

ARVAL SERVICE LEASE

**Statutory auditor's report on the consolidated  
financial statements**

For the year ended December 31, 2021

**Mazars**

61 rue Henri Regnault  
92075 Paris-La Défense  
S.A au capital de 8 320 000 €  
R.C.S 784 824 153 Nanterre

Commissaire aux Comptes  
Membre de la compagnie régionale  
de Versailles et du Centre

**Deloitte & Associés**

6, place de la Pyramide  
92908 Paris-La Défense Cedex  
S.A.S. au capital de 2 188 160 €  
572 028 041 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie régionale  
de Versailles et du Centre

## **ARVAL SERVICE LEASE**

A French limited company in the form of a *Société anonyme*  
with share capital of € 66,412,800  
Registered office: 1 boulevard Haussmann, 75009 Paris  
Siren N°: 352 256 424

### **Statutory auditor's report on the consolidated financial statements**

For the year ended December 31,2021

*This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

ARVAL SERVICE LEASE  
STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

To the Annual General Meeting,

**Opinion on consolidated financial statements**

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Arval Service Lease S.A. for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Board of Directors.

**Basis for Opinion**

***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

***Independence***

We conducted our audit engagement in compliance with independence requirement rules required by the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1<sup>st</sup>, 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

**Justification of Assessments - Key Audit Matters**

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited 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 organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

<b>Risk on valuation of the vehicles' residual value</b> (Refer to notes 1.a, 1.c, 2.e, 2.f, 2.l, 3.a, 3.c, et 5.c of the consolidated financial statements)	
<b>Risk identified</b>	<b>Our response</b>
<p>The rental fleet represents around 82% of the Arval Group's total balance sheet as at December 31, 2021, with a net value of € 24.1 billion.</p> <p>The residual value of the vehicles representing the Group's fleet is defined at the beginning of the lease agreements. At each closing period, it is reviewed in order to obtain an estimate close to the sale value of the vehicle at the end of the contract. The terms and conditions used to determine this residual value are set by ARVAL SERVICE LEASE SA and are common to all entities of the Group. Those estimates are calculated by a statistical model based on historical data of the Group sales of used car, as well as country specific factors calibrated by country.</p> <p>In the context of the sanitary crisis and the supply chain shortage of semiconductors, ARVAL SERVICE LEASE observed an increase in resale values as well as a desire among its customers to extend the term of their lease. In the same way, the automobile market is gradually transforming through changes in regulations. These changes have led management to make changes to estimates intended to maintain the consistency of the data included in the models.</p> <p>The residual value re-estimated during the fleet revaluation process may be different from the initial residual value, which may lead to an adjustment of the depreciation of the vehicles over the residual term of the contract.</p> <p>We considered that the revaluation of the residual values is a key audit matter because it is based on the estimate of the resale values of the vehicles recorded on the balance sheet, that it is based on a statistical model and that it incorporates assumptions based on the judgment of ARVAL SERVICE LEASE management.</p>	<p>We got an understanding of the process for reassessing residual values put in place by the Group and have focused our work on the most significant Group fleets, the most contributory to depreciation adjustments and therefore the most impacted by the evolution of risks in connection with the sanitary crisis and the semiconductor crisis.</p> <p>We assessed the relevance of ARVAL SERVICE LEASE's internal control framework which governs the estimates contributing to the determination of residual values and in particular its adaptation to the context of crises. We have reviewed the framework which led to adapting the models according to market's transformation. In a sample of countries, we reviewed the controls relating to the revaluation of residual values while integrating the new assumptions and parameters that served as the basis for the model.</p> <p>With the help of our actuarial experts, we reviewed the relevance of the statistical model put in place as well as the main parameters and assumptions.</p> <p>On a sample basis, our work also consisted in:</p> <ul style="list-style-type: none"> <li>• Reperforming the consistency of data from revaluation models through a data analytic approach;</li> <li>• Comparing the correspondence between the accounting information and that from the fleet management system;</li> <li>• Checking that the estimates used are based on documented methods that comply with the principles set out in the notes to the consolidated financial statements.</li> </ul> <p>We have also examined the information described in the notes to the consolidated financial statements relating to the risk on the assessment of the residual value of leased vehicles in the moving context of the pandemic and in particular the information required by IAS 16 with respect to the correct recognition of property, plant and equipment.</p>

<b>Risk on deferred revenue related to maintenance and tyre costs</b> (Refer to notes 1.c, 2.f, 3.b, 3.c, and 5.t of the consolidated financial statements)	
<b>Risk identified</b>	<b>Our response</b>
<p>In accordance with IFRS 15, Arval accounts its margin on operations relating to maintenance and tyre according to the method of cost advancement whereas the billing for these services is linear. Thus, the margin on this type of service is recognised as a deferred income which is recognized in the profit and loss account when the service is performed.</p> <p>In order to determine the margin rate, the group uses a corridor based on the following criteria:</p> <ul style="list-style-type: none"> <li>• the margin rate estimated on the contracts put in place during the past 12 months;</li> <li>• the estimated rate on open contracts;</li> <li>• the margin rate on disposals over the past 12 months.</li> </ul> <p>In cases where the estimated margin rates is not included within the limits of the corridor, the management justifies its position.</p> <p>As at December 31, 2021, the † “Deferred revenue related to leasing contracts” represents– €924 million as indicated in Note 5t. “Other debts and deferred income”</p> <p>We considered that the evaluation of deferred revenues related to maintenance and tyre costs is a key audit matter because it requires the exercise of judgment by management in its choice of relevant elements to be taken into account and its significance on the group accounts.</p>	<p>We assessed the processes implemented by the group to assess deferred revenues on operations related to maintenance and tyre costs.</p> <p>Our audit procedures ,consisted in:</p> <ul style="list-style-type: none"> <li>• Analysing the mark-up rates and the main parameters used in relation to historical accounting data;</li> <li>• Reviewing the margin rate used and justifications, if applicable, for corridor exits;</li> <li>• Reviewing the deferred revenue calculation model;</li> <li>• Comparing (using samples, on the most significant scopes), data used by the management with the calculation of deferred income and performing a recalculation.</li> </ul> <p>We also reviewed the information included in the financial statements.</p>

### Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group’s information given in the management report of the Board of Directors..

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the BNP Paribas Group’s management report [ou : in the Group’s information given in the management report], it being specified that, in accordance with article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

## **Appointment of the Statutory Auditors**

We were appointed as statutory auditors of *Arval Service Lease S.A* by the annual general meeting held on *March 9, 2021* for *Deloitte & Associés* and on *November 2, 1989* by the annual general meeting for *Mazars*.

As at December 31, 2021, *Deloitte & Associés* and *Mazars* were in the 1st year and 32<sup>nd</sup> year of total uninterrupted engagement, which are the 1st year and 1st year since securities of the Company were admitted to trading on a regulated market, respectively.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Board of Directors is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors of *Arval Service Lease S.A*.

## **Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

### *Objectives and audit approach*

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

#### *Report to the Board of Directors*

We submit a report to the Board of Directors which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Board of Directors includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Board of Directors with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Board of Directors the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La-Défense, March 15,2021

The Statutory Auditors

Deloitte & Associés

Mazars

Jean-Vincent Coustel

Matthew Brown



**ARVAL**  
BNP PARIBAS GROUP

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# **CONSOLIDATED FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021



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## PRELIMINARY REMARK

The financial statements and notes presented within this document are referring to consolidated accounts. As a reminder, Arval, fully part of BNP Paribas group that already produces consolidated accounts integrating Arval, has opted for the first option (IFRS 1 D16(a)). Indeed, as BNPP created Arval, it was therefore not necessary to eliminate the effects of a takeover.

It means that Arval uses the same figures (which comply with IFRS Standards) it produced for the BNP Paribas group consolidated financial statements based on BNP Paribas group's principles adopted at the date of transition. This option is also an opportunity to use the same accounting bookings for both BNP Paribas group and for Arval in order to publish the financial statements drawn up on the same basis.

The consolidated financial statements are presented in millions of Euros. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

In millions of euros	Notes	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)
<b>LEASE CONTRACT MARGIN</b>	3.a	<b>720,48</b>	<b>626,31</b>
Service revenues		3 320,28	2 900,87
Costs of service revenues		(2 674,27)	(2 312,30)
<b>LEASE SERVICES MARGIN</b>	3.b	<b>646,01</b>	<b>588,58</b>
Proceeds of cars sold & End of Contract Fees		4 162,66	3 111,53
Cost of cars sold		(3 792,97)	(2 952,86)
<b>CAR SALES RESULT</b>	3.c	<b>369,69</b>	<b>158,67</b>
<b>GROSS OPERATING INCOME</b>		<b>1 736,18</b>	<b>1 373,56</b>
Salary and employee benefit expense	3.d	(522,29)	(491,84)
Other operating expenses	3.d	(231,07)	(187,91)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	3.d	(54,43)	(55,28)
<b>OPERATING EXPENSES</b>		<b>(807,79)</b>	<b>(735,03)</b>
Cost of risk	3.e	(34,24)	(60,17)
<b>OPERATING RESULT</b>		<b>894,15</b>	<b>578,35</b>
Other incomes and other expenses	3.f	8,34	0,57
Share of earnings of equity-method entities	3.g	8,14	0,92
<b>PROFIT BEFORE TAX</b>		<b>910,64</b>	<b>579,84</b>
Corporate income tax	3.h	(190,16)	(108,40)
<b>NET INCOME</b>		<b>720,48</b>	<b>471,45</b>
Net income attributable to minority interests		21,47	11,52
<b>NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>699,00</b>	<b>459,93</b>

# STATEMENT OF NET INCOME AND CHANGES IN ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY

In millions of euros		Year to 31 December 2021	Year to 31 December 2020
<b>Net income for the period</b>		<b>720,48</b>	<b>471,45</b>
<b>Items that are or may be reclassified to profit or loss</b>	- Changes in exchange differences	0,66	(65,91)
	- Changes in fair value of investments of insurance activities	(1,72)	2,37
	<i>Changes in fair value recognised in equity</i>		
	<i>Changes in fair value reported in net income</i>		
	- Changes in fair value of hedging instruments	10,59	1,28
	<i>Changes in fair value recognised in equity</i>		
	<i>Changes in fair value reported in net income</i>		
	- Income tax	(3,34)	1,20
- Changes in equity-method investments			
	<b>6,19</b>	<b>(61,06)</b>	
<b>Items that will not be reclassified to profit or loss</b>	- Remeasurement gains (losses) related to post-employment benefit plans	26,18	(20,26)
	- Income tax	(6,65)	4,54
	- Changes in equity-method investments		
	<b>19,53</b>	<b>(15,72)</b>	
<b>Changes in assets and liabilities recognised directly in equity</b>		<b>25,72</b>	<b>(76,79)</b>
<b>Total</b>		<b>746,20</b>	<b>394,66</b>
- Attributable to equity shareholders		738,14	387,07
- Attributable to minority interests		8,06	7,59

Changes in exchange differences are analysed as follows:

En millions d'euros	Code currency	Variation from 1 January 2021 to 31 December 2021	Variation from 1 January 2020 to 31 December 2020
Brasil	BRL	(0,03)	(15,67)
Switzerland	CHF	1,72	(0,00)
Chile	CLP	(1,95)	(0,71)
Czech Republic	CZK	0,78	(0,62)
United Kingdom	GBP	23,22	(21,28)
Morocco	MAD	0,84	(0,35)
Peru	PEN	0,65	(2,62)
Poland	PLN	(0,20)	(2,44)
Russia	RUB	3,59	(13,71)
Turkey	TRY	(27,47)	(7,71)
Others		(0,49)	(0,79)
<b>Total</b>		<b>0,66</b>	<b>(65,91)</b>

# BALANCE SHEET AT 31 DECEMBER 2021

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

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 1 JANUARY 2020 AND 31 DECEMBER 2021

	Capital and retained earnings			Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss		Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss				Total shareholders' equity	Minority interests	Total equity
	Share capital and additional paid-in-capital	Non-distributed reserves	Total	Remeasurement gains (losses) related to postemployment benefits plans	Total	Exchange differences	Financial investments of insurance activities	Derivatives used for hedging purposes	Total			
<b>Capital and retained earnings at 1 January 2020</b>	338,64	1 475,95	1 814,59	(2,15)	(2,15)	(127,01)	(6,82)	(133,83)	1 678,60	15,75	1 694,36	
<b>Appropriation of net income for 2019</b>		(0,08)	(0,08)						(0,08)	(0,27)	(0,35)	
Increase in capital and issues												
Reduction or redemption of capital												
Impact of internal transactions on minority shareholders		(16,23)	(16,23)									
Acquisitions of additional interests or partial sales of interests												
Other movements									2,34		(13,89)	
Realised gains or losses reclassified to retained earnings												
Changes in assets and liabilities recognised directly in equity				(15,70)	(15,70)	(62,01)	2,51	(99,50)	(75,20)	(3,93)	(79,13)	
<b>Net income for 2020</b>		459,93	459,93						459,93	11,52	471,45	
Interim dividend payments												
<b>Capital and retained earnings at 31 December 2020</b>	338,64	1 919,57	2 258,21	(17,85)	(17,85)	(189,02)	2,34	(190,99)	2 049,36	23,07	2 072,44	
<b>Appropriation of net income for 2021</b>		(275,06)	(275,06)						(275,06)	(0,17)	(275,23)	
Increase in capital and issues												
Reduction or redemption of capital												
Impact of internal transactions on minority shareholders												
Acquisitions of additional interests or partial sales of interests		0,25	0,25						0,25		0,25	
IFRIC - Employees benefits (*)		1,30	1,30						1,30		1,30	
Other movements												
Realised gains or losses reclassified to retained earnings												
Changes in assets and liabilities recognised directly in equity				19,56	19,56	14,04	(1,50)	19,58	39,13	(13,41)	25,72	
<b>Net income for 2021</b>		699,00	699,00						699,00	21,47	720,48	
Interim dividend payments												
<b>Capital and retained earnings at 31 December 2021</b>	338,64	2 345,06	2 683,70	1,71	1,71	(174,98)	0,84	(171,42)	2 513,98	30,97	2 544,95	

