

PRESS RELEASE

ARVAL 2021 FULL YEAR RESULTS

VERY STRONG PERFORMANCE
CONTINUED GOOD GROWTH OF THE ACTIVITY, OUTPERFORMING THE MARKET
LEASED FLEET: +6.4% vs. 31/12/2020

STRONG INCREASE IN GROSS OPERATING INCOME DRIVEN BY THE EXPANSION OF THE ACTIVITY AND THE POSITIVE EVOLUTION OF THE USED CAR MARKET
GROSS OPERATING INCOME: +26.4% vs. 2020

OPERATING EXPENSES INCREASE IN CONNECTION WITH ACTIVITY GROWTH AND INVESTMENTS IN 2025 ARVAL BEYOND PLAN
STRONG IMPROVEMENT OF COST INCOME RATIO

OPERATING EXPENSES: +9.9% vs. 2020

COST INCOME: 46.5% vs 53.5% in 2020

DECREASE IN THE COST OF RISK

-43.1% vs. 2020 (15 bp¹)

STRONG RISE OF NET INCOME

NET INCOME²: €720.5m (+52.8% vs. 2020)

CONTINUED GOOD BUSINESS GROWTH
STRONG RISE OF NET INCOME

¹ Calculated on average Financial Outstanding where financial outstanding (management data) represents the value of the rental fleet based on a financial amortisation, annualised bp

² Before net income attributable to minority interests

The Board of Directors of Arval Service Lease met on 3 March 2022. The meeting was chaired by Alain van Groenendael and the Board approved Arval Group's results for 2021.

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

Once again in 2021, Arval's activity continued to outperform the market thanks to the quality of its customer-centric approach and its ambitious 2025 strategic plan, Arval Beyond. The **leased fleet grew by 6.4%**³ compared to the end of December 2020, reaching **1,469,753 vehicles**, despite the pandemic, the shortage of semi-conductors and a challenging overall context in the automotive sector. The **Corporate** leased fleet reached 1,032,065 vehicles at the end of December 2021 (+2.9% compared to the end of December 2020). The **Retail** segment grew by 15.2% compared to the end of December 2020, reaching 399,796 vehicles of which 130,119 on private lease (+24.4% compared to the end of 2020). The **Mid-term Rental** segment grew by 20.1% compared to 2020 reaching 37,394 vehicles.

Throughout 2021, the company put the Arval Beyond strategic plan into action with a number of remarkable achievements in line with Arval's ambition to become a leader in sustainable mobility. Considerable progress has been made on each of the four Arval Beyond offers:

- The transformation related to mobility solutions (**360° Mobility**) has begun to bear fruit: E-bike leasing is operational in 10 countries and the number of bike-leasing contracts grew by 54%, the number of MaaS users increased tenfold and the number of rented months with Mid Term Rental rose by 34% with strong utilization rate.
- Arval's connected fleet (**Connected & Flexible**) now comprises around 400,000 vehicles, making Arval one of the three leading European players in this field.
- Arval's partnerships (**Arval Inside**) have gained significant momentum in 2021. Beyond the existing agreements with banks (Caixabank in Spain and Portugal, UniCredit Bank in Austria, Erste Bank in Slovakia), the company continues to work with automotive players in the frame of international partnerships (Hyundai, Kia, Honda, Sixt, Astaro, Emil Frey France, MG and Volvo Cars). Furthermore, in conjunction with its historical partner, Element, Arval extended its geographic coverage to include Latvia, Lithuania and Estonia.
- To provide even better support to its clients in their energy transition (**Good for you, good for all**), Arval has revised its objective for 2025 upwards: to lease 700,000 electrified vehicles⁴, representing 35% of Arval's total leased fleet. In the year 2021, 30% of Arval's new orders were for electrified vehicles and at the end of December 2021, Arval Group's leased fleet included 204,500 electrified vehicles, up by 80.5% compared to the end of December 2020.

Also, Arval's new offer for used vehicle leasing service, "Arval Re-Lease", is now live in seven countries.

Arval designed and executed its new and ambitious global CSR strategy. To accompany Arval's ambitious targets on electrified vehicles, since June 2021, one tree has been planted for each electrified vehicle leased by Arval: the company's first international biodiversity project. As at the end of 2021, more than 97,000 trees have already been planted.

