term expires: accounting year 2025

Represented at 31 December 2021 by Mr. Ulrich Sarfati

#### Mazars

Tour Exaltis, 61 rue Henri Regnault

92075 Paris La Défense Cédex

Société Anonyme (limited company under French law) listed in the Nanterre Register of Companies under no. 784,824,153

*Statutory auditor, Member, Compagnie Régionale de Versailles*

Term of office: two years

Term expires: accounting year 2021

Represented at 31 December 2021 by Ms. Anne Veaute

## 5.2 BACKGROUND

RCI Banque is the result of the merger on 1 January 1990 between:

- Diac, created in 1924 to finance sales of Renault vehicles in France; and
- Renault Crédit International, established in 1974 to finance sales of Renault vehicles in Europe. Under the terms of the agreement of 27 March 1999 between Renault and Nissan, RCI Banque group acquired Nissan's sales financing subsidiaries in five European countries.

Those subsidiaries have been consolidated by RCI Banque group since 1 July 1999. At 31 December 2002, all of the shares were held by Compagnie Financière Renault, which is itself wholly owned by Renault S.A. Compagnie Financière Renault grouped together the financial companies of Renault Group. From 20 June 2003, as a result of its merger with Renault s.a.s., Compagnie Financière Renault stopped being a director and shareholder of RCI Banque and since then, 99.99% of the share capital has been held by Renault s.a.s.

### 5.2.1 DEPENDENCE

RCI Banque finances Renault Group and Nissan customers and dealers. RCI Banque is not subject to any commercial or financial dependence on patents and licenses.

## 5.2.2 INVESTMENT POLICY ADVICE

Main investments and disposals over the last five financial years.

| | Disposals - dissolutions - mergers | Acquisitions | Creations |
|---|---|---|---|
| 2021 | **France:** sale of BPI France stake | **Germany:** acquisition of a 4% stake in Mobility Trader Holding<br>**Spain:** acquisition of BIPI Mobility SL<br>**France:** acquisition of BIPI Mobility France s.a.s.<br>**France**: acquisition of a 14% stake in Kadensis<br>**Italy:** acquisition of BIPI Mobility SRL | **Argentina:** creation of RCI Compania de Seguros de Personas<br>**Russia:** creation of RNL Finance |
| 2020 | **United Kingdom:** closing of the RCI Banque branch | | |
| 2019 | **Canada:** sale of ICABBI CANADA Inc. to the parent company<br>**United States:** sale of KARHOO AMERICAS INC., ICABBI USA INC. to the parent company<br>**Ireland:** sale of COOLNAGOUR Ltd. T/A ICABBI to the parent company<br>**France:** sale of RCI MOBILITY S.A.S, CLASS&CO S.A.S, MARCEL S.A.S, CLASS&CO SOFTWARE (YUSO) to the parent company<br>**United Kingdom:** sale of FLIT TECHNOLOGIES LTD., KARHOO EUROPE (UK) LTD., COMO URBAN MOBILITY LTD., COOLNAGOUR UK LTD., SCT SYSTEMS LTD. to the parent company.<br>Intragroup sale of RCI FINANCIAL SERVICES LTD. to RCI BANK UK LTD. | **Colombia:** acquisition of the 5.02% stake in RCI SERVICIOS COLOMBIA S.A.S. | |
| 2018 | **France:** intragroup transfer of CLASS&CO SOFTWARE S.A.S (Yuso) to the subsidiary FLIT TECHNOLOGIES LTD. (Karhoo) | **Canada:** acquisition of iCabbi Canada, Inc.<br>**United States:** acquisition of ICABBI USA, INC.<br>**Ireland:** acquisition of 78.06% of Coolnagour LTD. t/a iCabbi<br>**United Kingdom:** acquisition of Coolnagour UK LTD. and SCT Systems LTD. | **United Kingdom:** creation of RCI Services UK Ltd. |
| 2017 | **Italy:** transfer of the 49% stake in OVERLEASE IN LIQUIDAZIONE SRL | **France:** acquisition of CLASS&CO S.A.S, MARCEL S.A.S, CLASS&CO SOFTWARE S.A.S (Yuso)<br>**United Kingdom:** acquisition of FLIT TECHNOLOGIES Ltd. (Karhoo) | **United States** (Delaware): creation of KARHOO AMERICAS INC.<br>**United Kingdom:** creation of KARHOO EUROPE (UK) Ltd. and COMO URBAN MOBILITY Ltd. |

# 5.3 STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

I certify, to the best of my knowledge, that the accounts are compiled in accordance with the accounting standards applicable and give a true picture of the assets, financial position and results of the company and of all companies included in the consolidation. The attached management report gives an accurate picture of changes in the business, results and financial position of the company and of all companies included in the consolidation as well as a description of the main risks and uncertainties with which they are faced. The management report included with the present financial report does not contain all of the information required under the Code de Commerce (French Commercial Code). That information will be included in the management report to be presented to the general meeting.

11 February 2022

Chairperson of the Board of Directors

Clotilde DELBOS.

# DOCUMENTS AVAILABLE TO THE PUBLIC

This document is available on the RCI Banque website www.annualreport2021.rcibs.com.

In accordance with Article L225-102-1 of the French Commercial Code (Code de Commerce), information on the social and environmental consequences of the Company's activities is covered by a consolidated statement on extrafinancial performance of Renault S.A, the Group's parent company.

Anyone wishing for further information regarding RCI Banque group, may send their request to:

RCI Banque
Direction Financement et Trésorerie
FR UZS 000 015
15 rue d'Uzès 75002 Paris - France

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AND
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