



**RCI BANQUE SA**

**HALF-YEAR FINANCIAL  
REPORT**

**30 June 2021**

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**STATEMENT BY THE  
PERSON RESPONSIBLE FOR  
THE HALF-YEAR  
FINANCIAL REPORT**

**30 June 2021**

## Statement by the person responsible for the Half-Year Financial Report

*Translation of the French original*

I hereby declare that, to the best of my knowledge, the half-year consolidated accounts are prepared in accordance with the applicable accounting standards and give a true and fair picture of the assets and liabilities, the financial position and the results of the Group and all the entities included in the consolidation perimeter.

I declare that the half-year business report attached presents an accurate picture of the main events arisen during the first six months of the year, their incidence on the accounts, as well as a description of the key risks and uncertainties for the remaining six months of the year.

July 23<sup>th</sup> 2021

*French original signed by*  
Chairman of the board of Directors  
**Clotilde DELBOS**



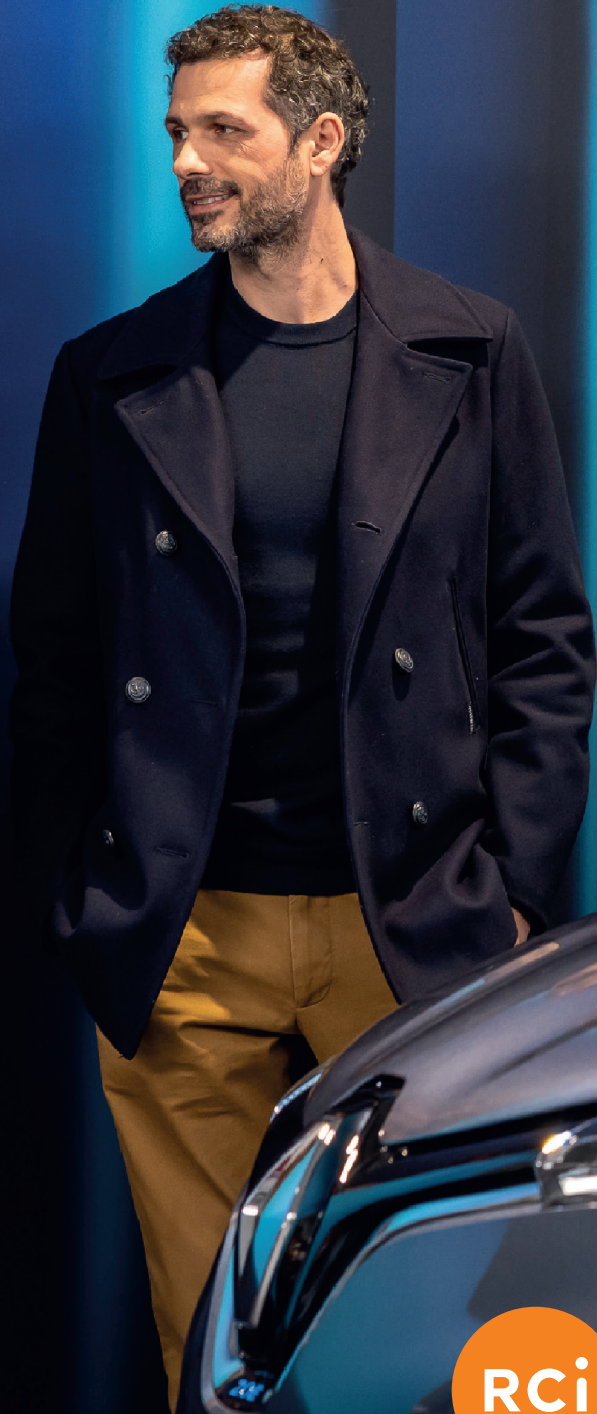
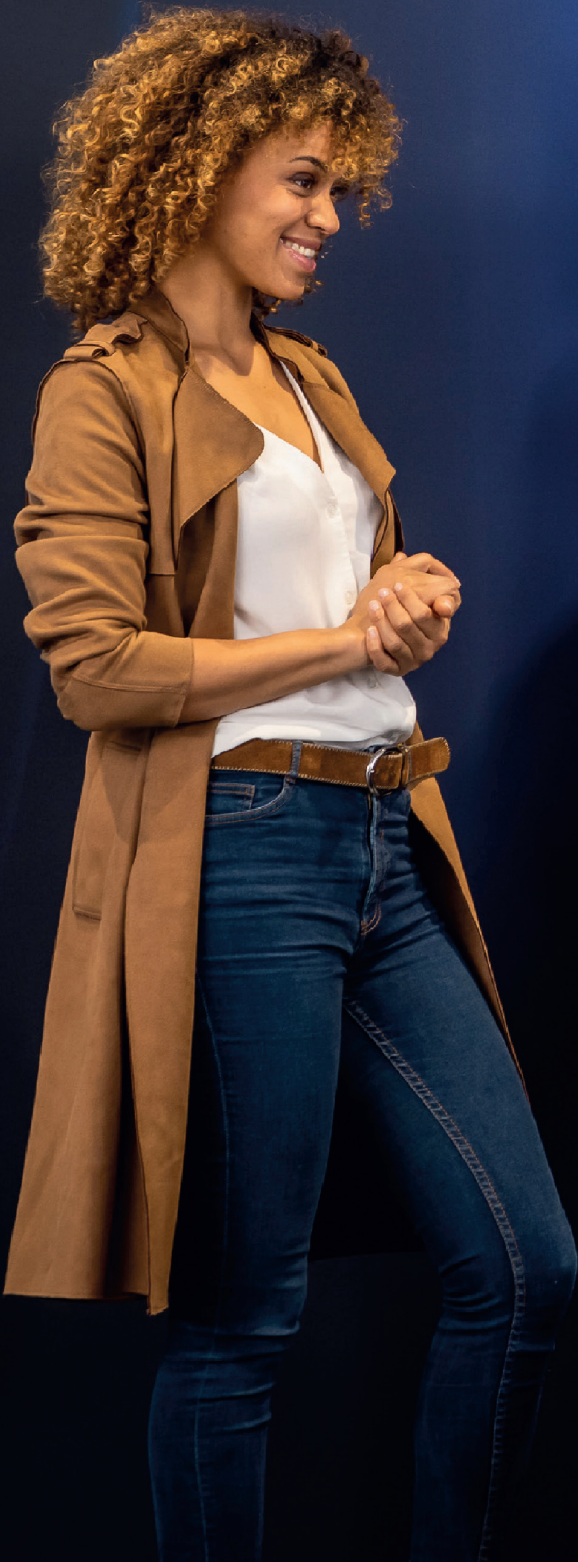
## **BUSINESS REPORT**

**FIRST HALF 2021**



# BUSINESS REPORT

FIRST HALF 2021



BANK  
AND  
SERVICES



# 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.

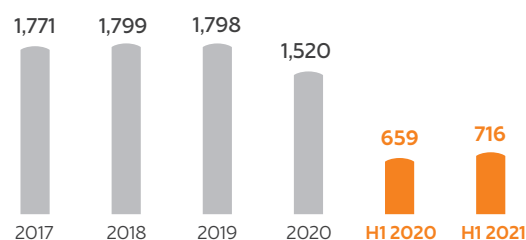
The collection of deposits is a lever for diversifying the refinancing sources of the group's business. The amounts collected totaled €21.1 billion, i.e. around 45% of net assets at the end of June 2021<sup>(3)</sup>.

## 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.

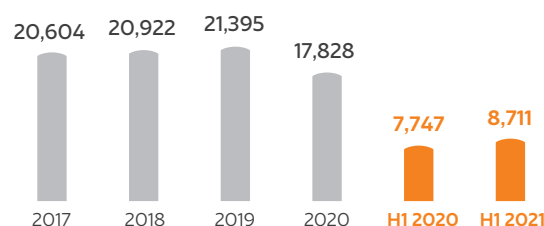
## TOTAL NUMBER OF VEHICLE CONTRACTS

(in thousands)



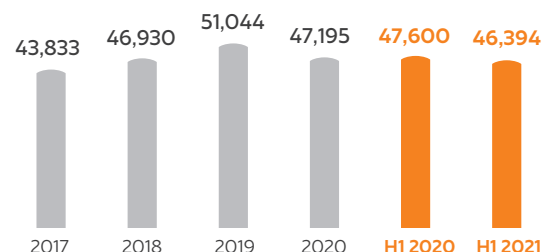
## NEW FINANCINGS

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



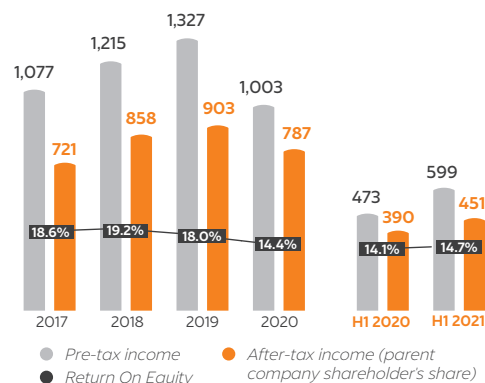
## NET ASSETS AT END<sup>(3)</sup>

(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%.

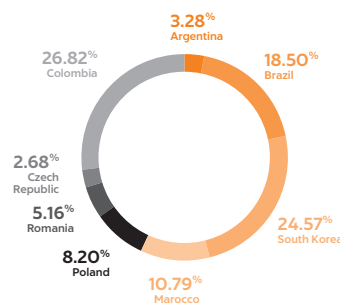
The major stock market indices rose significantly in the first half of the year, during which the Euro Stoxx 50 rose by +14%. Credit spreads have continued to decline to the lowest levels seen in 2019 and 2020. The IBOXX Corporate index ended the half-year at 63 bps compared to 74 bps at the end of 2020,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

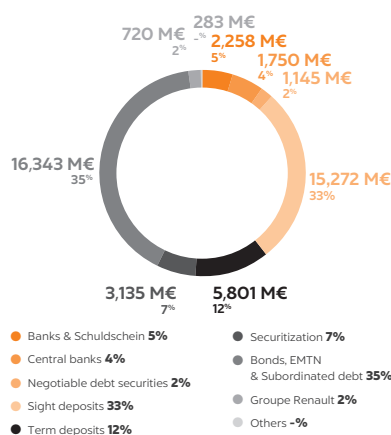
## ● GEOGRAPHICAL BREAKDOWN OF NEW RESOURCES WITH A MATURITY OF ONE YEAR OR MORE (EXCLUDING DEPOSITS AND TLTRO)

(as at 30/06/2021)



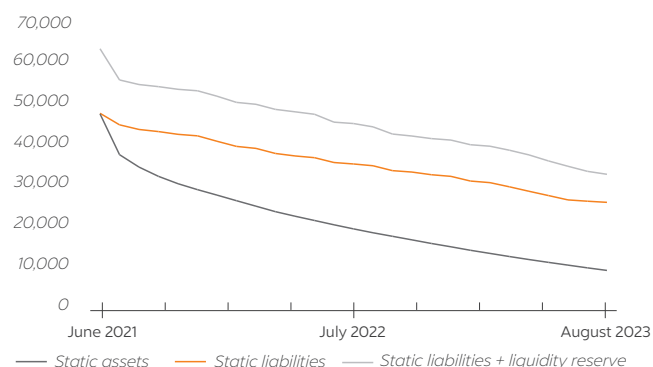
## ● STRUCTURE OF TOTAL DEBT

(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.

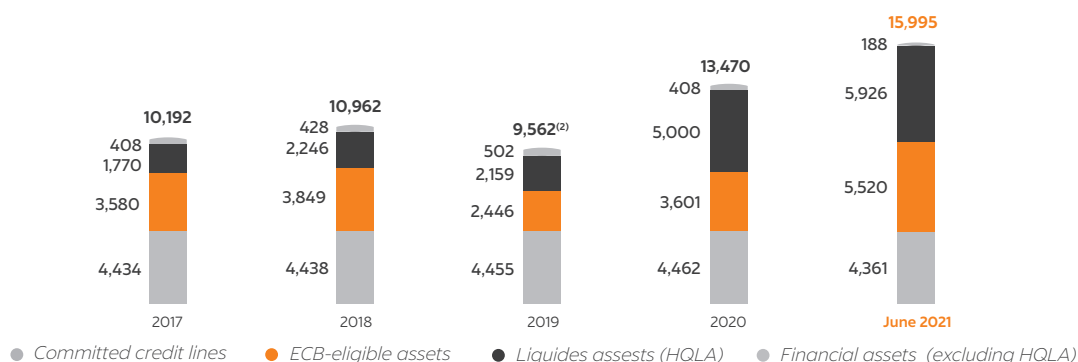
The group RCI Banque's consolidated transactional foreign exchange position<sup>(2)</sup> is €4.3 million.

