

PRESS RELEASE

ARVAL: 2023 ANNUAL RESULTS

CONTINUED STRONG BUSINESS GROWTH

LEASED FLEET: 1.7 million vehicles (+6.9% vs. 31/12/2022)

INCREASE IN GROSS OPERATING INCOME

GROSS OPERATING INCOME: €2,906m, +16.7% vs. 2022 (+14.0% at constant scope¹)

CONTROLLED OPERATING EXPENSES AND IMPROVED COST-INCOME RATIO

OPERATING EXPENSES: €980.5m (+14.3% vs. 2022 and +9.0% at constant scope¹)

COST-INCOME RATIO: 33.7% vs. 34.5% in 2022

COST OF RISK REMAINS MODERATE

18 bp²

RISE OF OPERATING RESULT

OPERATING RESULT: €1,871.6m (+18.1% vs. 2022 and +16.7% at constant scope¹)

INCREASE IN NET INCOME

NET INCOME³: €1,398.1m (+11.6% vs. 2022 and +10.5% at constant scope¹)



**VERY GOOD PERFORMANCE
CONTINUED BUSINESS GROWTH AND RISE IN NET INCOME**

¹ Excluding the impact of the acquisition of TBLG on 30 November 2022 and the full consolidation of the entities in Chile, Peru and Colombia as of 1 January 2023 (previously accounted for under the equity method)

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

³ Before net income attributable to minority interests

The Board of Directors of Arval Service Lease met on 6 March 2024. The meeting was chaired by Alain van Groenendael and the Board approved Arval Group's results for 2023.

RISE IN NET INCOME SUPPORTED BY THE BUSINESS GROWTH

Arval's growth accelerated in 2023, maintaining the strong momentum of previous years. **Arval's financed fleet comprised 1,701,540 vehicles worldwide as at end of December 2023, an increase of 6.9% compared to the end of 2022.**

The financed fleet in the Corporate segment totalled 1,135,067 vehicles as at the end of December 2023 (+5.9% compared to the end of December 2022). The **Retail** segment reached 506,352 vehicles, a 9.0% increase compared to the end of December 2022 that underscores the growing popularity of long-term leasing among SMEs and private individuals. With 105,000 active users and 60,121 vehicles, the **Arval Flex** flexible leasing model (including medium-term leasing for professionals) **grew by 8.6%**.

- Significant progress was made in terms of the electrification of the fleet, which included **166,363 battery electric vehicles (BEVs) at year-end, an 85% increase** compared to 2022. In the last quarter of 2023, **battery electric vehicles (BEVs) accounted for 22% of new-vehicle orders.**

Arval is also supporting the adoption of electric vehicles with the launch of a new offering, **Arval Charging Services, which allows a vehicle to be leased with a charging station** and is available to both businesses and private customers.

Arval has also signed an international agreement with **ChargePoint, a major player in electric vehicle charging networks**, enabling Arval customers to access charging points at work and at home, as well as a network of **more than 500,000 charging points across Europe.**

- Arval has strengthened its **international collaboration** by announcing a tripartite strategic cooperation agreement with its long-standing partner Element and Sumitomo Mitsui Auto Service ("SMAS"). This agreement will enable global clients of the Alliance to access vehicle leasing and fleet management services in Japan, Thailand, India, and Indonesia. Furthermore, the Alliance expanded in 2023 to include **SIXT Mega Rent** (an automotive franchise operating in Serbia, Montenegro, and Bosnia-Herzegovina).

In total, the partners of the Alliance manage more than 4.4 million vehicles and operate in 56 countries across five continents. The in-depth expertise and global reach brought by this Alliance provide significant added value to Arval's global clients..

In addition, Arval maintains **strong partnerships** with banks (primarily with BNP Paribas, but also with CaixaBank in Spain and Portugal, UniCredit Bank in Austria, Erste Bank in Slovakia, etc.) and with major players in the automotive sector (Hyundai, Kia, Sixt, Astara, Emil Frey France, MG Motors and Volvo Cars). As a multi-brand leasing company, Arval has further expanded the selection of vehicle models available to its customers **by signing a strategic partnership with BYD**, the world's leading manufacturer of electric vehicles.

