CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

Contents

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 2024

In millions of euros	Notes	Year to 31 December 2024	Year to 31 Decembre 2023
Lease contract revenues		7 363,11	6 183,08
Lease contract costs depreciation		(5 294,29)	(4 706,77)
Lease contract - Financing		(1 269,45)	(801,96)
Foreign exchange gain/loss		(1,27)	(1,01)
LEASE CONTRACT MARGIN	3.a	798,10	673,33
Service revenues		5 482,12	4 877,25
Costs of service revenues		(4 499,59)	(3 998,14)
LEASE SERVICES AND OTHER MARGIN	3.b	982,53	879,11
Proceeds of cars sold		6 824,05	5 035,32
Cost of cars sold and revaluation		(5 998,22)	(3 681,74)
CAR SALES RESULT AND REVALUATION	3.c	825,82	1 353,58
GROSS OPERATING INCOME		**2 606,45**	**2 906,03**
Salary and employee benefit expense	3.d	(708,74)	(654,88)
Other operating expenses	3.d	(246,68)	(262,04)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	3.d	(67,19)	(63,63)
OPERATING EXPENSES		(1 022,61)	(980,54)
Cost of risk	3.e	(58,89)	(53,85)
OPERATING RESULT		**1 524,95**	**1 871,63**
Other incomes and other expenses	3.f	(22,41)	20,15
Share of earnings of equity-method entities	3.g	-	-
PROFIT BEFORE TAX		**1 502,54**	**1 891,78**
Corporate income tax	3.h	(372,63)	(493,67)
NET INCOME		**1 129,91**	**1 398,11**
Net income attributable to minority interests		42,50	18,36
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**1 087,41**	**1 379,75**

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

	In millions of euros	31 december 2024	31 December 2023
	Net income for the period	**1 129,91**	**1 398,11**
Items that are or may be reclassified to profit or loss	- Changes in exchange differences	*65,13*	*(10,31)*
	- Changes in fair value of investments of insurance activities	*3,86*	*5,87*
	Changes in fair value recognised in equity		
	Changes in fair value reported in net income		
	- Changes in fair value of hedging instruments	*17,67*	*(20,02)*
	Changes in fair value recognised in equity		
	Changes in fair value reported in net income		
	- Income tax	- *7,25*	*6,13*
	- Changes in equity-method investments		
		79,41	**(18,32)**
Items that will not be reclassified to profit or loss	- Remeasurement gains (losses) related to post-employment benefit plans	*8,08*	*(22,24)*
	- Income tax	- *2,18*	*5,69*
	- Changes in equity-method investments		
		5,89	**(16,55)**
	Changes in assets and liabilities recognised directly in equity	**85,31**	**(34,88)**
	Total	**1 215,22**	**1 363,23**
	- Attributable to equity shareholders	1 128,04	1 357,45
	- Attributable to minority interests	87,17	5,78

Changes in exchange differences are analysed as follows:

En millions d'euros	Code currency	Variation from 1 January 2024 to 31 December 2024	Variation from 1 January 2023 to 31 December 2023
Brasil	BRL	(14,75)	5,12
Switzerland	CHF	(0,48)	3,52
Chile	CLP	(5,87)	(0,30)
Colombia	COP	0,07	3,57
Czech Republic	CZK	(1,05)	(1,31)
United Kingdom	GBP	14,02	13,80
Morroco	MAD	0,99	0,27
Peru	PEN	3,47	(0,04)
Poland	PLN	1,75	6,74
Russia	RUB	(21,34)	(14,20)
Turkey	TRY	89,35	(27,06)
Others		(1,01)	(0,41)
Total		**65,13**	**(10,31)**

