

PRESS RELEASE

ARVAL: 2022 FULL-YEAR RESULTS

CONTINUED GOOD GROWTH OF THE ACTIVITY

LEASED FLEET: 1.6 million vehicles (+8.3%¹ vs. 31/12/2021)

STRONG GROWTH IN GROSS OPERATING INCOME, DRIVEN BY EXPANSION IN ACTIVITY AND THE GOOD EVOLUTION OF THE USED-CAR MARKET

GROSS OPERATING INCOME: 2,495.5 million (+43.7% vs. 2021)

CONTROLLED OPERATING EXPENSES STRONG IMPROVEMENT IN THE COST-INCOME RATIO

OPERATING EXPENSES: 874.3 million (+8.2% vs. 2021)

COST-INCOME: 35.0% vs. 46.5% in 2021

LOW COST OF RISK

47.4 million euros (19 bp²)

STRONG RISE OF NET INCOME

NET INCOME³: €1,249.2m (+73.4% vs. 2021)

VERY GOOD PERFORMANCE CONTINUED EXPANSION IN ACTIVITY STRONG RISE OF NET INCOME

¹ Growth rate at year end 2022 vs. year end 2021. Excluding acquisitions of TBLG and BCR's operating lease activities in Romania, organic growth came to +5.5% at year end 2022 vs. year end 2021.

² Calculated on the basis of average financial outstanding, where financial outstanding (management data) represents the value of the rental fleet based on a financial amortisation

³ Before net income attributable to minority interests

The Board of Directors of Arval Service Lease met on 2 March 2023. The meeting was chaired by Alain van Groenendael, and the Board approved Arval Group's results for 2022.

STRONG INCREASE OF NET INCOME DRIVEN BY CONTINUED EXPANSION IN ACTIVITY AND THE GOOD EVOLUTION OF THE USED-CAR MARKET

Despite challenging environment and auto sector, Arval continued to grow in 2022, maintaining the positive momentum of previous years. Arval **outperformed the market in terms of leased fleet with 1,592,024 vehicles** leased worldwide at the end of December 2022, meaning **8.3% growth (+5.5% at constant scope)**. It achieved this strong growth despite longer new-vehicle delivery times due to the semi-conductors shortage and logistics issues affecting the auto sector. **The Corporate leased fleet** reached 1,082,503 vehicles as at the end of December 2022 (+4.9% compared to end-December 2021). The **Retail** segment came to 454,186 vehicles, a 13.5% increase compared to end-December 2021, showing growing interest of SMEs and retail customers for full service leasing, even on a disturbed market. **The Mid-term Rental** segment expanded by 48% compared to 2021.

Arval continued to expand, acquiring in late November 2022 Terberg Business Lease Group (TBLG), a Dutch full service leasing services company specialised in full service leasing. This acquisition made Arval one of the largest mobility players on the Dutch market, with almost 500 employees and more than 100,000 leased vehicles, and diversified even more its offering dedicated to the retail segment.

In October 2022, Arval also finalised the transfer of part of the operational leasing activities of Banca Comerciala Romana (Erste Group). This allowed Arval to both strengthen its leadership in Romania, with 3,800 additional vehicles, and its partnership with Erste Bank in the region (Czech Republic and Slovakia).

At the half-way point of its Arval Beyond strategic plan, Arval achieved very good results for 2022. Throughout the year, it led its sector by launching innovative mobility solutions, by forming strategic partnerships, and by continuing its CSR efforts, in particular in supporting customers in their energy transition. In so doing, it continued to achieve major progress in each of Arval Beyond's four offerings, thus making an active contribution to achieving BNP Paribas' strategic ambitions in the field of mobility:

- **Major partnerships** were formed in 2022. The one established in February 2022 between BNP Paribas and Jaguar Land Rover provided very concrete evidence of how solid the Group's integrated model is. The "One Bank Auto" approach derives greater value from the automotive expertise of several of its entities. Arval is playing a key role there, thanks to its know-how in full service leasing and fleet management. This integrated model brings to customers a response that is both harmonised and differentiating. In January 2022, Arval and Ridecell combined forces to accelerate the development of new, end-to-end mobility solutions for Arval customers.
- The transformation achieved in **mobility solutions** has paid off. Electric bike leasing is now up and running in 13 countries, and car sharing in 11 countries. Arval Mobility Hub has been set up as one of Arval's offerings for companies wanting to offer their employees alternative mobility solutions, such as car sharing, bike sharing, leased bikes, electric scooters, etc. One such hub was set up at BNP Paribas Real Estate's headquarter in France. Arval continues to roll out its Arval Mobility apps, which are now available in 10 countries.
- Arval's **flexible offers**, designed to address its customers' need for flexibility, are present in 24 countries. They expanded by 48% compared to 2021 to more than 55,000 cars. In March 2022, Arval consolidated its leadership in flexible mobility, launching Arval Adaptiv, an innovative and flexible car-subscription offer. And by late December 2022, Arval had rolled out Arval Re-lease, its used-car rental offering, in 16 countries, to address the shortage of new vehicles and the environmental necessity to extend vehicle service life. The Arval Re-lease fleet expanded by 60%