(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.



# **AUDITORS' REPORT**

**30 June 2021**



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## RCI BANQUE

### Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2021

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

## **Statutory Auditors' Review Report on the Half-yearly Financial Information**

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of RCI Banque S.A., for the period from January 1 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

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

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

### **I. Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware



of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## **II. Specific verification**

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

*Paris La Défense, July 29, 2021*

*The Statutory Auditors*

*French original signed by*

KPMG S.A.

Ulrich SARFATI  
*Partner*

Mazars

Anne VEAUTE  
*Partner*



**CONSOLIDATED  
FINANCIAL  
STATEMENTS OF  
THE RCI BANQUE  
GROUP**

**30 June 2021**

## SUMMARY

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## CONSOLIDATED BALANCE SHEET

ASSETS - In millions of euros	Notes	06/2021	12/2020
Cash and balances at central banks	2	5 988	7 299
Derivatives	3	162	230
Financial assets at fair value through other comprehensive income	4	438	649
Financial assets at fair value through profit or loss	4	141	219
Amounts receivable at amortised cost from credit institutions	5	1 355	1 232
Loans and advances at amortised cost to customers	6 et 7	45 453	46 222
Current tax assets	8	75	26
Deferred tax assets	8	177	188
Tax receivables other than on current income tax	8	145	139
Adjustment accounts & miscellaneous assets	8	1 206	973
Investments in associates and joint ventures		141	129
Operating lease transactions	6 et 7	1 396	1 418
Tangible and intangible non-current assets		75	83
Goodwill		81	79
<b>TOTAL ASSETS</b>		<b>56 833</b>	<b>58 886</b>

LIABILITIES AND EQUITY - In millions of euros	Notes	06/2021	12/2020
Central Banks	9.1	1 750	2 250
Derivatives	3	51	84
Amounts payable to credit institutions	9.2	2 258	2 302
Amounts payable to customers	9.3	22 076	21 540
Debt securities	9.4	19 743	21 991
Current tax liabilities	10	195	143
Deferred tax liabilities	10	623	587
Taxes payable other than on current income tax	10	11	24
Adjustment accounts & miscellaneous liabilities	10	1 895	2 151
Provisions	11	181	190
Insurance technical provisions	11	445	461
Subordinated debt - Liabilities	13	880	890
Equity		6 725	6 273
- Of which equity - owners of the parent		6 712	6 260
Share capital and attributable reserves		814	814
Consolidated reserves and other		5 874	5 159
Unrealised or deferred gains and losses		(427)	(500)
Net income for the year		451	787
- Of which equity - non-controlling interests		13	13
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>56 833</b>	<b>58 886</b>

**CONSOLIDATED INCOME STATEMENT**

<b>In millions of euros</b>	<b>Notes</b>	<b>06/2021</b>	<b>06/2020</b>	<b>12/2020</b>
Interest and similar income	19	919	1 018	1 928
Interest expenses and similar charges	20	(304)	(332)	(643)
Fees and commission income	21	316	300	609
Fees and commission expenses	21	(139)	(109)	(250)
Net gains (losses) on financial instruments at fair value through profit or loss		2	(6)	7
Income of other activities	22	546	476	1 039
Expense of other activities	22	(400)	(337)	(735)
<b>NET BANKING INCOME</b>		<b>940</b>	<b>1 010</b>	<b>1 955</b>
General operating expenses	23	(300)	(299)	(581)
Depreciation and impairment losses on tangible and intangible assets		(9)	(9)	(19)
<b>GROSS OPERATING INCOME</b>		<b>631</b>	<b>702</b>	<b>1 355</b>
Cost of risk	24	(36)	(236)	(353)
<b>OPERATING INCOME</b>		<b>595</b>	<b>466</b>	<b>1 002</b>
Share in net income (loss) of associates and joint ventures		10	10	19
Gains less losses on non-current assets				(1)
Impact of Profit & Loss for Subsidiaries in Hyperinflation Context		(6)	(3)	(15)
Goodwill impairment				(2)
<b>PRE-TAX INCOME</b>		<b>599</b>	<b>473</b>	<b>1 003</b>
Income tax	25	(138)	(78)	(206)
<b>NET INCOME</b>		<b>461</b>	<b>395</b>	<b>797</b>
Of which, non-controlling interests		10	5	10
Of which owners of the parent		451	390	787
Number of shares		1 000 000	1 000 000	1 000 000
Net Income per share (1) in euros		451,48	390,33	787,32
Diluted earnings per share in euros		451,48	390,33	787,32

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<b>In millions of euros</b>	<b>06/2021</b>	<b>06/2020</b>	<b>12/2020</b>
<b>NET INCOME</b>	<b>461</b>	<b>395</b>	<b>797</b>
Actuarial differences on post-employment benefits	5	(3)	(4)
<i>Total of items that will not be reclassified subsequently to profit or loss</i>	<i>5</i>	<i>(3)</i>	<i>(4)</i>
Unrealised P&L on cash flow hedge instruments	22	(10)	
Unrealised P&L on financial assets	(1)		
Exchange differences	52	(147)	(159)
<i>Total of items that will be reclassified subsequently to profit or loss</i>	<i>73</i>	<i>(157)</i>	<i>(159)</i>
<b>Other comprehensive income</b>	<b>78</b>	<b>(160)</b>	<b>(163)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>539</b>	<b>235</b>	<b>634</b>
Of which Comprehensive income attributable to non-controlling interests	15	(3)	8
Of which Comprehensive income attributable to owners of the parent	524	238	626



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital	Attribut. reserves	Consolid. reserves	Translation adjust.	Unrealized or deferred P&L	Net income	Equity	Equity	Total Consolidated equity
	(1)	(2)		(3)	(4)	(Shareholders of the parent company)	(Shareholders of the parent company)	(Non-controlling interests)	
<b>Equity at 31 December 2019</b>	<b>100</b>	<b>714</b>	<b>4 271</b>	<b>(299)</b>	<b>(40)</b>	<b>903</b>	<b>5 649</b>	<b>53</b>	<b>5 702</b>
Appropriation of net income of previous year			903			(903)			
<b>Equity at 1 January 2020</b>	<b>100</b>	<b>714</b>	<b>5 174</b>	<b>(299)</b>	<b>(40)</b>		<b>5 649</b>	<b>53</b>	<b>5 702</b>
Change in value of financial instruments recognized in equity					(8)		(8)	(2)	(10)
Actuarial differences on defined-benefit pension plans					(3)		(3)		(3)
Exchange differences				(141)			(141)	(6)	(147)
Net income for the year (before appropriation)						390	390	5	395
<b>Total comprehensive income for the period</b>				<b>(141)</b>	<b>(11)</b>	<b>390</b>	<b>238</b>	<b>(3)</b>	<b>235</b>
Effect of acquisitions, disposals and others			(5)				(5)	(1)	(6)
Dividend for the period								(11)	(11)
Repurchase commitment of non-controlling interests								9	9
<b>Equity at 30 June 2020</b>	<b>100</b>	<b>714</b>	<b>5 169</b>	<b>(440)</b>	<b>(51)</b>	<b>390</b>	<b>5 882</b>	<b>47</b>	<b>5 929</b>
Change in value of financial instruments recognized in equity					6		6	4	10
Actuarial differences on defined-benefit pension plans					(1)		(1)		(1)
Exchange differences				(14)			(14)	2	(12)
Net income for the year (before appropriation)						397	397	5	402
<b>Total comprehensive income for the period</b>				<b>(14)</b>	<b>5</b>	<b>397</b>	<b>388</b>	<b>11</b>	<b>399</b>
Effect of acquisitions, disposals and others			1				1		1
Repurchase commitment of non-controlling interests			(11)				(11)	(45)	(56)
<b>Equity at 31 December 2020</b>	<b>100</b>	<b>714</b>	<b>5 159</b>	<b>(454)</b>	<b>(46)</b>	<b>787</b>	<b>6 260</b>	<b>13</b>	<b>6 273</b>
Appropriation of net income of previous year			787			(787)			
<b>Equity at 1 January 2021</b>	<b>100</b>	<b>714</b>	<b>5 946</b>	<b>(454)</b>	<b>(46)</b>		<b>6 260</b>	<b>13</b>	<b>6 273</b>
Change in value of financial instruments recognized in equity					15		15	6	21
Actuarial differences on post-employment benefits					5		5		5
Exchange differences				53			53	(1)	52
Net income for the year (before appropriation)						451	451	10	461
<b>Total comprehensive income for the period</b>				<b>53</b>	<b>20</b>	<b>451</b>	<b>524</b>	<b>15</b>	<b>539</b>
Effect of acquisitions, disposals and other			(3)				(3)		(3)
Dividend for the period (5)			(69)				(69)	(6)	(75)
Repurchase commitment of non-controlling interests								(9)	(9)
<b>Equity at 30 June 2021</b>	<b>100</b>	<b>714</b>	<b>5 874</b>	<b>(401)</b>	<b>(26)</b>	<b>451</b>	<b>6 712</b>	<b>13</b>	<b>6 725</b>

- (1) The share capital of RCI Banque S.A. (100 million euros) consists of 1,000,000 fully paid up shares with par value of 100 euros each, of which 999,999 shares are owned by Renault s.a.s.
- (2) Attributable reserves include the share premium account of the parent company.
- (3) The change in translation adjustments at 30 June 2021 relates primarily to Argentina, Brazil, Colombia, South Korea, Morocco, the United Kingdom, Switzerland and Turkey. At 31 December 2020, it related primarily to Argentina, Brazil, Colombia, South Korea, India, Morocco, Poland, Russia, Turkey, the United Kingdom and Czech Republic.
- (4) Includes the fair value of derivatives used as cash flow hedges and fair value on debt instrument for -€5 and IAS 19 actuarial gains and losses for -€21m at end June 2021.
- (5) Distribution to the shareholder Renault of a dividend on the 2020 result for €69 million

## CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	06/2021	06/2020	12/2020
<b>Net income attributable to owners of the parent company</b>	<b>451</b>	<b>390</b>	<b>787</b>
Depreciation and amortization of tangible and intangible non-current assets	9	9	18
Net allowance for impairment and provisions	(49)	165	238
Share in net (income) loss of associates and joint ventures	(10)	(10)	(19)
Deferred tax (income) / expense	35	(14)	(35)
Net loss / gain from investing activities	5	1	4
Net income attributable to non-controlling interests	10	5	10
Other (gains/losses on derivatives at fair value through profit and loss)	9	(2)	(9)
<b>Cash flow</b>	<b>460</b>	<b>544</b>	<b>994</b>
Other movements (accrued receivables and payables)	(503)	175	231
<b>Total non-monetary items included in net income and other adjustments</b>	<b>(495)</b>	<b>329</b>	<b>437</b>
Cash flows on transactions with credit institutions	(749)	(460)	(645)
- Inflows / outflows in amounts receivable from credit institutions	27	(30)	(79)
- Inflows / outflows in amounts payable to credit institutions	(776)	(430)	(566)
Cash flows on transactions with customers	1 456	3 302	5 843
- Inflows / outflows in amounts receivable from customers	1 089	2 345	2 721
- Inflows / outflows in amounts payable to customers	367	957	3 122
Cash flows on other transactions affecting financial assets and liabilities	(2 021)	(635)	(757)
- Inflows / outflows related to AFS securities and similar	285	71	547
- Inflows / outflows related to debt securities	(2 230)	(822)	(1 612)
- Inflows / outflows related to collections	(76)	116	308
Cash flows on other transactions affecting non-financial assets and liabilities	(2)	29	44
<b>Net change in assets and liabilities resulting from operating activities</b>	<b>(1 316)</b>	<b>2 236</b>	<b>4 485</b>
<b>Net cash generated by operating activities (A)</b>	<b>(1 360)</b>	<b>2 955</b>	<b>5 709</b>
Flows related to financial assets and investments		5	5
Flows related to tangible and intangible non-current assets	(1)	(9)	(10)
<b>Net cash from / (used by) investing activities (B)</b>	<b>(1)</b>	<b>(4)</b>	<b>(5)</b>
Net cash from / (to) shareholders	(75)	(11)	(5)
- Outflows related to repayment of Equity instruments and subordinated borrowings			6
- Dividends paid	(75)	(11)	(11)
<b>Net cash from / (used by) financing activities (C)</b>	<b>(75)</b>	<b>(11)</b>	<b>(5)</b>
<b>Effect of changes in exchange rates and scope of consolidation on cash and equivalents (D)</b>	<b>68</b>	<b>(87)</b>	<b>(57)</b>
<b>Change in cash and cash equivalents (A+B+C+D)</b>	<b>(1 368)</b>	<b>2 853</b>	<b>5 642</b>
Cash and cash equivalents at beginning of year:	8 111	2 469	2 469
- Cash and balances at central banks	7 289	1 494	1 494
- Balances in sight accounts at credit institutions	822	975	975
Cash and cash equivalents at end of year:	6 743	5 322	8 111
- Cash and balances at central banks	5 979	4 457	7 289
- Credit balances in sight accounts with credit institutions	1 161	1 101	1 010
- Debit balances in sight accounts with credit institutions	(397)	(236)	(188)
<b>Change in net cash</b>	<b>(1 368)</b>	<b>2 853</b>	<b>5 642</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

RCI Banque S.A.'s registered office is located at 15, rue d'Uzès 75002 Paris.

RCI Banque S.A.'s main business is to provide financing for the Renault - Nissan Alliance brands.

The condensed consolidated interim financial statements of the RCI Banque group for the six months ended 30 June relate to the Company and its subsidiaries, and to the group's interests in associates and jointly-controlled entities.

### 1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

The summary consolidated financial statements of the RCI Banque group for the six months to 30 June 2021 were established by the Board of Directors on 23 July 2021 which authorized their publication.

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

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

### 2. KEY HIGHLIGHTS

#### - New issues of securitization funds

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

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

#### - Application of the new definition of default

During the first half of 2021, pending approval by the ECB for the implementation of the new definition of default on the A-IRB scope, application of the new definition was limited to Brazil and to countries using the standardized method. For the latter, the provisioning models remained unchanged, with exposures reclassified from stage 2 by default maintaining their coverage ratio. This approach explains the decrease in the provisioning rate for outstandings in default.

On the scope for which the advanced method is used, implementation of the new definition of default is expected in the second half of the year.

The share of outstandings on customers classified in default at June 2021 stood at €791 million, *i.e.* 2.01% compared to 1.79% at the end of 2020, the increase being entirely attributable to the change in the definition of default on part of the portfolio.

- **Covid-19 health crisis:**

While the context remains uncertain and disrupted by the pandemic, in the first half of 2021 it differs from that experienced in 2020. Teleworking has remained widely applied within the Group, however, depending on each specific local context.

The first half of 2020 reflected the full effect of the Covid-19 crisis, and lockdown measures in almost all of the countries in which the Group is present.

In the first half of 2021, mainly in Europe, the effects of the Covid-19 crisis gradually diminished, given the economic support plans still in force, and the gradual easing of lockdown made possible by the acceleration of vaccination campaigns.

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

The “Covid-19” moratoria have been applied within the framework of the EBA definitions and according to the situation in each country. Renewals remained very limited in 2021, leading to a significant decline in assets under active moratoria. The volume of debt restructurings also fell. Recently, certain more sensitive country contexts have led to a targeted and limited number of restructurings to be considered once again.

**NB:** RCI Banque does not fall under the government- backed loan scheme (PGE).

**Information on outstandings subject to actives moratoriums 2021.06**

Zone Géographique	Clientèle		Réseaux		Total	
	Encours	Provisions	Encours	Provisions	Encours	Provisions
Europe	35,0	- 13,7	2,6	- 0,0	37,6	- 13,7
dont Allemagne	-	-	-	-	-	-
dont Espagne	0,5	- 0,0	-	-	0,5	- 0,0
dont France	-	-	-	-	-	-
dont Italie	19,2	- 12,7	0,1	- 0,0	19,2	- 12,7
dont Royaume-Uni	1,2	- 0,1	-	-	1,2	- 0,1
dont autres pays*	14,1	- 0,9	2,6	- 0,0	16,6	- 0,9
Eurasie	0,7	- 0,0	-	-	0,7	- 0,0
Afrique - Moyen Orient - Inde	-	-	-	-	-	-
Asie - Pacifique	0,0	- 0,0	-	-	0,0	- 0,0
Amériques	-	-	-	-	-	-
dont Argentine	-	-	-	-	-	-
dont Brésil	-	-	-	-	-	-
dont Colombie	-	-	-	-	-	-
<b>Total</b>	<b>35,7</b>	<b>- 13,7</b>	<b>2,6</b>	<b>- 0,0</b>	<b>38,3</b>	<b>- 13,7</b>

\* For the network, outstandings in other countries concerned Ireland in particular (€2.5 million). For customers, outstandings in other countries concerned Portugal in particular (€13.8 million).

## Information on outstandings subject to actives moratoriums 2020.12

Geographical Zone	Customers		Dealer financing		Total	
	Outstandings	Provisions	Outstandings	Provisions	Outstandings	Provisions
Europe	220,0	- 20,9	22,8	- 0,1	242,8	- 21,0
of which Germany	-	-	1,8	- 0,0	1,8	- 0,0
of which Spain	5,1	- 2,0	-	-	5,1	- 2,0
of which France	16,3	- 1,4	-	-	16,3	- 1,4
of which Italy	150,9	- 13,2	0,2	- 0,0	151,1	- 13,2
of which United Kingdom	8,4	- 0,2	-	-	8,4	- 0,2
of which other countries	39,3	- 4,2	20,9	- 0,1	60,2	- 4,3
Eurasia	0,3	-	-	-	0,3	-
Africa-Middle East-India	24,9	- 9,1	1,8	- 0,0	26,7	- 9,1
Asia-Pacific	2,0	0,0	-	-	2,0	0,0
Americas	16,5	- 9,6	-	-	16,5	- 9,6
of which Argentina	4,9	- 4,3	-	-	4,9	- 4,3
of which Brazil	-	-	-	-	-	-
of which Colombia	11,6	- 5,4	-	-	11,6	- 5,4
<b>Total</b>	<b>263,8</b>	<b>- 39,6</b>	<b>24,7</b>	<b>- 0,1</b>	<b>288,4</b>	<b>- 39,7</b>

At the end of June, in our Customer portfolio (excluding dealers), the amount of exposures subject to deferral of unexpired payment due dates amounted to €35.7 million, compared to €263 million in 2020. In view of the applicable ECB rules and changes in country-to-country situations, the renewed “Covid-19” moratoria amounted to a limited volume in 2021. The hedging used in Italy for active moratoria was based in particular on the analysis of the portfolio through the identification of counterparty payment behaviors using external data.

In the Dealer network financing activity, the amount of exposures that have been deferred and have not expired now amounts to only €2.6 million. Almost all of the deferrals of payment maturities granted to dealers during the lockdown period were settled with RCI. It should be noted that since then, no new widespread deferral measures were taken despite the various new partial or global lockdowns in certain countries.

The apparent increase in “B3” outstandings in default is exclusively linked to the application of the new definition of default by the countries where the standardized method applies and by Brazil. At constant definition, outstandings in default decreased. This change, combined with the improvement in debt collection performance and provisioning parameters, limited the half-year cost of risk.

As the economic context remains uncertain, the cautious approach adopted at the end of 2020 was retained.

- on the criteria for reclassifying certain receivables to bucket 2 (receivables impaired since origination).

These are non-model adjustments, mainly concerning a) corporate exposures outside the dealer network on which an individual review is carried out on a regular basis, and b) clients under active or expired moratoria.

Better understanding of situations through external data and/or hindsight make it possible to now assess the behavior of outstandings with longer moratoria, leading to impairment of €60.5 million in Italy and Morocco (of which €52.5 million forbearance).

- in the provisioning of the same receivables; these are non-model adjustments (mainly on active moratoria or in certain cases expired moratoria when signs of possible impairment are identified).

The changes between December 2020 and June 2021 remain limited in terms of cost of risk.

Furthermore, the estimate of the forward-looking provision was completed for customer segments deemed particularly affected by the crisis. In the absence of any late payments, the segments concerned were retained in their original bucket. These all relate to Retail exposures on clients operating in business sectors particularly affected by the crisis, but for which an individual analysis was not possible. The outstandings concerned amount to €2,517 million. Once again, the adjustment made was to bring the provisioning rate to the rate recorded for the outstandings of the same segments recognized in bucket 2.

In total, the provisioning rate for bucket 2 changed from 6% to 5.6% as a result of changes in risk parameters, while the provisioning rate for bucket 3 moved from 66% to 60.3% between end of 2020 and the end of June 2021. The decrease in the coverage rate is attributable to the implementation of the New Definition of Default in the countries

using the standardized method and in Brazil. As for bucket 1, the forward-looking adjustment led to a slight increase in coverage rates, with provisions for credit risk (with no residual value) standing at 0.46% on customer exposures in this category compared to 0.40% at the end of 2020.

On the loan insurance business taken at risk by the Group's insurance subsidiaries, the impact of Covid-19 was reflected in the first half of 2021 by:

- A decrease in production directly linked to the decrease in the volumes of financing granted: -28% compared to the first half of 2019 (reference half-year pre-Covid), *i.e.* -€24 million in premiums written.
- In the case of death cover, an increase in claims provisions of €2.0 million related to the third wave, bringing the total estimated cost of the Covid-19 epidemic to €6.7 million.

As of June 30, 2021, indemnities had been paid in respect of 324 Covid-19-related fatalities, amounting to €2.6 million. By way of comparison, indemnities had already been paid in respect of 213 death claims in 2020 for an amount of €1.8 million.

With regard to job loss guarantees, in view of the economic support measures still in force, no significant increase in actual claims was recorded during the first half of 2021. However, the additional provision of €3.5 million set up in 2020 was retained to anticipate the potential effects of an end to accommodative economic policies. Note that these guarantees do not cover partial unemployment.

#### ➤ Cost of risk

IFRS 9 introduces the notion of forward-looking into the credit risk-related expected loss (ECL) calculation. Through this notion, new requirements in terms of monitoring and measuring credit risk are introduced with the use of forward-looking data, in particular macroeconomic data. The principles for calculating provisions for credit risk are described in Section 4.3.3.5 of the 2020 annual report.

The cumulative cost of customer risk at the end of June 2021 amounted to 0.32% of average performing assets, compared with 1.15% at the end of June 2020. It is mainly explained by:

- The change in the coverage rate on defaulted outstandings and write-offs (0.42% in 2021 compared to 0.61% at end-June 2020).
- A reversal of 0.10% corresponding to the balance between:
  - A slight improvement in parameters recorded in early 2021. In the first half of 2021, the effects of the Covid-19 crisis on customer solvency remained high due to the economic support plans in force. As the debt collection arrangements are calculated conservatively, debt collection performance has improved. The improvement recorded in Europe was less marked in other regions, particularly South America and Morocco.
  - Appraisals carried out on the sub-portfolios analyzed individually, mainly customers under active or expired moratoriums and corporate exposures outside the dealer network. In this context, the use of external data and the end of long moratoria made it possible to detail these reclassifications in the countries most concerned, with impairment of €60.5 million in Italy and Morocco (of which €52.5 million forbearance).

For the dealer network, the cost of risk consists of a reversal of provisions for impairment of €22 million compared to December 2020.