Arval also operates on a white-label basis with strategic partners such as Jaguar Land Rover, MG Motor and ZEEKR.

- In addition to supporting customers through the energy transition, Arval signed partnerships and launched several offerings to boost the adoption of mobility solutions. Thus, the **Arval Car-sharing** offering is now available in 15 countries, with a total of 125,000 bookings having been made via the platform in 2023. **The Arval Mobility Pass** was rolled out in 2023 with Edenred in Brazil, Betterway in France and XXIImo in the Netherlands, to enhance employer and employee mobility. Available in 14 countries, bike leasing was up 65% at the end of 2023 compared to the end of 2022. To support this market growth, Arval expanded its long-term bike rental offering in France by partnering with the specialized startup Zenride.

As at the end of December 2023, Arval had rolled out its used-car leasing offering, Arval Re-lease, in 21 countries, providing a smart solution that gives customers access to high-quality vehicles at attractive leasing rates, as well as extending the useful life of vehicles. The Arval Re-lease fleet grew by 139% year-on-year, demonstrating the interest of customers for this new type of offering.

- Arval reached the milestone of 633,000 connected vehicles in its fleet, a 39% increase compared to the previous year. This puts Arval on target to connect 80% of its fleet by 2025. Launched by Arval in 2022, the Arval Connect digital solution allows clients to optimize their vehicle fleet costs, improve driver safety, speed up their energy transition and manage mobile teams more efficiently thanks to telematics technology and data intelligence. With its connected insurance offer, Arval goes even further by providing to its customers a reduction of their monthly leasing rate, based on their driving style. Successfully launched in Italy, this service already shows a halving of road accidents. It will soon be deployed in Spain, in the Netherlands and in Belgium.

In 2023, Arval's gross revenues increased by 22.9%, reaching €16,096 million (€13,097 million in 2022), in connection in particular with its business growth.

Gross operating income stood at €2,906.0 million, up 16.7% (+14.0% at constant scope⁴) compared to 2022, thanks to good business growth and the rise in the number of vehicles sold (from a low base in 2022), despite the gradual normalisation, at a high level, of used-vehicle prices.

Gross operating income, excluding income from vehicle sales, increased by 14.1% overall: at €673.3 million, the lease contract margin was down 7.8% compared with 2022, mainly due to the higher financing costs of vehicles ordered and not yet delivered in connection with longer delivery times and higher interest rates; and the service margin stood at €879.1 million, up 39.6% from a low base in 2022 which included the one-off impact of the inflation-driven adjustment of the projected margins on the existing fleet.

Income from vehicle sales and projected capital gains on disposals reached €1,353.6 million⁵ in 2023 (€1,129.6 million in 2022), with a significant increase in the number of vehicles sold compared to 2022 in a used vehicle market where prices are gradually normalising, albeit at a high level, and with some projected capital gains on disposals having been revised upwards.

At €980.5 million, the Arval Group's **operating expenses** are controlled. They increased 14.3% compared with 2022 (9.0% at constant scope), as a result of business growth, the continued implementation of the strategic plan, and the impact of inflation. The cost-income ratio improved: 33.7% in 2023 vs. 34.5% in 2022.

The **cost of risk** remained moderate at €53.8 million, or 18 basis points of financial outstanding⁶. This is close to the previous year level (€47.4 million or 19 basis points).

At €1,871.6 million (€1,584.3 million in 2022), the **operating result** increased by 18.1% (+16.7% at constant scope).

Non-operating items totalled €20.1 million (€80.7 million in 2022). They include the impact of applying IAS 29 "Financial Reporting in Hyperinflationary Economies" within Arval's Turkish subsidiary (TEB Arval) for +€4.8 million compared to +€80.4 million in 2022. Since the subsidiaries in Chile, Peru and Colombia were fully consolidated as of 1 January 2023, non-operating items no longer include income from subsidiaries accounted for under the equity method.

