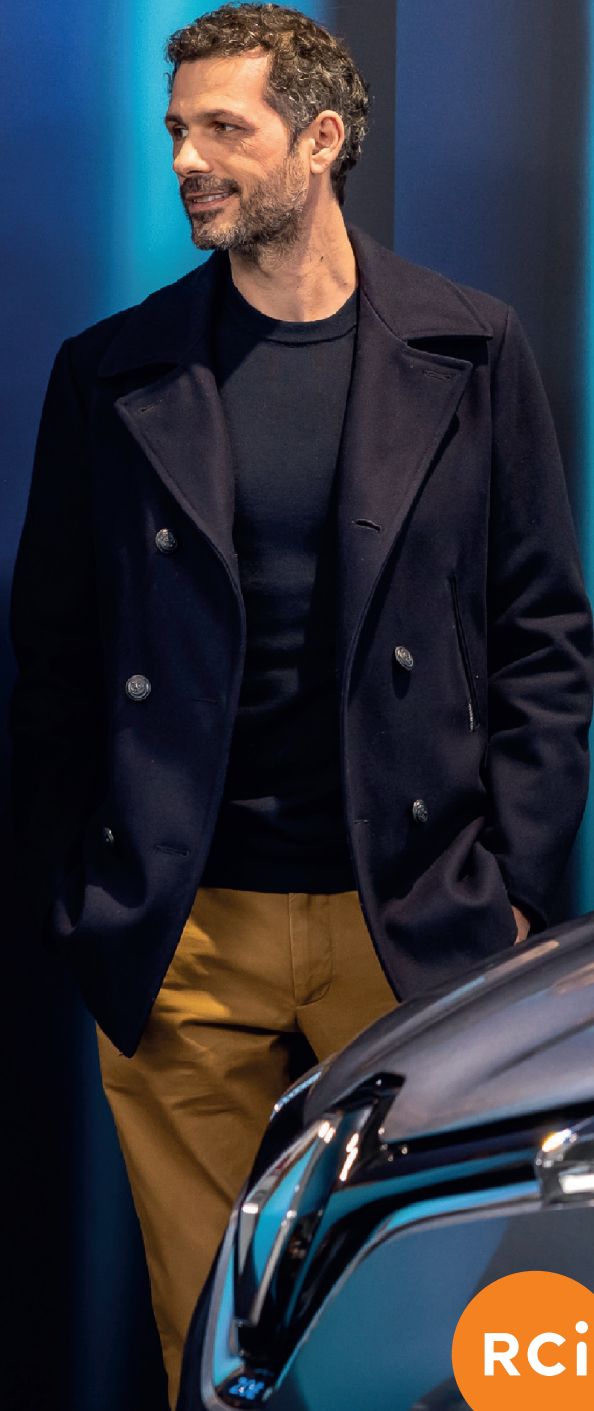


# BUSINESS REPORT

FIRST HALF 2021





# RCI BANK AND SERVICES<sup>(1)</sup> IN BRIEF

RCI Bank and Services offers financial solutions and services to facilitate access to automotive mobility for Alliance customers<sup>(2)</sup>. By taking into account the specificities of each brand and anticipating the new needs and uses of their customers, RCI Bank and Services supports their commercial policies to win over and retain new customers.

RCI Bank and Services is at the crossroads of three worlds: the automotive industry through its history, banking through its business and services through its offers. On a daily basis in 36 countries around the world, RCI Bank and Services supports the development of the Alliance brands and their dealer networks by offering a complete range of financing solutions, insurance and services to their customers.

## TAILOR-MADE OFFERS FOR EACH TYPE OF CUSTOMER

**For retail customers**, we offer financing solutions and services adapted to their projects and their uses in order 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 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 six markets: France, Germany, Austria, the United Kingdom, Brazil and Spain.