BALANCE SHEET AS AT 31 DECEMBER 2024

In millions of euros	Notes	31 December 2024	31 December 2023
ASSETS			
Goodwill	5.a	641,22	633,01
Other intangible assets	5.b	156,86	143,73
INTANGIBLE ASSETS		798,08	776,74
Rental fleet	5.c	40 164,26	34 659,07
Property, plant and other equipment	5.d	191,36	183,44
TANGIBLE ASSETS		40 355,63	34 842,51
Equity-method investments	5.e	-	-
Securities at fair value through profit or loss	5.f	-	-
Derivatives used for hedging purposes	5.g	39,46	11,80
Other non current financial assets	5.h	287,41	244,51
FINANCIAL ASSETS		326,88	256,31
Deferred tax assets	5.i	41,77	37,99
NON CURRENT ASSETS		**41 522,35**	**35 913,54**
Inventories	5.j	971,07	944,24
Trade receivables	5.k	1 559,50	1 483,60
Cash and cash equivalents	5.l	1 438,54	3 662,70
Derivatives used for hedging purposes	5.g	15,79	4,72
Other financial assets	5.h	1,00	1,14
Current income tax receivable	5.i	90,21	112,64
Other receivables and prepayments	5.m	2 316,54	2 205,30
CURRENT ASSETS		**6 392,66**	**8 414,33**
TOTAL ASSETS		**47 915,01**	**44 327,87**
LIABILITIES			
Share capital		66,41	66,41
Share premium		0,75	38,75
Retained earnings and other reserves		3 353,14	2 476,62
Net income		1 129,91	1 398,11
Net income for the period attributable to shareholders		*1 087,41*	*1 379,75*
Net income for the period attributable to minority interests		*42,50*	*18,36*
TOTAL EQUITY	5.n	**4 550,21**	**3 979,90**
Subordinated debt	5.o	90,00	90,00
Debt securities	5.p	2 909,55	5 018,98
Borrowings from financial institutions	5.q	23 798,82	18 712,33
Derivatives used for hedging purposes	5.g	17,14	30,12
Retirement benefit obligations and long term benefits	5.r	59,29	55,83
Provisions	5.s	354,79	626,40
Deferred tax liabilities	5.i	858,45	693,06
Trade and other payables	5.t	267,64	252,72
NON CURRENT LIABILITIES		**28 355,68**	**25 479,43**
Borrowings from financial institutions	5.q	9 092,54	7 531,06
Debt securities	5.p	2 283,14	3 847,15
Derivatives used for hedging purposes	5.g	6,86	12,05
Provisions	5.s	141,35	249,63
Current income tax liabilities	5.i	110,85	150,30
Trade and other payables	5.t	3 374,39	3 078,36
CURRENT LIABILITIES		**15 009,12**	**14 868,55**
TOTAL LIABILITIES		**43 364,80**	**40 347,97**
TOTAL EQUITY AND LIABILITIES		**47 915,01**	**44 327,87**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 1 JANUARY 2023 AND 31 DECEMBER 2024

	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			
Capital and retained earnings at 1st January 2023	282,95	3 178,55	3 461,50	11,47	11,47	(175,55)	(9,47)	1,99	(183,03)	3 289,94	127,24	3 417,1840
Appropriation of net income for 2022	(177,99)	(622,02)	(800,00)							(800,00)	(0,52)	(800,52)
Increases 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												
Other movements	0,20	(0,20)	-		-				-	-		-
Realised gains or losses reclassified to retained earnings												
Changes in assets and liabilities recognised directly in equity				(16,61)	(16,61)	3,06	5,14	(13,89)	(5,69)	(22,30)	(12,58)	(34,88)
Net income for 2023		1 379,75	1 379,75							1 379,75	18,36	1 398,11
Capital and retained earnings at 31 December 2023	105,17	3 936,09	4 041,25	(5,14)	(5,14)	(172,49)	(4,33)	(11,90)	(188,73)	3 847,39	132,50	3 979,90
Appropriation of net income for 2023	**(38,00)**	**(606,55)**	**(644,55)**							**(644,55)**	**(0,35)**	**(644,90)**
Increases 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												
Other movements			-		-				-	-		-
Realised gains or losses reclassified to retained earnings												
Changes in assets and liabilities recognised directly in equity				5,92	5,92	20,09	3,38	11,25	34,72	40,63	44,68	85,31
Net income for 2024		**1 087,41**	**1 087,41**							**1 087,41**	**42,50**	**1 129,91**
Capital and retained earnings at 31 December 2024	67,17	4 416,95	4 484,12	0,78	0,78	(152,41)	(0,95)	(0,65)	(154,01)	4 330,89	219,32	4 550,21