(\*) of which gross amount of 1,7 m € less impact of deferred tax of 0,4 m €

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

In millions of euros	Year to 31 December 2021	Year to 31 December 2020
<b>Pre-tax income</b>	<b>910,64</b>	<b>579,84</b>
<b>Non-monetary items included in pre-tax income and other adjustments</b>	<b>4 698,47</b>	<b>4 160,26</b>
Net depreciation and impairment expense on fleet	4 081,39	3 715,15
Net depreciation and impairment expense on other tangible assets	33,59	31,43
Net amortisation and impairment on intangible assets	22,68	23,68
Risk provision net variation	34,58	61,03
Other provision net variation	68,36	9,33
Share of earnings of equity-method entities	(8,14)	(0,92)
Net (income) from investing activities	(0,27)	(0,08)
Other movements	466,27	320,64
<b>Net increase (decrease) in cash related to assets and liabilities generated by operating activities</b>	<b>(6 302,43)</b>	<b>(4 050,05)</b>
Net increase (decrease) in cash related to transactions with customers and credit institutions	73,52	1 593,96
Net increase (decrease) in cash related to transactions involving other financial assets and liabilities	0,56	1,07
Net increase (decrease) in cash related to acquisitions of leased fleet	(9 864,57)	(8 290,53)
Net increase (decrease) in cash related to sales of leased fleet	3 488,06	2 645,46
Net increase (decrease) in cash related to transactions involving other non-financial assets and liabilities		
<b>Taxes paid</b>	<b>(135,40)</b>	<b>(75,01)</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES</b>	<b>(828,72)</b>	<b>615,05</b>
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities	(0,27)	(210,94)
Tangible and intangible asset acquisitions	(64,59)	(116,57)
Tangible and intangible asset disposals	10,36	6,03
Equity method capital variation	(0,91)	(1,70)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS GENERATED TO INVESTING ACTIVITIES</b>	<b>(55,41)</b>	<b>(323,19)</b>
Issue of ordinary and reference shares		
Share premium reimbursement		
Issue of bond and negotiable debt securities	1 891,85	
Dividend paid	(275,46)	(0,35)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES</b>	<b>1 616,39</b>	<b>(0,35)</b>
<b>EFFECTS OF MOVEMENTS IN EXCHANGE RATES ON CASH AND EQUIVALENTS</b>	<b>(2,45)</b>	<b>(1,85)</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>729,82</b>	<b>289,67</b>
<b>Balance of cash and equivalent accounts at the start of the period</b>	<b>420,27</b>	<b>130,61</b>
Cash and on demand deposits with credit institutions	443,04	249,15
Short term bank deposit	168,56	88,06
On demand loans from credit institutions	(191,33)	(206,60)
<b>Balance of cash and equivalent accounts at the end of the period</b>	<b>1 150,09</b>	<b>420,27</b>
Cash and on demand deposits with credit institutions	1 209,88	443,04
Short term bank deposit	100,94	168,56
On demand loans from credit institutions	(160,73)	(191,33)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>729,82</b>	<b>289,67</b>



# NOTES TO THE FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by ARVAL Board of directors on March 3, 2022.

## 1. GENERAL INFORMATION AND STRATEGY

### 1.a GENERAL INFORMATION

Arval was **founded in 1989 and is fully owned by BNP Paribas**. In the BNPP Group, Arval sits within Retail Banking & Services division, renamed Commercial, Personal Banking & Services (CPBS). Arval is a direct subsidiary of BNPP Fortis group (100% ownership).

ARVAL Services Lease (Parent company) is a French « Société Anonyme » and is part of BNP Paribas group. Its registered office is located at 22/24 Rue des Deux Gares – 92 500 Rueil-Malmaison

Arval group is a group offering full service vehicle leasing and new mobility services with a direct presence in 30 countries. Arval group offers flexible solutions to make journeys seamless and sustainable for our customers, which range from large international corporate organisations to smaller companies and individual retail clients.

Arval group benefits from a diversified revenue and profit base composed of three principal components: the leasing contract margin, the services margin and the car sales result.

Under its primary product offering full service leasing, Arval group purchases vehicles with a view to leasing them to customers for a period generally of 36-48 months. Arval earns a margin on leases equal to the difference between the lease payments received from customers and the costs of the lease, which include the depreciation of the leased vehicle and the financial costs of financing the purchase of the corresponding vehicle.

Arval group also generates profits, referred to as the services margin, through the wide range of services that it offers under both its full service leasing and fleet management products, such as maintenance and repairs, insurance, tyres and replacement vehicles.

Finally, Arval group generates profits or losses from the resale of its vehicles at the termination of a lease contract. Arval remarkets and sells used cars at the end of their lease term via several channels, including selling them to used car dealers, through auctions, directly to users of vehicles, and directly to external buyers through retail sites or through its online car sales platform dedicated to professionals, MotorTrade.

### 2021 highlights

#### Activity in 2021

Arval achieved a good commercial performance in 2021 with a financed fleet of 1,469,753 vehicles as of December 31, 2021, representing a growth of 6.4% compared to December 31, 2020:

- The Corporate financed fleet reached 1,032,065 vehicles (+3%)

- The Retail segment reached 399,796 vehicles (+15%), including 130,119 vehicles on private lease
- The Mid-term Rental segment grew by 20%.

Vehicle orders had a good dynamic during this period despite the increase in delivery times for new vehicles, due to the semiconductor shortage (which also had the effect of slightly slowing fleet growth). Electrified vehicles represent 29% of deliveries over the period.

Used car sale prices were at high levels during this year.

This high level of used vehicle prices, observed in almost all countries, is largely linked to the evolution of supply and demand in connection with longer delivery times on new vehicles. The second-hand vehicle market benefited from continuous growth of demand due to:

- less de-hires from our customers;
- lower availability of new vehicles (Semiconductor shortage)

While the operating margin increased by 26.4%, operating expenses rose by only 9.9%, resulting in jaws (vs.2020) of 16.5 pts (jaws effect of 2.6 pts excluding income from used cars sales). The cost/income ratio (including used car sales result) improved by 7 pts compared to 2020, to 47%.

Cost of risk shows a significant decrease (-43% vs 2020) equal to EUR 34 million compared to EUR 60 million at the end of 2020, strongly impacted by pandemic.

Arval's net income amounted to EUR 720.48 million in 2021, up by 52.8 % compared to 2020.

Overall, 2021 confirmed the quality of Arval business model thanks to its long term lease model and its good product, customer and geographical diversification.

### **ALM events**

In March 2021, Arval made a successful first appearance in the capital markets with an inaugural EUR 800 million 3.5 years Senior Unsecured transaction issued out of its EMTN Program. In October 2021, a second bond issue took place for an amount of EUR 500 million.

In parallel, Arval issues commercial paper for 3, 6 and 12 months. The notes issued amounted to EUR 650 million, of which EUR 50 million was repaid in the year of the issuance.

In order to optimize its treasury management, Arval has created in March 2021 its own treasury center, CENT ASL.

### **COVID 19**

In the COVID 19 context and as part of BNP Paribas group, the ARVAL group rigorously follows the directives of BNP Paribas group and strictly apply the recommendations of the competent authorities in each of the markets where we operate.

The vast majority of our team members are able to work from home in a full digital environment and maintain, if necessary, a physical presence in our sites at a strict minimum.

Our teams are totally mobilised towards our customers and partners, whilst protecting our own teams' health as well in these challenging times.

## 1.b STRATEGY AND CORPORATE SOCIAL RESPONSIBILITY (C.S.R.)

### 1.b.1 STRATEGY

In 2020, a new plan “ARVAL BEYOND” has been launched to target the new objectives for the years 2020-2025. 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, as follows:

- *360° Mobility* : Arval’s Mobility as a Service offer has been deployed in four countries with already more than 3,000 users of the Arval Mobility App in the Netherlands. In addition, Arval Mobility Consulting has been launched to support customers in their energy transition, as well as the Arval Mobility Hub to integrate mobility solutions into a single area of Arval customers’ premises. E-bike leasing is now operational in 10 countries, with great deals being signed with Arval’s customers in several countries (+54% leased bikes compared to last year). The autonomous shuttle trial has been extended in France.
- *Connected*: Arval’s connected fleet now comprises around 400,000 vehicles, making Arval one of the three leading European players in this field.
- *Arval Inside*: Arval’s partnerships have gained significant momentum in 2021. Beyond the existing agreements with banks (CaixaBank in Spain and Portugal, UniCredit Bank Austria, Erste Bank in Slovakia, etc), the company continues to work with automotive players in the frame of international partnerships (Hyundai, Kia, Honda, Sixt, Astara, Emil Frey France, MG and Volvo Cars).
- *Good for you, Good for all*: to provide even better support to its clients in their energy transition, Arval has revised its objective for 2025 upwards: to lease 700,000 electrified vehicles, representing 35% of Arval’s total leased fleet. “Arval Re-Lease”, its used vehicle leasing service, is now live in seven Countries.

In 2021, Arval designed and executed its new and ambitious global CSR strategy. As a result, 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, 71,000 trees have been planted.

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 start-up Ridecell, and a unique cooperation 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 geographic reach of the **Element-Arval Global Alliance** and a unique value proposition for Arval’s international clients.

## 1.b.2 CORPORATE SOCIAL RESPONSIBILITY (C.S.R.)

Arval believes in shared, sustainable mobility and strive to make it a reality for people, customers, and society as a whole.

The concept of mobility is central to both Arval business and many of today's most urgent challenges, including environmental protection, congestion and accessibility, the future of cities, and quality of life. That's why Arval places it at the heart of its Corporate Social Responsibility, supporting its clients in every way Arval can to optimise their mobility mix and succeed the energy transition.

Arval believes it is essential to be proactive, setting the standard by leading the way. Back in 2004, Arval was the first full-service leasing company to sign the United Nations Global Compact. Today, the UN Sustainable Development Goals (SDGs) are at the heart of what Arval does. Arval focus its efforts on the SDGs closest to its activity so Arval can be effective in contributing to a better future for all.

In line with the BNP Paribas Group, Arval CSR strategy now centers on 4 pillars: The Economy, Our People, The Community, and The Environment.

- The Economy : developing our business in ethical and sustainable way
- People : developing and engaging our people responsibly
- The Community : being a positive agent for change
- The environment : combatting climate change

Within these pillars, Arval has identified 12 engagements and 25 actions. To track its progress, Arval has identified Key Performance Indicators. Concretely, each action has a quantifiable target to reach by 2025.

Among these KPIs, Arval has the selected 6 as the most important 6 KPIs Arval aim to achieve by 2025:

- 700,000 electrified (electric, hybrid and hydrogen) vehicles in our leased fleet (35% of our total fleet)
- 100% of Arval countries proposing sustainable mobility offers to our clients
- 30,000 of volunteering hours accomplished by Arval employees
- 40% women in all Arval Executive Committees in all countries
- 0g of net emissions by fully offsetting all CO<sup>2</sup> emissions from our own operations
- 35% lower CO<sup>2</sup> emissions on leased fleet vs 2020. Average emissions of CO<sup>2</sup> are calculated as a weighted average of the Arval entities' fleet (Passenger cars and LCVs)

One of Arval key missions in terms of CSR is to accompany its customers. Arval helps them to build their energy transition strategies, and support them in implementing alternative mobility solutions via SMaRT approach (Sustainable Mobility and Responsibility Targets).

Arval also aims to be a positive agent for change in society, actively promoting road safety through eco-driving sessions and educational programmes, and helping to prepare for a greener future by enabling sustainable mobility for all. Arval ethical responsibilities are equally important: Arval adheres to the BNP Paribas Group's strict Code of Conduct. Many Arval countries are also certified ISO 9001, which proves the quality of their management system and ISO 14001, a recognition of their efforts towards the environment.

## 1.c RISK MANAGEMENT

### 1.c.1 ASSET RISK

Arval is exposed to asset risk, which can be split into two main underlying risk components: the residual value risk and the risk related to service maintenance.

#### **Residual value risk**

The residual value, defined as the value of the vehicle at the end of the lease as estimated by Arval at inception of the lease, may differ from the future market value of the car at the end of the contract. This difference is a part of the global risk on used car sales and is managed through robust internal procedures applied to all Arval subsidiaries in order to set, control and reevaluate the residual values on the running fleet. The determination of residual values is done at the level of Arval entities, in accordance with the standards and methodology defined by the group, taking into account the specificities of the used car market in each country.

The residual value, defined according to the age and mileage of the vehicle, is produced by each Arval entity using a statistical model based on the entity's own historical vehicle sales data and in some cases on external data.

Arval has defined a set of governance, risk management and control measures to address this model risk, thereby limiting the likelihood of a material impact on financial performance.

In accordance with the application of International Accounting Standards (IAS), the valuation of the financial disposal result is done contract by contract and spread over contract lifetime.

The estimate of the result of disposal is made taking into account a residual value adjustment giving the best economical view derived from the current state of the used-car market and the time horizon when the vehicles will be sold.

#### **Risk related to services maintenance and tyres**

The maintenance risk is the risk that the actual costs of maintenance incurred during the contract life are greater than the costs forecasted and included in the quotation at the beginning of the contract.