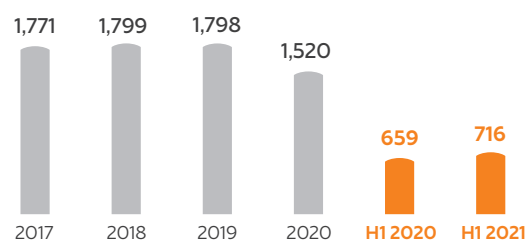
The collection of deposits is a lever for diversifying the refinancing sources of the group's business. The amounts collected totaled €21.1 billion, i.e. around 45% of net assets at the end of June 2021<sup>(3)</sup>.

## MORE THAN 3,800 EMPLOYEES WORKING IN FOUR REGIONS

Our employees operate in 36 countries, spread across four major regions of the world: Europe<sup>(4)</sup>; Americas; Africa - Middle East - India and the Pacific; Eurasia.

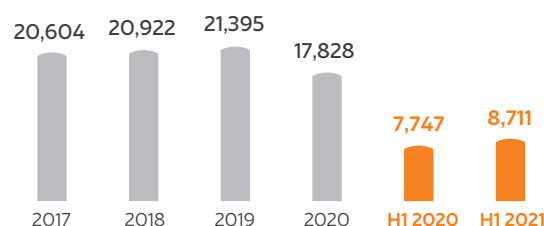
## TOTAL NUMBER OF VEHICLE CONTRACTS

(in thousands)



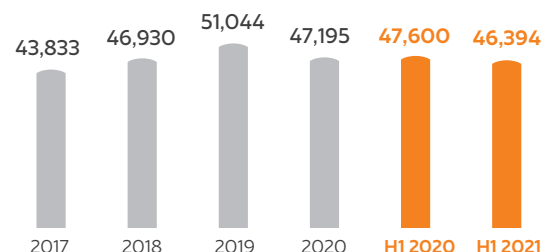
## NEW FINANCINGS

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



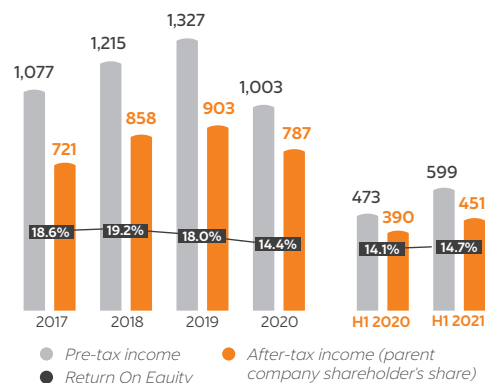
## NET ASSETS AT END<sup>(3)</sup>

(in millions of euros)



## RESULTS

(in millions of euros)



(1) RCI Bank and Services has been the company's trading name since February 2016. Its corporate name, however, remains unchanged and is still RCI Banque S.A.

(2) RCI Bank and Services supports Groupe Renault brands (Renault, Dacia, Alpine, Renault Samsung Motors, Lada) worldwide, the Nissan Group (Nissan, Infiniti, Datsun) mainly in Europe, Brazil, Argentina, South Korea and in the form of joint ventures in Russia and India, and Mitsubishi Motors in the Netherlands.

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

(4) The change of region of Romania, formerly 'Eurasia', is reflected on the RCI perimeter by integration into the 'Europe' region.

# BUSINESS ACTIVITY H1 2021

**In a context still disrupted by the Covid-19 pandemic, RCI Bank and Services new financings increase by 12.5% compared to the first half of 2020, under the combination of the growth of the number of NV and UC financing contracts and the progression of the average financed amount.**

In an automobile market that rebounded by 32.3% on the scope of operations of RCI Bank and Services' subsidiaries, the volumes of the Alliance brands stood at 1.5 million vehicles in the first half of 2021. The financing penetration rate reached 44.3%<sup>(1)</sup>, up 1.3 points compared to the first half of 2019<sup>(2)</sup>, pre-pandemic.

RCI Bank and Services financed 716,220 contracts on the first semester of 2021, progressing by 8.8% compared to H1 2020. Used Car Financing posted an increase of 13.5%, compared to June 2020 with 178,684 financed contracts.