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Pre-tax income	**1 502,54**	**1 891,78**
Non-monetary items included in pre-tax income and other adjustments	**4 574,00**	**3 785,69**
Net depreciation and impairment expense on fleet	4 741,55	3 800,20
Net depreciation and impairment expense on other tangible assets	36,92	35,75
Net amortisation and impairment on intangible assets	18,44	14,89
Risk provision net variation	64,04	54,96
Other provision net variation	(418,88)	48,91
Variation of insurance and reinsurance assets and liabilities	27,60	43,29
Share of earnings of equity-method entities	-	-
Net (income) from investing activities	-	(6,85)
Other movements	104,32	(205,46)
Net increase (decrease) in cash related to assets and liabilities generated by operating activities	**(3 632,26)**	**(8 983,25)**
Net increase (decrease) in cash related to transactions with customers and credit institutions	6 527,06	1 010,03
Net increase (decrease) in cash related to transactions involving other financial assets and liabilities	(31,73)	(52,85)
Net increase (decrease) in cash related to acquisitions of leased fleet	(17 609,23)	(14 159,97)
Net increase (decrease) in cash related to sales of leased fleet	7 481,63	4 219,53
Net increase (decrease) in cash related to transactions involving other non-financial assets and liabilities		
Taxes paid	**(229,52)**	**(245,40)**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES	**2 214,76**	**(3 551,19)**
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities	(0,00)	(33,66)
Tangible and intangible asset acquisitions	(169,67)	(117,73)
Tangible and intangible asset disposals	30,00	29,72
Equity method capital variation	-	-
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS GENERATED TO INVESTING ACTIVITIES	**(139,66)**	**(121,67)**
Issue of ordinary and reference shares		
Share premium reimbursement	(38,00)	(177,99)
Issue / Reimbursement of bond and negotiable debt securities	(3 673,44)	3 520,14
Dividend paid	(606,55)	(622,54)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES	**(4 317,99)**	**2 719,61**
EFFECTS OF MOVEMENTS IN EXCHANGE RATES ON CASH AND EQUIVALENTS	**(1,55)**	**(0,59)**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	**(2 244,45)**	**(953,84)**
Balance of cash and equivalent accounts at the start of the period	**3 455,27**	**4 409,11**
Cash and on demand deposits with credit institutions	1 252,41	4 270,32
Short term bank deposit	2 410,29	316,28
On demand loans from credit institutions	(207,43)	(177,49)
Balance of cash and equivalent accounts at the end of the period	**1 210,82**	**3 455,27**
Cash and on demand deposits with credit institutions	866,75	1 252,41
Short term bank deposit	571,79	2 410,29
On demand loans from credit institutions	(227,73)	(207,43)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	**(2 244,45)**	**(953,84)**

Cash and cash equivalents are shown in Note 5.1.

NOTES TO THE FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by ARVAL Board of directors on March 6, 2025.

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 Service Lease (Parent company) is a French « Société Anonyme » and is part of BNP Paribas group. Its registered office is located at 1 boulevard Haussmann – 75009 Paris.

Arval group is a group offering full-service vehicle leasing and new mobility services with a direct presence in 29 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.

2024 highlights

Activity in 2024

Both a major player in long-term vehicle leasing and a provider of mobility solutions, Arval continued its growth in 2024, maintaining the positive momentum built up over previous years. Thus, as of the end of December 2024:

- Arval increased its fleet of leased vehicles by 5.6% compared to end of December 2023, with 1,796,396 vehicles.
- The leased fleet on the corporate segment has 1,193,302 vehicles at the end of December 2024, a growth of 5.1% compared to the end of December 2023.
- The Retail segment reached 557,089 vehicles, up 10.0% compared with end of December 2023, showing the growing interest of SMEs and individuals in long-term leasing (growth in the individual's segment was 17.0%).
- The Arval Flex fleet (medium-term flexible subscription) amounted 46,006 cars, down 23.5% compared to the end of December 2023 due to better availability of cars for long-term leasing thanks to the gradual return to normal delivery times.
- The fleet has 573,086 electrified vehicles (hybrid and electric) as of 31 December 2024, up 30.7% from the same period last year. Battery electric vehicles were up very sharply: +52.3% to 253,373 vehicles.

