business report 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 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 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 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, 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 €24.4 billion, i.e., around 49% of net assets at the end of December 2022 [3].

Almost 4,000 employees are fully committed to creating 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, 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

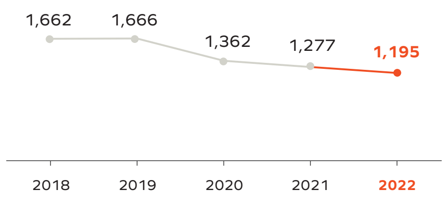
To support the shift from ownership to usage, Mobilize Financial Services will expand its range of services around two main areas: innovative auto insurance, leveraging vehicle connectivity to launch usage-based insurance products and a payment ecosystem.

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.

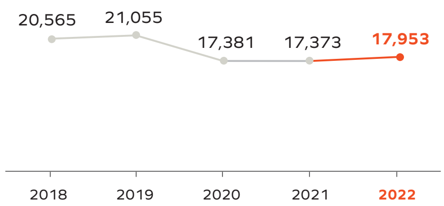
TOTAL NUMBER OF VEHICLE CONTRACTS [4]

(in thousands)



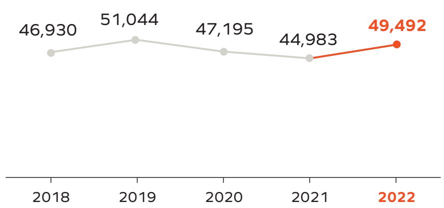
NEW FINANCINGS [4]

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



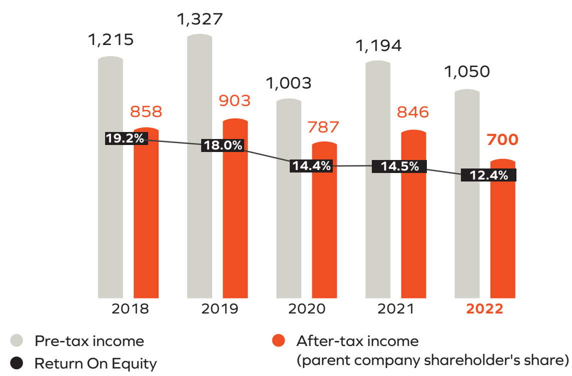
NET ASSETS AT END [3]

(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. This trade name, as well as its acronym Mobilize F.S., may be used by the group as an alias for its corporate name. RCI Banque S.A. and its subsidiaries may be referred to as "Mobilize F.S. Group".
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 in India, and Mitsubishi Motors in the Netherlands.
3) Net assets at year-end: net total outstandings + operating lease transactions net of depreciation and impairment.
4) Excluding Equity Affiliated Companies

BUSINESS ACTIVITY [1] 2022

Despite an automotive market still penalized by electronic components shortage, Mobilize Financial Services new financings increase by 3.3% compared to 2021, thanks to the improved average financed amount.

In an automotive market down 4.6% [2], the volumes of the Alliance brands stood at 1.90 million vehicles in 2022, down 5.7%. The penetration rate amounts to 44.8% down 1.3pt compared to 2021.

Mobilize Financial Services financed 1,195,380 contracts in 2022, down 6.4% compared to 2021. Used Car Financing decreased by 1.2% compared to 2021 with 341,655 financed contracts. Electric vehicle financing reached 82,179 units in 2022, i.e., 6.9% of the number of new financing contracts compared to 6.4% in 2021.

New financings (excluding credit cards and personal loans) stood at €18.0 billion, up 3.3% thanks to the 10.4% increase of the average financed amount.

Average performing assets (APA) [3] related to the Retail Activity totalized €38,3 billion in 2022. The amount increased by 1.8%, thanks to the progression observed on the new financings.

Average performing assets linked to the Wholesale Activity amounted to €6.4 billion, down 9.8%, due to electronic component shortage and stock optimization policy in the dealer network implemented by Renault Group. Overall, average performing assets totalized €44.7 billion, down slightly 0.1% compared to 2021.

The number of insurance and service contracts sold in 2022 account for 3.8 million down 4.7% compared to 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 €15.8 billion, up 2.7% compared to 2021, and representing 88% of Mobilize Financial Services new financings. The growth is mostly concentrated in Germany and in the UK.

