Business report

First half 2022

RCI Banque S.A.

OPERATING UNDER THE COMMERCIAL BRAND

MOBILIZE FINANCIAL SERVICES

Mobilize Financial Services(1) in brief

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

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

Tailor-made offers for each type of customer

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

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

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

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

Launched in 2012, the savings business is present in seven markets: France, Germany, Austria, United Kingdom, Brazil, Spain and the Netherlands. The collection of deposits is a lever for diversifying the refinancing sources of the group's business. The amounts collected totaled €21.5 billion, i.e., around 47% of net assets at the end of June 2022[3].

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

Mobilize Financial Services focuses on three key priorities:

Develop operating lease and car subscription offers

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

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

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

Offer disruptive services focusing on car insurance and payments

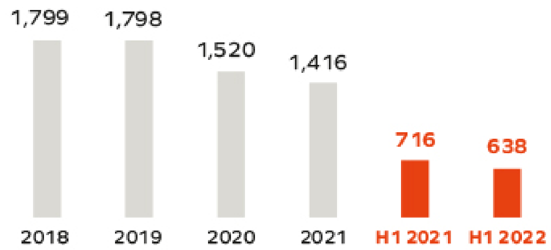
To support the shift from ownership to usage, Mobilize Financial Services will expand its range of services around two main areas: innovative auto insurance, leveraging vehicle connectivity to launch usage-based insurance products and a payment ecosystem.

In order to achieve all these objectives, Mobilize Financial Services is developing new working methods based on increased cross-functional working, using collective intelligence.

Relying on nearly 100 years of expertise in automotive financing, our ambition is to develop used vehicle financing as well as subscription and operational leasing offers. These will enable us to eventually have used vehicles that will facilitate the development of our financing and underwriting activity in this niche segment. In this context, exposure to residual value risk will increase.

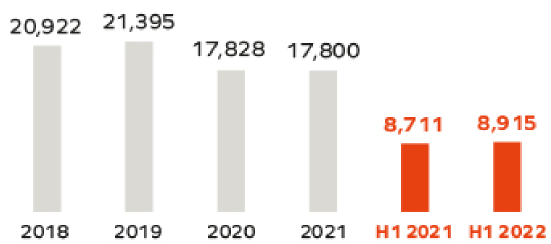
• Total number of vehicle contracts

(in thousands)



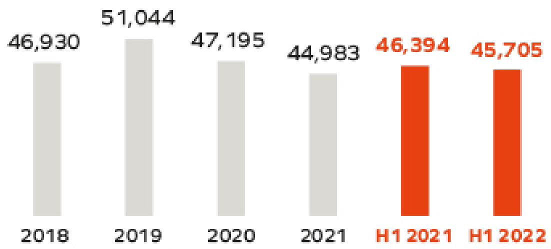
• New Financings

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



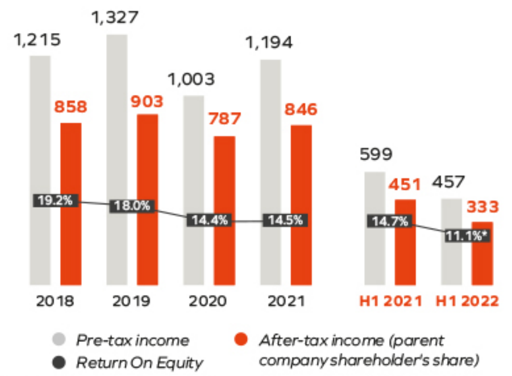
• Net assets at end[3]

(in millions of euros)



• Results

(in millions of euros)



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

(1) RCI Banque S.A. has been operating under RCI Bank and Services trading name since February 2016 and adopted Mobilize Financial Services as a new commercial identity in May 2022. Its legal name remains unchanged and is still RCI Banque S.A.
(2) Mobilize Financial Services supports Renault Group brands (Renault, Dacia, Alpine, Renault Korea Motors) worldwide, and Nissan, mainly in Europe, Brazil, Argentina, South Korea and in the form of joint ventures India, and Mitsubishi Motors in the Netherlands.
(3) Net assets at year-end: net total outstandings + operating lease transactions net of depreciation and impairment.