In accordance with internal procedures, maintenance cost setting is done locally using local historical statistics, under the supervision of Arval Finance department (central teams). A global review of the maintenance margins is done for each country on a regular basis in order to back test the pricing assumptions in terms of costs and frequencies and to make the necessary adjustments if necessary.

### 1.c.2 TREASURY RISK

Treasury risk entails 3 types of risks: interest rate risk, foreign exchange risk and liquidity risk.

- Interest rate risk is the risk that the profitability of Arval is affected by movements in interest rates.
- Foreign exchange risk is the risk that the profitability is affected by currency fluctuations.
- Liquidity risk is the risk that Arval is not able to meet its cash flow obligations when they fall due, because of a mismatch between the financing of its assets and liabilities.

ALM Treasury risk management policy consists in matching assets and liabilities in terms of maturities, currencies, and interest rate exposure. Arval procedures defining the sensitivity measurement of such risks and tolerance levels are applied across the group to allow a close monitoring of the treasury risk. These risks are monitored at corporate level by the ALM Treasury, which reports on a quarterly basis to the management team of Arval during a dedicated committee. This committee is informed about all relevant developments with regard to the Arval's treasury risk profile and decides any action to mitigate the risks when necessary.

### **Interest and exchange rate risk**

Arval policy consists in financing the underlying assets with an interest rate matching: Fixed rates for operating lease contracts indexed on fixed rates and floating rates for operating lease contracts indexed on floating rates. Rate loans as lease contracts are for their vast majority priced at fixed rates. Structural interest rate risk arises from the residual gap (surplus or deficit) in each entity's fixed-rate forecasted position. To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity.

The Arval ALM Treasury monitors the interest rate risks exposure and advises subsidiaries to implement adequate adjustments. A monthly or quarterly report (depending on the subsidiaries) measuring the interest risk exposure is produced by each entity to be reviewed and consolidated by the Arval ALM Treasury department.

The global risk exposure measurement is discussed by the ALCO members on a quarterly basis.

A close follow up of the interest rate risk exposure by subsidiaries is therefore in place as well as a supervision of asset and liability monitoring performed at corporate level.

### **Foreign exchange risks management**

Arval is present in countries outside the Euro zone and is therefore exposed to foreign exchange risks related to inflows and outflows of cash from daily business activities as well as participations in subsidiaries outside the Euro zone.

Arval policy mainly consists of financing the underlying asset in the same currency as the corresponding lease contract.

### **Liquidity risks**

Arval is exposed to liquidity risk which is the risk of not being able to meet cash flow requirements when they fall due and at a reasonable price. A structural liquidity position is defined as resulting from the maturities of all balance sheet or off balance sheet outstanding positions according to their liquidity profile.

Arval's exposure to liquidity risks is limited as the group policy consists in financing the underlying asset over the same duration as the corresponding lease contract. A potential residual liquidity gap is measured on a monthly basis, under the supervision of Arval ALM Treasury department, by assessing the matching of the run off of the existing leased assets with the remaining liabilities.

The liquidity position measured is then reviewed and consolidated at a group level. Any deviation from the sensitivity threshold is corrected under the supervision of the Arval ALM Treasury.

### 1.c.3 CREDIT RISK

The credit risk is the risk of possible losses arising from the inability of the Arval's customers to meet their financial commitments. Credit risk includes the counterparty risk. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or a few counterparties.

#### **Credit risk management policy**

Credit risk is the risk that a customer is not able to fulfil its financial obligations towards Arval. All Arval entities have to comply with risk policies and procedures issued centrally which define the way credit requests have to be studied and validated, as well as the roles and responsibilities of all staff involved in the credit vetting process. Each subsidiary has a specific credit authority approved by Arval General Management and RISK Arval, and determined according to the subsidiary's size of the fleet, the maturity of the subsidiary and the type of customer concerned (corporate, retail). Within its credit delegation (while respecting all policies and special rules), each subsidiary can decide directly on its counterparty risk. Above this threshold, credit decision is made at central level.

Regular risk committees are held by Arval both at local and central level in order to review all potential risk issues and to ensure the credit risk procedures are properly applied. All standard risk indicators (arrears / default / cost of risk) are also monitored both locally and centrally. All Arval entities are applying the same or similar process locally (described in section 5.k).

The primary responsibility for debt collection remains under the direct responsibility of Arval's entities with dedicated teams in charge of recovering unpaid invoices in compliance with local regulations and market practices.

Impairment charges on receivables (cost of risk) has historically remained low due to the nature of the products proposed by Arval (Arval owns the asset), a strict control of the risk assessment process and a very diversified customer portfolio.

#### **Derivative financial instruments**

In addition to its natural exposure to credit risk in the leasing of vehicles, Arval is also potentially exposed to credit risk because of its use of derivative financial instruments, but with very limited risk as Arval only have currency hedging in Brazil.

### 1.c.4 OPERATIONAL RISK

Arval aims at protecting its customers, its staff and its shareholders from operational risk either by avoidance, mitigation or transfer. It strives to contain operational risk to acceptable levels. Arval develops a comprehensive risk and control management framework covering risk awareness and culture, risk identification and anticipation, risk mitigation techniques, risk monitoring and governance.

In addition to the general principles governing operational risk, Arval considers that four specific risk areas are particularly significant with regard to its activities: Risks emerging from its own leasing operations, Frauds, IT Security and Third party risk (in particular, suppliers and stakeholders).

### **1.c.5 COMPLIANCE RISK**

Arval endeavours to comply with all applicable laws and regulations and to have strong working relationships with the regulatory authorities responsible for implementation of legal and regulatory requirements.

Beyond compliance with laws and regulations, Arval also strives to protect its reputation, that of its shareholder and that of its customers, to ensure ethical professional behaviour, to prevent conflicts of interest, protect customers' interests and market integrity, fight against money laundering, bribery and the financing of terrorist activities, as well as ensure compliance with sanctions and embargoes. Arval is fully applying BNPP Group's Code of Conduct which embodies these rules and serves to protect the Group's reputation.

### **1.c.6 CONDUCT RISK**

Arval considers as a top priority the long-term relationships and partnerships built with the customers, employees, shareholders and communities in countries in which it operates. In pursuit of this objective Arval is committed to:

- i) acting in a way that protects customers' interests in compliance with all relevant laws,
- ii) complying with all applicable laws for preventing criminal and terrorist activities and with sanctions and embargoes,
- iii) upholding and protecting the integrity of markets,
- iv) ensuring that a consistent high standard of individual integrity and professional ethics is maintained by all employees,
- v) ensuring that all employees apply best standards in professional behaviour,
- vi) protecting and upholding its long-term viability for its own sake and that of its shareholders and of the wider economy, and
- vii) having a positive impact on the stakeholders and on the wider society.

Arval ensures that these principles and the highest ethical standards are applied by its employees in their activities. They are embodied in the Group's Code of Conduct which is applicable to all Group employees. It encompasses the Group's Values and Mission and a set of Conduct rules with the objective of driving the behaviours of all Group employees.

### **1.c.7 INSURANCE RISK**

ARVAL group retains some motor insurance related risks (mainly Third Party Liability but also material damages & driver cover) within its own insurance company, Greenval Insurance DAC (Greenval). Greenval is based in Ireland, acting in Freedom of Service (FOS) across European countries and is regulated by the Central Bank of Ireland. In order to minimize the financial impact of a single event, Greenval buys cover from different reinsurance companies for Third Party Liability Risk & Catastrophic risks (CatNat) over a certain threshold of risk that could vary depending of the country and fleet size.

This reinsurance strategy is reviewed annually. Greenval strictly monitors its risk universe, including underwriting, market, credit and operational risk, via a strong corporate governance structure, a clearly defined risk appetite and a developed risk monitoring process, all subject to Solvency 2 guidelines & regulations.



In addition, every year, an external independent actuary body must opine on whether the level of technical reserves held by Greenval are considered adequate to meet its future obligations.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY ARVAL GROUP

### 2.a ACCOUNTING STANDARDS

#### 2.a.1 APPLICABLE ACCOUNTING STANDARDS

The consolidated financial statements of Arval have been prepared on a going concern basis. The impacts of the coronavirus pandemic, mitigated by all countercyclical measures such as government and financial support to customers, mainly relate to expected credit losses and asset valuation. These impacts were estimated against a background of uncertainty about the magnitude of the impact of the outbreak on local and global economies.

The consolidated financial statements of Arval have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded.

In June 2021, the IFRIC (IFRS Interpretations Committee) issued a proposal for a decision, validated by the International Accounting Standards Board, which modifies the way of calculating the commitments for certain defined benefit plans such as Retirement Allowances, essentially french plans. These plans gradually open entitlement to benefits which will only be paid in case of effective retirement while applying a cap to the number of years of entitlement. Previously, benefits were recognized linearly from the date of entry into the company until the effective date of retirement without taking into account the entitlements cap. Benefits are now recognized linearly, from the beginning of the right acquisition date up to the date of retirement. The resulting adjustment of EUR 1.3 million has been recognised as at 1 January 2021 in Equity.

The introduction of other standards, amendments and interpretations that are mandatory as from 1 January 2021 had no effect on the 2021 financial statements.

The Arval group did not anticipate the application of the new standards, amendments, and interpretations adopted by the European Union, when the application in 2021 was optional.

#### 2.a.2 NEW MAJOR ACCOUNTING STANDARDS, PUBLISHED BUT NOT YET APPLICABLE

IFRS 17 “Insurance Contracts”, issued in May 2017, will replace IFRS 4 “Insurance Contracts” and will become mandatory for annual periods beginning on or after 1 January 2023, after its adoption by the European Union for application in Europe.

The analysis of the standard and the identification of its effects are going on. Arval group is impacted by this standard as it acquires end of 2020, Greenval Insurance DAC, which is an insurance entity.

## 2.b CONSOLIDATION

### 2.b.1 SCOPE OF CONSOLIDATION

The consolidated financial statements of Arval include entities that are controlled, jointly controlled, and under significant influence, with the exception of those entities whose consolidation is regarded as immaterial to Arval group. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which Arval group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

Full scope of consolidation is presented in note 7c.

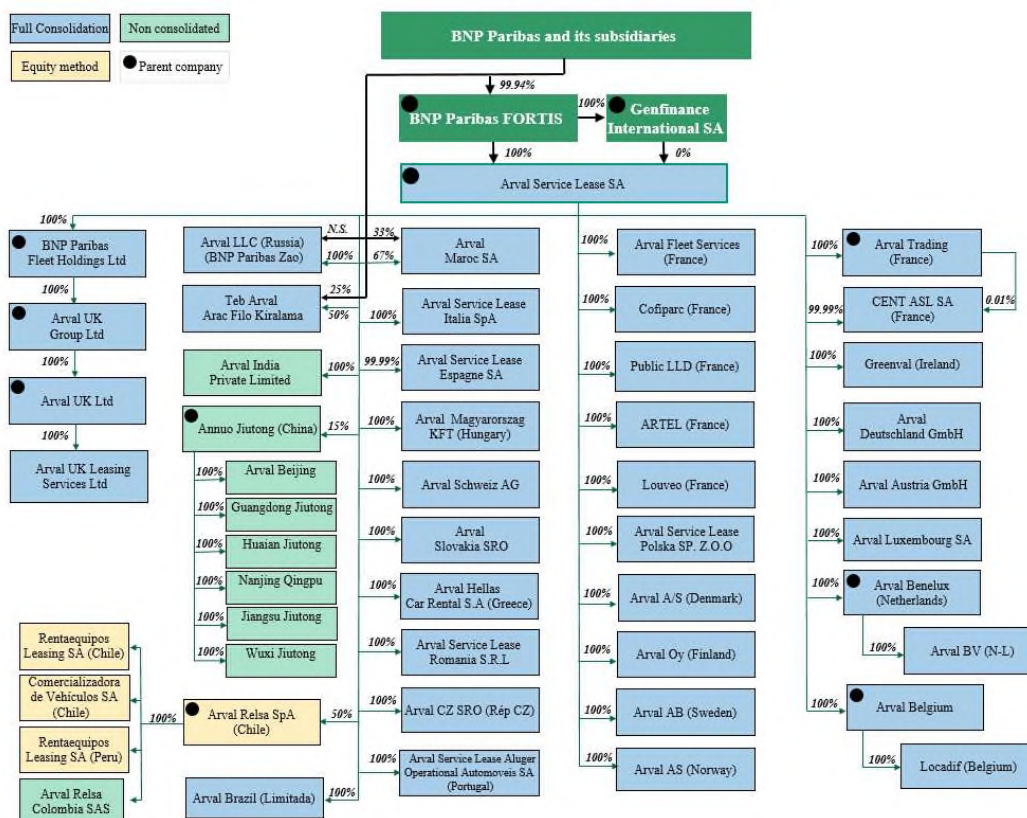
#### For 2021, variation Perimeter changes are:

During 2021, the modifications occurred within the perimeter were:

- Arval India is no more integrated within the consolidation perimeter (for non-materiality reason);
- Merger of Arval Fuhrparkmanagement GmbH acquired in 2020 within Arval Austria GmbH;
- Creation of CENT ASL (the Arval treasury center).

Lastly, and without any impact on its consolidated accounts, Arval group continued its structural streamlining as ASL became the sole shareholder of Arval Belgium and Arval Luxembourg, which were previously held by Arval Benelux. Arval Benelux only holds the shares of Arval BV as of December 31, 2021.