compared to the previous year and has been successful, particularly in the Netherlands, Turkey, the UK, Poland and France.

- Arval's **connected fleet** now has almost 450,000 vehicles (almost 30% of the fleet) in 22 countries, which is helping to enhance the quality of customer services, such as maintenance, insurance, recovery of stolen vehicles, etc. Moreover, to help customers better control their fleet costs and to accelerate their energy transition, in March 2022 Arval launched its Arval Connect offering. Arval Connect allows customers to optimise their TCO, to enhance their road safety and to have a more environmentally friendly fleet.
- As part of its strategic Arval Beyond plan, Arval is working towards an ambitious goal of having 700.000 electrified vehicles⁴ in its fleet by the end of 2025, across all of its 29 countries. We expect half of that fleet to consist of Battery Electric Vehicles (BEV) by that time, assuming similar or better supporting measures from the governments, as well as charging infrastructure & supporting services being further upgraded.

At the end of 2022, Arval already crossed the threshold of 300.000 electrified vehicles in its fleet, 90.000 of which were BEVs. This represents a times four and a times eight respectively versus 2019, the year in which the Arval Beyond plan was initiated.

In 2022, Arval's gross revenues rose by 6.1%, to 13,093 million euros (12,339 million euros in 2021), tracking its growth in business activity.

Gross operating income came to 2 495.5 million euros, up by 43.7% compared to 2021, due to the favourable trend in business activity and the good level of used-vehicle prices.

Gross operating income, excluding car sales results was stable. The lease contract margin rose by 1.4% compared to 2021 to 730.5 million euros, driven by growth in outstanding and financing of delivery times. The lease service margin decreased by 1.6% to 635.4 million euros, due mainly to inflation's effect on the cost of services which book among other things the specific impact of an adjustment in projected margins on the existing fleet.

The car-sales result came to 1,129.6 million euros in 2022 (369.7 million euros in 2021). In the context of vehicle shortage, the average evolution in used vehicle prices was very favourable compared to 2021. This high level of used cars prices, observed in almost all countries, is linked to the evolution of supply and demand in connection with longer delivery times for new vehicles where the supply of used cars is impacted by fewer de hires from customers and where demand is sustained by a lower availability of new vehicles. As a result of longer delivery times for new vehicles and lower numbers of de hires, the number of vehicles sold decreased by 14.6% compared to 2021, to 255,147 vehicles.

At 874.3 million euros, Arval Group kept its **operating expenses** under control. They rose by 8.2% compared to 2021, driven by the expansion in activity, the ongoing implementation of the strategic plan and the effects of inflation. The cost-income ratio improved by 11.5 percentage points, to 35% in 2022 from 46.5% in 2021.

The **cost of risk** remained very moderate, at 47.4 million euros, or 19 basis points of financial outstandings⁵. It was very low at the same period of the previous year (34.2 million euros, or 15 basis points).

At 1,573.9 million euros (894.2 million euros in 2021), **operating income** thus rose by 76%.

⁴ Battery electric vehicles and hybrid vehicles

⁵ Financial outstandings (management data) represents the value of the rental fleet based on a financial amortisation.

Non-operating items totalled 88 million euros (16.5 million euros in 2021) including the positive impact of 80.4 million euros of the application, effective 1 January 2022, of the IAS 29 standard (“Financial Reporting in Hyperinflationary Economies” in Arval’s Turkish subsidiary (TEB Arval) and a very good performance of subsidiaries consolidated under the equity method (9.6 million euros).

Pre-tax profit thus rose by 82.5% to 1,661.9 million euros (910.6 million euros in 2021).

Net income increased by 73.4% to 1,249.2 million euros (720.5 million euros in 2021). **Net income attributable to equity holders** rose by 71.0% compared to 2021, to 1,195.1 million euros.