Business activity H1 2022

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

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

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

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

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

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

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

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

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

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

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

(2) *Average Performing Assets: APA correspond to the average performing outstandings in addition to the assets arising from operating lease transactions. For Retail customers, it means the average of performing assets at month-end. For Dealers, it means the average of daily performing assets.*

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

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

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

Consolidated financial highlights H1 2022

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

Results

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

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

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

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

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

Balance sheet

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

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

Profitability

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

Solvency

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

• Consolidated income statement

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

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

(2) Capital losses on the disposal of subsidiaries.

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

• Consolidated balance sheet

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

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

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

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

(4) Ratio including the interim profits net of provisional dividends, following the regulator's approval in accordance with Article 26 § 2 of Regulation (EU) 575/2013.

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

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

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

Financial policy

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

The U.S. economy remained strong in the first few months of the year. Labor market indicators are dynamic with an unemployment rate of 3.6% at the end of May (close to the lowest levels in the last ten years) and household income growth remains robust. Annualized GDP did decline by 1.4% in the first quarter of 2022 (after a 6.9% increase in thefourth quarter of 2021). However the Fed considers that this decline does not reflect a recessionary situation, since household consumption grew by3.1%, but essentially stems from the weakness of exports in a context of supply constraints

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

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

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

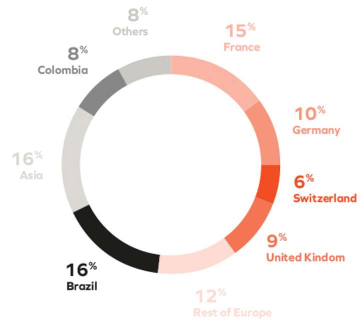
Fears of stagflation led to high volatility in the financial markets. In Europe, bond yields rose in the path of US rates. The ten-year German sovereign bond rate rose above the 1% mark to 1.33%, compared to a level of -0.19% at the end of 2021. Equities and corporate bonds have suffered since the beginning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

The group took advantage of the favorable market environment in January and issued a 3.5 years bond for €750 million. This transaction attracted an order book of more than €4.5 billion from over 180 subscribers. RCI Banque S.A. also returned to the Swiss market with the placement of a CHF110 million three years bond. In June, the Bank successfully placed its first green bond issue for €500 million that will be settled in July. Proceeds will be used to finance Battery Electric Vehicles (BEVs) and charging infrastructures. This last transaction demonstrates the group's willingness to support the transition to electric mobility and tackle climate change.

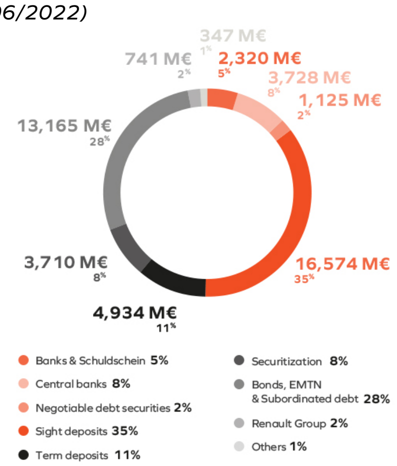
In the securitization market, the group sold approximately €700 million of notes backed by French auto loans and increased its private securitization in the UK for £100 million.