New financings (excluding credit cards and personal loans) amounted to €8.7 billion increasing by 12.5%, in relation with the growth of the financing contracts and the progression of the average financed amount by 3.4%.

The average performing assets (APA)<sup>(3)</sup> related to the Retail Activity totaled €37.5 billion, on the first semester of 2021. Excluding -356M€ of negative forex impact, it slightly increased by 0.3% compared to H1 2020 thanks to the rise in new financings during the first half 2021.

The average performing assets linked to the Wholesale Activity amounted to €7.9 billion, decreasing by -23.2%, as a consequence of the impacts of the semi-conductors shortage on the manufacturing of new cars and to the inventory optimization strategy in the dealer network for the Renault Group brands. Overall, the average performing assets totalize €45.5 billion, down -5.5% compared to the first semester of 2020.

A pillar of the group's strategy, the number of services sold over the first half of 2021 represents 2.3 million insurance and service contracts progressing by 18.8%. 72% of the services sold are related to the customer or the usage of the car.

The Europe region remained the heart of RCI Bank and Services activity, with new financings (excluding credit cards and personal loans) totaling €7.6 billion, progressing by 16.2% compared to June 2020, and representing 87% of the total group new financings. The growth is mostly concentrated in France, Italy, UK and Spain.

Americas region was still strongly impacted by the sanitary situation during the first semester of 2021. The new financings nonetheless increased by 12.2% compared to June 2020, to reach €0.5 billion, fueled by the strong commercial dynamism of Colombia which compensates the slight decreases in Brazil and Argentina.

The new financings of the region Africa - Middle-East - India and Pacific amounted to €0.4 billion, down -31.5% compared to H1 2020. The decrease is linked to the drop of almost 50% of the registrations in South Korea, while the commercial performance of RCI subsidiary remains high, with a finance penetration rate of 57.8%.

The new financings of the Eurasia region reached €0.2 billion, up 30.2% compared to the first semester of 2020, benefitting particularly from a strong rebound in Turkey. The new financings in Turkey are indeed increasing by 34.1% to reach €73 million. Russia also benefits from a significant growth, with new financings up 27.8% to achieve €113 million.

- (1) Financing penetration rate excluding companies consolidated using equity method (Turkey, Russia and India).  
 (2) The financing penetration rate is down 3.4 points compared to the first half of 2020 due to the distortion of the mix that occurred during this period and to the lock down.  
 (3) 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 %)		eNew vehicle contracts processed (in thousands)		New financings excluding cards and PL (in millions of euros)		Net assets at year-end (in millions of euros) <sup>(5)</sup>		Of which customer net assets at year-end (in millions of euros) <sup>(5)</sup>		Of which dealer net assets at year-end (in millions of euros) <sup>(5)</sup>	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
<b>PC + LUV<sup>(4)</sup> market</b>												
<b>EUROPE</b>	<b>45.9%</b>	<b>48.2%</b>	<b>543</b>	<b>495</b>	<b>7,564</b>	<b>6,508</b>	<b>42,133</b>	<b>43,287</b>	<b>34,462</b>	<b>33,839</b>	<b>7,671</b>	<b>9,453</b>
of which Germany	42.1%	50.9%	68	77	1,014	1,166	8,121	8,137	6,816	6,773	1,305	1,364
of which Spain	50.2%	51.1%	49	42	636	506	3,883	4,437	3,362	3,493	521	944
of which France	50.3%	51.9%	210	187	2,914	2,360	15,806	15,638	12,375	11,972	3,431	3,666
of which Italy	66.7%	63.7%	80	60	1,152	874	5,526	5,802	4,902	4,757	624	1,045
of which United Kingdom	33.7%	40.0%	55	43	911	663	4,225	4,248	3,695	3,361	530	887
of which other countries	33.0%	36.6%	80	86	937	938	4,572	5,025	3,312	3,483	1,260	1,547
<b>AMERICAS</b>	<b>37.1%</b>	<b>42.7%</b>	<b>72</b>	<b>66</b>	<b>540</b>	<b>481</b>	<b>2,295</b>	<b>2,203</b>	<b>1,959</b>	<b>1,897</b>	<b>336</b>	<b>306</b>
of which Argentina	19.3%	31.7%	7	9	42	48	136	135	72	90	64	45
of which Brazil	35.8%	41.9%	46	45	330	338	1,574	1,578	1,363	1,391	211	187
of which Colombia	65.0%	67.1%	18	11	168	96	585	490	524	416	61	74
<b>AFRICA - MIDDLE-EAST - INDIA AND PACIFIC</b>	<b>32.1%</b>	<b>43.1%</b>	<b>45</b>	<b>51</b>	<b>421</b>	<b>614</b>	<b>1,962</b>	<b>2,105</b>	<b>1,862</b>	<b>1,999</b>	<b>100</b>	<b>106</b>
<b>EURASIA</b>	<b>13.8%</b>	<b>30.3%</b>	<b>57</b>	<b>47</b>	<b>186</b>	<b>143</b>	<b>4</b>	<b>5</b>	<b>4</b>	-	-	-
<b>TOTAL GROUP RCI BANQUE</b>	<b>36.1%</b>	<b>44.9%</b>	<b>716</b>	<b>659</b>	<b>8,711</b>	<b>7,747</b>	<b>46,394</b>	<b>47,600</b>	<b>38,287</b>	<b>37,735</b>	<b>8,107</b>	<b>9,865</b>