In 2021, gross operating income totalled 1,736.2 million euros, up by 26.4% compared to the year 2020, illustrating the good development of the activity and the very good evolution of the used car market.

³ Growth rate for the end of the period 2020-2021 (6.3% at constant scope)

⁴ Battery electric vehicles and hybrid vehicles

Supported by the growth of the leased fleet, gross operating income excluding car sales results increased overall by 12.5%: at 720.5 million euros, the lease contract margin rose by 15.0% compared to 2020 and the lease service margin amounted to 646.0 million euros, up by 9.8% compared to 2020.

The car sales result reached 369.7 million euros in 2021 (158.7 million euros in 2020). The number of vehicles disposed increased to 298,853 (+12.6% compared to 2020). The car sales result benefited from the very positive evolution of the used car market in terms of demand and prices. 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 deires from customers and where demand is sustained by a lower availability of new vehicles.

At 807.8 million euros, Arval Group's **operating expenses** were up by 9.9% (compared to a low base in 2020) in relation to the growth of the activity and the implementation costs of the Arval Beyond strategic plan. Arval Group's generated in 2021 a very positive jaw effect (+2.6 pts excluding car sales results and +16.5 pts including car sales result) with a strong improvement of Cost/Income ratio to 46.5% in 2021 (53.5% in 2020).

The **cost of risk** was down at 34.2 million euros compared to a high base in 2020 in relation to the Covid crisis (60.2 million euros). It was 15 basis points of financial outstanding⁵ (-15 bp compared to 2020) with a decrease (-13 bp) in the cost of risk of the Corporate activity and of the Retail activity (-21 bp).

The **Arval Group's operating result**, at 894.2 million euros (578.4 million euros in 2020), thus increased sharply by 54.6%.

Non-operating items totalled 16.5 million euros (1.5 million euros in 2020) with a good performance of subsidiaries consolidated under the equity method.

Profit before tax, which came to 910.6 million euros in 2021 (579.8 million euros in 2020), was thus up by 57.0%.

Arval Group's net income amounted to 720.5 million euros in 2021 (471.4 million euros in 2020), up by 52.8% and **net income attributable to equity holders** was 699.0 million euros, up by 52.0% compared to 2020.

This very strong performance, supported by the current high level of used car prices, reflects the strength of the Arval business model despite the health crisis, as well as the success of its long-term rental business model and its customer, geographical and product diversification.

The **total balance sheet** grew by 10.8% compared to the end of 2020 to reach 29.317 million euros at the end of December 2021 in relation to the growth of the rental fleet (+11.0% compared to the end of December 2020). Total equity amounted to 2,545 million euros at the end of December 2021 (2,072 million euros at the end of December 2020).

Challenges and goals for 2022

2022 will herald a transformation of the mobility sector within a changing environment. In this context, Arval can draw on its solid foundation, with the backing of BNP Paribas Group, combined with its agility. Its performance in 2021, with good organic growth despite the challenging landscape, offers tangible proof of its resilience and capabilities.

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

In 2022, Arval will continue to support its customers with:

- **specific consulting services**, “The Journey Goes On”, to assist customers with planning ahead and finding the most appropriate sustainable solutions in view of the current situation in the automotive sector,
- **strategic partnerships to guarantee end-to-end offers**: with a state-of-the-art carsharing platform being launched early in the year with the mobility company Ridecell, and a new partnership with Jaguar Land Rover Automotive PLC on mobility financing solutions where Arval will provide the leasing and fleet management component of its alliance with BNP Paribas Group.
- **connected services** to help clients optimise the use of their fleets, improve safety and accelerate their energy transition, by developing a range of innovative and differentiating offers.
- the extended geographical reach of the **Element-Arval Global Alliance** (more than 3 million vehicles altogether) and a unique value proposition for Arval’s international clients.

“Arval’s activity continued to develop well in 2021 with our leased fleet up by 6.4% compared to the end of December 2020. Supported by the high level of used car prices, it resulted in a very strong increase in our gross operating income.

Cost/income ratio improved strongly and the cost of risk was down compared to last year when it was impacted by the Covid crisis. Thus, in 2021, Arval reported a net income of 720 million, sharply up compared to last year.