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

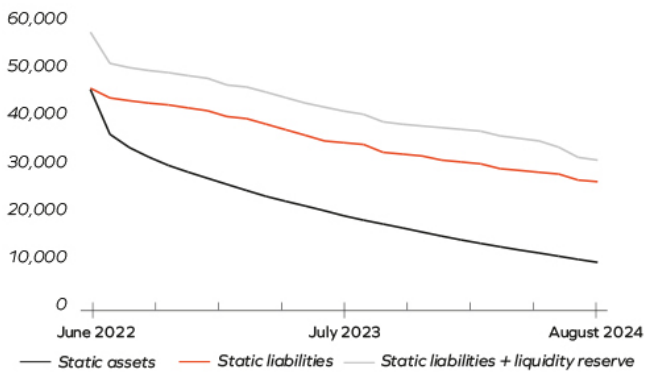
Geographical breakdown of new resources with a maturity of one year or more (excluding deposits and TLTRO)
(as at 30/06/2022)



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



Static liquidity[1]
(in millions of euros)



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

(1) Scope: Europe

Financial Policy

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

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

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

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

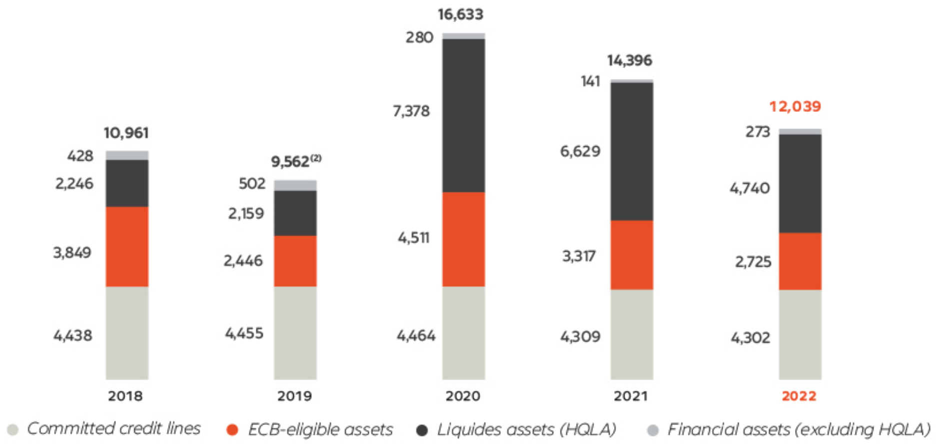
The sum of the absolute values of the sensitivities to a parallel interest rate shock[1] in each currency amounts to €5.3 million.

The group consolidated transactional foreign exchange position[2] is €7.3 million.

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

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

Liquidity reserve[1]
(in millions of euros)



(1) Scope Europe.

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

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

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

Issuer[1]	Instrument	Market	Amount	S&P	Moody's	Other
RCI Banque S.A.	Euro MTN Program	euro	€23,000 million	**BBB-** (stable outlook)	**Baa2** (negative outlook)	
RCI Banque S.A.	NEU CP Program[2]	French	€4,500 million	**A-3**	**P2**	
RCI Banque S.A.	NEU MTN Program[3]	French	€2,000 million	**BBB-** (stable outlook)	**Baa2** (negative outlook)	
RCI Banque S.A.	Tier 2 Subordinated Notes n°19-517	euro	€850 million	**BB**	**Ba2** (negative outlook)	
DIAC S.A.	NEU CP Program[2]	French	€1,000 million	**A-3**		
DIAC S.A.	NEU MTN Program[3]	French	€1,500 million	**BBB-** (stable outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS6,000 million		**A+** (arg) (stable oulook)	Fix Scr: **AA (arg)** (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,490 billion[4]			KR, KIS, NICE: **A+**
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,718 million[4]		**AA+.br** (stable outlook)	
RCI Finance Maroc	BSF Program	Moroccan	MAD3,500 million			
RCI Finance Maroc	Tier 2 Subordinated	Moroccan	MAD68 million			
RCI Colombia S.A. Compañia de Financiamiento	Bonds	Colombian	COP451 billion[4]	**AAA.co**		
RCI Colombia S.A. Compañia de Financiamiento	CDT: Certificado de depósito a Término	Colombian	COP676 billion[4]	**AAA.co**		

(1) RCI Banque & Subsidiaries fully consolidated.

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

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

(4) Outstandings.