

PRESS RELEASE

ARVAL 2022 HALF-YEAR RESULTS

**CONTINUED GOOD GROWTH OF THE ACTIVITY
MILESTONE OF 1.5 MILLION VEHICLES EXCEEDED**

LEASED FLEET: +5.9% vs. 30/06/2021

**STRONG INCREASE IN GROSS OPERATING INCOME DRIVEN BY THE EXPANSION
OF THE ACTIVITY AND THE POSITIVE EVOLUTION OF THE USED CAR MARKET**

GROSS OPERATING INCOME: +44.2% vs. H1 2021

**CONTROLLED OPERATING EXPENSES
STRONG IMPROVEMENT OF COST INCOME RATIO**

OPERATING EXPENSES: +7.9% vs. H1 2021

COST INCOME: 34.9% vs 46.7% in H1 2021

COST OF RISK AT A MODERATE LEVEL

21 bp¹

STRONG RISE OF NET INCOME

NET INCOME²: €625.5m (+86.9% vs. H1 2021)

**STRONG OVERALL PERFORMANCE
CONTINUED GOOD BUSINESS GROWTH & SHARP RISE OF NET INCOME**

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

² Before net income attributable to minority interests

The Board of Directors of Arval Service Lease met on 9 September 2022. The meeting was chaired by Alain van Groenendael and the Board approved Arval Group's results for the first half of 2022.

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

Arval's activity continued to develop well in the first half of 2022 thanks to the quality of its services and the strength of its business model: the **leased fleet grew by 5.9% compared to the end of June 2021 reaching 1,500,536 vehicles** despite longer delivery time for new cars in connection with the shortage of semi-conductors and a challenging overall context in the automotive sector. It confirmed Arval's position as the European leader in full service multi-brand leasing. The **Corporate** leased fleet reached 1,033,046 vehicles at the end of June 2022 (+2.0% compared to the end of June 2021). The **Retail** segment grew by 13.3% compared to the end of June 2021, reaching 421,739 vehicles of which 140,337 on private lease (+20.3% compared to the end of June 2021). The **Mid-term Rental** segment grew by 45.0% compared to the first half of 2021 reaching 45,091 vehicles, fostered by the longer delivery time for Long-term Rental.

Arval continues its growth and announced the 8 September 2022 the acquisition of a full service leasing company in the Netherlands, Terberg Business Lease Group (TBLG)³, with a total fleet of 38,000 vehicles. This acquisition will allow Arval to strengthen its position in the Netherlands becoming one of the main players locally and to enter the B2C market in this country where TBLG enjoys a strong position with its well-known brand JustLease.

Arval also announced in May the signing of an agreement with Banca Comerciala Romana (Erste Group) for the transfer to Arval of part of its long-term leasing business in Romania (3,500 vehicles)⁴. The transaction includes a cooperation agreement for the distribution of operating lease contracts and mobility solutions to Banca Comerciala Romana clients.

Throughout the first half of 2022, the company continued to put the Arval Beyond strategic plan into action in line with Arval's ambition to become a leader in sustainable mobility. Progress has been made on each of the four Arval Beyond offers:

- The transformation related to mobility solutions (**360° Mobility**) continued to bear fruit: E-bike leasing is operational in 13 countries and the number of bike-leasing contracts grew by 17% compared to the end of December 2021, the number of MaaS⁵ users increased by 2.2 times compared to the end of December 2021 and the number of rented months with Mid Term Rental rose by 63% compared to the first half of 2021 with strong utilization rate.
- Regarding connected cars (**Connected & Flexible**), Arval launched "Arval Connect" a powerful solution to help customers better control their fleet costs and accelerate energy transition. Arval Connect is currently deployed in 22 countries.
- Arval's partnerships (**Arval Inside**) continued to develop in the automotive sector with the strategic partnership signed in February 2022 by BNP Paribas with Jaguar Land Rover Automotive for mobility financing solutions in nine European countries in which Arval will contribute its expertise in car leasing and with the expansion to France of the partnership with MG after Italy and Germany. In addition, Arval signed a new strategic partnership in Italy with BCC Iccrea Group (Italy largest cooperative banking group) giving rise to creation of the Rentup white label - an indirect sales channel offering Arval's long and medium term rental products through B2B and B2C channels.
- Arval continued to support its customers in their energy transition (**Good for you, good for all**) with electrified vehicles⁶ representing 30% of deliveries worldwide. At the end of June 2022, Arval Group's leased fleet comprised 244,520 electrified vehicles, up by 58.4% compared to the end of June 2021.

³ Subject to customary regulatory authorizations. Closing expected by 30 June 2023.

⁴ Subject to customers' approval. Signing on 31 May 2022, with closing expected by the end of 2022

⁵ Mobility Arval as a Service : a single application for all your journeys

⁶ Battery electric vehicles and hybrid vehicles

In the first half of 2022, Arval continued to develop its offer for used vehicle leasing services, “Arval Re-Lease”, with a financed fleet of 5,461 vehicles at the end of June 2022, up by 30.9% compared to the end of December 2021.