Arval has 8,525 employees serving more than 400,000 customers in 29 countries.

Gross operating income came to 2,606.5 million euros (-10.3% compared to 2023), recording the impact of gradual normalisation of used vehicle prices which experienced exceptionally high levels in 2022 and 2023 due to the lower production of new vehicles, but showing good resilience thanks to the rise in lease margins (financial margin) and service margins in liaison with the rise in financed outstanding (+19.9%).

General expenses were well contained with an increase of +4.3% compared to 2023. The cost/income ratio (including the result of vehicle sales) was 39.2%.

The cost of risk remained moderate at 58.9 million euros compared to 53.9 million euros at the end of December 2023.

Arval's net income amounted to EUR 1,129.9 million at 31.12.2024, down -19.2% compared to 31.12.2023 recording the impact of the gradual normalisation of used vehicle prices after two exceptional years (net income of EUR 1,249.2 million in 2022 and EUR 1,398.1 million in 2023).

This result takes into account a negative impact of EUR -35.6 million related to the application of IAS 29 within our Turkish subsidiary (EUR +4.8 million as of end of December 2023).

2024 confirms, once again, the resilience of ARVAL's business model with an increase in the financial and service margins linked to the rise in volumes and the acceleration of the fleet's energy transition, despite a decline in the operating result, marked by the evolution of used vehicle prices.

Conflict in Ukraine

The Arval Group has no operations in Ukraine. It has analysed and taken into account all the consequences of the risks linked to the Russo-Ukrainian conflict.

In Russia, it has a subsidiary that represents only 0.04% of its fleet in net book value.

The assets of this subsidiary are backed by funding with the same maturity and in the same currency as the contracts signed with the customers, who are mainly subsidiaries of large international groups. The Arval Group is closely monitoring the consequences of the conflict in Ukraine.

Since the beginning of the conflict, the entity has not signed any new contracts or commitments.

ALM events

At the end of December 2024, bond issuances amounted EUR 4.6 billion in EMTN.

The return to full integration in the prudential scope of the Arval entities, from 1st July 2024, will also be accompanied by a privileged return to intra-group financing methods. As a result, Arval stopped its Commercial Papers and EMTN issuances.

1.b STRATEGY

The energy transition of its fleets is at the heart of Arval's strategy.

- Arval is strengthening its electric vehicle offering and signed a strategic European partnership with the automotive manufacturer BYD (Build Your Dreams) in 2024. Arval is now adding BYD models to its range of vehicles available for lease, both for corporates and individuals.
- Leveraging data from connected vehicles and ensuring driver safety is also a major focus in managing Arval's clients' fleets. As part of its Arval Beyond strategy, Arval reaffirms its goal to have 80% of its fleet connected by 2025.
- Arval is also strengthening its partnerships with key players in the industry like:
  - Mazda France, and
  - Hyundai Motor France.
- Lastly, Arval continues its commitment to sustainable mobility and energy solutions: In the year 2024, Arval won the highest EcoVadis medal award at the beginning of 2025, the platinum level, placing it among the top 1% of the companies assessed, recognising its commitment to environmental, social and governance practices. This distinction reflects the growing integration of sustainability within the company and Arval's commitment to encouraging its value chain stakeholders to act for a positive impact.

In 2025, Arval's main objective will be to capitalize on the positive momentum of recent years, serving its customers and thanks to its motivated and committed employees despite a market that is still evolving.

The year 2025 will mark the continuation of the Arval Beyond strategic plan launched in 2020, with its adaptation "Arval 26 & Beyond", the objective of which will be to consolidate the company's priority projects and confirm certain objectives or set new ones to be achieved by the end of 2026.

Arval continues its strategy of supporting its customers in electrification of their fleets and the use of low-carbon mobility solutions, building on strong partnerships in the area of mobility and technology to ensure customer satisfaction that remains at the heart of its strategy.

Arval also publishes CSR reports available on the Arval.com website.