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

For customers, the forward-looking adjustment was an increase of €0.2 million:

- A decrease of €3.7 million for the update of the macroeconomic component in which the weighting of the adverse scenario was reduced in the United Kingdom and, conversely, slightly increased in France to take into account the low point reached in the statistical provisions.
- An increase of €3.5 million for the collective provision for economic players in sectors most affected by the Covid-19 crisis.

For the dealer network, the forward-looking adjustment was an increase of €8.9 million.

Loss given default used to calibrate provisions, which had been negatively impacted by the health crisis in 2020,



showed signs of improvement in the first half of 2021, with a gradual return to normal in the debt collection process. The shortage of new vehicles, linked to the semiconductor crisis, also contributed positively to the resale performance for vehicles seized. The improvement in PD and LGD led to a decrease in the provisioning rate of receivables impaired since origination (B2), which changed from 6% to 5.6%, while the coverage rate of healthy receivables (B1) remained stable at 0.7%. The proportion of defaulted receivables rose slightly to 1.8% of outstandings compared to 1.6% at the end of 2020, but their provisioning rate decreased from 66% to 60%.

The breakdown of customer loans and provisions associated with each IFRS 9 category is detailed in notes 7 and 24.

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

These are close to those used for the 2020 financial year, to which is added the forecast adverse effect on the amount of provisions for the application of the new definition of default for the scope treated under the advanced method. This application is planned for the second half of 2021.

#### **- Forward-looking**

In the absence of reliable long-term projections to incorporate the impacts of Covid-19 into the forward-looking assumptions used to calculate Expected Credit Losses, RCI Banque maintained the preponderance of the “stability” scenario while slightly increasing the weighting of the “adverse” scenario and reducing that of the “baseline” scenario (the most optimistic) compared to the level used at December 31, 2020. This direction, taken in 2020, was confirmed in the first half of 2021. More specifically, the weight of the adverse scenario at Group level has increased from a weighting of 24% at December 31, 2020 to 26% at June 30, 2021.

Forward-looking: update of the macroeconomic scenarios on the basis of the ECB scenarios of February 2021 and maintenance of sector expertise, see the paragraph “Cost of risk”.

#### **- Provisions for appraisal moratoriums**

An additional provision was applied to exposures whose maturity was deferred during lockdown periods, whether or not these exposures were downgraded to forbearance. The method consisted notably in assessing the risk on these portfolios on the basis of external data and/or with sufficient hindsight on the behavior of exposures at the end of moratoria. At the end of June 2021, the adjustment represented a provision of €32.5 million on active and expired moratoria, compared with €39 million at the end of 2020 on a like-for-like basis.

#### **- Sector approach**

The main business sectors affected by the Covid-2019 crisis (hotels, catering, passenger transport, etc.) were the subject of additional coverage by applying the coverage ratio of B2 outstandings to B1 exposures, as was done at the end of 2020. They were occasionally supplemented by a small number of sectors specific to certain countries. This adjustment represented €48.5 million at the end of June 2021, compared with €45 million at the end of 2020.

#### **- Asset rankings by bucket**

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

In the groupe RCI Banque, this analysis was carried out on a case-by-case basis without the need for systematic downgrading (note 7.1).

- **New default:**

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

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

In its EU regulation 2018/1845 of 11/21/2018, the ECB has set, for credit institutions in the European Union considered important:

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

In addition, the ECB requests the application of the two materiality thresholds no later than 12/31/2020.

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

For the countries using the advanced method to calculate the solvency ratio (France, Italy, Spain, Germany, United Kingdom & South Korea), the ECB's mission relating to the calibration of the New Default was finalized in December 2020. RCI Banque is awaiting authorization from the ECB to implement the new definition of default. The new definition of default does not therefore apply to the Customer and Dealer network portfolios of these countries at the end of June 2021.

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

The impacts on the cost of risk at the end of June 2021 are:

**Retail:**

Receivables identified as doubtful, given the new definition of default, remain covered using unchanged provisioning methods. The application of the new default to countries using the standardized method and Brazil largely generates an increase in doubtful receivables and a decrease in the coverage rate of these same receivables.

On the scope for which the advanced method is used, implementation of the new definition of default is expected in the second half of the year.

**Dealer network:**

The transition to the new default did not have an impact on the cost of risk, even though some countries have seen dealers move into default on the 90 consecutive days in arrears criterion. These are Poland, Argentina, the Czech Republic, Belgium and Ireland. However, the majority of these movements to default will be resolved quickly, which means no adjustments to provisions are justified.

### 3. ACCOUNTING RULES AND METHODS

The interim financial statements for the six months to 30 June 2021 were prepared in accordance with the principles set out in IAS 34 "Interim Financial Reporting". They do not include all the information required when preparing annual consolidated financial statements and must therefore be read in conjunction with the financial statements for the year ended 31 December 2020.

The RCI Banque group's financial statements for the year ended 31 December 2020 were prepared in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) as at 31 December 2020 and as adopted in the European Union by the statement closing date. With the exception of the changes indicated hereafter, the accounting rules and methods used are identical to those applied in the consolidated financial statements for the year ended 31 December 2020.

#### A – Changes in accounting policies

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

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

Amendments to IFRS 16, IFRS 4, IFRS 7, IFRS 9 and IAS 39	Benchmark interest rate reform – Phase 2
Amendments to IFRS 4	Extension of the temporary exemption from the application of IFRS 9

The amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 relating to financial instruments, relating to the Phase 2 interest rate reform, was applied early by the RCI Group in its consolidated financial statements at December 31, 2020.

No financial instruments negotiated with a counterparty external to the Group were renegotiated due to the interest rate reform in the first half of 2021.

The RCI Group signed up to the ISDA 2020 Fallbacks Protocol in 2020 and to the ISDA 2018 Benchmark Supplement Protocol in 2021.

The RCI Group has identified the various benchmark rates used in interest rate hedging relationships and affected by the reform: Libor Euro, Libor GBP and Libor CHF. The Group considers that it has no uncertainty as to the future of the Euribor index since compliance of this index was validated by the European Banking Authority. As of June 30, 2021, the Group qualified interest rate swaps in fair value hedging relationships in the amount of CHF300 million (variable rate indexed on Libor CHF) and GBP100 million (variable rate indexed on Libor GBP).

Risk hedging strategies have not yet been modified by the transition to the new benchmarks.

The application of the other standards and amendments from January 1, 2021 has no significant effect on the Group's financial statements at June 30, 2021.

##### ➤ Published standards and amendments that are not yet applicable

IFRS 17	Insurance contracts
Amendment to IFRS 17	Insurance contracts

IFRS 17 Insurance Contracts was published on May 18, 2017 by the IASB. Subject to its adoption by the European Union, it will become effective in 2023. It replaces the current IFRS 4. At this stage, the group is not planning to apply this standard early.

**B. Estimates and judgments**

Given the particular reporting context and the impact of Covid-19, the changes made to the judgments and assumptions in December 2020 were maintained at June 30, 2021:

**Forward-looking data** (maintaining sectoral expertise, see paragraph "Cost of risk")

- **Provision estimation models:**

Estimation models have not been adapted. However, the parameters used in the models have been updated to incorporate the impact of Covid-19.

Aside from the two points above, the main areas of judgements and estimations in preparing the condensed consolidated financial statements for the period ending June 30, 2021 are identical to those set out in Note 4.3.3 to the 2020 annual financial statements.

**C. Changes in presentation**

At June 30, 2021, there are no changes in presentation compared with the previous year.

## 4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

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

### Liquidity

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

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

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

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

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

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

### Retail credit risk

During the 1<sup>st</sup> half of 2021, the new definition of default has been implemented in countries whose portfolios are treated under Revised Standard Approach, while at the end of June 2021 RCIBS is expecting the ECB decision for the same evolution on countries under Advanced Internal Rating Based approach. Where the new definition is applied, the same provisioning method and coverage rate as before have been maintained on exposures that shifted from stage 2 to default. This led to a decrease in the global coverage rate of default.

Regarding countries using A-IRB method, the new definition of default will be implemented in the 2<sup>nd</sup> semester of 2021. The incidence on provisioning is considered at the end of June 2021.

The share of default exposures within retail outstanding reaches 2,01% at the end of June 2021, or 791 M€ (including factoring activity), against 1,79% at the end of 2020. The increase comes entirely from the change in the default definition applied on part of the portfolio.

Retail cost of risk at the end of June 2021 reaches 0,32% of average performing assets, against 1,15% at the end of June 2020. Past year level reflected the strong Covid-19 crisis effects throughout the first half of 2020, whilst lockdowns applied in most of the countries where RCIBS operates. During the first half of 2021, mainly in Europe, Covid-19 crisis incidence has been step by step lower and in numerous countries governmental packages were still sustaining the activity. Collection efficiency have improved along 2021 first half as entries to collection have been in average lower or below the levels observed before the crisis, and risk management organizations and resources have been maintained at cautious level. This is particularly the case in Europe, less in South America area or in Morocco.

The coverage rate of defaulted outstanding reaches 61,9% at the end of June 2021 against 67,5% at the end of 2020. This decrease comes mainly from the implementation of the new default definition for countries under Revised Standard Approach.

Half year cost of risk of 0,32% of the average performing assets is explained by the evolution of provisions to cover default exposures and write-offs levels (both represent 0,31% for the first 6 months of 2021 against 0,61% at the end of June 2020). Other topics have a global neutral effect:

- « Forward Looking » update has a low incidence (under 1,0 M€ additional provision), as the weight given to the adverse scenario has been reduced for the UK, but slightly increased for France (where statistical provisioning has reached a bottom point) and for South America (because of the pandemic)
- Other components remain all in all neutral. If PD and LGD parameters are improving in most of the countries, an additional provision was considered to cover the new default definition incidence to come on A-IRB countries.

### **Profitability**

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

### **Governance**

Liquidity indicators are the subject of particular scrutiny at each monthly financial committee meeting.

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

### **Exposure to non-commercial credit risk**

Financial counterparty risk arises from the investment of cash surpluses, invested in the form of short-term bank deposits with leading banks, investments in money market funds, the purchase of bonds issued by governments, supranational issuers, government agencies, and corporate bonds with an average duration of less than one year at 30 June 2021.

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

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

In addition, RCI Banque has also invested in a fund whose assets consist of debt securities issued by European agencies and sovereigns and by supranational issuers. Targeted average exposure to credit risk is six years with a limit at nine years. The fund is aiming for zero exposure to the interest rate risk with a maximum of two years. In addition, interest rate or foreign exchange hedging transactions using derivatives may expose the Company to counterparty risk. In Europe, where the Group is subject to EMIR regulations, derivatives are subject to counterparty risk mitigation techniques through bilateral collateral exchange or registration in a clearing house. Outside Europe, the Group pays close attention to the credit quality of the bank counterparties it uses for derivatives.



## Macroeconomic environment

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 its asset purchase program for \$120 billion per month and will maintain it 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 new inflation target (symmetric target of 2% over the medium term). 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 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 remained stable around levels close to the lows observed 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.

## 5. REFINANCING

In the absence of growth in the commercial portfolio, funding needs remained modest and the Group took a number of initiatives to reduce its liquidity reserve, which had reached an all-time high at end-2020. In this context, RCI Banque did not issue on the bond market and sought to slow the growth in customer deposits, which nevertheless grew by 0,6Md€ since December to reach 21,1Md€ 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.

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 €16.0bn. 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.

## 6. REGULATORY REQUIREMENTS

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

At 30 June 2021, the ratios calculated do not show any non-compliance with the regulatory requirements.

## 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 : Segment information

In millions of euros	Customer	Dealer financing	Other	Total 06/2021
Average performing loan outstandings	36 184	7 934		44 118
Net banking income	769	102	69	940
Gross operating income	522	78	31	631
Operating income	464	100	31	595
Pre-tax income	467	100	32	599

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

In millions of euros	Customer	Dealer financing	Other	Total 06/2020
Average performing loan outstandings	36 651	10 327		46 978
Net banking income	800	130	80	1 010
Gross operating income	578	105	19	702
Operating income	363	86	17	466
Pre-tax income	371	85	17	473

Contributions by market are analyzed, for the different periods presented, for the main aggregates on the income statement and for average performing loans outstanding.