#### Arval group chart – December 31, 2021



## 2.b.2 CONSOLIDATION METHODS

### **Exclusive control**

Controlled enterprises by Arval group are fully consolidated. Arval controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For entities governed by voting rights, Arval group generally controls the entity if it holds, directly or indirectly, the majority of the voting rights (and if there are no contractual provisions that alter the power of these voting rights) or if the power to direct the relevant activities of the entity is conferred on it by contractual agreements. Arval group does not own structured entities.

In assessing whether it has power, Arval group considers only substantive rights which it holds or which are held by third parties. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the relevant activities of the entity need to be made.

Control shall be reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet within consolidated equity. The calculation of minority interests takes into account the outstanding cumulative preferred shares classified as equity instruments issued by subsidiaries, when such shares are held outside the group.

For transactions resulting in a loss of control, any equity interest retained by Arval group is remeasured at its fair value through profit or loss.

### **Joint control**

Where Arval group carries out an activity with one or more partners, sharing control by virtue of a contractual agreement which requires unanimous consent on relevant activities (those that significantly affect the entity's returns), Arval group exercises joint control over the activity. Where the jointly controlled activity is structured through a separate vehicle in which the partners have rights to the net assets, this joint venture is accounted for using the equity method. Where the jointly controlled activity is not structured through a separate vehicle or where the partners have rights to the assets and obligations for the liabilities of the jointly controlled activity, Arval group should account for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRSs. There is no such entity in Arval group.

### **Significant influence**

Companies over which Arval group exercises significant influence or associates are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of a company without exercising control. Significant influence is presumed to exist when Arval group holds, directly or indirectly, 20% or more of the voting rights of a company. Interests of less than 20% can be included in the consolidation scope if Arval group effectively exercises significant influence. This is the case for example for entities developed in partnership with other associates, where Arval group participates in strategic decisions of the enterprise through representation on the Board of Directors or equivalent governing body, or exercises influence over the enterprise's operational management by supplying management systems or senior managers, or provides technical assistance to support the enterprise's development.

Whenever there is an indication of impairment, the carrying amount of the investment consolidated under the equity method (including goodwill) is subjected to an impairment test, by comparing its

recoverable value (the higher of value-in-use and market value less costs to sell) to its carrying amount. Where appropriate, impairment is recognised under "Share of earnings of equity-method entities" in the consolidated income statement and can be reversed at a later date.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events occurring in similar circumstances.

### **2.b.3 CONSOLIDATION RULES**

#### **Elimination of intragroup balances and transactions**

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of financial instruments at fair value through equity and available-for-sale assets are maintained in the consolidated financial statements.

#### **Translation of accounts expressed in foreign currencies**

The consolidated financial statements of Arval are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under «Exchange differences», and in "Minority interests" for the portion attributable to outside investors.

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the euro zone, leading to a change in the nature of the investment (loss of control, loss of significant influence or loss of joint control without keeping a significant influence), the cumulative exchange difference at the date of liquidation or sale, determined according to the step method, is recognised in the profit and loss account.

Should the percentage of interest change without leading to a modification in the nature of the investment, the exchange difference is reallocated between the portion attributable to shareholders and that attributable to minority interests if the entity is fully consolidated; if the entity is consolidated under the equity method, it is recorded in profit or loss for the portion related to the interest sold.

## **2.c TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS**

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by Arval group, and to measure the foreign exchange risk arising on such transactions, depend on whether the asset or liability in question is classified as a monetary or a non-monetary item.

## Monetary assets and liabilities expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Arval group entity at the closing rate. Foreign exchange differences are recognised in the profit and loss account, except for those arising from financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

## Non-monetary assets and liabilities expressed in foreign currencies

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction (i.e. date of initial recognition of the non-monetary asset) if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Foreign exchange differences relating to non-monetary assets denominated in foreign currencies and recognised at fair value (equity instruments) are recognised in profit or loss when the asset is classified in "Financial assets at fair value through profit or loss" and in equity when the asset is classified under "Financial assets at fair value through equity".

## Exchanges rates (vs Euros):

Currency code	Country	31 December 2021		31 December 2020	
		Year end	Average	Year end	Average
BRL	Brazil	6,342	6,381	6,322	5,892
CHF	Switzerland	1,038	1,081	1,082	1,071
CLP	Chile	970,216	898,396	869,083	902,613
CZK	Czech Republic	24,853	25,643	26,252	26,465
DKK	Denmark	7,437	7,437	7,442	7,454
EUR	Euro	1,000	1,000	1,000	1,000
GBP	United Kingdom	0,841	0,860	0,893	0,889
HUF	Hungary	369,895	358,536	363,040	351,260
INR	India	84,619	87,424	89,227	84,604
MAD	Morocco	10,512	10,617	10,912	10,815
NOK	Norway	10,024	10,165	10,484	10,728
PEN	Peru	4,541	4,590	4,418	3,994
PLN	Poland	4,593	4,565	4,568	4,445
RUB	Russia	85,108	87,182	90,467	82,685
RON	Romania	4,949	4,921	4,868	4,838
SEK	Sweden	10,290	10,146	10,036	10,484
TRY	Turkey	15,135	10,506	9,070	8,043

## 2.d BUSINESS COMBINATION AND GOODWILL

### Business combination

Business combination are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale which are accounted for at fair value less costs to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and recognised through profit or loss.

Any contingent consideration is included in the cost, as soon as control is obtained, at fair value on the date when control was acquired. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

Arval group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date. Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, Arval group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, Arval group has never used this latter option.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Arval group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. Measurement of goodwill is described in note 5.a

## 2.e RENTAL FLEET

Since 1st January 2019, IFRS 16 supersedes IAS 17 « Leases » and the interpretations relating to the accounting of such contracts.

From the lessor's point of view, the IFRS 16 impact is limited, as the requirements remain mostly unchanged from IAS 17.

A lease classification is done taking into consideration the substance of the transaction and the specific details of each contract. The transfer of the risks and rewards incidental to ownership is the key factor allowing to determine if a contract is a Finance Lease or an Operating Lease one.

Almost all of the Arval contracts do not transfer the risks and rewards incidental to ownership and thus, are operating lease contracts. Therefore, there is non-significant number (less than 0.5%) of finance leases within the Arval group. For simplification purposes and due to their non-material nature, contracts that do not fall under operating leases are presented under the rental fleet item.

There is no buy-back agreement in Arval's contracts with car manufacturers.

Operating leases booked in the rental fleet are measured at cost less accumulated depreciation and impairment losses. Costs consists of the purchase price and directly attributable costs. The leased assets are depreciated on a straight line basis over their contract period to their residual value.

According to IAS 16 principles:

The depreciation policy used shall reflect the entity's pattern of consumption of the future economic benefits;

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

So in respect with the IAS 16 recommendation, in order to calculate the ARVAL rental fleet amortisation:

- residual value and the useful life of the leased assets are reviewed each month;
- for contracts which have a remaining duration less than 36 months, if expectations differ from previous estimation, the changes are accounted prospectively as a change in accounting estimate.

Arval group takes into account the impact of the environmental context and the energy transition in the valuation of its vehicle fleet.

Rental fleet impairment is described in note 5.c.

## 2.f REVENUES

Revenues are mainly composed of rents charged to customers. In addition to the rental price of the vehicle (including depreciation and interest), the rents include various services that the customer can subscribe to. The allocation of income and expenses is done according to the breakdown of the tariffed elements.

### **Lease contract revenues**

The lease incomes are taken to the profit and loss account in full on a straight-line basis over the lease term. They are taken to the profit and loss account under "Lease contract revenues" whereas depreciation expenses are under "Lease contract costs depreciation".

### **Other rental-related services**

Other income linked to the lease are recorded based on standard IFRS15 "revenue from contract with customers" which sets out the requirements for recognising revenue that apply to all contracts with customers. The amounts are recorded under the aggregate lease services margin.



Henceforth, to recognise revenue, the following five steps have to be applied:

- identification of the contract with the customer: the contract between Arval and the lessee creates enforceable rights and obligations;
- identification of the performance obligations in the contract: the various services offered by Arval (such as maintenance, tyres, repairs, etc.) are separate components of the rental contract and are presented separately;
- determination of the transaction price : each transaction price is determined independently to others services ;
- allocation of the transaction price to each performance obligation : Arval establish the transaction price for each separate performance obligation to reflect the amount of remuneration to which the entity expects to be entitled in exchange for providing the goods or services promised to the customer ;
- revenue recognition when (or as) a performance obligation is satisfied : Arval recognises revenue when the performance obligation is satisfied by the transfer of the promised good or service to the customer.

Since the implementation of this standard, timing of recognition of revenues derived from maintenance and tyres services, previously recognized on a linear basis, is now recognized to the extent of the costs incurred. In order to apply it, a deferred income is therefore, booked in the maintenance and tyres revenue accounts.

## **2.g PROPERTY, PLANT, OTHER EQUIPMENT AND INTANGIBLE ASSETS**

Property, plant and equipment and intangible assets shown in the consolidated balance sheet are composed of assets used in operations and investment property. Rights-of-use related to leased assets are presented by the lessee within fixed assets in the same category as similar assets held.

Assets used in operations are those used in the provision of services or for administrative purposes.

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, or adaptation is required before the asset can be brought into service.

Software developed internally by Arval group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only vehicles are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”.

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in “Other incomes and other expenses”.

The main depreciation rules are the following:

Items	Duration (years)	Method
Buildings	20 - 40	Linear
Improvements and installations	3-12	Linear
IT hardware	3- 5	Linear
Vehicles (company cars)	3- 4	Linear
Other equipments	3-12	Linear

Some assets are leased by Arval group. Lease contracts concluded by Arval group, with the exception of contracts whose term is shorter than or equal to 12 months and low-value contracts, are recognized in the balance-sheet in the form of a right-of-use on the leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period. The right of use assets is amortised on a straight-line basis and the financial liabilities are amortised on an actuarial basis over the lease period. Dismantling costs corresponding to specific and significant fittings and fixtures are included in the initial right-of-use estimation, in counterparty of a provision liability.

The key hypothesis used by the Arval group for the measurement of rights of use and lease liabilities are the following:

- The lease term corresponds to the non-cancellable period of the contract, together with periods covered by an extension option if Arval group is reasonably certain to exercise this option. In France, the standard commercial lease contract is the so-called “three, six, nine” contract for which the maximum period of use is nine years, with a first non-cancellable period of three years followed by two optional extension periods of three years each; hence, depending on the assessment, the lease term can be of three, six or nine years. When investments like fittings or fixtures are performed under the contract, the lease term is aligned with their useful life. For tacitly renewable contracts, with or without an enforceable period, related right of use and lease liabilities are recognised based on an estimate of the reasonably foreseeable economic life of the contracts, minimal occupation period included.
- The discount rate used to measure the right of use and the lease liability is assessed for each contract as the interest rate implicit in the lease, if that rate can be readily determined, or more generally based on the incremental borrowing rate of the lessee at the date of signature. The

incremental borrowing rate is determined considering the average term (duration) of the contract.

- When the contract is modified, a new assessment of the lease liability is made taking into account the new residual term of the contract, and therefore a new assessment of the right of use and the lease liability is established.

## 2.h HEDGE ACCOUNTING

### Cash flow hedge

A cash flow hedge is defined as a hedge of the exposure to variability in cash flows of the hedged item attributable to a recognized asset or liability or a highly probable forecast transaction.

The highly probable nature of a forecast transaction is assessed based on observable criteria: existence and frequency of similar transactions in the past, the entity's financial and operational ability to carry out this type of transaction, business plan, negative consequences in the event the transaction is not carried out, or expected date for the transaction's realization. Any ineffectiveness resulting from these cash flow hedges is recognised in the statement of profit or loss when incurred.

### Fair value hedge

The fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

It can involve micro-hedging in the case of identified assets and liabilities (sole element or homogenous group) as well as macro-hedging in the case of a portfolio of assets or liabilities (still called "macro-hedge" or "carved-out fair value hedge").

This revaluation is booked in the statement of profit or loss, where it offsets the measurement of the fair value change of the hedging instrument that is also recorded in the statement of profit or loss.

## 2.i EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- **Short-term benefits**, such as salary, annual leave, incentive plans, profit-sharing and additional payments; Arval group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

- **Long-term benefits**, including compensated absences, long-service awards, and other types of cash-based deferred compensation:

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that the revaluation items are recognised in the profit and loss account and not in equity.

- **Termination benefits:** Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by the entity of Arval group to terminate a contract of employment before the legal retirement age, or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

- **Post-employment benefits,** including top-up banking industry pensions and retirement bonuses in France and pension plans in other countries, some of which are operated through pension funds. In accordance with IFRS, the Arval group draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for Arval group and do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation for Arval group. This obligation must be measured and recognised as a liability by means of a provision.

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether Arval group has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take demographic and financial assumptions into account.

The net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets.

The present value of the defined-benefit obligation is measured on the basis of the actuarial assumptions applied by Arval group, using the projected unit credit method. This method takes into account various parameters, specific to each country or Arval group entity, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

When the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for Arval group in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The annual expense recognised in the profit and loss account under "Salaries and employee benefits", with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability (asset) are recognised in shareholders' equity and are never reclassified to profit or loss. They include actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined-benefit liability or asset).

## 2.j ACCOUNTING STANDARD SPECIFIC TO INSURANCE ACTIVITY

This note concerns exclusively Greenval which has been acquired in December 2020.

The specific accounting policies relating to assets and liabilities generated by insurance contracts and financial contracts with a discretionary participation feature written by fully consolidated insurance companies are retained for the purposes of the consolidated financial statements. These policies comply with IFRS 4.

The amendment to IFRS 4 “Insurance Contracts” published by the IASB on 25 June 2020 provides the option for entities that predominantly undertake insurance activities to defer the effective date of IFRS 9 application until 1 January 2023 in line with the deferral of the mandatory application date of IFRS 17 “Insurance Contracts”.