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 adjustement 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 ALM TREASURY RISK

ALM Treasury risks entails 3 types of risks: interest rate risk (IRRBB- interest rate risk in the banking book, 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 and/or Net Asset Value of Arval 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.

ALM Treasury risk management policy consists in matching assets and liabilities in terms of maturities, currencies, and interest rate exposure. Arval procedures defining the measurement of such risks and tolerance levels are applied across the group to allow a close monitoring of the ALM Treasury risk. These risks are monitored at corporate level by 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 regarding the Arval risk profile and decides any action to mitigate the risks when necessary.

Interest rate risk management

Most of Arval lease contracts do have fixed rentals. Hence, Arval policy consists mainly in financing 'fixed rate operational lease assets' with fixed rate funding with same duration.

Residual interest rate risk arises from the remaining gap (surplus or deficit). For this purpose, any residual exposure to interest rate risk must respect the limits set for each entity. Arval's ALM Treasury oversees the exposure to interest rate risks and requires the subsidiaries to implement appropriate adjustments.

The gap is aggregated and measured at consolidated level and by currency under time buckets. It is reported to Arval Asset and Liability Management Committee (ALCO) and framed by specific limits allocated by Arval Board of directors.

Arval implemented close monitoring of interest rate risk exposure as well as supervision of asset-liability supervising.

Foreign exchange risks

Arval policy mainly consists of financing the underlying asset in the same currency as the corresponding lease contract. But in a couple of foreign entities another currency than the local one is used and may generate a foreign exchange risk exposure which is framed by a dedicated limit.

Besides, Arval is present in countries outside the Euro zone and is therefore exposed to foreign exchange risks related to dividends to be received from its subsidiaries as well as net investments in those subsidiaries. The later Risk is reported and monitored regularly in Arval ALCO (Asset and Liability Management Committee).

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. A liquidity position is defined as the difference by time bucket between operational lease contracts, including commitments and dedicated liabilities (funding and net equity). It is measured by currency.

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 quarterly basis, under the supervision of Arval ALM Treasury department, by comparing the schedule of the existing leased assets with the schedule of funding.

The driven liquidity GAP position is consolidated at Arval group level. It is reported to Arval ALCO and framed by limits allocated by Arval board. Any deviation from the limits is reported to Arval ALCO and Arval ALM Treasury proposes to and implements a remediation action.

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 and interest rate hedging on its securitized issuance.

1.c.4 OPERATIONAL RISK

Arval aims at protecting its customers, its staff and its shareholders from operational risk. To do so, it has developed a risk management infrastructure based on identifying and anticipating potential risks, strategies to mitigate risk, and actions to raise awareness on these risks. It strives to contain operational risk to acceptable levels.

In addition to the general principles governing operational risk, Arval considers that five specific risk areas are particularly significant with regard to its activities: Risks emerging from its own leasing operations, Frauds, IT Security, Personal Data Protection, 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) especially within its own insurance company, Greenval Insurance DAC

(Greenval). Greenval is based in Ireland, acting predominately on 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 on the country and fleet size.

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

In addition, every year, an external independent actuarial 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 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.

- Further to the Pillar II recommendations of the Organisation for Economic Cooperation and Development (OECD) in relation to the international tax reform, the European Union adopted in December 2022 the 2022/2523 directive instituting a minimum corporate income tax for international groups, effective 1 January 2024. This directive was transposed in France in December 2023 by the 2024 Finance Act.

To clarify the directive's potential impacts, the IASB issued on 23 May 2023 a series of amendments to IAS 12 "Income Taxes", which were adopted by the European Union on 8 November 2023. In accordance with the provisions of these amendments, the Group applies the mandatory and temporary exception not to recognise deferred taxes associated with this additional taxation.

The impact of the Pillar II reform is non-material for the Group.

- In France, changes resulting from the pension reform enacted on 14 April 2023 constitute a change in post-employment benefits, based on IAS 19 § 104. The non-material impact of this change was recorded in the profit and loss for the period.

The introduction of other standards, amendments and interpretations that are mandatory as from 1 January 2024, in particular the amendment to IFRS 16 on Lease liabilities in a sale and lease back, had no effect on the Group's financial statements at 31 December 2024.