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

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

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

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

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

**Note 2 : Cash and balances at central banks**

In millions of euros	06/2021	12/2020
<b>Cash and balances at central banks</b>	<b>5 979</b>	<b>7 289</b>
Cash and balances at Central Banks	5 979	7 289
<b>Term deposits at Central Banks</b>	<b>9</b>	<b>10</b>
Accrued interest	9	10
<b>Total cash and balances at central banks</b>	<b>5 988</b>	<b>7 299</b>

**Note 3 : Derivatives**

In millions of euros	06/2021		12/2020	
	Assets	Liabilities	Assets	Liabilities
<b>Fair value of financial assets and liabilities recognized as derivatives held for trading purposes</b>	<b>6</b>	<b>12</b>	<b>12</b>	<b>12</b>
Interest-rate derivatives	3	1	3	4
Currency derivatives	3	11	9	8
<b>Fair value of financial assets and liabilities recognized as derivatives used for hedging</b>	<b>156</b>	<b>39</b>	<b>218</b>	<b>72</b>
Interest-rate and currency derivatives: Fair value hedges	139	2	211	
Interest-rate derivatives: Cash flow hedges	17	37	7	72
<b>Total derivatives</b>	<b>162</b>	<b>51</b>	<b>230</b>	<b>84</b>

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

Derivatives qualifying as cash flow hedging are backed by variable rate debts and, since the application of the third strand of IFRS 9 since January 2020, by groupings made up of a fixed-rate debt and payer variable swap.

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

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 06/2021	Related parties
<b>Hedging of currency risk</b>					
<u>Forward forex contracts</u>					
Sales	661			661	
Purchases	658			658	
<u>Spot forex transactions</u>					
Loans	16			16	
Borrowings	16			16	
<u>Currency swaps</u>					
Loans	185	59		244	
Borrowings	188	62		250	
<b>Hedging of interest-rate risk</b>					
<u>Interest rate swaps</u>					
Lender	8 338	12 962	1 000	22 300	
Borrower	8 338	12 962	1 000	22 300	

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 12/2020	Related parties
<b>Hedging of currency risk</b>					
<u>Forward forex contracts</u>					
Sales	735			735	
Purchases	738			738	
<u>Spot forex transactions</u>					
Loans	1			1	
Borrowings	1			1	
<u>Currency swaps</u>					
Loans	64	216		280	
Borrowings	63	222		285	
<b>Hedging of interest-rate risk</b>					
<u>Interest rate swaps</u>					
Lender	7 165	12 806	2 150	22 121	
Borrower	7 165	12 806	2 150	22 121	

**Note 4 : Financial assets**

In millions of euros	06/2021	12/2020
<b>Financial assets at fair value through other comprehensive income</b>	<b>438</b>	<b>649</b>
Government debt securities and similar	274	404
Bonds and other fixed income securities	163	244
Interests in companies controlled but not consolidated	1	1
<b>Financial assets at fair value through profit or loss</b>	<b>141</b>	<b>219</b>
Variable income securities	25	25
Bonds and other fixed income securities	113	191
Interests in companies controlled but not consolidated	3	3
<b>Total financial assets (*)</b>	<b>579</b>	<b>868</b>
<i>(*) Of which related parties</i>	<i>4</i>	<i>4</i>

**Note 5 : Amounts receivable at amortised cost from credit institutions**

In millions of euros	06/2021	12/2020
<b>Credit balances in sight accounts at credit institutions</b>	<b>1 161</b>	<b>1 010</b>
Ordinary accounts in debit	1 127	968
Overnight loans	34	42
<b>Term deposits at credit institutions</b>	<b>194</b>	<b>222</b>
Term loans in bucket 1	134	162
Term loans in bucket 2	60	60
<b>Total amounts receivable from credit institutions (*)</b>	<b>1 355</b>	<b>1 232</b>
<i>(*) Of which related parties</i>	<i>60</i>	<i>60</i>

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

Current bank accounts held by the FCTs (*Fonds Commun de Titrisation*) contribute in part to the funds' credit enhancement. They totaled €880 million at end-June 2021 and are included in "Ordinary Accounts in debit".

Overnight loan transactions with Central Banks are included in "Cash and balances at Central Banks".

**Note 6 : Customer finance transactions and similar**

<b>In millions of euros</b>	<b>06/2021</b>	<b>12/2020</b>
<b>Loans and advances to customers</b>	<b>45 453</b>	<b>46 222</b>
Customer finance transactions	31 361	32 314
Finance lease transactions	14 092	13 908
<b>Operating lease transactions</b>	<b>1 396</b>	<b>1 418</b>
<b>Total customer finance transactions and similar</b>	<b>46 849</b>	<b>47 640</b>

At June 30, 2021, €819 million was finance directly granted to subsidiaries or branches of Groupe Renault against €1,152 million at December 31, 2020.

At 30 June 2021, the dealer network had, as a business contributor, collected income of €426 million against €329 million at 30 June 2020.

Under their trade policies and as part of promotional campaigns, the manufacturers help to subsidize financings granted to customers by the RCI Banque group. At 30 June 2021, this contribution amounted to €156 million against €228 million at 30 June 2020.

The gross value of restructured outstandings (including non-performing), following all measures and concessions to borrowing customers who encounter (or are likely in future to encounter) financial difficulties, amounts to €296 million at 30 June 2021, compared to €446 million at 31 December 2020. It was impaired in the amount of €73 million at 30 June 2021, compared with €78 million at December 31, 2020. The share of restructuring related to Covid-19 amounted to €67 million, mainly for Customers and was subject to impairment for a total of €17 million.

## 6.1 - Customer finance transactions

In millions of euros	06/2021	12/2020
<b>Loans and advances to customers</b>	<b>31 477</b>	<b>32 530</b>
Healthy factoring	274	228
Factoring with a significant increase in credit risk since initial recognition	47	7
Other healthy commercial receivables	4	5
Other healthy customer credit	28 343	29 206
Other customer credit with a significant increase in credit risk since initial recognition	1 897	2 268
Healthy ordinary accounts in debit	305	337
Defaulted receivables	607	479
<b>Interest receivable on customer loans and advances</b>	<b>55</b>	<b>49</b>
Other non-defaulted customer credit	45	40
Non-defaulted ordinary accounts	6	5
Defaulted receivables	4	4
<b>Total of items included in amortized cost - Customer loans and advances</b>	<b>572</b>	<b>495</b>
Staggered handling charges and sundry expenses - Received from customers	(75)	(70)
Staggered contributions to sales incentives by manufacturer or dealers	(350)	(431)
Staggered fees paid for referral of business	997	996
<b>Impairment on loans and advances to customers</b>	<b>(743)</b>	<b>(760)</b>
Impairment on healthy receivables	(155)	(153)
Impairment on receivables with a significant increase in credit risk since initial recognition	(114)	(157)
Impairment on defaulted receivables	(382)	(359)
Impairment on residual value	(92)	(91)
<b>Total customer finance transactions, net</b>	<b>31 361</b>	<b>32 314</b>

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

The factoring receivables result from the acquisition by the group of the Renault-Nissan Alliance's commercial receivables. Impairment on residual value concerns credit (risk borne and not borne).



## 6.2 - Finance lease transactions

In millions of euros	06/2021	12/2020
<b>Finance lease transactions</b>	<b>14 272</b>	<b>14 141</b>
Other healthy customer credit	12 114	11 694
Other customer credit with a significant increase in credit risk since initial recognition	1 914	2 170
Defaulted receivables	244	277
<b>Accrued interest on finance lease transactions</b>	<b>22</b>	<b>20</b>
Other non-defaulted customer credit	21	19
Defaulted receivables	1	1
<b>Total of items included in amortized cost - Finance leases</b>	<b>91</b>	<b>47</b>
Staggered handling charges	46	62
Staggered contributions to sales incentives by manufacturer or dealers	(287)	(325)
Staggered fees paid for referral of business	332	310
<b>Impairment on finance leases</b>	<b>(293)</b>	<b>(300)</b>
Impairment on healthy receivables	(55)	(46)
Impairment on receivables with a significant increase in credit risk since initial recognition	(103)	(111)
Impairment on defaulted receivables	(134)	(142)
Impairment on residual value	(1)	(1)
<b>Total finance lease transactions, net</b>	<b>14 092</b>	<b>13 908</b>

## 6.3 - Operating lease transactions

In millions of euros	06/2021	12/2020
<b>Fixed asset net value on operating lease transactions</b>	<b>1 404</b>	<b>1 426</b>
Gross value of tangible assets	1 970	1 914
Depreciation of tangible assets	(566)	(488)
<b>Receivables on operating lease transactions</b>	<b>19</b>	<b>18</b>
Non-defaulted receivables	12	12
Defaulted receivables	11	9
Income and charges to be staggered	(4)	(3)
<b>Impairment on operating leases</b>	<b>(27)</b>	<b>(26)</b>
Impairment on defaulted receivables	(7)	(7)
Impairment on residual value	(20)	(19)
<b>Total operating lease transactions, net (*)</b>	<b>1 396</b>	<b>1 418</b>

(\*) Of which related parties

(1)

(1)

**Note 7 : Customer finance transactions by business segment**

In millions of euros	Customer	Dealer financing	Other	Total 06/2021
<b>Gross value</b>	<b>39 258</b>	<b>8 198</b>	<b>456</b>	<b>47 912</b>
Healthy receivables	34 815	7 906	456	43 177
<i>On % of total receivables</i>	<i>88,7%</i>	<i>96,4%</i>	<i>100,0%</i>	<i>90,1%</i>
Receivables with a significant increase in credit risk since initial recognition	3 652	216		3 868
<i>On % of total receivables</i>	<i>9,3%</i>	<i>2,6%</i>		<i>8,1%</i>
Defaulted receivables	791	76		867
<i>On % of total receivables</i>	<i>2,0%</i>	<i>0,9%</i>		<i>1,8%</i>
<b>Impairment allowance</b>	<b>(971)</b>	<b>(91)</b>	<b>(1)</b>	<b>(1 063)</b>
Impairment on healthy receivables	(273)	(49)	(1)	(323)
<i>On % of total impairment</i>	<i>28,1%</i>	<i>53,8%</i>	<i>100,0%</i>	<i>30,4%</i>
Impairment on receivables with a significant increase in credit risk since initial recognition	(209)	(8)		(217)
<i>On % of total impairment</i>	<i>21,5%</i>	<i>8,8%</i>		<i>20,4%</i>
Impairment on defaulted receivables	(489)	(34)		(523)
<i>On % of total receivables</i>	<i>50,4%</i>	<i>37,4%</i>		<i>49,2%</i>
<b>Coverage rate</b>	<b>2,5%</b>	<b>1,1%</b>	<b>0,2%</b>	<b>2,2%</b>
<i>Healthy receivables</i>	<i>0,8%</i>	<i>0,6%</i>	<i>0,2%</i>	<i>0,7%</i>
<i>Receivables with a significant increase in credit risk since initial recognition</i>	<i>5,7%</i>	<i>3,7%</i>		<i>5,6%</i>
<i>Defaulted receivables</i>	<i>61,8%</i>	<i>44,7%</i>		<i>60,3%</i>
<b>Net value (*)</b>	<b>38 287</b>	<b>8 107</b>	<b>455</b>	<b>46 849</b>
<i>(*) Of which: related parties (excluding participation in incentives and fees paid)</i>	<i>9</i>	<i>819</i>	<i>216</i>	<i>1 044</i>