### **Profit and loss account**

Income recognised in respect of insurance contracts issued by Greenval are presented in the income statement under the heading "Service income". This item in the income statement includes earned premiums, income from other services.

Expenses recognised for Greenval's insurance activity are presented in the income statement under "Cost of services revenues" and contain the technical expenses of the contracts and the expenses for external services (including fees).

Other income and expenses relating to the insurance business (i.e. relating to the insurance entities) are presented in the other headings of the income statement according to their nature.

### **Investments in financial instruments for insurance activities**

Investments of insurance activities mainly include Greenval investments in financial instruments that are recognised in accordance with the principles of IAS 39, which include investments representing technical reserves of insurance activities.

Financial investments held by Greenval are classified in one of the four categories provided for in IAS 39: Financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

All the financial instruments of Greenval are classified in the category “Available-for-sale financial assets” under the heading “Other non-current financial assets”. It includes debt or equity securities that do not fall within the 3 other categories.

Assets included in the available-for-sale category are initially recorded at fair value, plus transaction costs where material. At the end of the reporting period, they are valued at their fair value and the changes in the latter, excluding accrued income, are presented under a specific heading of equity. On disposal of the securities, these unrealised gains or losses previously recognised in equity are reclassified in the income statement under the heading “other income and other expense”.

### **Technical reserves for insurance**

The item “Technical reserves” includes:

- Commitments to policyholders and beneficiaries of contracts, which include technical reserves for insurance contracts subject to significant insurance hazard (mortality, longevity, disability, incapacity...).
- Other insurance liabilities related to unit-linked contracts that fall within the scope of IAS 39 (i.e. investment contracts with no discretionary participating features);

At the closing date, a liability adequacy test is carried out: the level of technical provisions (net of acquisition costs still to be amortised) is compared with the average value, derived from stochastic calculations of future cash flows. Any adjustment to technical provisions is recognised in the income statement for the period.

Technical reserve for insurance are classified under the heading “Provisions” in the part of the non-current liabilities.

## 2.k CASHFLOW STATEMENT

The cash and cash equivalents balance is composed of the net balance of cash accounts and the net balance of interbank demand loans and deposits.

Cash and cash equivalents movements related to operating activities reflect cash flows generated by the Arval group’s operations, including those relating to financial investments of insurance activities.

Cash and cash equivalents movements related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment fleet purposes.

Cash and cash equivalents movements related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to subordinated debt.

## 2.1 USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The breakdown between current and non-current items has been performed based on the best estimation known at the date of the establishment of the consolidated accounts by using, in certain cases, the average maturity of the rental fleet.

The preparation of the financial statements requires experts to make assumptions and estimates that are reflected in the measurement of incomes and expenses in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the experts in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates.

This applies in particular to:

- the assumptions applied to assess the value of the market value of vehicles on the road (fleet) and used vehicles (inventories); these assumptions are detailed in section 1.c.1. "Residual value risk". A change in the estimated residual value leads to a change in depreciation between the revaluation date and the end of the contract.

ARVAL also takes into account changes in the environmental context and the energy transition in its best estimate of residual values;

- impairment tests are performed on the leased fleet and inventories, based on the latest available market data. A provision for impairment is recognised when the carrying amount of the asset exceeds its long-term recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is determined as the present value of future cash flows expected to be received from the asset. No provision for impairment has been recorded in the accounts as at 31.12.2021.
- impairment tests performed on intangible assets (please refer to section 5.a and 5.b);
- the deferred tax assets (please refer to section 5.i);
- the estimation of insurance technical reserves (please refer to section 2.j and 5.s);
- the measurement of uncertainty over income tax treatments and other provisions for contingencies and charges. In particular, while investigations and litigations are ongoing, it is difficult to foresee their outcome and potential impact. Provision estimation is established by taking into account all available information at the date of the preparation of the financial statements, in particular the nature of the dispute, the underlying facts, the ongoing legal proceedings and court decisions, including those related to similar cases.

There is no event or information that could be declared as contingent liabilities.

### 3. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3.a LEASE CONTRACT MARGIN

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Lease contract revenues	4 855,97	4 575,16
Lease contract charges depreciation	(3 918,46)	(3 714,98)
Lease contract funding	(216,70)	(223,26)
Foreign exchange gain/loss	(0,32)	(10,61)
<b>Lease contract margin</b>	<b>720,48</b>	<b>626,31</b>

Lease contract margin refers to the Lease Rental activity including revenues and costs such as rents, depreciation, interest and commissions as well as income and charges related to funding, including gain and loss on foreign exchange.

#### Lease contract revenues

Lease contract revenues reflect the sum of the margins linked to the lease rental activity. Lease contract revenues are following IFRS16, in terms of identification of lease and non-lease components and IFRS15 in terms of assessment of a performance obligation.

#### Lease contract costs depreciation

These costs represent the depreciation directly linked to lease contract vehicles. The depreciation is calculated linearly over the life of the lease contract taking into account the vehicle purchase price minus its residual value.

#### Lease contract – Financing

Arval funds the acquisition of leased vehicles with borrowings that generate interest costs. Also included are all bank charges necessary for the usual activity.



### 3.b LEASE SERVICE MARGIN

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2019
Service revenues	3 320,28	2 900,87
Costs of service revenues	(2 674,27)	(2 312,30)
<b>Lease services margin</b>	<b>646,01</b>	<b>588,58</b>

Lease services margin includes all services proposed by Arval that complement the Long Term Rental activity, such as maintenance and repair, tyres, relief vehicle, assistance, damages, insurance (through Greenval or external companies) fuel management, telematics, and driver services.

The analysis of the IFRS 15 standard performed by Arval group has brought to the conclusion that revenue recognition should reflect a "Performance Obligation" meaning "efforts made" to deliver a service:

- Occurrence of costs should be applied for revenue related to predictable costs like maintenance and tyres;
- Time elapsing could be used for revenue linked to no predictable costs like insurance or assistance.

The accounting adjustments related to the treatment of IFRS15 are booked in accruals and deferrals.

#### **Service, maintenance, repair and tyres**

Income from repair and maintenance services is accounted over the life of the lease contract. Revenue is recognised when the costs are occurred. The difference between the amounts billed to customers and the amounts recorded as revenues is recognised as deferred services income.

#### **Damages and insurances**

Income from insurance activities can be recognized on a straight-line basis from the first day of contracts, as the occurrence of incidents and associated costs is not certain during the life of the contract.

#### **Fuel**

The Arval group may act as an "opaque" or "transparent" intermediary between a customer and an oil company for the supply of fuel. Intermediation fees are recognised on a straight-line basis over the life of the contract.

#### **Fleet management and other services**

Revenue from fleet management services, as well as other services such as telematics and mobility services, are recognised on a straight-line basis over the term of the contract.

### 3.c CARS SALES RESULT

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Proceeds of cars sold & end of contract fees	4 162,66	3 111,53
Costs of cars sold	(3 792,97)	(2 952,86)
<b>Car sales result</b>	<b>369,69</b>	<b>158,67</b>

The proceeds and costs of the sales of the vehicles sold mainly include:

#### Proceeds of cars sold and End of Contract Fees:

- Sales price;
- Refurbishment costs;
- Excess mileage fees;
- Early termination fees;
- Anticipated margin due to the reassessment of the residual value (in application of the principles described in 1.c 1).

According to IAS 16 standard, an estimation (adjusted regularly) of the expected profit or loss on future disposals is spread over the life of the contracts. Those expectations related to the remarketing performance are part of the car sales result item.

To be compliant with IFRS, the residual values of the fleet is assessed in order to take into account the potential risks linked to the evolution of the used car market. This residual value assessment is part of the rental fleet depreciation.

#### Cost of cars sold:

- Net book value of the cars;
- Logistic costs.

### 3.d OPERATING EXPENSES

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Staff expenses	(522,29)	(491,84)
General and administrative expenses	(231,07)	(187,91)
Depreciation and amortisation	(54,43)	(55,28)
<b>Operating expenses</b>	<b>(807,79)</b>	<b>(735,03)</b>

Operating expenses mainly include staff expenses, IT costs, property costs, professional fees and advertising, and depreciation and amortisation. This item contains too the depreciation of the rights of use according IFRS 16.

The average number of staff employed by Arval group during the year 2021 is 7 423 (7 232 in 2020).

At year end, the full time equivalent number of staff employed by the group is 7 535 (7 256 in 2020).

### 3.e COST OF RISK

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Net allowances to impairment	(12,11)	(39,89)
Recoveries on loans and receivables previously written off	2,18	2,17
Losses on irrecoverable loans	(24,31)	(22,44)
<b>Total cost of risk for the period</b>	<b>(34,24)</b>	<b>(60,17)</b>

Cost of risk includes the write off on receivables and Impairment gains and losses resulting from the provisioning policy in place.

#### Write-offs

A write-off consists in reducing the gross carrying amount of the trade receivables when there are no longer reasonable expectations of recovering this amount in its entirety or a portion thereof, or when it has been fully or partially forgiven. The write-off is recorded when all other means available to Arval group for recovering the receivables or guarantees have failed, and also generally depends on the context specific to each jurisdiction.

If the amount of loss on write-off is greater than the accumulated loss allowance, the difference is an additional impairment loss posted in “Cost of risk”. For any receipt occurring when the financial asset (or part of it) is no longer recognised on the balance-sheet, the amount received is recorded as an impairment gain in “Cost of risk”.

### 3.f OTHER INCOMES AND OTHER EXPENSES

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Other incomes	12,99	1,94
Other expenses	(4,65)	(1,37)
<b>Other incomes &amp; expenses</b>	<b>8,34</b>	<b>0,57</b>

Other incomes and expenses represent all profit and loss items relating to financial instruments measurements and disposal. This item also concerns disposal of fixed assets and rights of use.

### 3.g SHARE OF EARNINGS OF EQUITY METHOD ENTITIES

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Share of earnings of equity method entities	8,14	0,92
<b>Share of earnings of equity method entities</b>	<b>8,14</b>	<b>0,92</b>

This is the share of the income generated by associated companies to the Arval group and accounted by using the equity method given their shared ownership. This concerns the partnership in the South America area.

### 3.h CORPORATE INCOME TAX

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Corporate income tax	(189,87)	(85,53)
Deferred tax expenses/incomes	(0,30)	(22,86)
<b>Corporate income tax</b>	<b>(190,16)</b>	<b>(108,40)</b>

## Effective tax rates

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France	Year to 31 December 2021		Year to 31 December 2020	
	in millions of euros	tax rate	in millions of euros	tax rate
Corporate income tax expense on pre-tax income at standard tax rate in France <sup>(1)</sup>	-256,40	28,41%	-185,37	32,02%
Impact of differently taxed foreign profits	40,03	-4,44%	36,52	-6,31%
Impact of changes in tax rates	19,46	-2,16%	18,26	-3,15%
Impact of the securities taxation	-3,49	0,39%	-3,47	0,60%
Impact of the credit tax used	16,83	-1,86%	9,92	-1,71%
Impact of the tax of the previous years	-16,62	1,84%	-2,05	0,35%
Impact of tax losses non activated	0,75	-0,08%	2,10	-0,36%
Other items	9,27	-1,03%	15,69	-2,71%
<b>Corporate income tax expense</b>	<b>-190,16</b>	<b>21,07%</b>	<b>-108,40</b>	<b>18,72%</b>
Current tax expense for the year to 31 December	-189,87	21,04%	-85,53	14,77%
Deferred tax expense for the year to 31 December (Note 5.i)	-0,30	0,03%	-22,86	3,95%

<sup>(1)</sup> Restated for the share of profits in equity-method entities and goodwill impairment.

The standard tax rate in France is 28.41% for 2021 versus 32.02% for exercise 2020.

Countries where tax rates are lower than in France are mainly UK, Ireland and Belgium (with applicable tax rates of 19%, 12.5% and 25% respectively).

## 4. SEGMENT INFORMATION

### 4.a RENTAL FLEET

The table below presents information about the rental fleet distribution in value (in millions of euros) within the countries and geographical regions in which the Arval group is active.

In millions of euros	31 December 2021	31 December 2020
<b>Countries / Geographical areas</b>		
France	4 994,24	4 830,34
Italy	3 743,27	3 337,04
United Kingdom	3 325,43	2 812,00
Spain	3 381,61	2 909,96
Germany	1 810,74	1 693,76
Central and Southern Europe	2 632,03	2 308,22
Nothern Europe and Benelux	3 700,78	3 292,28
Asia	322,75	347,23
Latin America	215,70	201,51
<b>Fleet net amount at end of period</b>	<b>24 126,56</b>	<b>21 732,34</b>

The decrease of the fleet in Asia is due to the deconsolidation (for materiality reason, without disposal) of India.

### 4.b FTE'S (FULL TIME EQUIVALENT)

The table below presents information about the FTE's distribution (in number) within the countries and geographical region in which the Arval group is active at the end of the period:

	31 December 2021	31 December 2020
<b>Countries / Geographical areas</b>		
France / IT / Corporate functions / Others	2 230	2 118
Italy	1 090	1 064
United Kingdom	654	643
Spain	773	711
Germany	371	351
Central and Southern Europe	952	889
Northern Europe and Benelux	854	816
Asia	247	262
Latin America*	365	401
* of which garages	59	95
<b>TOTAL FTEs</b>	<b>7 535</b>	<b>7 256</b>

FTEs include full-time and part-time permanent and fixed-term employees (on a pro rata basis) of fully consolidated entities as well as employees of entities accounted for by the equity method.