2.a.2 New major accounting standards, published but not yet applicable

The Arval Group did not early apply new standards, amendments and interpretations endorsed by the European Union when the application in 2024 was optional.

The impact assessment of the new standards and amendments not yet applicable by the Group is presented below:

- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" relating to the classification and measurement of financial instruments.

On 30 May 2024, the IASB published amendments to IFRS 9 and IFRS 7, which will be applicable for annual periods beginning on 1 January 2026. These amendments:

  - clarify the date of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic payment system;

- clarify and add indications for assessing whether a financial asset meets the cash flow criterion, e.g. its cash flows are solely payments of principal and interest on the principal outstanding (SPPI);

- require disclosures in the notes to financial statements for certain instruments with contractual terms that can change the time or amount of cash flows upon the occurrence or non-occurrence of a contingent event (e.g. financial instruments with characteristics linked to the achievement of environmental, social and governance objectives); and

- update the information requirements for equity instruments designated at fair value through equity.

- Publication of IFRS 18 “Presentation and disclosure in financial statements” in replacement of IAS 1.

IFRS 18 will be mandatory from 1 January 2027, with retrospective application.

IFRS 18 includes many of the requirements of IAS 1 without changes and supplements them with new requirements relating to:

- the presentation of specific categories (operating, investment and financing) and sub-totals in the statement of profit or loss account;

- information to be disclosed in the notes to the financial statements on management-defined performance measures (MPM);

- aggregation and disaggregation of information in the statement of profit or loss account.

The management is currently assessing the detailed implications of applying IFRS 18 to the Group’s consolidated financial statements.

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.

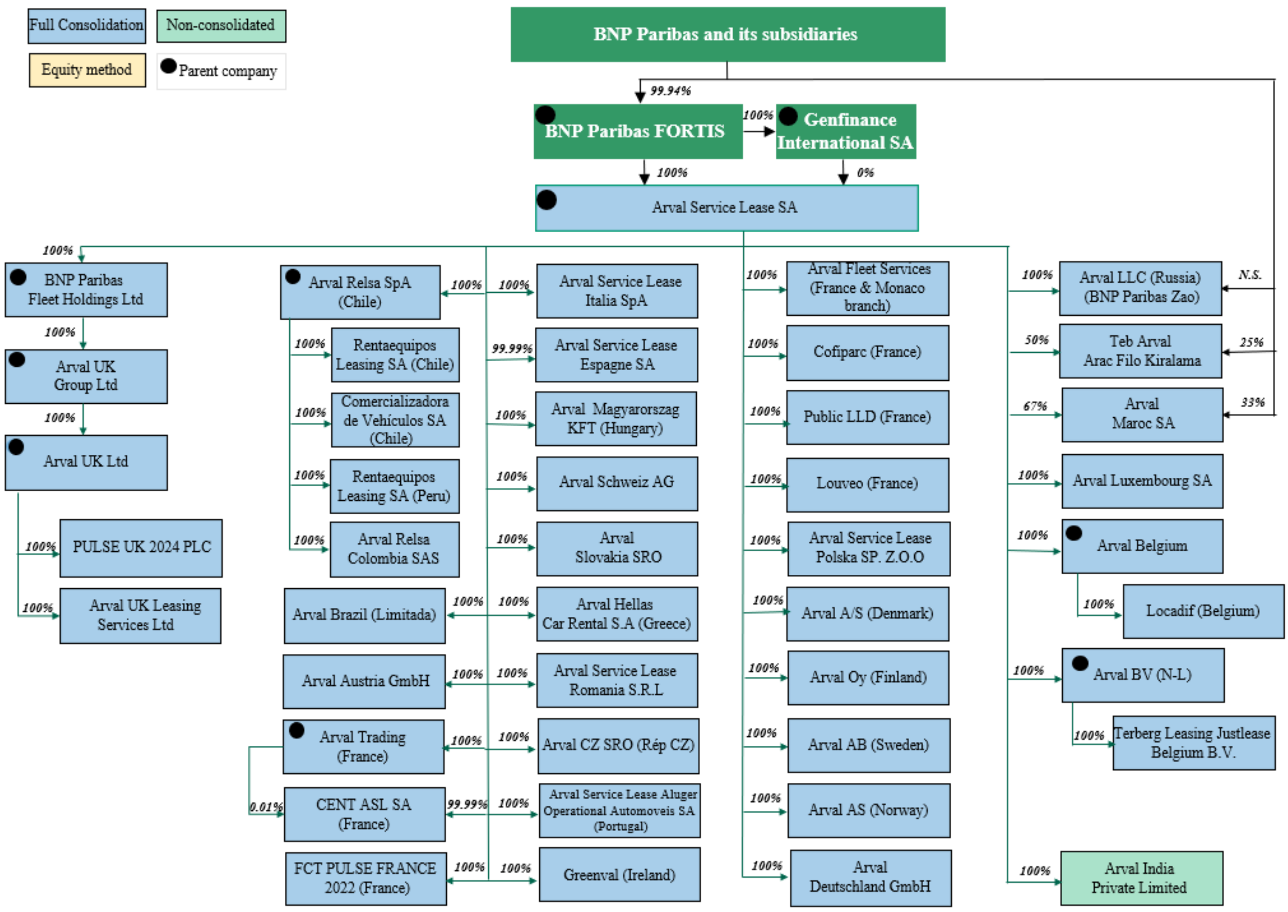
Subsidiaries are consolidated from the date on which Arval group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