Americas region, strongly impacted by the sanitary crisis in 2021 is back in the black. The new financings are up 23.2% compared to 2021, reaching €1.4 billion. All countries within the region are improving compared to previous year.

New financings for Africa – Middle-East – India and Pacific region amounted to €0.8 billion, down 11.0% compared to 2021. This decrease is mainly due to the decline of Renault Group registrations in Korea.

(1) Excluding Equity Affiliated Companies. A proforma on 2021 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. Average calculated on end of month figures for customer segment and on daily data on dealer financing.

	Financing penetration rate (%)		New vehicle contracts processed (thousands)		New financings excluding cards and PL (€m)		Net assets at year-end (€m)[1]		of which Customer net assets at year-end (€m)		of which Dealer net assets at year-end (€m)	
PC+LUV market[2]	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
EUROPE	**47.7%**	**48.2%**	**1,010**	**1,078**	**15,839**	**15,420**	**45,125**	**40,832**	**35,387**	**34,551**	**9,738**	**6,281**
of which Germany	49.4%	47.5%	150	151	2,619	2,362	7,981	7,809	6,803	6,828	1,178	981
of which Spain	51.8%	51.4%	85	98	1,257	1,275	3,883	3,593	3,204	3,253	679	340
of which France	51.9%	52.8%	366	408	5,412	5,723	17,264	15,319	12,711	12,359	4,553	2,960
of which Italy	64.5%	68.0%	136	154	2,164	2,229	5,752	5,352	4,942	4,875	810	477
of which United Kingdom	46.7%	39.9%	126	113	2,496	1,987	5,302	4,371	4,383	3,936	919	435
of which other countries	31.5%	33.2%	147	155	1,890	1,844	4,943	4,388	3,344	3,300	1,599	1,088
AMERICAS	**32.4%**	**35.8%**	**129**	**134**	**1,356**	**1,101**	**2,607**	**2,227**	**2,065**	1,855	**542**	372
of which Argentina	23.3%	21.6%	18	15	197	113	213	166	101	94	112	72
of which Brazil	30.8%	33.6%	76	83	759	640	1,694	1,475	1,324	1,201	370	274
of which Colombia	46.7%	60.3%	34	37	400	349	700	586	640	560	60	26
AFRICA - MIDDLE-EAST - INDIA AND PACIFIC	**38.5%**	**42.6%**	**56**	**64**	**758**	**852**	**1,760**	**1,910**	**1,611**	**1,793**	**149**	**117**
TOTAL MOBILIZE F.S.	**44.8%**	**46.0%**	**1,195**	**1,277**	**17,953**	**17,373**	**49,492**	**44,983**	**39,063**	**38,213**	**10,429**	**6,770**

(1) Net assets at year-end: net total outstandings + operational lease transactions net of depreciation and impairment.
(2) Figures refer to passenger car (PC) and light utility vehicle (LUV) markets.

CONSOLIDATED FINANCIAL HIGHLIGHTS 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 €2,045 million, up 11.9% compared to 2021. This increase is partly explained by a one-off positive impact of €101 million related to the valuation of interest rate swaps covering sight deposits in the context of rising interest rates. Services activities represented 32.7% of contributions to net banking income, down slightly by 2.9pt compared to 2021.

Operating expenses total €624 million, up €54 million compared to the end of 2021. They represent 1.39% of APA, a 12-basis point increase compared to 2021. This 12-basis point increase is linked to investments intended to support the growth of our customer financing activity and the development of new activities such as car subscription.

The cost of risk for the Customer business (financing for private and business customers) stands at 0.55% of APA at the end of 2022 compared to 0.26% of APA at the end of 2021. It thus returns to a level in line with historical trends, after a year of increased provisions linked to Covid in 2020 and reversals of these provisions in 2021 following the normalization of the health situation. The cost of risk for the Dealer networks business (financing for dealerships) is a release of -0.33% of APA at the end of December 2022 compared to a release of -0.52% at the end of December 2021. The total cost of risk stands at 0.44% of APA or €195 million compared to 0.14% or €62 million at the end of December 2021.

A depreciation of €119 million on investment in the Russian JV was recorded, impacting net income.

Pre-tax income stands at €1,050 million compared to €1,194 million at the end of December 2021.

Consolidated net income – parent company shareholders' share – was €700 million in 2022, compared to €846 million at the end of December 2021.

