

PRESS RELEASE

ARVAL 2023 HALF-YEAR RESULTS

GOOD BUSINESS GROWTH CONTINUES

LEASED FLEET: +9.5% vs. 30/06/2022 (+6.7% at constant perimeter¹)

SHARP INCREASE IN GROSS OPERATING INCOME THANKS TO BUSINESS GROWTH AND A STILL FAVOURABLE USED CAR MARKET SITUATION

GROSS OPERATING INCOME: +27.4% vs. H1 2022 (+24.5% at constant perimeter¹)

CONTROLLED OPERATING EXPENSES IMPROVED COST INCOME RATIO

OPERATING EXPENSES: +16.2% vs. H1 2022 (+10.7% at constant perimeter¹)

COST-INCOME: 31.4% vs 34.4% in H1 2022

COST OF RISK AT A MODERATE LEVEL

20 bp²

INCREASED OPERATING RESULT

OPERATING RESULT: €1,038.7m (+34.2% vs. H1 2022 and +32.7% at constant perimeter¹)

STRONG RISE IN NET INCOME

NET INCOME³: €770.1m (+24.1% vs. H1 2022 and +22.8% at constant perimeter¹)

VERY GOOD PERFORMANCE BUSINESS GROWTH CONTINUES STRONG RISE IN NET INCOME

¹ Excluding in particular the impact of the acquisition of TBLG on 30 November 2022

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

³ Before net income attributable to minority interests

The Board of Directors of Arval Service Lease met on 8 September 2023. The meeting was chaired by Alain van Groenendael, and the Board approved Arval Group's results for the first half of 2023.

STRONG RISE IN NET INCOME DRIVEN BY ONGOING BUSINESS GROWTH AND A FAVOURABLE USED CAR MARKET CONDITION

In an environment that remains complex for the automotive sector, Arval's activity growth continued during the first half of 2023 with orders increasing by 10.8% compared to the first half of 2022, maintaining the positive momentum of previous years. **Arval's financed fleet reached 1,642,997 vehicles** worldwide as at end of June 2023, representing **a 9.5% growth compared to the end of June 2022 (+6.7% at constant perimeter⁴)**. This positive progress was achieved despite still long delivery times for new vehicles (which nevertheless tend to stabilize) due to semiconductor shortages and logistical challenges affecting the automotive sector. **The fleet financed in the Corporate segment** totalled 1,093,998 vehicles at the end of June 2023 (a 6.9% increase compared to the end of June 2022⁵). The **Retail** segment comprises 486,490 vehicles, reflecting a 12.8% increase compared to the end of June 2022⁶ and the growing interest among SMEs and individuals in long-term leasing. Meanwhile, **the Arval Flex fleet (mid-term rental)** experienced a significant increase of 38.3% compared to the end of June 2022 in the context of extended delivery times for new vehicles.

Arval continues to successfully deliver its strategic plan, Arval Beyond, by introducing innovative mobility solutions, establishing strategic partnerships, and maintaining its commitment to corporate social responsibility (CSR), particularly by assisting its clients in their energy transition journey. **The Arval Mobility Observatory**, published in May 2023, confirmed that Arval's strategy aligns with the **five key trends** identified by this barometer:

- Company vehicle fleet size to continue to grow or remain stable
- Full service leasing financing method to continue to grow across countries
- Energy transition is accelerating
- Mobility solutions are increasingly being adopted as an add-on to company cars
- Connected services continue to increase

In an uncertain global context, companies continue to envisage the growth of their vehicle fleets, focusing on energy transition, connectivity and new mobility solutions.

Substantial advancements have continued to be made across all four Arval Beyond offerings, actively driving the realisation of BNP Paribas' strategic ambitions in mobility:

- During the first half of 2023, Arval established **new strategic partnerships**, notably with ChargePoint Holdings, Inc. (NYSE: CHPT), a key player in electric vehicle charging networks. This international agreement aims to accelerate the transition to e-mobility for international businesses, SMEs, and individuals. It provides Arval with the means to enhance and expand its current charging offerings and partnerships, gradually extending its geographical presence.
- Arval further strengthened its **international collaboration** by announcing a tripartite strategic cooperation agreement with Element, its long-standing partner, and Sumitomo Mitsui Auto Service ("SMAS"). This agreement enables global clients of the Alliance to access vehicle leasing and fleet management services in the markets of Japan, Thailand, India, and Indonesia.

Furthermore, this semester, the Alliance expanded to include SIXT Mega Rent, an automotive franchise operating in Serbia, Montenegro, and Bosnia-Herzegovina.

Together, the partners of the Alliance manage more than 4.4 million vehicles and now operate in 56 countries across five continents. The in-depth expertise and global reach brought by this

⁴ Excluding in particular the impact of the acquisition of TBLG on 30 November 2022

⁵ +4.5% at constant scope

⁶ +8.9% at constant scope

Alliance provide significant added value to Arval's global clients, especially in a market undergoing consolidation.