(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) include companies consolidated using the equity method.

# CONSOLIDATED FINANCIAL HIGHLIGHTS 2021

In the first half of the year still affected by the sanitary crisis, RCI Bank and Services maintains a strong financial performance with its cost of risk and operating expenses under control.

## RESULTS

The Net banking income (NBI) amounts to €940 million, down 6.9% compared with the first semester of 2020, in relation with the decrease of 5.5% of the average productive assets. The contribution of Services activities in the NBI represents 34.2%, up 1.5 points compared to the first half of 2020.

Operating expenses totalize €305 million, improving by €3 million compared to June 2020. They represent 1.35% of APA, an increase of 7 basis points compared with the first half-year 2020, in relation with the decrease of the Wholesale APA. RCI Bank and Services is fully committed to Groupe Renault's fixed cost reduction plan.

The cost of risk for the Customer business (financing for private and business customers) stands at 0.32% of APA at the end of H1 2021 compared to 1.15% of APA the year before. This very good level is explained by the improvement of risk parameters and collection activity, which were penalized during H1 2020 strict lockdowns, especially in France, Italy, Brazil and Spain. Also, IFRS 9 forward-looking provisioning translated into a release of €1 million in the first half-year 2021 while it was a provision of €7 million during the first half of 2020.

The cost of risk for the Dealer business (financing for dealerships) stands at -0.56% of APA at end of June 2021 compared to a provision of 0.38% of APA in June 2020. This improvement is explained by the strong decrease of the wholesale assets and the IFRS 9 forward-looking provisioning, which resulted in a release of provision of €9 million in the first half-year of 2021 compared to a provision of €20 million the year before.

The total cost of risk therefore stands at 0.16% of APA compared to 0.99% at the end of June 2020.

Pre-tax income stands at €599 million compared to €473 million at end of June 2020. This increase results mainly from the improvement of the cost of risk for €200 million. The consolidated net income – parent company shareholders' share – reaches €451 million in H1 2021, compared to €390 million in H1 2020.

## BALANCE SHEET

In the first half of 2021, commercial activity continued to be negatively impacted by the sanitary crisis. Semiconductor shortage as well as the new optimization policy for vehicle inventories in the dealer network, led to a decrease in dealer financing outstanding. At the end of June 2021, net assets at year-end<sup>(1)</sup> amounted to €46.4 billion, compared with €47.6 billion at the end of June 2020 (-2.5%).

Consolidated equity amounted to €6,725 million, compared with €5,929 million at end-June 2020 (+13.4%).