Balance sheet

In 2022, the average performing assets of the Retail Customers business increased thanks to growth in new financing. The Dealer network activity's average productive assets were negatively impacted by the semiconductor shortage as well as the optimization policy for vehicle inventories in the dealer network, implemented by Groupe Renault brands.

At the end of December 2022, net assets [1] amounted to €49.5 billion, compared to €45.0 billion at the end of December 2021 (+10.02%).

Consolidated equity amounted to €6,310 million compared to €6,222 million at the end of December 2021 (+1.41%).

Profitability

ROE [2] fell to 12.4% compared with 14.5% in December 2021. It was impacted by the decrease in consolidated net income.

The RoRWA [3] stood at 2.06% in 2022 compared to 2.47% in 2021, mainly due to the decline in net income parent company shareholder's share .

Solvency

The overall solvency ratio [4] came to 16.84% at the end of 2022 (of which the CET1 ratio was 14.47%), compared to 17.68% at the end of December 2021 (of which the CET1 ratio was 14.76%). The fall in the overall ratio is explained by the increase in RWEA (+€2,008m) mostly due to the increase of the Dealer network activity (+€1,542m) as well as by the integration of structural exchange rate risk in the market risk component [5] (+€1,002m of REA [6]). This increase in REA is partially offset by an increase in CET1 capital (+€339m) linked to a reduction in EL/PROV [7] (+€257m) and the integration of the half-year result deducted from the forecast dividend (+ €100m).

Consolidated income (in millions of euros)	**12/2022**	**12/2021**	**12/2020**
Net Banking Income	2,045	1,828	1,955
General operating expenses(1)	(642)	(576)	(600)
Cost of risk	(195)	(62)	(353)
Share in net income (loss) of associates and joint ventures	(127)	19	19
Gains less losses on other non-current assets(2)			(1)
Income exposed to inflation(3)	(31)	(14)	(15)
Goodwill impairment		(1)	(2)
PRE-TAX INCOME	**1,050**	**1,194**	**1,003**
CONSOLIDATED NET INCOME (Parent company shareholders' share)	**700**	**846**	**787**

(1) Including 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)	**12/2022**	**12/2021**	**12/2020**
Net total outstandings of which	48,109	43,639	45,777
Retail customer loans	22,950	22,689	22,975
Finance leases	14,730	14,180	13,908
Dealer financing	10,429	6,770	8,894
Operational lease transactions net of depreciation and impairment	1,383	1,344	1,418
Other assets	10,932	11,253	11,691
Shareholder's equity of which	7,196	7,115	7,163
Equity	6,310	6,222	6,273
Subordinated debt	886	893	890
Bonds	13,568	13,811	17,560
Negotiable debt securities (CD, CP, BT, BMTN)	1,221	1,063	1,172
Securitization	3,319	3,097	3,259
Customer saving accounts - Ordinary saving accounts	17,661	15,723	14,714
Customer term deposit accounts	6,780	5,296	5,794
Banks and other lenders (including Schuldschein)	6,759	6,746	5,584
Other liabilities	3,920	3,385	3,640
TOTAL BALANCE SHEET	**60,424**	56,236	58,886

1) Net assets at year-end: net total outstandings on loans and financial leases + operating lease transactions net of depreciation and impairment.
2) ROE (Return on equity) Net income for the period divided by the average end of month net equity (excluding Profit (loss) for the period).
3) Return on Risk-Weighted Assets (RoRWA) 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 at 1 January 2022.
6) Risk Exposure Amount: RWA (Credit Risk), CVA, Operational Risk and Market Risk.
7) The calculation of EL/PROV deductions at sound or defaulted portfolio level rather than at the contract level as in the previous year (CRR article 159 confirmed by Q&A EBA 2013_573) led to an increase in CET1 capital (+€212m) partially offset by a decrease in T2 (-€113m).

FINANCIAL POLICY

The tightening of the monetary policies of the main central banks (a direct consequence of the increase in inflation following the outbreak of military operations in Ukraine) and the decline in activity in China due to its zero-Covid policy have led to a slowdown in global economic activity.

In the United States, after the contraction in activity in the first half of the year, growth is expected to remain subdued over the coming quarters. The labor market is still robust with an unemployment rate that stays low (3.5% at the end of December). Inflation continues to be very high but is starting to show the first signs of slowing down (6.5% in December compared to 7.1% in November, 7.8% in October, 8.3% in August).

