business report

FIRST HALF 2023

RCI Banque S.A.
OPERATING UNDER THE COMMERCIAL BRAND

MOBILIZE
FINANCIAL SERVICES

MOBILIZE FINANCIAL SERVICES[1] IN BRIEF

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

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

Tailor-made offers for every type of customer

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

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

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

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

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

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

Mobilize Financial Services focuses on three key priorities:

Develop operating lease and car subscription offers

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

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

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

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

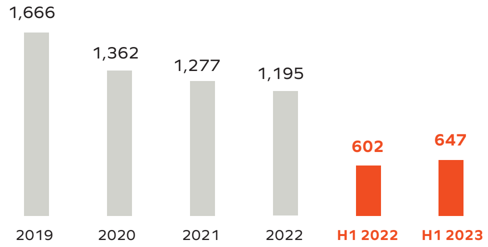
Mobilize Financial Services will accelerate its used vehicle financing activity by focusing on the entire life cycle and offering an integrated service, refurbishing, and remarketing journey.

Offer disruptive services focusing on car insurance and payments.

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

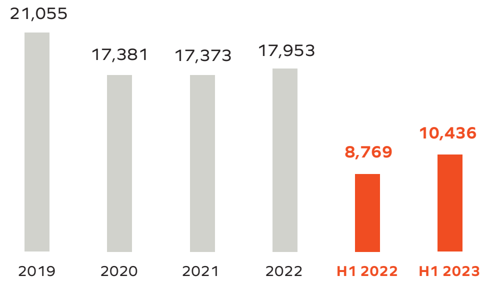
TOTAL NUMBER OF VEHICLE CONTRACTS

(in thousands)



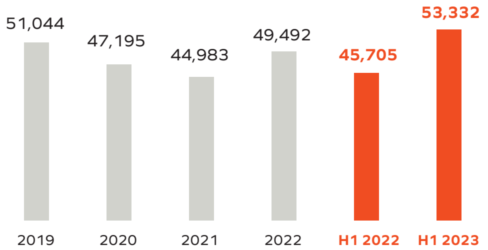
NEW FINANCINGS

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



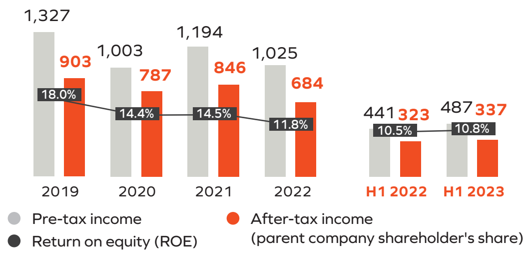
NET ASSETS AT YEAR-END[3]

(in millions of euros)



RESULTS

(in millions of euros)



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

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

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

BUSINESS ACTIVITY[1] H1 2023

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

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

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

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

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

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

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

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

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

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

(1) Excluding equity-affiliated companies. A pro forma on 2022 commercial data has been performed.
(2) On the scope of Mobilize Financial Services' subsidiaries.
(3) Average performing assets: APA correspond to the average performing loans, financial lease and assets arising from operating lease transactions. For retail customers, it means the average of performing assets at month-end. For dealers, it means the average of daily performing assets.

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

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

CONSOLIDATED FINANCIAL HIGHLIGHTS H1 2023

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

Results

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

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

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

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

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

Balance sheet

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

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

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

Profitability

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

Solvency

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

CONSOLIDATED NET INCOME

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

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

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

CONSOLIDATED BALANCE SHEET

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

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

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

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

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

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

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

OUTLOOK FOR THE SECOND HALF OF 2023

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

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

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

FINANCIAL POLICY

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

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

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

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

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

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

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

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

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

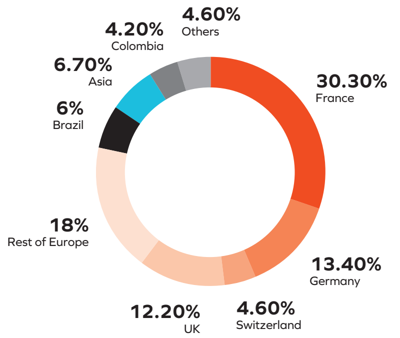
In this context, the Group issued the equivalent of €2.5 billion on the bond market in the first half of 2023. In particular, it launched its second green bond issue for €750 million. The success of this operation shows that the Group's ESG strategy is appreciated by the market and confirms MFS's commitment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

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

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

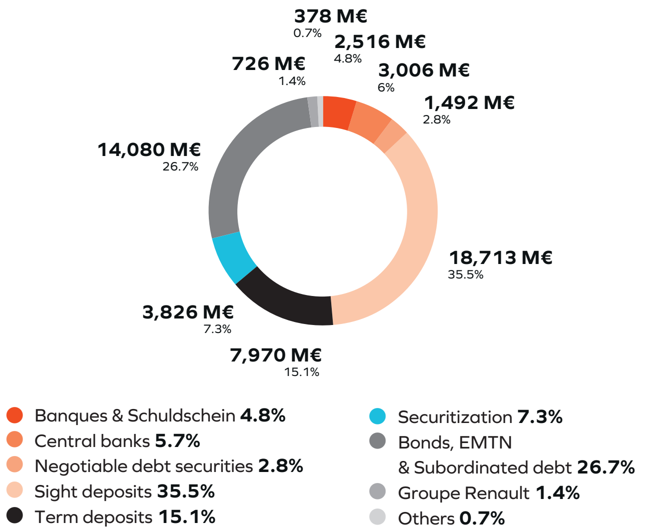
GEOGRAPHICAL BREAKDOWN OF NEW RESOURCES WITH A MATURITY OF ONE YEAR OR MORE (EXCLUDING DEPOSITS AND TLTRO)

(as at 30/06/2023)



STRUCTURE OF TOTAL DEBT

(as at 30/06/2023)



FINANCIAL POLICY

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

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

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

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

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

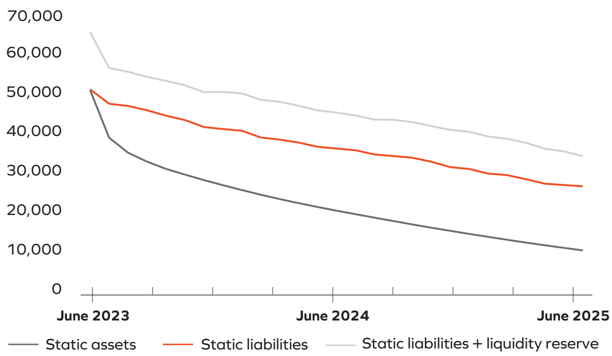
The RCI Banque group's consolidated transactional foreign exchange position[2] is €16 million at the end of June.

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

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

STATIC LIQUIDITY

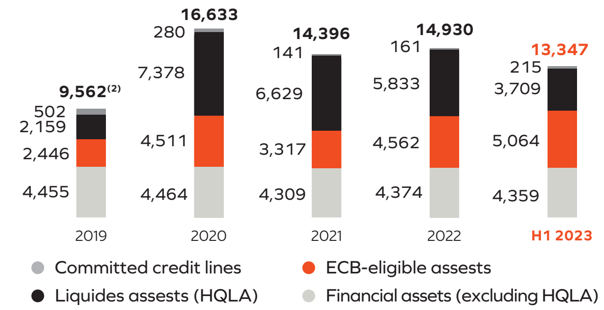
(in millions of euros)



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

LIQUIDITY RESERVE[1]

(in millions of euros)



(1) Scope: Europe.

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

RCI Banque group's programs and issuances

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

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

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

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

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

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

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

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

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