At December 31, 2021, the Latin America regions includes 218 FTEs in the entities held with Relsa group which are accounted under the equity method, versus 245 as at December 31, 2020.

#### 4.c GROSS OPERATING INCOME

The split of the gross operating income per country, geographical areas is the following:

In millions of euros	Year to 31 December 2021	Year to 31 December 2020
<b>Countries / Geographical areas</b>		
France	370,80	368,86
Italy	309,55	213,51
United Kingdom	223,64	166,49
Spain	220,02	182,63
Germany	92,85	70,56
Central and Southern Europe	138,51	109,49
Northern Europe and Benelux	266,18	181,42
Asia	82,43	54,84
Latin America	32,20	25,77
<b>Gross Operating Income</b>	<b>1 736,18</b>	<b>1 373,56</b>

## 5. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2021

### 5.a GOODWILL

In millions of euros	Year to 31 December 2021	Year to 31 December 2020
<b>Carrying amount at start of period</b>	<b>509,79</b>	<b>515,52</b>
Acquisitions	0,88	5,20
Divestments		
Impairment recognised during the period		
Exchange rate adjustments (*)	12,41	(10,93)
Other movements		
<b>Carrying amount at end of period</b>	<b>523,09</b>	<b>509,79</b>
Gross value	632,67	612,97
Accumulated impairment recognised at the end of period	(109,58)	(103,18)

(\*) : of which exchange rate adjustment on gross value: 12,41 for 2021

Impairment on Goodwill concerns UK entities and was recorded in 2009. Movement on impairment of the year 2021 is only due to exchange rate adjustments.

Goodwill is related to acquisitions. All acquired entities are engaged in providing lease services. Goodwill is allocated to the Arval entities which have incorporated the acquisitions.

The final amount of goodwill relating to the acquisition in 2020 for Arval Fuhrparkmanagement GmbH has been fixed in 2021.

No goodwill was booked for Greenval as the acquisition was based on the book value of the entity.

#### Measurement of goodwill

When acquiring companies, the value of the investment carried out may be greater than the fair value of the net assets and liabilities of the concerned ones. This excess represents the Goodwill which has to be regularly assessed less any accumulated impairment losses previously booked.

In case of indicator that could cause the need for impairment, the DCF method is used to validate the results and determine the amount of impairment required.

The DCF method is based on a number of assumptions in terms of future revenues, expenses and cost of risk (cash flows) based on medium-term business plans over a period of five years. Cash flow projections beyond the 5-year forecast period are based on a growth rate to perpetuity and are normalised when the short-term environment does not reflect the normal conditions of the economic cycle.

The key parameters which are sensitive to the assumptions made are the cost of capital, the cost/income ratio, the cost of risk and the growth rate to perpetuity.

There was no new impairment recognised in 2021.



## 5.b OTHER INTANGIBLE ASSETS

In millions of euros	Year to 31 December 2021			
	Software	Other intangible assets	Intangible assets in progress	Total
<b>Carrying amount at start of period</b>	<b>60,12</b>	<b>8,69</b>	<b>16,05</b>	<b>84,86</b>
Additions	16,14	0,02	22,15	38,31
Consolidation perimeter changes	-	-	-	-
Disposals	(4,09)	-	-	(4,09)
Amortisation charge	(21,39)	(1,30)	-	(22,68)
Impairment charge	-	-	-	-
Other movements	-	0,00	(7,19)	(7,19)
Exchange rate adjustments	0,02	-	-	0,02
<b>Carrying amount at end of period</b>	<b>50,80</b>	<b>7,41</b>	<b>31,01</b>	<b>89,22</b>
Gross value	207,15	9,24	31,01	247,40
Accumulated amortisation and impairment	(156,36)	(1,82)	-	(158,18)

Other intangible assets mainly include entrance fees for partnerships.

Software developed internally by the Arval group that meets the criteria for capitalisation are capitalised to the extent of the direct development costs, which include external costs and staff costs of employees directly attributable to the project.

On 31 December 2021, carrying amount of software contents 43,68 m € for generated software.

In millions of euros	Year to 31 December 2020			
	Software	Other intangible assets	Intangible assets in progress	Total
<b>Carrying amount at start of period</b>	<b>39,55</b>	<b>1,49</b>	<b>35,85</b>	<b>76,89</b>
Additions	43,80	9,01	49,78	102,60
Consolidation perimeter changes	0,06			0,06
Disposals	(1,94)	0,16		(1,78)
Amortisation charge	(21,29)	(1,89)		(23,18)
Impairment charge				0,00
Other movements	0,00	(0,12)	(69,59)	(69,71)
Exchange rate adjustments	(0,06)	0,04		(0,02)
<b>Carrying amount at end of period</b>	<b>60,12</b>	<b>8,69</b>	<b>16,05</b>	<b>84,86</b>
Gross value	203,27	39,24	16,05	258,55
Accumulated amortisation and impairment	(143,15)	(30,55)		(173,70)

On 31 December 2020, carrying amount of software contents 52,59 m € for generated software.

## 5.c RENTAL FLEET

In millions of euros	Year to 31 December 2021	Year to 31 December 2020
<b>Carrying amount at start of period</b>	<b>21 732,34</b>	<b>20 077,78</b>
Additions	9 864,57	8 290,53
Consolidation perimeter changes	(11,74)	103,95
Disposals	(3 488,06)	(2 645,46)
Depreciation charge	(4 081,15)	(3 714,47)
Impairment charge	(0,24)	(0,67)
Other movements		
Exchange rate adjustments	110,84	(379,30)
<b>Carrying amount at end of period</b>	<b>24 126,56</b>	<b>21 732,34</b>
Gross value	33 143,57	29 619,72
Accumulated depreciation and impairment	(9 017,01)	(7 887,38)

As at December 31, 2021, the net amount of the leased vehicles owned by the Arval group reaches EUR 24,126.56 million.

To be compliant with IFRS, the residual values of the fleet is assessed in order to take into account the potential risks linked to the evolution of the used car market. This residual value assessment is part of the rental fleet depreciation. A prospective methodology is applied for the rental fleet depreciation calculation by integrating the residual value variation over the remaining life of the contract.

The Rental fleet is linearly amortized over the length of the lease contract (in average between one and five years).

The treatment of vehicles returned at the end of the lease is described in section 5.j Inventories.

### Rental fleet impairment

In the annual assessment of whether there is any indication that an asset may be impaired, Arval group considers both external as well as internal sources of information. If such indication for impairment exists, an analysis is performed to assess whether the carrying value of the asset or cash generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. Refer to note 2.1 for more information.

## 5.d PROPERTY, PLANT AND OTHER EQUIPMENT

In millions of euros	First half year 2021			
	Land and buildings	Equipment, furniture and fixtures	Other property, plant and equipment	Carrying amount
<b>Carrying amount at start of period</b>	99,24	8,42	50,70	158,36
Additions	6,96	2,14	17,19	26,28
Consolidation perimeter changes	-	-	(0,01)	(0,01)
Disposals	-	(0,10)	(6,17)	(6,27)
Depreciation charge	(21,35)	(1,52)	(10,56)	(33,43)
Impairment charge	(0,17)	-	-	(0,17)
Other movements	1,17	-	1,79	2,96
Exchange rate adjustments	0,98	0,03	(0,01)	1,00
<b>Carrying amount at end of period</b>	<b>86,84</b>	<b>8,96</b>	<b>52,93</b>	<b>148,72</b>
<b>Of which Rights of Use</b>	<b>83,72</b>	<b>1,67</b>	<b>4,32</b>	<b>89,71</b>
Gross value	231,72	25,08	111,43	368,22
Accumulated depreciation and impairment	(144,88)	(16,12)	(58,50)	(219,50)

Lands represent 6,31 m € in carrying amount at the end of period.

In millions of euros	Year to 31 December 2020			
	Land and buildings	Equipment, furniture and fixtures	Other property, plant and equipment	Carrying amount
<b>Carrying amount at start of period</b>	<b>96,10</b>	<b>10,25</b>	<b>44,96</b>	<b>151,31</b>
Additions	21,64	0,79	21,53	43,96
Consolidation perimeter changes	0,16		0,00	0,16
Disposals	(0,00)	(0,01)	(4,94)	(4,95)
Depreciation charge	(19,43)	(2,34)	(10,34)	(32,10)
Impairment charge				-
Other movements	1,40	(0,10)	0,47	1,76
Exchange rate adjustments	(0,63)	(0,17)	(0,98)	(1,78)
<b>Carrying amount at end of period</b>	<b>99,24</b>	<b>8,42</b>	<b>50,70</b>	<b>158,36</b>
<b>Of which Rights of Use</b>	<b>77,05</b>	<b>-</b>	<b>4,52</b>	<b>81,58</b>
Gross value	224,53	27,80	105,71	358,04
Accumulated depreciation and impairment	(125,29)	(19,39)	(55,01)	(199,68)

Lands represent 6,31 m € in carrying amount at the end of period.

## 5.e EQUITY METHOD INVESTMENTS

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
<b>Carrying amount at start of period</b>	<b>25,67</b>	<b>24,48</b>
Share of net income	8,14	0,92
Share of changes in assets and liabilities recognised directly in equity	2,18	3,89
Exchange rate adjustments	(1,34)	(3,62)
<b>Carrying amount at end of period</b>	<b>34,66</b>	<b>25,67</b>

Equity method investments are composed of jointly controlled entities by Arval and its partner Relsa in Chile and in Peru.

## 5.f SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
<b>Carrying amount at start of period</b>	<b>10,46</b>	<b>11,56</b>
Fair value adjustments	0,93	(1,03)
Change of portfolio securities	(0,69)	(0,07)
<b>Carrying amount at end of period</b>	<b>10,71</b>	<b>10,46</b>

This item contains 2 different type of securities:

- Entity which is not controlled by Arval: Annuo Jiutong in China (with percentage of interest of 15 %).
- Entity which is fully controlled by Arval but not consolidated for materiality reason: Arval India.

The securities are classified as Mandatory Fair Value through Profit or Loss.

## 5.g DERIVATIVES USED FOR HEDGING PURPOSES

In millions of euros	31 December 2021		31 December 2020	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
<b>Fair value hedges</b>	0,00	0,00	0,00	0,00
Interest rate derivatives				
Foreign exchange derivatives				
<b>Cash flow hedges</b>	20,48	10,84	26,55	13,75
Interest rate derivatives				
Foreign exchange derivatives	20,48	10,84	26,55	13,75
Other derivatives				
<b>Derivatives used for hedging purposes</b>	<b>20,48</b>	<b>10,84</b>	<b>26,55</b>	<b>13,75</b>
Split current / non current is as follows				
Current (less than 1 year)	5,85	3,10	7,59	3,93
Non current (more than 1 year)	14,63	7,74	18,96	9,82
<b>Total</b>	<b>20,48</b>	<b>10,84</b>	<b>26,55</b>	<b>13,75</b>

The derivative financial instruments are described in the chapter 1.d.3. The hedge accounting is defined within the section 2.h.

## 5.h OTHER FINANCIAL ASSETS

In millions of euros	31 December 2021	31 December 2020
Loans	81,95	126,08
Deposit	2,84	0,91
Other non current financial assets - Available For Sale	190,29	194,71
Post employment benefit assets	43,34	22,56
<b>Carrying amount at end of period</b>	<b>318,42</b>	<b>344,26</b>

The other current financial assets – Available for sale are only composed of Greenval insurance DAC investments to comply with the below principles:

1. Protect the company's capital and solvency,
2. Hedge the liability profile of the Company with suitable investments,
3. Minimize the risk of loss consistent with its risk appetite,

Greenval insurance DAC does not engage in active trading and is typically a buy and hold investor with an asset allocation to fixed interest securities aligned to its liability profile.

The split between current and non-current maturity is the following:

In millions of euros	31 December 2021	31 December 2020
Current (Less than one year)	35,79	46,99
Non current (more than one year)	282,63	297,27
<b>Carrying amount at end of period</b>	<b>318,42</b>	<b>344,26</b>

## 5.i CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2021	31 December 2020
Current taxes	25,04	30,09
Deferred taxes	110,73	74,57
<b>Current and deferred tax assets</b>	<b>135,77</b>	<b>104,66</b>
Current taxes	75,26	31,49
Deferred taxes	312,37	261,86
<b>Current and deferred tax liabilities</b>	<b>387,63</b>	<b>293,34</b>

Change in deferred tax by nature over the period:

In millions of euros	31 December 2020	Changes recognised in profit or loss	Changes recognised in equity that may be reclassified to profit or loss	Changes recognised in equity that will not be reclassified to profit or loss	Effects of exchange rates, consolidation scope and other movements	31 December 2021
Financial Instruments	10,44	(9,31)	(2,48)	0,02	2,87	1,54
Provisions for employee benefit obligations	15,39	(0,07)		(6,81)	(0,53)	7,98
Fleet	(474,88)	5,13			(9,52)	(479,28)
Other tangible assets	68,84	7,22			(1,12)	74,95
Intangible assets	(0,22)	(0,13)			(0,40)	(0,75)
Credit risk impairment	28,47	(3,52)			3,07	28,01
Provisions	42,81	10,37			1,09	54,27
Tax loss carryforwards	124,45	(9,53)			0,08	115,00
Other items	(2,58)	(1,31)			0,54	(3,36)
<b>Net deferred taxes</b>	<b>(187,28)</b>	<b>(1,16)</b>	<b>(2,48)</b>	<b>(6,79)</b>	<b>(3,93)</b>	<b>(201,64)</b>
Deferred tax assets	74,57					110,73
Deferred tax liabilities	261,86					312,37

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which Arval group operates during the period in which the income is generated.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in enterprises under the exclusive or joint control of Arval group, where Arval group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused carryforwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Current and deferred taxes are recognised as tax income or expenses in the profit and loss account, except for those relating to a transaction or an event directly recognised in shareholders' equity, which are also recognised in shareholders' equity.