Gross operating income totalled 1,219.5 million euros, up by 44.2% compared to the first half of 2021, illustrating the good development of the activity and the positive evolution of the used car market.

Supported by the growth of the leased fleet, gross operating income excluding car sales results increased overall by 6.7%: at 378.8 million euros, the lease contract margin rose by 5.6% compared to the first half of 2021 and the lease service margin amounted to 346.6 million euros, up by 8.0% compared to the first half of 2021.

The car sales result reached 494.1 million euros in the first half of 2022 (166.0 million euros in the first half of 2021). The number of disposals decreased by 22.6% (132.350 vehicles) compared to the first half of 2021 in connection with longer delivery time for new cars which delays the de hires on the existing fleet. However, the car sales result benefited from the positive evolution of the used car market in terms of demand and prices. This high level of used cars prices, observed in almost all countries, is linked to the evolution of supply and demand in connection with longer delivery times for new vehicles where the supply of used cars is impacted by fewer de hires from customers and where demand is sustained by a lower availability of new vehicles.

At 425.8 million euros, Arval Group’s **operating expenses** were controlled: they were up by 7.9% compared to the first half of 2021 in relation to the growth of the activity and to inflation impact. The Cost/Income ratio improved: 34.9% in the first half of 2022 compared to 46.7% in the first half of 2021.

The **cost of risk** remained moderate, at 26.2 million euros or 21 basis points⁷ of financial outstanding⁸. It was at a very low level during the same period last year, at 15.7 million euros (14 basis points).

The **Arval Group’s operating result**, at 767.5 million euros (435.1 million euros for the first half of 2021), thus increased by 76.4%.

Non-operating items totalled +69.1 million euros (+6.6 million euros for the first half of 2021) and included a positive effect of 62 million euro due the implementation of IAS 29⁹ effective 1 January 2022 in the Arval Turkish subsidiary (TEB Arval).

Profit before tax, which came to 836.6 million euros (441.7 million euros for the first half of 2021), was thus up by 89.4%.

Arval Group’s net income amounted to 625.5 million euros for the first half of 2022 (334.6 million euros for the first half of 2021), up by 86.9%¹⁰.

Arval Group’s net income attributable to equity holders was 590.1 million euros, up by 81.6% compared to the first half of 2021.

This strong performance supported by the current high level of used car prices reflects, despite the overall challenging context in the automotive sector and the rising inflation context, the strength of the Arval long-term rental business model and its customer, geographical and product diversification.

⁷ In annualised bp

⁸ Financial outstanding (management data) represents the value of the rental fleet based on a financial amortisation

⁹ “Financial Reporting in Hyperinflationary Economies”

¹⁰ Including +47 million euros impact of the application of IAS 29 (+6.3 million euros in the Gross Operating Income, +0.6 million euros in the Operating expenses, +62 million euros in the non-operating items and +21 Million euros in the deferred tax).

The **total balance sheet** grew by 10.3% compared to the end of 2021 to reach 32,340 million euros at the end of June 2022, in relation to the growth of the activity. Total equity amounted to 2,811 million euros at the end of June 2022¹¹ compared to 2,545 million euros at the end of 2021.

“Arval delivered a very strong performance in the first half of 2022. Its activity continued to develop well with our leased fleet up by 5.9% compared to 30 June 2021, crossing the 1.5 million leased vehicles milestone. Supported by the high level of used car prices, this resulted in a very strong increase in our gross operating income.

Operating expenses were controlled and cost of risk remained moderate. Thus, in the first half of the year, Arval reported a net income of 625 million, sharply up compared to the same period last year.

We continued to implement in the first semester our 2025 plan Arval Beyond with significant progress in all its dimensions.

I would like to thank all Arval employees for their dedicated efforts in achieving this very good performance”, says Alain van Groenendael, Arval Chairman and CEO.

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About Arval:

Arval specialises in full service vehicle leasing and new mobility solutions, leasing 1.5 million vehicles at the end of December 2021. Every day, 7,500 Arval employees in 30 countries offer flexible solutions to ensure seamless and sustainable journeys for its customers, ranging from large international corporate groups to smaller companies and individual retail clients.