In millions of euros	Customer	Dealer financing	Other	Total 12/2020
<b>Gross value</b>	<b>39 272</b>	<b>9 007</b>	<b>447</b>	<b>48 726</b>
Healthy receivables	34 399	8 658	446	43 503
<i>On % of total receivables</i>	<i>87,6%</i>	<i>96,1%</i>	<i>99,8%</i>	<i>89,3%</i>
Receivables with a significant increase in credit risk since initial recognition	4 169	284		4 453
<i>On % of total receivables</i>	<i>10,6%</i>	<i>3,2%</i>		<i>9,1%</i>
Defaulted receivables	704	65	1	770
<i>On % of total receivables</i>	<i>1,8%</i>	<i>0,7%</i>	<i>0,2%</i>	<i>1,6%</i>
<b>Impairment allowance</b>	<b>(971)</b>	<b>(113)</b>	<b>(2)</b>	<b>(1 086)</b>
Impairment on healthy receivables	(245)	(63)	(2)	(310)
<i>On % of total impairment</i>	<i>25,2%</i>	<i>55,8%</i>	<i>100,0%</i>	<i>28,5%</i>
Impairment on receivables with a significant increase in credit risk since initial recognition	(251)	(17)		(268)
<i>On % of total impairment</i>	<i>25,8%</i>	<i>15,0%</i>		<i>24,7%</i>
Impairment on defaulted receivables	(475)	(33)		(508)
<i>On % of total receivables</i>	<i>48,9%</i>	<i>29,2%</i>		<i>46,8%</i>
<b>Coverage rate</b>	<b>2,5%</b>	<b>1,3%</b>	<b>0,4%</b>	<b>2,2%</b>
<i>Healthy receivables</i>	<i>0,7%</i>	<i>0,7%</i>	<i>0,4%</i>	<i>0,7%</i>
<i>Receivables with a significant increase in credit risk since initial recognition</i>	<i>6,0%</i>	<i>6,0%</i>		<i>6,0%</i>
<i>Defaulted receivables</i>	<i>67,5%</i>	<i>50,8%</i>		<i>66,0%</i>
<b>Net value (*)</b>	<b>38 301</b>	<b>8 894</b>	<b>445</b>	<b>47 640</b>
<i>(*) Of which: related parties (excluding participation in incentives and fees paid)</i>	<i>13</i>	<i>1 152</i>	<i>238</i>	<i>1 403</i>

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

**Note 7.1 : Change of customer finance transactions**

In millions of euros	12/2020	Increase (1)	Reclas. (2)	Decrease (3)	06/2021
Healthy receivables	43 503	29 280	(597)	(29 009)	43 177
Receivables with a significant increase in credit risk since	4 453		318	(903)	3 868
Defaulted receivables	770		279	(182)	867
<b>Customer finance transactions (GV)</b>	<b>48 726</b>	<b>29 280</b>		<b>(30 094)</b>	<b>47 912</b>

(1) Increase = New production

(2) Reclassification = Transfert beetwen buckets

(3) Decrease = Neimbursement, disposals or writte-off

Doubtful receivables sold in Italy and Korea reduced defaulted receivables by €20.5 million.

**Note 7.2 : Change of impairments of customer finance transactions**

In millions of euros	12/2020	Increase (1)	Decrease (2)	Variations (3)	Other (4)	06/2021
Impairment on healthy receivables (*)	310	75	(56)	(4)	(2)	323
Impairment on receivables with a significant increase in credit risk	268	19	(23)	(48)	1	217
Impairment on defaulted receivables	508	30	(130)	109	6	523
<b>Impairments of customer finance transactions</b>	<b>1 086</b>	<b>124</b>	<b>(209)</b>	<b>57</b>	<b>5</b>	<b>1 063</b>

(1) Increase = Allowance due to new production

(2) Decrease = Reversal of allowance due to reimbursement, disposals or writte-off

(3) Variations = Variation due to risk criteria adjustments (PD, LGD, ECL, Bucket...)

(4) Other = Reclassification, currency translation effects, changes in scope of consolidation

Note: increases (1), decreases (2), and variations (3) are accounted for in the income statement under Net banking income or cost of risk.

Other movements (4) are balance sheet changes only

(\*) Impairment on performing receivables includes impairments on residual values (vehicles and batteries) for an amount of €113 million as at 30 June 2021, compared to €111 million at 31 December 2020.

In customer activity, the economic consequences of the health crisis as well as the transition to the new definition of default for the country applying the standardized method contributed to the increase in B3 outstandings (+12,36% compared to December 2020) leading to an increase in provisions of €14 million with a provisioning rate down slightly to 61,8% (compared to 67,5% at the end of December 2020).

The improvement in the PD and LGD parameters has led to a reduction in the provisioning rate for B2 customer outstandings to 5.6% compared to 6% at the end of December 2020. This resulted in an increase in B2 provisions of €51 million. For B2 customer outstandings, reclassifications were made to reflect the effects of the Covid-19 crisis and the transition to the new default definition, largely explaining the drop of 12% in this bucket.

**Note 8 : Adjustment accounts & miscellaneous assets**

In millions of euros	06/2021	12/2020
<b>Tax receivables</b>	<b>397</b>	<b>353</b>
Current tax assets	75	26
Deferred tax assets	177	188
Tax receivables other than on current income tax	145	139
<b>Adjustment accounts and other assets</b>	<b>1 206</b>	<b>973</b>
Social Security and employee-related receivables	1	
Other sundry debtors	675	408
Adjustment accounts - Assets	79	57
Other assets	2	2
Items received on collections	327	361
Reinsurer part in technical provisions	122	145
<b>Total adjustment accounts – Assets and other assets (*)</b>	<b>1 603</b>	<b>1 326</b>
<i>(*) Of which related parties</i>	<i>364</i>	<i>220</i>

**Note 9 : Liabilities to credit institutions and customers & debt securities****9.1 - Central Banks**

In millions of euros	06/2021	12/2020
Term borrowings	1 750	2 250
<b>Total Central Banks</b>	<b>1 750</b>	<b>2 250</b>

At 30 June 2021, the book value of the collateral presented to the Bank of France (3G) amounted to €7,898 million, i.e. €7,316 million in securities issued by securitization vehicles, €540 million in private accounts receivable and €42 million in eligible bond securities.

The Group has access to the TLTRO III program, and made three drawdowns during 2020:

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

The maximum interest rate applicable to this financing during the first half of 2021 was -0.50% and is calculated on the basis of the ECB average rate for Main Refinancing Operations (MRO, currently at 0%) less a margin of 0.50%. The Group could benefit from a more favorable rate (average rate for the deposit facility - 50 basis points in the first year, and average rate for the deposit facility in the following two years) by meeting the defined loan grant growth criteria. This adjustable rate is considered a market rate because it is applicable to all credit institutions benefiting from the European Central Bank's TLTRO III program.

As the Group expects to meet the aforementioned criteria for the reference period from March 2020 to March 2021, these revised rate conditions have been taken into account in determining the effective interest rate for financial liabilities.

**9.2 - Amounts payable to credit institutions**

In millions of euros	06/2021	12/2020
<b>Sight accounts payable to credit institutions</b>	<b>397</b>	<b>188</b>
Ordinary accounts	19	12
Overnight borrowings	3	4
Other amounts owed	375	172
<b>Term accounts payable to credit institutions</b>	<b>1 861</b>	<b>2 114</b>
Term borrowings	1 791	2 041
Accrued interest	70	73
<b>Total liabilities to credit institutions</b>	<b>2 258</b>	<b>2 302</b>

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

**9.3 - Amounts payable to customers**

In millions of euros	06/2021	12/2020
<b>Amounts payable to customers</b>	<b>21 970</b>	<b>21 415</b>
Ordinary accounts in credit	226	225
Term accounts in credit	700	703
Ordinary saving accounts	15 266	14 703
Term deposits (retail)	5 778	5 784
<b>Other amounts payable to customers and accrued interest</b>	<b>106</b>	<b>125</b>
Other amounts payable to customers	69	86
Accrued interest on ordinary accounts in credit	8	18
Accrued interest on ordinary saving accounts	6	11
Accrued interest on customers term accounts	23	10
<b>Total amounts payable to customers (*)</b>	<b>22 076</b>	<b>21 540</b>

(\*) Of which related parties

739

769

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

RCI Banque launched its savings business in France in February 2012, in Germany in February 2013, in Austria in April 2014, in the United Kingdom in June 2015 and in Brazil in March 2019 and Spain in November 2020 marketing both savings accounts and term deposits accounts.

## 9.4 - Debt securities

In millions of euros	06/2021	12/2020
<b>Negotiable debt securities (1)</b>	<b>1 145</b>	<b>1 172</b>
Certificates of deposit	1 038	944
French MTNs and similar	100	220
Accrued interest on negotiable debt securities	7	8
<b>Other debt securities (2)</b>	<b>3 135</b>	<b>3 259</b>
Other debt securities	3 134	3 258
Accrued interest on other debt securities	1	1
<b>Bonds and similar</b>	<b>15 463</b>	<b>17 560</b>
Bonds	15 376	17 439
Accrued interest on bonds	87	121
<b>Total debt securities</b>	<b>19 743</b>	<b>21 991</b>

(1) Certificates of deposit, treasury notes and commercial paper are issued by RCI Banque S.A., Banco RCI Brasil S.A., RCI Colombia S.A. Compania de Financiamiento and Diac S.A.

(2) Other debt securities consist primarily of the securities issued by the SPVs created for the German (RCI Banque S.A. Niederlassung Deutschland), UK (RCI Financial Services Ltd), Brazilian (Banco RCI Brasil S.A. and Corretora de Seguros RCI Brasil S.A.) securitizations, French (Diac S.A.), and Italian (RCI Banque Succursale Italiana).

## Note 10 : Adjustment accounts &amp; miscellaneous liabilities

In millions of euros	06/2021	12/2020
<b>Taxes payable</b>	<b>829</b>	<b>754</b>
Current tax liabilities	195	143
Deferred tax liabilities	623	587
Taxes payable other than on current income tax	11	24
<b>Adjustment accounts and other amounts payable</b>	<b>1 895</b>	<b>2 151</b>
Social security and employee-related liabilities	51	58
Other sundry creditors	1 003	968
Adjustment accounts - liabilities	573	586
Accrued interest on other sundry creditors	248	454
Collection accounts	20	85
<b>Total adjustment accounts - Liabilities and other liabilities (*)</b>	<b>2 724</b>	<b>2 905</b>

(\*) Of which related parties

209

247

The item other sundry creditors includes debts on leased assets activated under IFRS 16 (see section 3.3.1 “Changes in accounting policies”). In addition, other sundry creditors and accruals on sundry creditors mainly concern accrued invoices, provisions for commissions payable for referral of business, insurance commissions payable by the Maltese entities and the valuation of put options on minority interests.

**Note 11 : Provisions**

In millions of euros	12/2020	Charge	Reversals		Other (*)	06/2021
			Used	Not Used		
<b>Provisions on banking operations</b>	<b>506</b>	<b>147</b>	<b>(23)</b>	<b>(143)</b>	<b>1</b>	<b>488</b>
Provisions for signature commitments	12	11		(8)		15
Provisions for litigation risks	7	1		(1)	(1)	6
Insurance technical provisions	461	130	(22)	(126)	2	445
Other provisions	26	5	(1)	(8)		22
<b>Provisions on non-banking operations</b>	<b>145</b>	<b>3</b>	<b>(7)</b>		<b>(3)</b>	<b>138</b>
Provisions for pensions liabilities and related	66	2	(3)		(4)	61
Provisions for restructuring	22		(3)			19
Provisions for tax and litigation risks	53	1	(1)		2	55
Other	4				(1)	3
<b>Total provisions</b>	<b>651</b>	<b>150</b>	<b>(30)</b>	<b>(143)</b>	<b>(2)</b>	<b>626</b>

(\*) Other = Reclassification, currency translation effects, changes in scope of consolidation

(\*\*) Provisions for signature commitments = Mainly financing commitments

Each of the known disputes in which RCI Banque or the group's companies are involved was reviewed at the closing date. On the advice of legal counsel, provisions were established when deemed necessary to cover estimated risks.

Every so often, the group's companies are subject to tax audits in the countries where they are based. Uncontested deficiency notices are booked by means of tax provisions. Contested deficiency notices are recognized case by case on the basis of estimates taking into account the merit of the claims against the company concerned and the risk that it may not prevail in its case.

Other provisions on banking operations mainly consist of the insurance technical provision for captive insurance company commitments towards policy holders and beneficiaries. The insurance technical provision came to June €445 million at end-June 2021.