When tax credits on revenues from receivables and securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under "Corporate income tax".

## 5.j INVENTORIES

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
<b>Carrying amount at start of period</b>	<b>400,09</b>	<b>336,69</b>
Variation of inventories	(125,37)	78,12
Inventories allowance recognised during the period	4,62	(8,97)
Exchange rate adjustments	4,37	(5,76)
<b>Carrying amount at end of period</b>	<b>283,71</b>	<b>400,09</b>
Gross value	294,17	415,03
Accumulated allowances recognised at the end of period	(10,46)	(14,94)

Upon termination of the lease, the relevant assets are reclassified from the caption "Rental Fleet" to the "inventories" at their carrying amount.

Then, inventories are composed of vehicles returned but not yet sold. The value presented is a net amount of the historical value at the dehire's date and its depreciation.

The vehicles in stock, are depreciated until they are sold to take into account the time impact on the market value.



## 5.k TRADE RECEIVABLES

In millions of euros	31 December 2021	31 December 2020
Trade receivables - gross amount	1 171,01	1 127,45
Impairment	(165,59)	(144,59)
<b>Total</b>	<b>1 005,42</b>	<b>982,86</b>
Past maturity of gross amount is as follows		
Non past due	865,42	780,97
Past due less than 1 year	198,39	247,88
Past due 1-5 years	96,75	97,34
Past due over 5 years	10,45	1,26
<b>Total</b>	<b>1 171,01</b>	<b>1 127,45</b>

Trade receivables represent unpaid, current lease receivables under existing operating lease contracts or receivables related to inventory sales.

According to Arval group accounting policies, it must be determined for each debt, if a loss event (or a combination of loss events):

- Leads to the classification as a doubtful debt,
- Reduces the estimated future cash flow expected to be recovered

When an objective indicator of impairment is identified i.e. when the debt is classified as 'doubtful', the recoverable value has to be calculated to determine if an impairment provision should be recognized. If the recoverable value is lower than the net carrying amount, a provision should be calculated as follows: Provision on doubtful debt = Outstanding debt – Discounted recoverable value.

In order to estimate the discounted recoverable value to take into account in the calculation of the provision on doubtful debt, two types of evaluation can be used: individual and statistical calculation. These have to be used separately, meaning a doubtful debt cannot be depreciated at the same time using an individual and statistical calculation. Although these two options are considered to be both available for the cases under default, the statistical approach is to be followed for the non-defaulted doubtful part (i.e. for technical / dispute).

(a) Individual estimation: Customer per customer

(b) Statistical estimation: If doubtful debt can be gathered into homogeneous groups (i.e. sharing similar characteristics), the discounted recoverable value can be determined statistically. Homogeneous groups are defined by debt sharing similar characteristics (geography, number of days past-due, reasons for the classification etc.) and in this case, the percentage of recovery can be calculated according to history of recoveries.

In the framework of IFRS9, a simplified methodology called “Approximation by net provision” is used to assess the Expected Credit Loss to be booked on trade receivables and lease receivables.

This methodology relies on past cost of risk data: it basically consists in applying to the out-of-group exposure of the considered quarter a “Specific Provisioning Ratio” (SPR), specific to each entity, calculated based on historical data of the entity on the previous 7 years:

- The SPR could be estimated as the average of the loss and dotations /reversals of provisions observed on the whole history on the portfolio to which the asset belongs
- It is updated once a year in Q4 (including the last available figures of the quarter) and remains unchanged in the three following quarters

In addition, due to the pandemic crisis, and in order to calculate the most appropriate level of impairment of the portfolio, a "forward looking" coefficient has been included in the calculation of the provision.

The SPR provision including in the provision for receivables depreciation amounts to EUR 23 million as at December 31 2021 versus EUR 11 million as at December 31 2020.

At each closing date, the provision has to be updated in order to take into account:

- Realized repayments since the previous closing,
- Estimation of the amount of future cash flows.

Impairment movements are analysed below:

In millions of euros	Year to 31 December 2021	Year to 31 December 2020
<b>Carrying amount at start of period</b>	<b>(144,59)</b>	<b>(117,11)</b>
Charge impairment recognised during the period	(38,88)	(51,08)
Reversal impairment recognised during the period	18,35	20,49
Exchange rate adjustments	(0,86)	2,87
Other movements	0,38	0,23
<b>Carrying amount at end of period</b>	<b>(165,59)</b>	<b>(144,59)</b>

## 5.1 CASH AND CASH EQUIVALENTS

In millions of euros	31 December 2021	31 December 2020
Cash at bank and on hand	1 209,88	443,00
Short term bank deposit	100,94	168,56
<b>Carrying amount at end of period</b>	<b>1 310,82</b>	<b>611,56</b>

Cash and equivalent include cash in hands, deposit held at call with bank and other highly liquid investments.

Cash and equivalents are defined as short term investments that are readily convertible to known amounts. Financial assets held as cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

In the consolidated accounts, bank overdrafts are included in borrowings.

The cash and equivalent variation between 2021 and 2020 is equal to EUR 729,82 million (including overdrafts).

## 5.m OTHER RECEIVABLES AND PREPAYMENTS

In millions of euros	31 December 2021	31 December 2020
Recoverable VAT	277,76	326,04
Other debtors	176,22	239,67
Allowances other debtors	(6,57)	(15,40)
Deferred cost	255,31	190,11
Accrued revenues	285,40	301,94
Other prepaids and accrued income	321,31	420,51
<b>Carrying amount at end of period</b>	<b>1 309,42</b>	<b>1 462,87</b>

These amounts include prepayments in respect of expenses attributable to a subsequent period and amounts still to be received, rebates and bonuses receivable, as well as to amounts that are not classified under any dedicated account.

All the other receivables and prepayments have a remaining maturity of less than one year.

## 5.n SHAREHOLDER'S EQUITY

In millions of euros	31 December 2021	31 December 2020
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
<b>Total Equity</b>	<b>2 544,95</b>	<b>2 072,44</b>

At 31 December 2021, the share capital of Arval Services Lease amounted to EUR 66,412,800 and was divided into 3,320,640 shares. The nominal value of each share is EUR 20, unchanged from 31 December 2020. Number of shares is also unchanged from 31 December 2020.

All shares issued are fully paid.

The retained earnings and other reserves mainly represent, in addition to legal reserves, the reserves recognized due to IFRS standards' application.

Equity variations are described in the statement of changes in shareholder's equity between 1 January 2020 and 31 December 2021.

## 5.o SUBORDINATED DEBT

In millions of euros	31 December 2021	31 December 2020
<b>Subordinated debt</b>	<b>90,00</b>	<b>90,00</b>

### Subordinated debt

Subordinated debt are initially recognised at the issue value including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

The subordinated debt relates exclusively to the entity Arval Germany as required by German authorities. Arval Germany has to perform a risk bearing capacity calculation each year to demonstrate that it has sufficient capital to cover the risks linked to its activity. A subordinated debt was put in place in 2017 to comply with this requirement.

Maturity of the subordinated debt is more than one year, so the debt is classified as non-current liabilities.

## 5.p DEBT SECURITIES AT AMORTISED COST

In millions of euros	31 December 2021	31 December 2020
Issued bond securities	1 291,85	-
Negotiable debt securities	600,00	-
<b>Total debt securities at amortised cost</b>	<b>1 891,85</b>	<b>-</b>

The nominal value of the securities issued amounts to EUR 1,300 million, from which the issue costs and the bonds subscribed by Greenval, EUR 1.66 million and EUR 6.50 million respectively, have to be deducted.

The split between current and non-current maturity is the following:

In millions of euros	31 December 2021	31 December 2020
Current (less than one year)	600,00	-
Non current (more than one year)	1 291,85	-
<b>Total</b>	<b>1 891,85</b>	<b>-</b>

## 5.q BORROWINGS FROM FINANCIAL INSTITUTIONS

In millions of euros	31 December 2021	31 December 2020
Borrowings from financial institutions	21 414,52	21 053,26
Accrued and unpaid interest on borrowings	26,93	26,48
Overdrafts	160,73	191,55
Accrued and unpaid interest on overdraft	1,30	0,28
<b>Total</b>	<b>21 603,48</b>	<b>21 271,56</b>

Borrowings from financial institutions are mainly composed (97.25%) of BNPP and BNPP Fortis borrowings. These repayable borrowings are used to purchase the leased vehicles and the Arval group investments. Accrued interest and the bank overdrafts are included in this item.

In millions of euros	31 December 2021	31 December 2020
Current (less than one year)	6 754,67	6 758,88
Non current (more than one year)	14 848,81	14 512,68
<b>Total</b>	<b>21 603,48</b>	<b>21 271,56</b>

#### Maturity of Borrowings:

In millions of euros	31 December 2021	31 December 2020
Less than one year	6 565,72	6 540,58
1-5 years	14 797,68	14 364,53
Over 5 years	51,13	148,15
<b>Total</b>	<b>21 414,52</b>	<b>21 053,26</b>

## 5.r RETIREMENT BENEFITS OBLIGATION AND LONG TERM BENEFITS

In millions of euros	31 December 2020	Net additions to provisions	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements (*)	31 December 2021
<b>Provisions for employee benefits</b>					
- post-employment benefits	67,90	3,14	-6,67	-1,95	62,41
- provision for other deferred cash bonus	4,08	1,25		0,02	5,35
- provision for other long-term benefits	8,46	-2,01		0,01	6,46
- other provision	0,22	0,12		0,00	0,34
<b>Total provisions for employee benefits</b>	<b>80,66</b>	<b>2,49</b>	<b>-6,67</b>	<b>-1,93</b>	<b>74,56</b>

(\*) of which IFRIC impact: EUR 1.7million

In millions of euros	31 December 2019	Net additions to provisions	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 December 2020
<b>Provisions for employee benefits</b>					
- post-employment benefits	67,53	-9,55	9,65	0,26	67,90
- provision for other deferred cash bonus	3,72	0,37		-0,01	4,08
- provision for other long-term benefits	7,67	0,79		0,00	8,46
- other provision	0,08	0,14		0,00	0,22
<b>Total provisions for employee benefits</b>	<b>79,01</b>	<b>-8,25</b>	<b>9,65</b>	<b>0,25</b>	<b>80,66</b>

The definition of the employee's benefits covered by these provisions is described in the chapter 2.i. As the maturity of the provisions is more than one year, they are classified as non-current.

### Actuarial assumptions

For 2021, actuarial assumptions are defined as follows:

In percentage	31 December 2021	
	Discount rate	Compensation increase rate (1)
France	1,00%	2,00% - 3,25%
United Kingdom	1,90%	NA
Germany	1,10%	2,00%
Belgium	0,60% - 0,90%	3,60%
Switzerland	0,20%	1,50%

(1) including price increase (inflation)

### Discount rate sensitivity

Obligations could change regarding the sensitivity of the discount rate:

In millions of euros	31 December 2021	
	Evolution of the present value of obligations	Evolution of the present value of obligations
	Discount rate - 100bp	Discount rate + 100bp
France	6,11	(4,83)
United Kingdom	26,71	(20,47)
Germany	9,79	(7,90)
Belgium	4,22	(3,79)
Switzerland	1,24	(1,25)

## 5.s PROVISIONS

### Provisions for contingencies and charges by type

In millions of euros	31 December 2020	Net additions to provisions	Provisions used	Effect of movements in exchange rates and other movements	31 December 2021
Technical provisions for insurance (Greenval)	124,60	24,33		2,10	151,03
Provisions for risk on operating leases	222,66	102,94	(55,67)	(1,65)	268,28
Provisions for litigations with third parties	10,03	0,61	(7,28)	(0,19)	3,16
Other provisions for contingencies and charges	7,92	2,24	(2,87)	(0,04)	7,24
<b>Total provisions for contingencies and charges</b>	<b>365,20</b>	<b>130,12</b>	<b>(65,83)</b>	<b>0,21</b>	<b>429,71</b>
Split current / non current is as follows					
Current (less than 1 year)	100,58				121,42
Non current (more than 1 year)	264,62				308,29
<b>Total</b>	<b>365,20</b>				<b>429,71</b>



In millions of euros	31 December 2019	Net additions to provisions	Provisions used	Effect of movements in exchange rates and other movements	31 December 2020
Technical provisions for insurance (Greenval)				124,60	124,60
Provisions for risk on operating leases	222,91	56,21	-54,43	-2,03	222,66
Provisions for litigations with third parties	8,24	2,02	-0,23	0,00	10,03
Other provisions for contingencies and charges	1,79	6,76	-0,61	-0,02	7,92
<b>Total provisions for contingencies and charges</b>	<b>232,94</b>	<b>64,98</b>	<b>-55,27</b>	<b>122,55</b>	<b>365,20</b>
Split current / non current is as follows					
Current (less than 1 year)	64,20				100,58
Non current (more than 1 year)	168,74				264,62
<b>Total</b>	<b>232,94</b>				<b>365,20</b>

Provisions for liabilities on lease contracts cover mainly risk retention and relief vehicles risk.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.

