

ARVAL UK RETAIL BUSINESS CREDIT POLICY



/// The Retail policy covers Business Contract Hire credit proposals up to a £500,000 credit limit.

Credit proposals over £250,000 fall within the scope of the Corporate Credit Policy and are subject to more in-depth credit reviews and different service levels.

The above credit limits are an aggregation of the total credit limits of all customers within a Group of Companies, so where there is a mix of products (e.g. Fuel and Contract Hire) and total limits across the Group exceed £250,000, the customer would not fall within the scope of this policy.

All decisions are underwritten manually using information from a Credit Reference Agency (Arval use Experian for searches on companies and directors/owners) and, when necessary, financial information requested from the customer.

Credit limits typically have a 3 months' expiry date, but for financially strong customers an expiry date of up to 12 months may be given. Documents must be signed by the customer within the expiry date of the credit, otherwise a new proposal will be required and fresh searches conducted.

For a change in terms, where you are requesting an increase of up to 12 months on top of the term already approved (e.g. from an original 36 month contract term to a 48 month term), this can be requested by emailing the sales team, who will then request a review of this by the Arval Credit team. Similarly, requests to reduce the quoted Rentals in Advance (RIA) can be made in the same way, provided that the quoted RIA were not a condition of approval.

If there is sufficient credit headroom available, KYC checks are completed and the contract signed, then orders can be placed without a request into the Arval Credit team, unless there is a change to the previous terms of approval.



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/// Limited companies

These companies must file their financial statements at Companies House and, unless the company has been trading less than 2 years, there is no mandatory information required. **While it isn't mandatory, to maximise the likelihood of a first time decision, it is recommended that consent to search at least 2 directors is provided.**

/// Non-limited companies

As these companies do not have to file their financial statements at Companies House, the following requirements apply:

- Mandatory consent to search proprietor or 2 partners
- Mandatory 3 months of business bank statements, of which most recent month is no older than 30 days
- If bank statements or credit agency show no evidence of business, then a copy of tax returns will be requested
- If the total credit limit required is over £50,000, the last year end company accounts must be provided
- If an increase is requested more than a month after the last approval, then consent to search the proprietor partners must be provided again.

/// Government funded organisations

Providing these organisations are fully funded and this can be proved, then these should be approved as proposed. Private schools and charities that are set up as limited companies will be considered based on their financial statements filed at Companies House or on the Charity Commission website.

/// Non-UK registered companies

Companies registered outside the UK will only be considered if there is an existing Arval or BNP Paribas relationship with that entity. A company can be registered in the non-UK (Crown dependencies) domain of Isle of Man subject to payment by Direct Debit from a UK bank account. The Channel Islands are excluded and can only be considered by exception.

/// New businesses (trading less than 2 years)

This section applies to both limited and non-limited companies.

- Must be proposed with a minimum of 9 months' Rentals in Advance ("RIA") on a terminal-pause profile. **12 months' RIA may be requested by the underwriter for higher risk deals (e.g. longer lease term, higher value)**
- Mandatory 3 months of business bank statements, of which most recent month is no older than 30 days
- The proposal may still be declined if bank statements show several unauthorised borrowing fees or minimal transactions, or negative credit agency information is found.

Lower RIA for new businesses will only be considered in following circumstances:

- Company is part of a financially strong group
- Company has filed its first year accounts
- Company has moved from sole trader/partnership to limited company (accounts must be provided for old non-limited company with an accountant's letter confirming the transfer of all business and assets)
- Sole trader/partnership can demonstrate affordability from bank statements and individual credit searches on owners.

/// High value vehicles (New customers)

Extra fraud checks will apply where a vehicle's 'on the road' cost is more than £45k and the customer is new to Arval (i.e. less than 3 monthly payments made satisfactorily):

- Mandatory 3 months of business bank statements, of which most recent month is no older than 30 days
- Mandatory requirement to receive a copy of directors/owner's driving licence, validated via approved identification verification software

- Additional information may be requested following underwriter investigation
- A new customer is defined as having less than 3 months payment history with Arval.

We no longer require additional bank statements for existing customers with credit lines in place, who are paying satisfactorily and require a high value vehicle within the credit limits already approved.

/// Payment terms

- All customers will be invoiced monthly, with settlement by Direct Debit 15 days after the date of the invoice
- Government organisations may be approved on non-direct debit or extended terms (subject to good previous payment history if existing Arval customer).



/// Multi-user / courtesy vehicles

Courtesy vehicles are permitted. These are "free-of-use" vehicles provided by garages, automotive dealers, credit hire and accident management companies. In the case of credit hire and accident management companies, the use of vehicle is paid by the insurance company rather than the end-user driver.

The following requirements apply:

- All requests for multi-user/courtesy cars must be declared and the proposed usage explained on proposal
- A "multi-user" agreement will need to be signed
- The RV must be adjusted via the Arval Asset Risk team
- Minimum contract term must be at least 24 months.

/// Exclusions to credit policy

- ⊗ Taxis, chauffeurs, and private hire (where passengers are charged a fare)
- ⊗ Public transportation
- ⊗ Driving School vehicles
- ⊗ Sub-hiring (e.g. daily rental and leasing companies, contractors of logistics companies)
- ⊗ Vehicles carrying large quantities of asbestos (not for testing or measurement).

If the request clearly states that the vehicle will be used by staff or a director, then this will be considered by exception providing the vehicle type is not typical of those used in the excluding activities detailed above.



/// Appeals

If you require further information about a BCH Decline, please contact your Sales Support Executive. If the customer wishes to appeal a BCH credit Decline, you will need to upload a document titled 'PRC proposal Additional Supporting Docs', containing the full grounds of the appeal, supplying any supporting information.

/// Security

If conditionally approved by the Arval Credit team, subject to 9 or 12 months rentals in advance, payment is taken by Direct Debit after vehicle delivery. However by exception, when there is a perceived increase in risk, there are circumstances in which payment of enhanced rentals is requested to be made before delivery of the vehicle. The payment is held until such point at which the initial invoice is raised and in turn used to pay this invoice. Personal/directors' guarantees are not accepted.

All conditional approvals must be on a terminal-pause profile.

/// Service levels

The service level is from the point at which a completed proposal with all mandatory information provided is received by the Arval Credit team, to when the first response is given by the Arval Credit team (this may be the decision or a request for information).

The SLA depends on the value of the request:

Up to £250,000 credit limit is 2 working hours

Over £250,000 is 2 working days

Appeals are 2 working days.

The SLA may be longer if Credit Committee approval is required, which is determined by the credit quality and total credit limit of the business group.



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