Provisions for restructuring are for the work exemption plan, a career development scheme funded by the company

Other provisions on banking operations include the provision for the German branch (RCI Banque S.A. Niederlassung Deutschland), for €347k at end-June 2021 for unfair administration/processing fees and €5,000K relating to provisions for risks concerning the customer's right to rescind the contract (Joker credit).

Provisions for litigation risks on banking operations relate to administration/processing fees billed to business customers.

**Note 12 : Impairments allowances to cover counterparty risk**

In millions of euros	12/2020	Charge	Reversals		Other (*)	06/2021
			Used	Not Used		
<b>Impairments on banking operations</b>	<b>1 086</b>	<b>335</b>	<b>(241)</b>	<b>(122)</b>	<b>5</b>	<b>1 063</b>
Customer finance transactions	1 086	335	(241)	(122)	5	1 063
<i>Ow impairment on healthy receivables</i>	<i>310</i>	<i>112</i>	<i>(54)</i>	<i>(43)</i>	<i>(2)</i>	<i>323</i>
<i>Ow impairment on receivables with a significant increase in credit risk</i>	<i>268</i>	<i>59</i>	<i>(77)</i>	<i>(34)</i>	<i>1</i>	<i>217</i>
<i>Ow Impairment on defaulted receivables</i>	<i>508</i>	<i>164</i>	<i>(110)</i>	<i>(45)</i>	<i>6</i>	<i>523</i>
<b>Impairment on non-banking operations</b>	<b>3</b>	<b>1</b>	<b>(1)</b>			<b>3</b>
Impairment for signature commitments	3	1	(1)			3
<b>Impairment on banking operations</b>	<b>19</b>	<b>12</b>		<b>(9)</b>	<b>(1)</b>	<b>21</b>
Provisions for signature commitments	12	11		(8)		15
Provisions for litigation risks	7	1		(1)	(1)	6
<b>Total provisions to cover counterparty risk</b>	<b>1 108</b>	<b>348</b>	<b>(242)</b>	<b>(131)</b>	<b>4</b>	<b>1 087</b>

(\*) Other = Reclassification, currency translation effects, changes in scope of consolidation

A breakdown by market segment of allowances for impairment of assets in connection with customer finance operations is provided in note 7.

**Note 13 : Subordinated debt - Liabilities**

In millions of euros	06/2021	12/2020
<b>Liabilities measured at amortized cost</b>	<b>865</b>	<b>876</b>
Subordinated securities	856	856
Accrued interest on subordinated securities	9	20
<b>Hedged liabilities measured at fair value</b>	<b>15</b>	<b>14</b>
Participating loan stocks	15	14
<b>Total subordinated liabilities</b>	<b>880</b>	<b>890</b>

Participating loan stocks of 500,000,000 Francs were issued in 1985 by Diac SA.

The system of remuneration includes:

- a fixed part equal to 60% of the AMR (Annual Monetary Rate)
- a variable part obtained by applying to 40% of the AMR the rate of increase of consolidated net income in the last fiscal year divided by that of the previous year.

Annual remuneration is between 100% and 130% of the AMR, with a floor rate of 6.5%.

It is a perpetual loan.



**Note 14 : Financial assets and liabilities by remaining term to maturity**

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 06/2021
<b>Financial assets</b>	<b>15 842</b>	<b>14 488</b>	<b>22 606</b>	<b>601</b>	<b>53 537</b>
Cash and balances at central banks	5 979	9			5 988
Derivatives	2	18	135	7	162
Financial assets	148	133	154	144	579
Amounts receivable from credit institutions	1 295	60			1 355
Loans and advances to customers	8 418	14 268	22 317	450	45 453
<b>Financial liabilities</b>	<b>19 324</b>	<b>6 715</b>	<b>18 392</b>	<b>2 327</b>	<b>46 758</b>
Central Banks			1 750		1 750
Derivatives	9	20	22		51
Amounts payable to credit institutions	656	721	881		2 258
Amounts payable to customers	16 467	2 077	2 832	700	22 076
Debt securities	2 192	3 889	12 907	755	19 743
Subordinated debt		8		872	880

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2020
<b>Financial assets</b>	<b>17 632</b>	<b>14 896</b>	<b>22 577</b>	<b>746</b>	<b>55 851</b>
Cash and balances at central banks	7 296	2	1		7 299
Derivatives	18	9	106	97	230
Financial assets	164	329	167	208	868
Amounts receivable from credit institutions	1 172	60			1 232
Loans and advances to customers	8 982	14 496	22 303	441	46 222
<b>Financial liabilities</b>	<b>18 529</b>	<b>6 947</b>	<b>19 775</b>	<b>3 806</b>	<b>49 057</b>
Central Banks	500		1 750		2 250
Derivatives	3	31	50		84
Amounts payable to credit institutions	421	826	1 055		2 302
Amounts payable to customers	16 080	1 726	3 034	700	21 540
Debt securities	1 506	4 363	13 886	2 236	21 991
Subordinated debt	19	1		870	890

Central Bank borrowings correspond to the long-term financing operations (TLTRO) introduced at the end of 2014 and gradually being used by RCI Banque.

**Note 15 : Fair value of assets and liabilities (in accordance with IFRS 7 & IFRS 13)  
and breakdown of assets and liabilities by fair value hierarchy**

In millions of euros - 30/06/2021	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
<b>Financial assets</b>	<b>53 537</b>	<b>575</b>	<b>7 505</b>	<b>45 565</b>	<b>53 645</b>	<b>108</b>
Cash and balances at central banks	5 988		5 988		5 988	
Derivatives	162		162		162	
Financial assets	579	575		4	579	
Amounts receivable from credit institutions	1 355		1 355		1 355	
Loans and advances to customers	45 453			45 561	45 561	108
<b>Financial liabilities</b>	<b>46 758</b>	<b>16</b>	<b>46 698</b>		<b>46 714</b>	<b>44</b>
Central Banks	1 750		1 741		1 741	9
Derivatives	51		51		51	
Amounts payable to credit institutions	2 258		2 399		2 399	(141)
Amounts payable to customers	22 076		22 076		22 076	
Debt securities	19 743		19 552		19 552	191
Subordinated debt	880	16	879		895	(15)

(\*) FV : Fair value - Difference : Unrealized gain or loss

Financial assets classified as Level 3 are holdings in non-consolidated companies.

Trade receivables, classified as Level 3, are measured at amortized cost on the balance sheet. Fair value calculations are provided for information and should be interpreted as estimates only. In most cases, the values provided are not intended to be realized and generally cannot be in practice. These values are not indicators used for the purposes of managing the activities of the bank, for which the management model is based on collecting the expected cash flow.

The assumptions used to calculate the fair value of instruments at the impaired cost are presented below.

In millions of euros - 31/12/2020	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
<b>Financial assets</b>	<b>55 851</b>	<b>864</b>	<b>8 761</b>	<b>46 051</b>	<b>55 676</b>	<b>(175)</b>
Cash and balances at central banks	7 299		7 299		7 299	
Derivatives	230		230		230	
Financial assets	868	864		4	868	
Amounts receivable from credit institutions	1 232		1 232		1 232	
Loans and advances to customers	46 222			46 047	46 047	(175)
<b>Financial liabilities</b>	<b>49 057</b>	<b>14</b>	<b>48 753</b>		<b>48 767</b>	<b>290</b>
Central Banks	2 250		2 213		2 213	37
Derivatives	84		84		84	
Amounts payable to credit institutions	2 302		2 407		2 407	(105)
Amounts payable to customers	21 540		21 540		21 540	
Debt securities	21 991		21 765		21 765	226
Subordinated debt	890	14	744		758	132

(\*) FV : Fair value - Difference : Unrealized gain or loss

**Assumptions and methods used:**

The three-level hierarchy for financial instruments recognized on the balance sheet at fair value, as required by IFRS 7 is as follows:

- Level 1: measurements based on quoted prices on active markets for identical financial instruments.
- Level 2: measurements based on quoted prices on active markets for similar financial instruments or measurements for which all significant data are based on observable market data.
- Level 3: measurement techniques for which significant data are not based on observable market data.

Estimated fair values have been determined using available market information and appropriate valuation methods for each type of instrument.

However, the methods and assumptions used are by nature theoretical, and a substantial amount of judgment comes into play in interpreting market data. Using different assumptions and/or different valuation methods could have a significant effect on the estimated values.

Fair values have been determined on the basis of information available at the closing date of each period, and thus do not reflect later changes.

As a general rule, whenever a financial instrument is traded on an active, liquid market, its most recent quoted price is used to calculate market value. For instruments without a quoted price, market value is determined by applying recognized valuation models that use observable market parameters. If RCI Banque does not have the necessary valuation tools, including for complex products, valuations are obtained from leading financial institutions.

**The main assumptions and valuation methods used are the following:**

- Financial assets

Fixed-rate loans have been estimated by discounting future cash flows at the interest rates offered by RCI Banque at 31 December 2020 and at 30 June 2021 for loans with similar conditions and maturities.

Level 3 securities are non-consolidated holdings for which there is no quoted price.

- Loans and advances to customers

Sales financing receivables have been estimated by discounting future cash flows at the interest rate that would have applied to similar loans (conditions, maturity and borrower quality) at 31 December 2020 and at 30 June 2021.

Customer receivables with a term of less than one year are not discounted, as their fair value is not significantly different from their net book value.

- Financial liabilities

Fair value of financial liabilities has been estimated by discounting future cash flows at the interest rates offered to RCI Banque at 31 December 2020 and 30 June 2021 for borrowings with similar conditions and maturities. Projected cash flows are therefore discounted according to the zero-coupon yield curve, augmented by the spread specific to RCI Banque for issues on the secondary market against 3 months.

**Note 16 : Netting agreements and other similar commitments****Master Agreement relating to transactions on forward financial instruments and similar agreements**

The RCI Banque group negotiates its forward derivative agreements under International Swaps and Derivatives Association (ISDA) and FBF (Fédération Bancaire Française) Master Agreements.

The occurrence of an event of default entitles the non-defaulting party to suspend performance of its payment obligations and to payment or receipt of a settlement amount for all terminated transactions.

ISDA and FBF Master Agreements do not meet the criteria for offsetting in the financial statements. The RCI Banque group currently only has a legally enforceable right to offset booked amounts in the event of default or a credit event.

**Tableau de synthèse des compensations des actifs et passifs financiers**

En millions d'euros - 30/06/2021	Valeur Brute comptable avant compensation	Montants bruts compensés	Montant net au bilan	Montants non compensés			Exposition nette
				Instruments financiers au passif	Garantie au Passif	Garantie hors bilan	
<b>Actifs</b>	<b>1 116</b>		<b>1 116</b>	<b>25</b>	<b>820</b>		<b>271</b>
Dérivés	162		162	25			137
Créances de financements Réseau (1)	954		954		820		134
<b>Passifs</b>	<b>51</b>		<b>51</b>	<b>25</b>			<b>26</b>
Dérivés	51		51	25			26

(1) The gross book value of dealer financing receivables breaks down into €967 million for the Renault Retail Group, whose exposures are hedged for up to €696 million by a cash warrant agreement given by the Renault manufacturer (see note 9.3) and €215 million for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €107 million by pledge of *letras de cambio* subscribed to by the dealers.

En millions d'euros - 31/12/2020	Valeur Brute comptable avant compensation	Montants bruts compensés	Montant net au bilan	Montants non compensés			Exposition nette
				Instruments financiers au passif	Garantie au Passif	Garantie hors bilan	
<b>Actifs</b>	<b>1 461</b>		<b>1 461</b>	<b>26</b>	<b>805</b>		<b>630</b>
Dérivés	230		230	26			204
Créances de financements Réseau (1)	1 231		1 231		805		426
<b>Passifs</b>	<b>84</b>		<b>84</b>	<b>26</b>			<b>58</b>
Dérivés	84		84	26			58

(1) The gross book value of dealer financing receivables breaks down into €1,038m for the Renault Retail Group, whose exposures are hedged for up to €696m by a cash warrant agreement given by the Renault manufacturer (see note 9.3) and €193m for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €110m by pledge of *letras de cambio* subscribed to by the dealers.