We continued to implement our 2025 plan Arval Beyond with significant progress having already being made in all its dimensions. I would like to thank all Arval employees for their dedicated efforts in achieving this very good performance and delivering our ambitious targets for 2025”, says 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 1.5 million vehicles at the end of December 2021. Every day, 7,500 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 3 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, Eastern Europe as well as via a large network in the western part of the United States. 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 2021	Year to 31 December 2020
Lease contract revenues	4 855,97	4 575,16
Lease contract costs depreciation	(3 918,46)	(3 714,98)
Lease contract - Financing	(216,70)	(223,26)
Foreign exchange gain/loss	(0,32)	(10,61)
LEASE CONTRACT MARGIN	720,48	626,31
Service revenues	3 320,28	2 900,87
Costs of service revenues	(2 674,27)	(2 312,30)
LEASE SERVICES MARGIN	646,01	588,58
Proceeds of cars sold & End of Contract Fees	4 162,66	3 111,53
Cost of cars sold	(3 792,97)	(2 952,86)
CAR SALES RESULT	369,69	158,67
GROSS OPERATING INCOME	1 736,18	1 373,56
Salary and employee benefit expense	(522,29)	(491,84)
Other operating expenses	(231,07)	(187,91)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(54,43)	(55,28)
OPERATING EXPENSES	(807,79)	(735,03)
Cost of risk	(34,24)	(60,17)
OPERATING RESULT	894,15	578,35
Other incomes and other expenses	8,34	0,57
Share of earnings of equity-method entities	8,14	0,92
PROFIT BEFORE TAX	910,64	579,84
Corporate income tax	(190,16)	(108,40)
NET INCOME	720,48	471,45
Net income attributable to minority interests	21,47	11,52
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	699,00	459,93

Consolidated balance sheet

In millions of euros	31 December 2021	31 December 2020
ASSETS		
Goodwill	523,09	509,79
Other intangible assets	89,22	84,86
INTANGIBLE ASSETS	612,31	594,65
Rental fleet	24 126,56	21 732,34
Property, plant and other equipment	148,72	158,36
TANGIBLE ASSETS	24 275,28	21 890,70
Equity-method investments	34,66	25,67
Securities at fair value through profit or loss	10,71	10,46
Derivatives used for hedging purposes	14,63	18,96
Other non current financial assets	282,63	297,27
FINANCIAL ASSETS	342,62	352,36
Deferred tax assets	110,73	74,57
NON CURRENT ASSETS	25 340,94	22 912,28
Inventories	283,71	400,09
Trade receivables	1 005,42	982,86
Cash and cash equivalents	1 310,82	611,56
Derivatives used for hedging purposes	5,85	7,59
Other financial assets	35,79	46,99
Current income tax receivable	25,04	30,09
Other receivables and prepayments	1 309,42	1 462,87
CURRENT ASSETS	3 976,06	3 542,03
TOTAL ASSETS	29 317,00	26 454,32
LIABILITIES		
Share capital	66,41	66,41
Share premium	272,23	272,23
Retained earnings and other reserves	1 485,84	1 262,35
Net income	720,48	471,45
<i>Net income for the period attributable to shareholders</i>	<i>699,00</i>	<i>459,93</i>
<i>Net income for the period attributable to minority interests</i>	<i>21,47</i>	<i>11,52</i>
TOTAL EQUITY	2 544,95	2 072,44
Subordinated debt	90,00	90,00
Debt securities	1 291,85	
Borrowings from financial institutions	14 848,81	14 512,68
Derivatives used for hedging purposes	7,74	9,82
Retirement benefit obligations and long term benefits	74,56	80,66
Provisions	308,29	264,62
Deferred tax liabilities	312,37	261,86
Trade and other payables	68,97	61,06
NON CURRENT LIABILITIES	17 002,58	15 280,70
Borrowings from financial institutions	6 754,67	6 758,88
Debt securities	600,00	
Derivatives used for hedging purposes	3,10	3,93
Provisions	121,42	100,58
Current income tax liabilities	75,26	31,49
Trade and other payables	2 215,02	2 206,30
CURRENT LIABILITIES	9 769,47	9 101,18
TOTAL LIABILITIES	26 772,05	24 381,88
TOTAL EQUITY AND LIABILITIES	29 317,00	26 454,32