This very good performance, driven by currently high used-vehicle prices, reflects the strength of Arval’s full service leasing business model, and the diversification of its customer segments, its geographical footprint, and its products, despite the auto sector’s challenging environment and the effect of inflation.

The **total balance sheet** expanded to 36,917 million euros as at the end of December 2022 (an increase of 25.9% compared to the end of December 2021), driven mainly by growth in the rental fleet and financing of orders. Total equity expanded by 34% to 3,408 million euros at end-December 2022 (compared to 2,545 million euros at end-December 2021).

Challenges and goals for 2023

In the fourth quarter 2022, the BNP Paribas Group announced plans to position itself throughout the sector’s value chain to support its customers’ transition towards more sustainable mobility. With this in mind, Arval’s mission is to roll out solutions in vehicle fleets and sustainable mobility, while working even more closely with the Group’s other entities.

The mobility sector is expected to continue its transformation in 2023 in a changing environment. In this context, Arval can rely on its solid foundations, its agility, and the fact that it is part of the BNP Paribas Group. Its 2022 performances, highlighted by strong organic growth despite a challenging context, demonstrates its resilience and its resources.

In 2023, Arval will remain at its customers’ sides through:

- the effective operational start of the strategic partnership between Jaguar Land Rover and BNP Paribas to launch a suite of new mobility financing services across nine European markets. This partnership is the initial phase of a transformation plan designed to reimagine the role of financial services for Jaguar Land Rover customers;
- Element-Arval Global Alliance, which is now present in 53 countries, and has quadrupled the number of its shared customers in less than 10 years (4 million vehicles in all). The alliance’s in-depth expertise and the global scaling-up it provides offers true added value to Arval’s international customers, particularly on a consolidating market;
- ongoing development of strategic partnerships to guarantee end-to-end offers, including a cutting-edge car sharing platform with Ridecell;
- growth in connected services to help customers optimise the use of their fleets, to improve driver safety, and to accelerate the energy transition by developing a range of innovative and differentiating solutions;
- “The Journey Goes On” consulting services to continue assist customers in planning ahead and finding the most appropriate sustainable solutions in view of the current situation in the automotive sector;

And, since the start of January 2023, Arval has held 100% of Arval Relsa in Chile, Peru and Colombia after acquiring the 50% stake held by Inversiones Juan Yarur. This acquisition will allow Arval to step up the development of these three subsidiaries, which will be fully consolidated effective 1 January 2023 (previously consolidated under the equity method).

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“Arval continued to develop its business well in 2022, with an 8.3% growth in its leased fleet compared to end-December 2021. Thanks to the resilience of its business model and its ability to offer new innovative solutions, Arval has continued to support its customers successfully.

Our gross operating income rose significantly, driven by high used-vehicle prices. We kept operating expenses under control, and our cost of risk is still low. Arval thus achieved net income of 1,249 million euros, a steep increase from the previous year.

Backed by the BNP Paribas Group’s solid strategic ambitions in the area of mobility, Arval intends to maintain its growth trajectory in 2023, while making even greater progress towards achieving the goals of its Arval Beyond 2025 strategic plan.

I would like to thank all Arval’s employees for this very good performance and for their commitment to achieving our ambitious 2025 targets”, said Alain van Groenendael, Arval Chairman and CEO. .

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About Arval:

Arval specialises in full service vehicle leasing and new mobility solutions, leasing close to 1.6 million vehicles at the end of December 2022. Every day, more than 8,000 Arval employees in 30 countries offer flexible solutions to ensure seamless and sustainable journeys for its customers, ranging from large international corporate groups to smaller companies and individual retail clients.

Arval is a founding member of the Element-Arval Global Alliance, a world leader in the fleet management industry, with more than 4 million vehicles across 53 countries. Arval was founded in 1989 and is fully owned by BNP Paribas. Arval is positioned within the Group’s Commercial, Personal Banking & Services division.

www.arval.com

About BNP Paribas:

BNP Paribas is the European Union's leading bank and key player in international banking. It operates in 65 countries and has nearly 190,000 employees, including nearly 145,000 in Europe. The Group has key positions in its three main fields of activity: Commercial, Personal Banking & Services for the Group's commercial & personal banking and several specialised businesses including BNP Paribas Personal Finance and Arval; Investment & Protection Services for savings, investment and protection solutions; and Corporate & Institutional Banking, focused on corporate and institutional clients. Based on its strong diversified and integrated model, the Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, BNP Paribas has four domestic markets: Belgium, France, Italy and Luxembourg. The Group is rolling out its integrated commercial & personal banking model across several Mediterranean countries, Turkey, and Eastern Europe. As a key player in international banking, the Group has leading platforms and business lines in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific. BNP Paribas has implemented a Corporate Social Responsibility approach in all its activities, enabling it to contribute to the construction of a sustainable future, while ensuring the Group's performance and stability.