**Note 17 : Commitments given**

<b>In millions of euros</b>	<b>06/2021</b>	<b>12/2020</b>
<b>Financing commitments</b>	<b>3 013</b>	<b>2 420</b>
Commitments to credit institutions		1
Commitments to customers	3 013	2 419
<b>Guarantee commitments</b>	<b>35</b>	<b>193</b>
Commitments to credit institutions	25	26
Customer guarantees	10	167
<b>Other commitments given</b>	<b>42</b>	<b>23</b>
Commitments given for equipment leases and real estate leases	42	23
<b>Total commitments given (*)</b>	<b>3 090</b>	<b>2 636</b>
<i>(*) Of which related parties</i>	35	7

**Note 18 : Commitments received**

In millions of euros	06/2021	12/2020
<b>Financing commitments</b>	<b>4 685</b>	<b>4 811</b>
Commitments from credit institutions	4 685	4 811
<b>Guarantee commitments</b>	<b>16 897</b>	<b>16 355</b>
Guarantees received from credit institutions	164	167
Guarantees from customers	6 216	6 058
Commitments to take back leased vehicles at the end of the contract	10 517	10 130
<b>Other commitments received</b>	<b>35</b>	<b>16</b>
Other commitments received	35	16
<b>Total commitments received (*)</b>	<b>21 617</b>	<b>21 182</b>
<i>(*) Of which related parties</i>	<i>5 780</i>	<i>5 558</i>

At 30 June 2021, RCI Banque had €4,685 million in unused confirmed lines of credit, as well as broadly diversified short-term and medium-term issuance programs. It also had €5,520 millions of receivables eligible as European Central Bank collateral (after haircuts and excluding securities and receivables already in use to secure financing at period-end).

Most of the commitments received from related parties concern commitments to take back vehicles agreed with manufacturers as part of finance leases.

**Guarantees and collateral**

Guarantees and collateral offer partial or total protection against the risk of losses due to debtor insolvency (mortgages, pledges, comfort letters, bank guarantees on first demand for the granting of loans to dealers and private customers in certain cases). Guarantors are the subject of internal or external rating updated at least annually.

With a view to reducing its risk-taking, the RCI Banque group actively and rigorously manages its sureties, among other things by diversifying them (e.g. credit insurance, personal and other guarantees).

**Note 19 : Interest and similar income**

<b>In millions of euros</b>	<b>06/2021</b>	<b>06/2020</b>	<b>12/2020</b>
<b>Interests and similar incomes</b>	<b>1 329</b>	<b>1 421</b>	<b>2 728</b>
Transactions with credit institutions	15	13	24
Customer finance transactions	920	1 030	1 957
Finance lease transactions	346	342	675
Accrued interest due and payable on hedging instruments	40	30	60
Accrued interest due and payable on Financial assets	8	6	12
<b>Staggered fees paid for referral of business:</b>	<b>(410)</b>	<b>(403)</b>	<b>(800)</b>
Customer Loans	(313)	(313)	(619)
Finance leases	(97)	(90)	(181)
<b>Total interests and similar income (*)</b>	<b>919</b>	<b>1 018</b>	<b>1 928</b>
<i>(*) Of which related parties</i>	<i>310</i>	<i>356</i>	<i>661</i>

As the receivables assigned under the securitization transactions have not been derecognized, interest on those receivables continues to appear under interest and similar income in customer finance transactions.

**Note 20 : Interest expenses and similar charges**

<b>In millions of euros</b>	<b>06/2021</b>	<b>06/2020</b>	<b>12/2020</b>
Transactions with credit institutions	(95)	(103)	(196)
Customer finance transactions	(51)	(60)	(119)
Finance lease transactions	(3)	(2)	(6)
Accrued interest due and payable on hedging instruments	(28)	(23)	(51)
Expenses on debt securities	(122)	(138)	(260)
Other interest and similar expenses	(5)	(6)	(11)
<b>Total interest and similar expenses</b>	<b>(304)</b>	<b>(332)</b>	<b>(643)</b>

**Note 21 : Fees and commissions**

<b>In millions of euros</b>	<b>06/2021</b>	<b>06/2020</b>	<b>12/2020</b>
<b>Fees and commissions income</b>	<b>316</b>	<b>300</b>	<b>609</b>
Commissions	10	10	20
Fees	8	9	17
Commissions from service activities	55	40	82
Insurance brokerage commission	26	30	57
Incidental insurance commissions from finance contracts	117	115	230
Incidental maintenance commissions from finance contracts	68	63	136
Other incidental commissions from finance contracts	32	33	67
<b>Fees and commissions expenses</b>	<b>(139)</b>	<b>(109)</b>	<b>(250)</b>
Commissions	(14)	(12)	(26)
Commissions on service activities	(42)	(29)	(64)
Incidental insurance commissions from finance contracts	(17)	(10)	(31)
Incidental maintenance commissions from finance contracts	(46)	(38)	(86)
Other incidental commissions from finance contracts	(20)	(20)	(43)
<b>Total net commissions (*)</b>	<b>177</b>	<b>191</b>	<b>359</b>

(\*) *Of which related parties*

5

6

13

The services and the costs of ancillary finance contract services and the income and costs of service activities primarily concern insurance and maintenance services.



**Note 22 : Net income or expense of other activities**

<b>In millions of euros</b>	<b>06/2021</b>	<b>06/2020</b>	<b>12/2020</b>
<b>Other income from banking operations</b>	<b>536</b>	<b>470</b>	<b>1 027</b>
Income from insurance activities	204	202	432
Income related to non-doubtful lease contracts	182	141	331
of which reversal of impairment on residual values	41	35	65
Income from operating lease transactions	133	116	243
Other income from banking operations	17	11	21
of which reversal of charge to reserve for banking risks	9	4	6
<b>Other expenses of banking operations</b>	<b>(391)</b>	<b>(333)</b>	<b>(726)</b>
Cost of insurance activities	(55)	(56)	(126)
Expenses related to non-doubtful lease contracts	(169)	(139)	(307)
of which allowance for impairment on residual values	(47)	(49)	(74)
Distribution costs not treatable as interest expense	(42)	(42)	(86)
Expenses related to operating lease transactions	(97)	(84)	(180)
Other expenses of banking operations	(28)	(12)	(27)
of which charge to reserve for banking risks	(5)	(3)	(9)
<b>Other operating income and expenses</b>	<b>1</b>	<b>2</b>	<b>3</b>
Other operating income	10	6	12
Other operating expenses	(9)	(4)	(9)
<b>Total net income (expense) of other activities (*)</b>	<b>146</b>	<b>139</b>	<b>304</b>
		(2)	(4)

(\*) Of which related parties

Incidental income from and Expenses of services related to finance contracts as well as income and expenses of service activities are presented in Note 21.

Income and expenses of service activities include the income and expenses booked for insurance policies issued by the group's captive insurance companies.

**Note 23 : General operating expenses and personnel costs**

<b>In millions of euros</b>	<b>06/2021</b>	<b>06/2020</b>	<b>12/2020</b>
<b>Personnel costs</b>	<b>(147)</b>	<b>(146)</b>	<b>(309)</b>
Employee pay	(96)	(98)	(200)
Expenses of post-retirement benefits - Defined-contribution pension plan	(9)	(8)	(17)
Expenses of post-retirement benefits - Defined-benefit pension plan			1
Other employee-related expenses	(35)	(33)	(67)
Other personnel expenses	(7)	(7)	(26)
<b>Other administrative expenses</b>	<b>(153)</b>	<b>(153)</b>	<b>(272)</b>
Taxes other than current income tax	(44)	(42)	(43)
Rental charges	(4)	(4)	(8)
Other administrative expenses	(105)	(107)	(221)
<b>Total general operating expenses (*)</b>	<b>(300)</b>	<b>(299)</b>	<b>(581)</b>
<i>(*) Of which related parties</i>		4	2

Other personnel expenses include amounts charged to and reversed from provisions for restructuring and for personnel related risks totaling €4 million as at June 30, 2021 compared to €0,6 million as at June 30, 2020.

**Note 24 : Cost of risk by customer category**

<b>In millions of euros</b>	<b>06/2021</b>	<b>06/2020</b>	<b>12/2020</b>
<b>Cost of risk on customer financing</b>	<b>(59)</b>	<b>(216)</b>	<b>(335)</b>
Impairment allowances	(276)	(294)	(582)
Reversal of impairment	279	137	353
Losses on receivables written off	(79)	(74)	(136)
Amounts recovered on loans written off	17	15	30
<b>Cost of risk on dealer financing</b>	<b>22</b>	<b>(19)</b>	<b>(18)</b>
Impairment allowances	(20)	(47)	(76)
Reversal of impairment	42	29	60
Losses on receivables written off		(1)	(2)
<b>Other cost of risk</b>	<b>1</b>	<b>(1)</b>	
Change in allowance for impairment of other receivables	1		
Other valuation adjustments		(1)	
<b>Total cost of risk</b>	<b>(36)</b>	<b>(236)</b>	<b>(353)</b>

(\*) Of which related parties

1

This item includes the net increase (decrease) in impairment allowances, losses on receivables written off, and amounts recovered on receivables written off.

The cost of risk for the Customer activity (retail and corporate financing) improved significantly in the first half of 2021:

- In Europe, the government support plans put in place have made it possible to reduce newly defaulted outstandings, while debt collection arrangements are calculated conservatively;
- In the Americas and Morocco, provisions for moratoria and renegotiations of receivables, conservatively estimated at the end of 2021, decreased in the first half of the year with the decrease in related outstandings.

These favorable items positively impacted the amount of provision reversals, which doubled compared to the first half of 2020.

Among the other movements in the first half of 2021, we can note:

- An increase of €14 million in provisions for non-performing outstandings, mainly related to the implementation of the new definition of default in countries using the standardized method and Brazil;
- A decrease in provisions of €18 million on performing outstandings due to a slight improvement in payment behavior observed in early 2021 and to a consolidation since then.

In the Dealer network activity (dealer financing), the cost of risk is linked to a reversal of €22 million in provisions, mainly linked to the drop in vehicle inventories in the dealer network due to the semiconductor crisis. This amount includes a reversal of €9 million related to the update of macro-economic forecasts as part of the IFRS 9 forward-looking provisioning.

**Note 25 : Income tax**

In millions of euros	06/2021	06/2020	12/2020
<b>Current tax expense</b>	<b>(103)</b>	<b>(92)</b>	<b>(241)</b>
Current tax expense	(103)	(92)	(241)
<b>Deferred taxes</b>	<b>(35)</b>	<b>14</b>	<b>35</b>
Income (expense) of deferred taxes, gross	(35)	13	34
Change in allowance for impairment of deferred tax assets		1	1
<b>Total income tax</b>	<b>(138)</b>	<b>(78)</b>	<b>(206)</b>

The RCI Banque group's effective tax rate was 23.02% at 30 June 2021, compared with 16.34% at 30 June 2020 and 20.54% at 31 December 2020

The amount of the French CVAE tax (*Cotisation sur la Valeur Ajoutée des Entreprises*, a tax computed on the added value generated by the company) includes in current income tax is -€7 million.

Current tax expense is equal to the amount of income tax due and payable to tax authorities for the year, under the rules and tax rates applicable in each country.

The tax expense at 30 June 2021, takes into account tax income of €56 million. This tax income corresponds to the reimbursement by the Maltese State of a tax credit equivalent to 6/7 of the tax expense for 2020 (i.e. 6/7 of €65 million).

Certain differences between companies' income for tax purposes and their income for consolidated financial reporting purposes give rise to the recognition of deferred taxes. These differences result mainly from rules for accounting for lease-purchase and long-term rental transactions and for recognizing impairment on doubtful receivables.

Since 2016, the group's effective tax rate includes the effect of the reduction in the rate of corporation tax provided for in the French Finance Act. At the end of June 2021, this impact generated a deferred income tax loss of -€31 million.

**Note 26 : Events after the end of the reporting period**

The Group acquired the Bipicar entity on July 8, 2021. Bipicar is a platform offering car subscription offers; "Car Subscription". With this acquisition, the RCI Group is expanding its service package, enabling it to face a more flexible automotive market, based on usage.