Arval is a founding member of the Element-Arval Global Alliance, a world leader in the fleet management industry, with more than 3 million vehicles across 53 countries. Arval was founded in 1989 and is fully owned by BNP Paribas. Arval is positioned within the Group’s Commercial, Personal Banking & Services division.

www.arval.com

About BNP Paribas:

BNP Paribas is the European Union’s leading bank and key player in international banking. It operates in 65 countries and has nearly 190,000 employees, including nearly 145,000 in Europe. The Group has key positions in its three main fields of activity: Commercial, Personal Banking & Services for the Group’s commercial & personal banking and several specialised businesses including BNP Paribas Personal

¹¹ Including +132 million euros impact of IAS 29

Finance and Arval ; Investment & Protection Services for savings, investment and protection solutions ; and Corporate & Institutional Banking, focused on corporate and institutional clients. Based on its strong diversified and integrated model, the Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, BNP Paribas has four domestic markets: Belgium, France, Italy and Luxembourg. The Group is rolling out its integrated commercial & personal banking model across several Mediterranean countries, Turkey, Eastern Europe as well as via a large network in the western part of the United States. As a key player in international banking, the Group has leading platforms and business lines in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

BNP Paribas has implemented a Corporate Social Responsibility approach in all its activities, enabling it to contribute to the construction of a sustainable future, while ensuring the Group's performance and stability.

www.bnpparibas.com

Appendix

Consolidated profit and loss account

In millions of euros	Notes	Year to 30 June 2022	Year to 30 June 2021
Lease contract revenues		2 538,79	2 389,24
Lease contract costs depreciation		(2 029,98)	(1 921,16)
Lease contract - Financing		(130,21)	(109,52)
Foreign exchange gain/loss		0,24	0,19
LEASE CONTRACT MARGIN	3.a	378,83	358,76
Service revenues		1 895,90	1 576,46
Costs of service revenues		(1 549,29)	(1 255,56)
LEASE SERVICES MARGIN	3.b	346,61	320,90
Proceeds of cars sold & End of Contract Fees		2 065,71	2 227,60
Cost of cars sold		(1 571,65)	(2 061,58)
CAR SALES RESULT	3.c	494,06	166,02
GROSS OPERATING INCOME		1 219,50	845,68
Salary and employee benefit expense	3.d	(277,34)	(261,50)
Other operating expenses	3.d	(118,05)	(103,50)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	3.d	(30,45)	(29,79)
OPERATING EXPENSES		(425,85)	(394,79)
Cost of risk	3.e	(26,16)	(15,75)
OPERATING RESULT		767,50	435,14
Other incomes and other expenses	3.f	63,86	4,05
Share of earnings of equity-method entities	3.g	5,23	2,55
PROFIT BEFORE TAX		836,59	441,74
Corporate income tax	3.h	(211,14)	(107,17)
NET INCOME		625,45	334,57
Net income attributable to minority interests		35,32	9,57
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		590,14	325,00

Consolidated balance sheet

In millions of euros	30 June 2022	31 December 2021
ASSETS		
Goodwill	518,36	523,09
Other intangible assets	94,26	89,22
INTANGIBLE ASSETS	612,63	612,31
Rental fleet	25 204,89	24 126,56
Property, plant and other equipment	142,42	148,72
TANGIBLE ASSETS	25 347,31	24 275,28
Equity-method investments	38,07	34,66
Securities at fair value through profit or loss	11,39	10,71
Derivatives used for hedging purposes	8,34	14,63
Other non current financial assets	212,67	282,63
FINANCIAL ASSETS	270,47	342,62
Deferred tax assets	92,46	110,73
NON CURRENT ASSETS	26 322,87	25 340,94
Inventories	332,92	283,71
Trade receivables	1 156,68	1 005,42
Cash and cash equivalents	3 007,36	1 310,82
Derivatives used for hedging purposes	3,33	5,85
Other financial assets	79,51	35,79
Current income tax receivable	27,51	25,04
Other receivables and prepayments	1 410,02	1 309,42
CURRENT ASSETS	6 017,34	3 976,06
TOTAL ASSETS	32 340,21	29 317,00

In millions of euros	30 June 2022	31 December 2021
LIABILITIES		
Share capital	66,41	66,41
Share premium	216,54	272,23
Retained earnings and other reserves	1 903,04	1 485,84
Net income	625,45	720,48
<i>Net income for the period attributable to shareholders</i>	590,14	699,00
<i>Net income for the period attributable to minority interests</i>	35,32	21,47
TOTAL EQUITY	2 811,44	2 544,95
Subordinated debt	90,00	90,00
Debt securities	2 041,27	1 291,85
Borrowings from financial institutions	16 628,17	14 848,81
Derivatives used for hedging purposes	15,77	7,74
Retirement benefit obligations and long term benefits	63,66	74,56
Provisions	339,48	308,29
Deferred tax liabilities	395,39	312,37
Trade and other payables	64,58	68,97
NON CURRENT LIABILITIES	19 638,33	17 002,58
Borrowings from financial institutions	6 238,82	6 754,67
Debt securities	844,00	600,00
Derivatives used for hedging purposes	6,31	3,10
Provisions	133,82	121,42
Current income tax liabilities	107,03	75,26
Trade and other payables	2 560,45	2 215,02
CURRENT LIABILITIES	9 890,43	9 769,47
TOTAL LIABILITIES	29 528,76	26 772,05
TOTAL EQUITY AND LIABILITIES	32 340,21	29 317,00