⁴ Excluding the impact of the acquisition of TBLG on 30 November 2022 and the full consolidation of the entities in Chile, Peru and Colombia as of 1 January 2023 (previously accounted for under the equity method)

⁵ €1,336.9 million at constant scope

⁶ Financial outstanding (management data) represents the value of the leasing fleet based on a financial amortisation

Profit before tax stood at €1,891.8 million (€1,665.0 million in 2022), a 13.6% increase (+12.7% at constant scope⁷).

Net income stood at €1,398.1 million (€1,252.2 million in 2022) representing an increase of 11.6% (+10.5% at constant scope⁷). **Net income Group share** totalled €1,379.8 million, a 15.2% increase compared to the same period in 2022 (+14.0% at constant scope⁷).

This excellent performance reflects the growth of Arval's business and demonstrates the success of its long-term leasing model, as well as the diversification of its customer base, of the geographical areas in which it operates, and of its products.

The **balance sheet total** grew 20.2% compared to the end of 2022, reaching €44,328 million as at the end of December 2023, due in particular to the good growth of outstanding. Total equity stood at €3,980 million as at the end of December 2023 (€3,417 million as at the end of December 2022).

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“Arval achieved a very good performance in 2023, with a financed fleet of 1,701,000 vehicles, an increase of 6.9% on 2022.

Our gross operating income rose significantly, driven in particular by the growth of the business and the increase in outstanding. Operating expenses were controlled and the cost of risk remained moderate. Thus, Arval posted net income of €1.4 billion for the year, a significant increase compared to the previous year.

In 2023, we successfully pursued the implementation of our 2025 Arval Beyond plan, with good progress achieved in all areas: the battery electric vehicle (BEV) fleet was in particular up 85% on the previous year and the threshold of 630,000 connected vehicles was exceeded.

I would like to thank every Arval employee for their contribution to this very strong performance,” said Alain van Groenendael, Arval Chairman and CEO.

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About Arval:

Arval is a major actor in full-service vehicle leasing and a specialist in mobility solutions, leasing more than 1.7 million vehicles as at the end of December 2023. Every day, 8,400 Arval employees in 29 countries

⁷ Excluding the impact of the acquisition of TBLG on 30 November 2022 and the full consolidation of our entities in Chile, Peru and Colombia as of 1 January 2023 (previously accounted for under the equity method)

offer flexible solutions to make journeys seamless and sustainable for its customers, ranging from large international corporate groups to smaller companies and individual retail clients.

Arval is a founding member of the Element-Arval Global Alliance, a world leader in the fleet management industry, with more than 4.4 million vehicles in 56 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. Arval has been rewarded with the EcoVadis 2023 gold medal, placing its Sustainability strategy in the Top 5% of the companies assessed.

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 185,000 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 specialized businesses including BNP Paribas Personal Finance and Arval; Investment & Protection Services for savings, investment and protection solutions; and Corporate & Institutional Banking, focused on corporate and institutional clients. Based on its strong diversified and integrated model, the Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporate and institutional clients) to realize their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, BNP Paribas has four domestic markets: Belgium, France, Italy and Luxembourg. The Group is rolling out its integrated commercial & personal banking model across several Mediterranean countries, Turkey, and Eastern Europe. As a key player in international banking, the Group has leading platforms and business lines in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific. BNP Paribas has implemented a Corporate Social Responsibility approach in all its activities, enabling it to contribute to the construction of a sustainable future, while ensuring the Group's performance and stability.