## PROFITABILITY

ROE<sup>(2)</sup> increased to 14.7% compared to 14.1% in June 2020. This is impacted by the rise in the first half-year results. The RoRWA<sup>(3)</sup> amounted to 2.53% in the first half of 2021 compared to 2.21% at the end of June 2020, driven by the increase in the net income (group share).

## SOLVENCY

The overall solvency ratio<sup>(4)</sup> stood at 19.79% (of which CET1 ratio of 17.01%) at the end of June 2021, compared with 19.83% (of which CET1 ratio of 17.34%) at the end of December 2020. CET1 ratio variations are mainly due to the increase in risk weights applied to investments in funds according to the new of CRR2 standards (impact on RWA), and the increase in prudential deductions related to the difference between expected losses and provisions<sup>(5)</sup> (impact on regulatory capital).

Consolidated income statement (in millions of euros)	06/2021	06/2020	12/2020	12/2019
Net banking income	940	1,010	1,955	2,096
General operating expenses <sup>(1)</sup>	(309)	(308)	(600)	(603)
Cost of risk	(36)	(236)	(353)	(177)
Share in net income (loss) of associates and joint ventures	10	10	19	21
Gains or losses on non-current assets <sup>(2)</sup>			(1)	(2)
Income (loss) on exposure to inflation <sup>(3)</sup>	(6)	(3)	(15)	(8)
Variation de valeur des écarts d'acquisition			(2)	
<b>PRE-TAX INCOME</b>	<b>599</b>	<b>473</b>	<b>1,003</b>	<b>1,327</b>
<b>CONSOLIDATED NET INCOME</b> (parent company shareholder's share)	<b>451</b>	<b>390</b>	<b>787</b>	<b>903</b>

(1) Including: a provision for work exemption and depreciation, amortization and impairment of tangible and intangible non-current assets.

(2) Capital losses on disposal of subsidiaries.

(3) Restatement of the earnings of the Argentinean entities, now hyperinflation accounting.

Consolidated balance sheet (in millions of euros)	06/2021	06/2020	12/2020	12/2019
Total net outstandings of which	44,998	46,270	45,777	49,817
Customer loans	22,799	22,633	22,975	24,733
Finance leases	14,092	13,772	13,908	13,439
Dealer financing	8,107	9,865	8,894	11,645
Expenses related to operating lease transactions	1,396	1,330	1,418	1,227
Other assets	10,439	9,686	11,691	7,036
Own equity (including net income for the year) of which	7,605	6,800	7,163	6,569
Shareholders' equity	6,725	5,929	6,273	5,702
Subordinated debt	880	871	890	867
Bonds	15,463	18,846	17,560	18,825
Negotiable debt securities (CD, CP, BT, BMTN)	1,145	1,144	1,172	1,948
Securitization	3,135	2,801	3,259	3,243
Customer saving accounts – Ordinary saving accounts	15,272	13,096	14,714	13,003
Term deposits (retail)	5,801	5,463	5,794	4,708
Amounts payable to credit institutions, central banks and other amounts payable to customers (including Schuldschein)	5,011	5,530	5,584	6,374
Other liabilities	3,401	3,606	3,640	3,410
<b>TOTAL BALANCE SHEET</b>	<b>56,833</b>	<b>57,286</b>	<b>58,886</b>	<b>58,080</b>

(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 divided 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) Positive differences (expected losses greater than provisions) are deducted from core equity while negative differences (expected losses below provisions) are added to Tier 2 equity. From now on this will be calculated contract by contract.

# FINANCIAL POLICY

**Fiscal stimulus measures and a recovery in global demand have supported expectations of a return to growth. Near-term economic outlook remains clouded by uncertainty about the resurgence of the Covid-19 pandemic and the roll-out rhythm of vaccination campaigns.**

In the short term, the increase in vaccinations and the gradual relaxation of lockdown measures reinforce the expectation of a firm rebound in economic activity in the course of 2021. The recent rise in inflation, particularly in the United States, has been a focus of attention among investors, leading to a return of volatility in government bond yields. However, the main central banks have maintained their very accommodative monetary policies and reaffirmed that long-term inflation forecasts remain at moderate levels.