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 thus raised by 425 bps to reach 4.25-4.50% at the end of December.

The ECB increased its key rate by 250 bps during 2022, raising the marginal deposit rate from -0.50% to 2.00%. It plans to raise interest rates further to ensure a rapid return of inflation to its medium-term target of 2%. The ECB also specified that it will begin to reduce its balance sheet from the beginning of March 2023 (the asset purchase program "APP" portfolio will be reduced by an average of €15 billion per month until the end of the second quarter of 2023, and its subsequent pace will be determined over time).

The Bank of England (BoE), one of the first central banks to have started the monetary tightening cycle, has raised its key rate several times, bringing it to 3.50% from 0.25% at the end of 2021.

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 2% mark to 2.57%, compared to a level of -0.19% at the end of 2021.

Following the slowdown in inflation in the United States and Europe, equities and corporate bonds, which had suffered in the second and third quarters, began to recover at the end of the year. After hitting a -25% decline at the end of September, the Euro Stoxx 50 ended the year at 3,793, down -11.74%. Credit spreads experienced a similar trend: after peaking at 138 bps in July, the IBOXX Corporate Bond Euro index stood at 99 bps at the end of December compared to 61 bps at the end of December 2021.

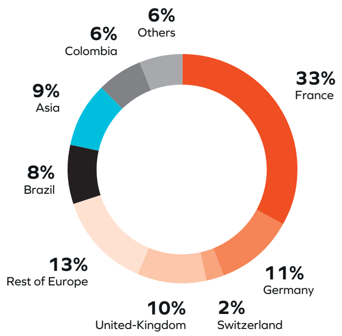
In this volatile market context, the group issued the equivalent of €2.8 billion in 2022 and launched its first green bond for €500 million. Proceeds are being used to finance electric vehicles and charging infrastructures. This transaction demonstrates the group's willingness to support the transition to electric mobility and its commitment to tackling climate change. The group also returned to the Swiss market, with the placement of a CHF110 million bond with a three-year maturity, and extended the maturity of its debt with a €650 million transaction with a six-year maturity. Two issues of €750 million at 3.5 and three years respectively were also carried out.

In the securitization market, the group placed approximately €700 million in notes backed by auto loans granted by its French subsidiary. The Spanish branch also carried out its first securitization, issuing €1.1 billion in self-subscribed Senior notes, which reinforced the liquidity reserve.

The retail savings activity proved to be particularly dynamic and competitive in terms of funding cost. Deposits allowed to reduce the impact of the increase in the cost of market funding, thus demonstrating the relevance of the financing diversification strategy initiated 10 years ago. Savings deposits received increased by €3.4 billion since the beginning of the year to stand at €24.4 billion.

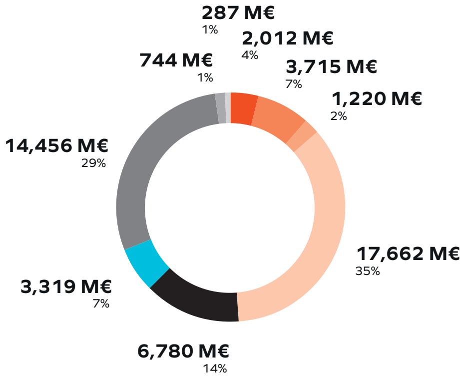
GEOGRAPHICAL BREAKDOWN OF NEW RESOURCES WITH A MATURITY OF ONE YEAR OR MORE (EXCLUDING DEPOSITS AND TLTRO)

(as at 12/31/2022)



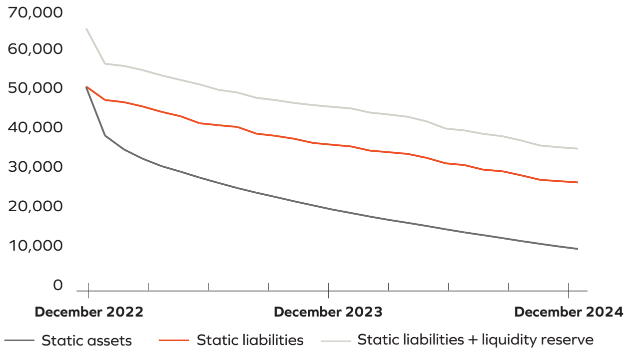
STRUCTURE OF TOTAL DEBT

(as at 12/31/2022)