Full scope of consolidation is presented in note 7c.

For 2024, variation Perimeter changes are:

- ARTEL: the entity merged with Arval Service Lease SA as of 3rd January 2024,
- PULSE UK 2024 PLC: the entity was creating during last 2024 quarter

Arval group chart – December 31, 2024



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.

Structured entities are entities established so that they are not governed by voting rights, for instance when those voting rights relate to administrative tasks only, whereas the relevant activities are directed by means of contractual arrangements. They often have the following features or attributes: restricted activities, a narrow and well-defined objective and insufficient equity to permit them to finance their activities without subordinated financial support.

For these entities, the analysis of control shall consider the purpose and design of the entity, the risks to which the entity is designed to be exposed and to what extent the Group absorbs the related variability. The assessment of control shall consider all facts and circumstances able to determine the Group's practical ability to make decisions that could significantly affect its returns, even if such decisions are contingent on uncertain future events or circumstances.

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 accounts 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.

Financial statements of the Group's subsidiaries located in hyperinflationary economies, previously adjusted for inflation by applying a general price index, are translated using the closing rate. This rate applies to the translation of assets and liabilities as well as income and expenses.

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 eurozone, 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 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[1] 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

[1] Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

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):

		31 December 2024		31 December 2023	
Currency code	Country	Year end	Average	Year end	Average
BRL	Brazil	6,406	5,830	5,359	5,401
CHF	Switzerland	0,940	0,953	0,929	0,972
CLP	Chile	1 030,273	1 021,064	970,504	908,505
COP	Columbia	4 561,157	4 406,950	4 276,180	4 672,864
CZK	Czech Republic	25,198	25,119	24,702	24,000
DKK	Denmark	7,458	7,459	7,455	7,451
EUR	Euro	1,000	1,000	1,000	1,000
GBP	United Kingdom	0,828	0,847	0,866	0,870
HUF	Hungary	411,288	395,487	382,615	381,592
INR	India	88,660	90,529	91,876	89,336
MAD	Morocco	10,494	10,755	10,956	10,953
NOK	Norway	11,794	11,634	11,218	11,425
PEN	Peru	3,892	4,061	4,090	4,048
PLN	Poland	4,277	4,305	4,342	4,542
RUB	Russia	117,758	100,488	98,819	92,485
RON	Romania	4,975	4,975	4,974	4,946
SEK	Sweden	11,458	11,436	11,138	11,474
TRY	Turkey	36,621	36,621	32,618	32,618

2.d BUSINESS COMBINATION AND GOODWILL

Business combination

Business combinations 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 FINANCIAL INFORMATION IN HYPERINFLATIONARY ECONOMIES

Arval Group applies IAS 29 to the presentation of the accounts of its consolidated subsidiaries located in countries whose economies are in hyperinflation.