The U.S. recovery has accelerated on the back of rapid vaccination campaigns and significant fiscal stimulus, allowing U.S. GDP to grow at a strong annualized rate of 6.4% in Q1 2021.

The Federal Reserve confirmed that its asset purchase program was maintained at \$120 billion per month and would remain in place until substantial further progress has been made toward employment and price-stability goals. It also kept the Fed Funds rate at 0-0.25%, but now forecast two 25 bps rate hikes by the end of 2023.

The European Central Bank kept its key rate unchanged at -0.50% and said it would keep it at that level until the outlook for price increases converges in a sustainable way to its inflation target. It also continued its purchases under the Pandemic Emergency Purchase Programme (PEPP) announced for a total envelope of €1,850 billion until at least the end of March 2022, and confirmed the pace of its monthly net purchases of financial assets at €20 billion (under its Asset Purchase Programme - APP). Finally, the ECB continued to provide liquidity to the banking system through its targeted long-term refinancing operations (TLTROs), which will remain available until December 2021.

The Bank of England also maintained its accommodative monetary policy. Its base rate remained unchanged at 0.1%, as did its £300 billion purchase program for government and non-banking investment grade corporate bonds.

The acceleration of growth that followed the rise in consumer spending and the marked supply constraints in certain sectors led to an increase in prices. In this context, bond yields rose during the half-year. At the end of June, the yield on U.S. ten-year treasury bills was up by 56 bps versus december to 1.47%, while the yield on ten-year German sovereign bonds increased by 36 bps to -0.21%.

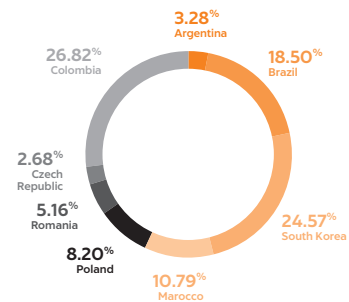
The major stock market indices rose significantly in the first half of the year, during which the Euro Stoxx 50 rose by +14%. Credit spreads have continued to decline to the lowest levels seen in 2019 and 2020. The IBOXX Corporate index ended the half-year at 63 bps compared to 74 bps at the end of 2020, in a context of low volatility and abundant liquidity.

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 €0.6 billion since December to reach €21.1 billion (representing a growth of +3% 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.

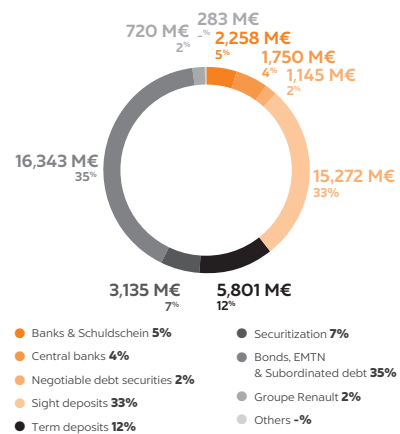
## ● GEOGRAPHICAL BREAKDOWN OF NEW RESOURCES WITH A MATURITY OF ONE YEAR OR MORE (EXCLUDING DEPOSITS AND TLTRO)

(as at 30/06/2021)



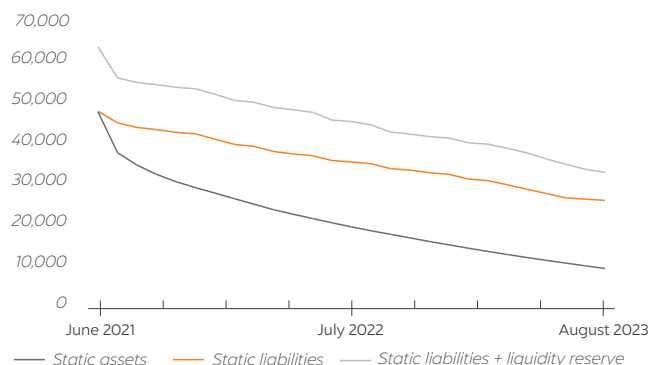
## ● STRUCTURE OF TOTAL DEBT

(as at 30/06/2021)