Maturity is determined as follows:

- For third parties: foreseeable date of disbursement
- For risk and charges and insurance: prorata based on average duration of the contracts

## 5.t TRADE AND OTHER PAYABLES

In millions of euros	31 December 2021	31 December 2020
Lease liabilities	84,57	80,79
Deposit	88,15	81,30
Suppliers	271,76	315,63
VAT liabilities	89,69	84,56
Other deferred incomes	923,91	868,96
Other accrued expenses	188,18	180,06
Other creditors	637,72	656,06
<b>Total</b>	<b>2 283,98</b>	<b>2 267,36</b>
Split current / non current is as follows		
Current (less than 1 year)	2 215,02	2 206,30
Non current (more than 1 year)	68,97	61,06
<b>Total</b>	<b>2 283,98</b>	<b>2 267,36</b>

This item contains the debts arising from lease liabilities (IFRS 16), supplier payables including on fixed assets, the VAT collected and all other amounts owed to the employees, to the State or social organisms

Other deferred incomes, other accrued expenses, other accruals and deferred charges are also part of this item.

Non current part concerns lease liabilities.

## 6. COMMITMENTS GIVEN AND RECEIVED

In millions of euros	31 December 2021	31 December 2020
Financing commitments given	3,54	6,25
Guarantee commitments given	123,61	100,63
<b>Total commitments given</b>	<b>127,14</b>	<b>106,87</b>
Financing commitments received	769,03	605,21
Guarantee commitments received	96,93	107,83
<b>Total commitments received</b>	<b>865,96</b>	<b>713,05</b>

These commitments are entered into the ordinary course of business.

## 7. ADDITIONAL INFORMATION

### 7.a EARNINGS PER SHARE

#### Basic and diluted earnings per share:

Basic earnings per share are calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. The net income attributable to ordinary shareholders is determined by deducting the net income attributable to holders of preferred shares.

Diluted earnings per share correspond to the net income for the period attributable to holders of ordinary shares, divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are performance shares granted under the Global Share-based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

In euros	Year 2021	Year 2020
Net profit used to calculate basic and diluted earnings per ordinary share	699 003 023	459 925 717
Weighted average number of ordinary shares outstanding during the year	3 320 640	3 320 640
Effect of potentially dilutive ordinary shares (Performance share attribution plan)	-	-
Weighted average number of ordinary shares used to calculate diluted earnings per share	3 320 640	3 320 640
Basic earnings per share (in euros)	210,50	138,51
Diluted earnings per share (in euros)	210,50	138,51

### 7.b PAID DIVIDENDS

A dividend related to the period ended December 31, 2020, for an amount of EUR 275,02 million (EUR 82,82 per share) was paid in May 2021. No dividend was distributed in 2020.

## 7.c SCOPE OF CONSOLIDATION

### Control, interest percentages and consolidation method per entity:

Name	Country	31 December 2021			31 December 2020		
		Method	Voting (%)	Interest (%)	Method	Voting (%)	Interest (%)
Arval Service Lease	France						
Arval Austria GmbH	Austria	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Fuhrparkmanagement GmbH	Austria				Full	100,00%	100,00%
Arval Belgium NV SA	Belgium	Full	100,00%	100,00%	Full	100,00%	100,00%
Locadif	Belgium	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Brasil Ltda	Brazil	Full	100,00%	100,00%	Full	100,00%	100,00%
Rentaequipos Leasing SA	Chile	Equity	50,00%	50,00%	Equity	50,00%	50,00%
Comercializadora de Vehiculos SA	Chile	Equity	49,90%	49,90%	Equity	49,90%	49,90%
Arval Relsa SPA	Chile	Equity	50,00%	50,00%	Equity	50,00%	50,00%
Arval CZ SRO	Czech Republic	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval AS	Denmark	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval OY	Finland	Full	100,00%	100,00%	Full	100,00%	100,00%
Cofiparc	France	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Trading	France	Full	100,00%	100,00%	Full	100,00%	100,00%
Public Location Longue Durée	France	Full	100,00%	100,00%	Full	100,00%	100,00%
Louveo	France	Full	100,00%	100,00%	Full	100,00%	100,00%
Artel	France	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Fleet Services	France	Full	100,00%	100,00%	Full	100,00%	100,00%
CENT ASL	France	Full	100,00%	100,00%			
Arval Deutschland GmbH	Germany	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Hellas Car Rental SA	Greece	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Magyarorszag KFT	Hungary	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval India Private Ltd	India				Full	100,00%	100,00%
Greenval Insurance DAC	Ireland	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Service Lease Italia SPA	Italy	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Luxembourg SA	Luxembourg	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Maroc SA	Morocco	Full	66,66%	66,66%	Full	66,66%	66,66%
Arval Benelux BV	Netherlands	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval BV	Netherlands	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval AS Norway	Norway	Full	100,00%	100,00%	Full	100,00%	100,00%
Rentaequipos Leasing Peru SA	Peru	Equity	50,00%	50,00%	Equity	50,00%	50,00%
Arval Service Lease Polska SP ZOO	Poland	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Service Lease Aluger Operational Automoveis SA	Portugal	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Service Lease Romania SRL	Romania	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval LLC	Russia	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Slovakia SRO	Slovakia	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Service Lease SA	Spain	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval AB	Sweden	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Schweiz AG	Switzerland	Full	100,00%	100,00%	Full	100,00%	100,00%
TEB Arval Arac Filo Kiralama AS	Turkey	Full	50,00%	50,00%	Full	50,00%	50,00%
BNPP Fleet Holdings Ltd	United Kingdom	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval UK Ltd	United Kingdom	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval UK Group Ltd	United Kingdom	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval UK Leasing Services Ltd	United Kingdom	Full	100,00%	100,00%	Full	100,00%	100,00%

## 7.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The Arval group's financial assets and liabilities (defined in their respective balance sheet's sections) are classified as follow:

### Assets:

In millions of euros	31 December 2021 Carrying amount	Amortised cost	Fair value through profit & loss	Fair value through OCI	Levels
Derivatives used for hedging purposes	20,48			20,48	2
Trades receivables	1 005,42	1 005,42			2
Other receivables and prepayments	1 031,67	1 031,67			2
Other financial assets	318,42	84,79		233,63	1 & 2
Cash and cash equivalent	1 310,82		1 310,82		1
<b>ASSETS</b>	<b>3 686,81</b>	<b>2 121,88</b>	<b>1 310,82</b>	<b>254,11</b>	

In millions of euros	31 December 2020 Carrying amount	Amortised cost	Fair value through profit & loss	Fair value through OCI	Levels
Derivatives used for hedging purposes	26,55			26,55	2
Trades receivables	982,86	982,86			2
Other receivables and prepayments	1 136,83	1 136,83			2
Other financial assets	344,26	126,99		217,27	1 & 2
Cash and cash equivalent	611,56		611,56		1
<b>ASSETS</b>	<b>3 102,05</b>	<b>2 246,68</b>	<b>611,56</b>	<b>243,82</b>	

### Liabilities:

In millions of euros	31 December 2021 Carrying amount	Amortised cost	Fair value through profit & loss	Fair value through OCI	Levels
Subordinated debt	90,00	90,00			2
Borrowings from financial institutions	21 603,48	21 603,48			2
Debt securities	1 891,85	1 891,85			2
Derivatives used for hedging purposes	10,84			10,84	2
Trade and other payables	2 194,30	2 194,30			2
<b>LIABILITIES</b>	<b>25 790,46</b>	<b>25 779,62</b>	<b>0,00</b>	<b>10,84</b>	

In millions of euros	31 December 2020 Carrying amount	Amortised cost	Fair value through profit & loss	Fair value through OCI	Levels
Subordinated debt	90,00	90,00			2
Borrowings from financial institutions	21 271,56	21 271,56			2
Debt securities	-	-			2
Derivatives used for hedging purposes	13,75			13,75	2
Trade and other payables	2 182,80	2 182,80			2
<b>LIABILITIES</b>	<b>23 558,11</b>	<b>23 544,36</b>	<b>0,00</b>	<b>13,75</b>	

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

- Level 1: fair values are determined using directly unadjusted quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices.
- Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets.
- Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from assumptions that other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

## **7.e COMPENSATION AND BENEFITS AWARDED TO THE ARVAL GROUP'S OFFICERS**

Directors' remuneration is not disclosed since it would involve communicating individual amounts.

## **7.f OTHER RELATED PARTIES**

### **Outstanding 2021 balances of related-party transactions (within Arval group):**

Arval group's consolidation perimeter is provided in note 7.c (Scope of Consolidation). Arval group is controlled by BNP Paribas Fortis, entity itself controlled by BNP Paribas. All business relations with BNP Paribas and its subsidiaries are considered like related parties transactions. These are performed at normal market conditions and conducted in the ordinary course of business and on arm's length basis.

Transactions and outstanding balances between fully-consolidated entities of Arval are eliminated.

Amounts with entities accounted for under equity method are presented below. Amounts are not significant and are presented for the entire Relsa group.

In millions of euros	31 December 2021	31 December 2020
	RELSA Group	RELSA Group
<b>ASSETS</b>		
Other receivables and prepayments	0,10	0,05
<b>Total</b>	<b>0,10</b>	<b>0,05</b>
<b>LIABILITIES</b>		
Trade and other payables	0,33	0,10
<b>Total</b>	<b>0,33</b>	<b>0,10</b>
<b>FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS</b>		
Guarantee commitments given	30,75	16,38
<b>Total</b>	<b>30,75</b>	<b>16,38</b>

Commitment for given guarantee concerns Rentaequipos Leasing Peru SA and Arval Relsa SPA.

The tables below show transactions with other entities of the group BNP Paribas. Entities which belong to sub group Fortis are classified in Fortis scope, other are classified in BNP Paribas.

#### Outstanding balances of related-party transactions:

In millions of euros	31 December 2021		31 December 2020	
	BNPP	Fortis	BNPP	Fortis
<b>ASSETS</b>				
Other financial assets	80,00		126,00	
Trade receivables	1,40	5,00	1,89	4,83
Cash and cash equivalents	1 208,19	84,29	424,72	157,98
Current income tax receivable	17,00		10,42	
Other receivables and prepayments	44,47	11,66	37,86	8,54
<b>Total</b>	<b>1 351,06</b>	<b>100,94</b>	<b>600,89</b>	<b>171,35</b>
<b>LIABILITIES</b>				
Subordinated debt	90,00		90,00	
Borrowings from financial institutions	6 981,18	14 044,30	6 778,68	14 036,64
Derivative financial instruments	0,09		2,48	
Current income tax liabilities	2,70	1,66	1,36	
Trade and other payables	31,45	3,91	39,45	2,71
<b>Total</b>	<b>7 105,44</b>	<b>14 049,87</b>	<b>6 911,96</b>	<b>14 039,35</b>
<b>COMMITMENTS GIVEN AND RECEIVED</b>				
Commitments given	30,68	44,20	40,04	44,20
Commitments received	209,27	318,90	30,33	512,49

## 7.g SHARE-BASED PAYMENT

There are no share-based payment plans.



## 7.h FEES PAID TO STATUTORY AUDITORS

The total fee of the company's auditor, as charged to the consolidated payments for the year ended December 31, 2021 amounted to:

Year to 31 Dec. 2021	Mazars		PricewaterhouseCoopers		Deloitte		Total	
<i>Excluding tax, in thousands of euros</i>	Total	%	Total	%	Total	%	Total	%
<b>Statutory audits and contractual audits, including</b>	<b>1 191,50</b>	<b>92,23%</b>	<b>90,00</b>	<b>72,58%</b>	<b>605,00</b>	<b>94,02%</b>	<b>1 886,50</b>	<b>91,61%</b>
- Issuer	250,00				250,00		500,00	
- Consolidated subsidiaries	941,50		90,00		355,00		1 386,50	
<b>Services other than those required for their statutory audit engagement, including</b>	<b>100,32</b>	<b>7,77%</b>	<b>34,00</b>	<b>27,42%</b>	<b>38,48</b>	<b>5,98%</b>	<b>172,80</b>	<b>8,39%</b>
- Issuer	15,00				6,00		21,00	
- Consolidated subsidiaries	85,32		34,00		32,48		151,80	
<b>Total</b>	<b>1 291,82</b>	<b>100,00%</b>	<b>124,00</b>	<b>100,00%</b>	<b>643,48</b>	<b>100,00%</b>	<b>2 059,31</b>	<b>100,00%</b>

The total fee of the company's auditor, as charged to the consolidated payments for the year ended December 31, 2020 amounted to:

Year to 31 Dec. 2020	Mazars		PricewaterhouseCoopers		Total	
<i>Excluding tax, in thousands of euros</i>	Total	%	Total	%	Total	%
<b>Statutory audits and contractual audits, including</b>	<b>1 338,00</b>	<b>65,72%</b>	<b>35,00</b>	<b>100,00%</b>	<b>1 373,00</b>	<b>66,30%</b>
- Issuer	205,00				205,00	
- Consolidated subsidiaries	1 133,00		35,00		1 168,00	
<b>Services other than those required for their statutory audit engagement, including</b>	<b>698,00</b>	<b>34,28%</b>	<b>0,00</b>		<b>698,00</b>	<b>33,70%</b>
- Issuer	525,00				525,00	
- Consolidated subsidiaries	173,00				173,00	
<b>Total</b>	<b>2 036,00</b>	<b>100,00%</b>	<b>35,00</b>	<b>100,00%</b>	<b>2 071,00</b>	<b>100,00%</b>

## 7.i EVENTS AFTER THE REPORTING PERIOD

### COVID 19

ARVAL group continues to manage the COVID 19 situation by adapting its organisation in order to serve in the best way their customers in the respect of the competent authority instructions.

### Conflict in Ukraine

The Arval Group is closely monitoring the situation in Ukraine.

The Arval Group has no operations in Ukraine. In Russia, it has a subsidiary that represents only 0.9% of its fleet. The assets of this subsidiary are backed by financing with the same maturity and in the same currency as the contracts signed with the customers, who are mainly subsidiaries of large international groups.