www.bnpparibas.com

Appendix

Consolidated profit and loss account

In millions of euros	Year to 31 December 2022	Year to 31 December 2021
Lease contract revenues	5 175,46	4 855,97
Lease contract costs depreciation	(4 118,50)	(3 918,46)
Lease contract - Financing	(322,54)	(216,70)
Foreign exchange gain/loss	(3,93)	(0,32)
LEASE CONTRACT MARGIN	730,49	720,48
Service revenues	3 913,64	3 320,28
Costs of service revenues	(3 278,21)	(2 674,27)
LEASE SERVICES MARGIN	635,44	646,01
Proceeds of cars sold	4 003,56	4 162,66
Cost of cars sold and revaluation	(2 873,98)	(3 792,97)
CAR SALES RESULT AND REVALUATION	1 129,58	369,69
GROSS OPERATING INCOME	2 495,51	1 736,18
Salary and employee benefit expense	(571,79)	(522,29)
Other operating expenses	(240,46)	(231,07)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(62,02)	(54,43)
OPERATING EXPENSES	(874,26)	(807,79)
Cost of risk	(47,36)	(34,24)
OPERATING RESULT	1 573,88	894,15
Other incomes and other expenses	78,35	8,34
Share of earnings of equity-method entities	9,63	8,14
PROFIT BEFORE TAX	1 661,86	910,64
Corporate income tax	(412,64)	(190,16)
NET INCOME	1 249,22	720,48
Net income attributable to minority interests	54,10	21,47
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	1 195,12	699,00

Consolidated balance sheet

In millions of euros	31 December 2022	31 December 2021
ASSETS		
Goodwill	608,00	523,09
Other intangible assets	117,10	89,22
INTANGIBLE ASSETS	725,10	612,31
Rental fleet	27 650,27	24 126,56
Property, plant and other equipment	173,48	148,72
TANGIBLE ASSETS	27 823,74	24 275,28
Equity-method investments	39,74	34,66
Securities at fair value through profit or loss	11,08	10,71
Derivatives used for hedging purposes	18,12	14,63
Other non current financial assets	183,87	282,63
FINANCIAL ASSETS	252,81	342,62
Deferred tax assets	91,36	110,73
NON CURRENT ASSETS	28 893,01	25 340,94
Inventories	476,71	283,71
Trade receivables	1 233,85	1 005,42
Cash and cash equivalents	4 553,26	1 310,82
Derivatives used for hedging purposes	7,25	5,85
Other financial assets	83,05	35,79
Current income tax receivable	57,93	25,04
Other receivables and prepayments	1 611,89	1 309,42
CURRENT ASSETS	8 023,94	3 976,06
TOTAL ASSETS	36 916,95	29 317,00

In millions of euros	31 December 2022	31 December 2021
LIABILITIES		
Share capital	66,41	66,41
Share premium	216,54	272,23
Retained earnings and other reserves	1 875,68	1 485,84
Net income	1 249,22	720,48
<i>Net income for the period attributable to shareholders</i>	<i>1 195,12</i>	<i>699,00</i>
<i>Net income for the period attributable to minority interests</i>	<i>54,10</i>	<i>21,47</i>
TOTAL EQUITY	3 407,85	2 544,95
Subordinated debt	90,00	90,00
Debt securities	4 138,92	1 291,85
Borrowings from financial institutions	17 450,72	14 848,81
Derivatives used for hedging purposes	19,83	7,74
Retirement benefit obligations and long term benefits	48,34	74,56
Provisions	376,37	308,29
Deferred tax liabilities	489,65	312,37
Trade and other payables	80,67	68,97
NON CURRENT LIABILITIES	22 694,50	17 002,58
Borrowings from financial institutions	6 700,56	6 754,67
Debt securities	1 207,08	600,00
Derivatives used for hedging purposes	7,93	3,10
Provisions	148,41	121,42
Current income tax liabilities	138,68	75,26
Trade and other payables	2 611,93	2 215,02
CURRENT LIABILITIES	10 814,60	9 769,47
TOTAL LIABILITIES	33 509,10	26 772,05
TOTAL EQUITY AND LIABILITIES	36 916,95	29 317,00