<https://group.bnpparibas/en/>

Appendix

Consolidated profit and loss account

In millions of euros	Notes	Year to 31 December 2023	Year to 31 December 2022 <i>restated according to IFRS 17 and 9</i>
Lease contract revenues		6 183.08	5 175.46
Lease contract costs depreciation		(4 706.77)	(4 118.50)
Lease contract - Financing		(801.96)	(322.54)
Foreign exchange gain/loss		(1.01)	(3.93)
LEASE CONTRACT MARGIN	3.a	673.33	730.49
Service revenues		4 877.25	3 917.60
Costs of service revenues		(3 998.14)	(3 287.92)
LEASE SERVICES MARGIN	3.b	879.11	629.68
Proceeds of cars sold		5 035.32	4 003.56
Cost of cars sold and revaluation		(3 681.74)	(2 873.98)
CAR SALES RESULT AND REVALUATION	3.c	1 353.58	1 129.58
GROSS OPERATING INCOME		2 906.03	2 489.75
Salary and employee benefit expense	3.d	(654.88)	(571.79)
Other operating expenses	3.d	(262.04)	(224.25)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	3.d	(63.63)	(62.02)
OPERATING EXPENSES		(980.54)	(858.05)
Cost of risk	3.e	(53.85)	(47.41)
OPERATING RESULT		1 871.63	1 584.28
Other incomes and other expenses	3.f	20.15	71.11
Share of earnings of equity-method entities	3.g	-	9.63
PROFIT BEFORE TAX		1 891.78	1 665.02
Corporate income tax	3.h	(493.67)	(412.78)
NET INCOME		1 398.11	1 252.23
Net income attributable to minority interests		18.36	54.10
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		1 379.75	1 198.13

Consolidated balance sheet

In millions of euros	Notes	31 December 2023	31 December 2022 <i>restated in accordance with IFRS 17 and IFRS 9</i>
ASSETS			
Goodwill	5.a	633.01	608.00
Other intangible assets	5.b	143.73	117.10
INTANGIBLE ASSETS		776.74	725.10
Rental fleet	5.c	34 659.07	27 650.27
Property, plant and other equipment	5.d	183.44	173.48
TANGIBLE ASSETS		34 842.51	27 823.74
Equity-method investments	5.e	0.00	39.74
Securities at fair value through profit or loss	5.f	0.00	11.08
Derivatives used for hedging purposes	5.g	11.80	18.12
Other non current financial assets	5.h	244.51	183.87
FINANCIAL ASSETS		256.31	252.81
Deferred tax assets	5.i	37.99	90.24
NON CURRENT ASSETS		35 913.54	28 891.89
Inventories	5.j	944.24	476.71
Trade receivables	5.k	1 483.60	1 233.85
Cash and cash equivalents	5.l	3 662.70	4 586.60
Derivatives used for hedging purposes	5.g	4.72	7.25
Other financial assets	5.h	1.14	54.94
Current income tax receivable	5.i	112.64	57.93
Other receivables and prepayments	5.m	2 205.30	1 572.60
CURRENT ASSETS		8 414.33	7 989.89
TOTAL ASSETS		44 327.87	36 881.79
LIABILITIES			
Share capital		66.41	66.41
Share premium		38.75	216.54
Retained earnings and other reserves		2 476.62	1 882.00
Net income		1 398.11	1 252.23
<i>Net income for the period attributable to shareholders</i>		<i>1 379.75</i>	<i>1 198.13</i>
<i>Net income for the period attributable to minority interests</i>		<i>18.36</i>	<i>54.10</i>
TOTAL EQUITY		3 979.90	3 417.18
Subordinated debt	5.o	90.00	90.00
Debt securities	5.p	5 018.98	4 138.92
Borrowings from financial institutions	5.q	18 712.33	17 450.72
Derivatives used for hedging purposes	5.g	30.12	19.83
Retirement benefit obligations and long term benefits	5.r	55.83	48.34
Provisions	5.s	626.40	244.89
Deferred tax liabilities	5.i	693.06	489.65
Trade and other payables	5.t	252.72	207.96
NON CURRENT LIABILITIES		25 479.43	22 690.31
Borrowings from financial institutions	5.q	7 531.06	6 700.56
Debt securities	5.p	3 847.15	1 207.08
Derivatives used for hedging purposes	5.g	12.05	7.93
Provisions	5.s	249.63	95.82
Current income tax liabilities	5.i	150.30	138.68
Trade and other payables	5.t	3 078.36	2 624.21
CURRENT LIABILITIES		14 868.55	10 774.29
TOTAL LIABILITIES		40 347.97	33 464.60
TOTAL EQUITY AND LIABILITIES		44 327.87	36 881.79