- Arval has also deepened its cooperation with MG Motor by launching an innovative car subscription offering in Germany. This provides individuals with another alternative for car usage.
- To support the growth of the bike market, Arval has expanded its long-term lease offering in France by partnering with the specialized startup, Zenride. The goal of this partnership is to accelerate the adoption of bikes among Arval's clients through a revamped offering. This includes expanding the catalogue of available bicycles with over 700 points of sale in France and specialised websites, providing access to bike pick-up and maintenance across the entire French territory, and a simple "all-in-one" solution that includes safety kits, maintenance, and insurance.
- During the first half of 2023, Arval reached the milestone of 500,000 connected vehicles in its fleet, marking a 20% increase compared to the previous year. This new milestone reflects the progress made within the framework of the Arval Beyond strategic plan and aligns with the goal of connecting 80% of Arval's fleet by 2025. Launched by Arval in 2022, Arval Connect is a digital solution based on telematics offered to clients with the aim of optimising their vehicle fleet costs, enhancing driver safety, accelerating energy transition, and making mobile team management more efficient.
- Speeding up the transition to sustainable mobility, at the end of June 2023, Arval leased already 366,000 electrified vehicles, marking a 23.5% increase compared to the end of 2022. Among these, 126,000 were battery electric vehicles, showing a 39.4% increase compared to the end of 2022.

In the first half of 2023, Arval's gross revenues increased by 16.3%, reaching 7 561 million euros (compared to 6 503 million euros in the first half of 2022), in connection in particular with its business growth.

The gross operating income stands at €1,553.5 million, showing an increase of 27.4% (+24.5% at constant perimeter⁷) compared to the first half of 2022, driven by the positive performance of the business and the still favourable situation in the used vehicle market.

The gross operating income, excluding vehicle sales, has seen an overall increase of 5.4%: the lease contract margin, at €373.5 million, has slightly declined by 1.4% compared to the first half of 2022, reflecting the impact of the financing of delivery times, despite the growth in outstanding amounts. The lease service margin stands at €390.9 million, marking a 12.8% increase compared to the first half of 2022, primarily driven by fleet growth.

Income from vehicle sales and revaluation amounted to €789.2 million⁸ in the first half of 2023 (vs. €494.1 million in the first half of 2022). The number of vehicles sold has increased by 22.0% compared to the first half of 2022. In a context of vehicle shortage still, used car prices continued to remain at favourable levels, and anticipated gains from disposals have been raised.

At €487.3 million, the Arval Group's **operating expenses** are controlled. They have increased by 16.2% compared to the first half of 2022 (10.7% at constant scope) in connection with business growth, continued implementation of the strategic plan, and the impact of inflation. The cost/income ratio improved: 31.4% in the first half of 2023 compared to 34.4% in the first half of 2022.

The **cost of risk** remains moderate at €27.5 million, which equates to 20 basis points relative to the financial outstanding⁹. It was at a very similar level during the same period of the previous year (€26.2 million, which corresponds to 19 basis points).

⁷ Excluding in particular the impact of the acquisition of TBLG on 30 November 2022

⁸ €777 million at constant scope

⁹ Financial outstanding (management data) represents the value of the rental fleet based on a financial amortisation

The Arval Group's **operating result**, at €1 038.7 million (€774 million for the first half of 2022), increased thus by 34.2% (+32.7% at constant scope).

Non-operating items total -€10.8 million (€57.2 million in the first half of 2022). These items include the impact of applying IAS 29 "Financial Reporting in Hyperinflationary Economies" within Arval's Turkish subsidiary (TEB Arval) for -€22 million, compared to +€62 million in the first half of 2022.

Profit before tax stands at €1,027.8 million (compared to €831.2 million in the first half of 2022), marking a 23.7% increase (+23.0% at constant scope).

The **net income** amounts to €770.1 million (compared to €620.7 million in the first half of 2022), representing a 24.1% increase (+22.8% at constant scope). **Arval Group's net income attributable to equity holders** amounts to €769.4 million, marking a 31.4% increase compared to the same period in 2022 (+30.1% at constant scope).

This excellent performance, bolstered by the still favourable used car market, reflects the strength of Arval's long-term leasing business model and the diversification of its client base, the geographic regions in which it operates, and its product offerings, despite the challenging conditions faced by the automotive industry and the impact of inflation.

The **total balance sheet** grew by 9.3% compared to the end of 2022, reaching €40,309 million as of June 2023, primarily due to business growth. The total equity amounts to €3,352 million as at end of June 2023 (compared to €3,417 million as at end of December 2022).

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"Arval achieved an outstanding performance in the first half of 2023, with a financed fleet of 1,643,000 vehicles, representing a 9.5% increase compared to 30 June 2022, and a 6.7% growth excluding the impact of acquisitions.

Our gross operating income increased substantially, supported by the rise in the number of vehicles sold and the still favourable condition of the used car market. Operating expenses were controlled, and cost of risk remained moderate. As a result, Arval recorded a net income of €770 million in the first half of the year, showing strong growth compared to the same period last year.