STATIC LIQUIDITY[2]

(in million euros)



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

FINANCIAL POLICY

These resources, to which should be added, on the European scope, €4.4 billion in undrawn confirmed bank lines, €4.6 billion in collateral eligible for Central Bank monetary policy operations, and €5.8 billion in high quality liquid assets (HQLA), enable the Mobilize Financial Services group to maintain the financing granted to its customers for 11 months without access to external liquidity. As of 31 December 2022, the liquidity reserve of the Mobilize Financial Services group (Europe scope) stood at €14.9 billion.

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

As of 31 December 2022, a parallel rise in rates[1] would have an impact on the group's net interest income (NII) of €0.78 million, with the following contribution by currency:

- -€1.6 million in EUR;
- +€1.0 million in GBP;
- -€0.3 million in BRL;
- +€0.1 million in PLN;
- -€0.1 million in KRW;
- -€0.3 million in CHF.

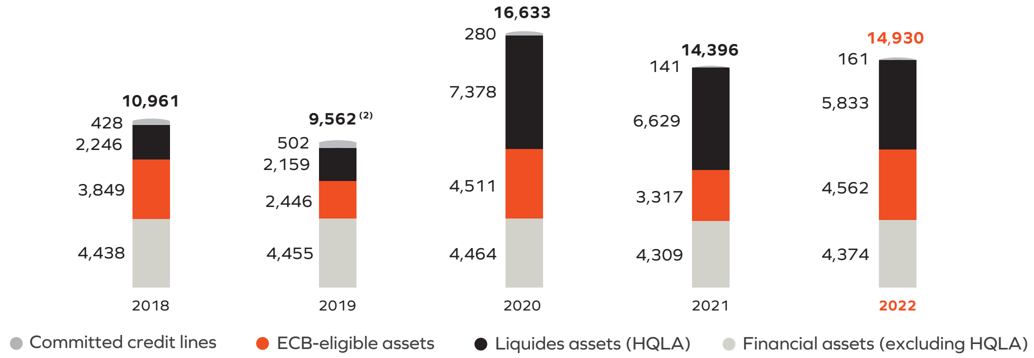
The sum of the absolute values of the sensitivities to a parallel interest rate shock[1] in each currency amounts to €7.0 million.

The groupe RCI Banque's consolidated transactional foreign exchange position[2] is €12.7 million.

(1) Since 2021 and in accordance with EBA (IRRBB Guidelines), the magnitude of interest rate shocks depends on the currency. As of 31 December 2022, 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 and PLN; +350 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. 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 insurances

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 (stable)

Issuer[1]	Instrument	Market	Amout	S&P	Moody's	Other
RCI Banque S.A.	Tier 2 Subordinated Notes	Euro	€850 million[4]	**BB**	**Baa2** (stable outlook)	
RCI Banque S.A.	NEU MTN Program[3]	French	€2,000 million	**BBB-** (stable outlook)	**Baa2** (stable outlook)	
RCI Banque S.A.	Euro MTN Program	Euro	€23,000 million	**BBB-** (stable outlook)	**Baa2** (stable outlook)	
RCI Banque S.A.	NEU CP Program[2]	French	€4,500 million	**A-3**	**P2**	
DIAC S.A.	NEU MTN Program[3]	French	€1,500 million	**BBB-** (stable outlook)		
DIAC S.A.	NEU CP Program[2]	French	€1,000 million	**A-3**		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	USD150 million		**A+** (arg) (stable oulook)	Fix Scr: **AA (arg)** (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,330 billion[4]			KR, KIS, NICE: **A+**
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,841 million[4]		**AA+.br** (stable outlook)	
RCI Colombia S.A. Compañia de Financiamiento	CDT: Certificado de depósito a Término	Colombian	COP1,020 billion[4]	**AAA.co**		
RCI Colombia S.A. Compañia de Financiamiento	Bonds	Colombian	COP189 billion[4]	**AAA.co**		
RCI Finance Maroc	Tier 2 Subordinated	Moroccan	MAD68 million[4]			
RCI Finance Maroc	BSF Program	Moroccan	MAD3,500 million			

(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.