## ● STATIC LIQUIDITY<sup>(1)</sup>

(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, together with €4.4 billion of undrawn confirmed bank lines, €5.5 billion of eligible collateral for ECB monetary policy operations and €5.9 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. At 30 June 2021, RCI Banque's liquidity reserve (Europe scope) stood at €16.0 billion. This controlled reduction of €0.6 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.

At 30 June 2021, a currency differentiated shock rises in rates<sup>(1)</sup> would have an impact on the group's net interest margin (NIM) of:

- +€0.5 million in EUR;
- -€1.4 million in BRL;
- -€0.7 million in CHF;
- +€1.5 million in GBP;
- +€0.4 million in KRW;
- +€0.7 million in PLN;
- +€0.4 million in CZK.

The absolute sensitivity values in each currency totaled €6.8 million.

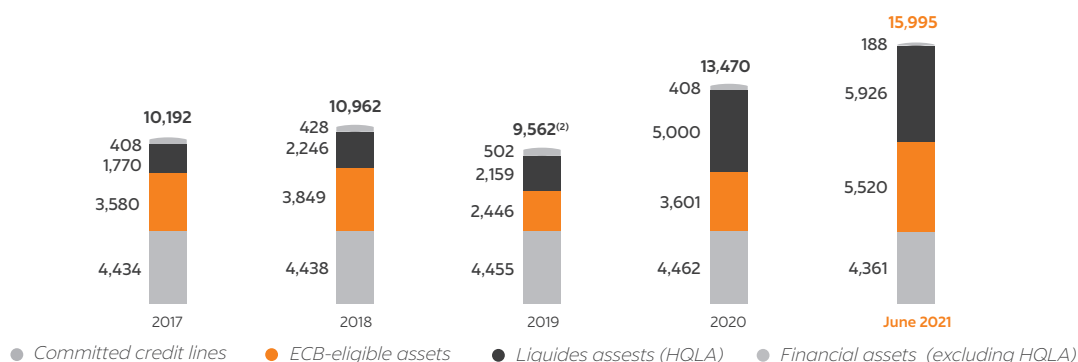
The group RCI Banque's consolidated transactional foreign exchange position<sup>(2)</sup> is €4.3 million.

(1) Since the end of March 2021, the magnitude of the shocks depends on the balance sheet currency of the subsidiaries. For the above-mentioned currency sensitivity, the shocks applied are: 100 bps for EUR, CHF, KRW, GBP and PLN; 200 bps for the CZK; 300 bps for the BRL.

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

## LIQUIDITY RESERVE<sup>(1)</sup>

(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 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	Instrument	Market	Amount	S & P	Moody's	Other
RCI Banque S.A.	Euro CP Program	Euro	€2,000 million	A-3	P2	
RCI Banque S.A.	Euro MTN Program	Euro	€23,000 million	BBB- (stable outlook)	Baa2 (negative outlook)	
RCI Banque S.A.	NEU CP <sup>(1)</sup> Program	French	€4,500 million	A-3	P2	
RCI Banque S.A.	NEU MTN <sup>(2)</sup> Program	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 <sup>(1)</sup> Program	French	€1,000 million	A-3		
Diac S.A.	NEU MTN <sup>(2)</sup> Program	French	€1,500 million	BBB- (stable outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS6,000 million		A+ (arg) (stable outlook)	Fix Scr: AA (arg) (negative outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,670 billion <sup>(3)</sup>			KR, KIS, NICE: A+
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,233 million <sup>(3)</sup>		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 <sup>(3)</sup>	AAA.co		
RCI Colombia S.A. Compañia de Financiamiento	CDT: Certificado de Depósito a Término	Colombian	COP665 billion <sup>(3)</sup>	AAA.co		

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

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

(3) Outstandings.