In the first half of the year, we continued the implementation of our 2025 Arval Beyond plan, making significant progress in all areas, surpassing in particular the milestone of 500,000 connected vehicles.

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

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About Arval:

Arval specializes in full-service vehicle leasing and new mobility solutions, leasing more than 1.6 million vehicles at the end of June 2023. Every day, more than 8,000 Arval employees in 29 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 4.4 million vehicles across 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.

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 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.

www.bnpparibas.com

Appendix

Consolidated profit and loss account

In millions of euros	Notes	Year to 30 June 2023	Year to 30 June 2022 <i>restated according to IFRS 17 and 9</i>
Lease contract revenues		2 917,59	2 538,79
Lease contract costs depreciation		(2 200,00)	(2 029,98)
Lease contract - Financing		(342,06)	(130,21)
Foreign exchange gain/loss		(2,08)	0,24
LEASE CONTRACT MARGIN	3.a	373,45	378,83
Service revenues		2 287,74	1 898,92
Costs of service revenues		(1 896,88)	(1 552,34)
LEASE SERVICES MARGIN	3.b	390,86	346,58
Proceeds of cars sold		2 356,16	2 065,71
Cost of cars sold and revaluation		(1 566,97)	(1 571,65)
CAR SALES RESULT AND REVALUATION	3.c	789,19	494,06
GROSS OPERATING INCOME		1 553,49	1 219,47
Salary and employee benefit expense	3.d	(324,83)	(277,34)
Other operating expenses	3.d	(132,28)	(111,51)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	3.d	(30,20)	(30,45)
OPERATING EXPENSES		(487,32)	(419,31)
Cost of risk	3.e	(27,51)	(26,17)
OPERATING RESULT		1 038,67	773,99
Other incomes and other expenses	3.f	(10,84)	51,94
Share of earnings of equity-method entities	3.g	-	5,23
PROFIT BEFORE TAX		1 027,83	831,16
Corporate income tax	3.h	(257,76)	(210,45)
NET INCOME		770,07	620,71
Net income attributable to minority interests		0,64	35,32
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		769,43	585,39

Consolidated balance sheet

In millions of euros	Notes	30 June 2023	31 December 2022 <i>restated in accordance with IFRS 17 and 9</i>
ASSETS			
Goodwill	5.a	641,39	608,00
Other intangible assets	5.b	124,67	117,10
INTANGIBLE ASSETS		766,06	725,10
Rental fleet	5.c	30 847,73	27 650,27
Property, plant and other equipment	5.d	168,61	173,48
TANGIBLE ASSETS		31 016,34	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	13,87	18,12
Other non current financial assets	5.h	196,34	183,87
FINANCIAL ASSETS		210,21	252,81
Deferred tax assets	5.i	48,81	90,24
NON CURRENT ASSETS		32 041,42	28 891,89
Inventories	5.j	643,41	476,71
Trade receivables	5.k	1 322,88	1 233,85
Cash and cash equivalents	5.l	4 371,99	4 586,60
Derivatives used for hedging purposes	5.g	5,55	7,25
Other financial assets	5.h	6,32	54,94
Current income tax receivable	5.i	46,06	57,93
Other receivables and prepayments	5.m	1 871,29	1 572,60
CURRENT ASSETS		8 267,49	7 989,89
TOTAL ASSETS		40 308,91	36 881,79
LIABILITIES			
Share capital		66,41	66,41
Share premium		38,75	216,54
Retained earnings and other reserves		2 476,41	1 882,00
Net income		770,07	1 252,23
<i>Net income for the period attributable to shareholders</i>		769,43	1 198,13
<i>Net income for the period attributable to minority interests</i>		0,64	54,10
TOTAL EQUITY		3 351,65	3 417,18
Subordinated debt	5.o	90,00	90,00
Debt securities	5.p	6 337,72	4 138,92
Borrowings from financial institutions	5.q	17 214,64	17 450,72
Derivatives used for hedging purposes	5.g	35,07	19,83
Retirement benefit obligations and long term benefits	5.r	48,66	48,34
Provisions	5.s	242,16	244,89
Deferred tax liabilities	5.i	574,25	489,65
Trade and other payables	5.t	222,78	207,96
NON CURRENT LIABILITIES		24 765,29	22 690,31
Borrowings from financial institutions	5.q	7 328,92	6 700,56
Debt securities	5.p	1 876,08	1 207,08
Derivatives used for hedging purposes	5.g	14,03	7,93
Provisions	5.s	95,71	95,82
Current income tax liabilities	5.i	123,50	138,68
Trade and other payables	5.t	2 753,72	2 624,21
CURRENT LIABILITIES		12 191,96	10 774,29
TOTAL LIABILITIES		36 957,26	33 464,60
TOTAL EQUITY AND LIABILITIES		40 308,91	36 881,79