IAS 29 presents a number of quantitative and qualitative criteria to assess whether an economy is hyperinflationary, including a cumulative, three-year inflation rate approaching or exceeding 100%.

IAS 29 standard requires that the balance sheet and the profit or loss amounts not already expressed in terms of the measuring unit current at the end of the reporting period be restated by applying a general price index.

For this purpose:

- All non-monetary assets and liabilities of subsidiaries in hyperinflationary countries, including equity, are restated on the basis of changes in the Consumer Price Index (CPI) from the date of initial recognition in the balance sheet to the end of the reporting period. Each line of the profit and loss account is restated on the basis of changes in CPI between the dates when the transactions were realised and the end of the reporting period.
- Assets and liabilities linked by agreement to changes in prices, such as index linked bonds and loans, are adjusted at the reporting date, in accordance with the agreement.

In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. The gain or loss on the net monetary position, which reflects this gain or loss on purchasing power incurred by the Group during the reporting period, may be derived as the difference resulting from the restatement of non-monetary assets, equity and the profit and loss account and the adjustment of index linked assets and liabilities. This gain or loss is recognised under “Other incomes” or “Other expenses” (cf. note 3.f)

Financial statements of these subsidiaries are then translated into euros at the closing rate.

In accordance with the provisions of the IFRIC’s decision of March 2020 on classifying the effects of indexation and translation of accounts of subsidiaries in hyperinflationary economies, the Group has opted to present these effects (including the net book value effect at the date of the initial application of IAS 29) within changes in assets and liabilities recognised directly through equity related to exchange differences.

Since 1 January 2022, the Group has applied IAS 29 to the presentation of the accounts of its consolidated subsidiaries located in Türkiye. IAS 29 adjustments are calculated on non-monetary items and more particularly on the fleet where the calculation is done vehicle by vehicle. As of 31 December 2024, the impact of IAS 29 on the profit and loss account was negative at EUR (35.6) million.

2.f RENTAL FLEET

Following IFRS 16, 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;
- changes from the previous month’s review 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.g 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 (cf. Note 3.b).

2.h 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.i 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.j 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.k ACCOUNTING STANDARD SPECIFIC TO INSURANCE ACTIVITY

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

2.k.1 INVESTMENTS RELATED TO INSURANCE ACTIVITIES

IFRS 9 is applied in the same way as other Group entities.

The classification criteria used in the transition to IFRS 9 were explained in the note on the transition of insurance activities to IFRS 9.

2.k.2 INSURANCE CONTRACTS

The Group Arval applies IFRS 17 to insurance contracts issued, reinsurance contracts issued and held. The main IFRS 17 contracts issued by the Group correspond to contracts covering risks related to persons or property.

Insurance contracts

An insurance contract is a contract under which a party, the issuer, assumes a significant insurance risk for another party, the policyholder, by agreeing to indemnify the policyholder if a specified uncertain future event, the insured event, is detrimental to the policyholder.

An insurance risk is significant if, and only if, an insured event can cause the insurer to pay significant additional amounts in any scenario, excluding scenarios that are devoid of commercial substance. A contract transfers a significant insurance risk only if there is a scenario with a commercial substance in which there is a possibility that the issuer will incur a loss based on the present value.

Accounting and measurement

- *Aggregation of contracts*

Insurance contracts are accounted and measured by groups of contracts within portfolios of contracts covering similar risks and managed together. Groups of contracts are determined according to their expected profitability at inception: onerous contracts, profitable contracts with a low risk of becoming onerous, and others. A group of contracts may contain only contracts issued no more than one year apart (corresponding to an annual “cohort”), except where the optional exemption provided for in the European regulation applies. The analysis of the standard and the identification of its effects led the Arval group to opt for the simplified measurement model for its subsidiary Greenval Insurance DAC. Insurance contracts are valued according to the premium allocation approach.

- *Recognition and derecognition*

A group of insurance contracts (or reinsurance contracts issued) is recognised from the earliest of the following dates: the beginning of the period of coverage of the group of contracts, the date on which the first payment of a policyholder in the group becomes due (or, in the absence of such a date, when the first payment is received) and, in the case of a group of onerous contracts, the date on which the group becomes onerous.

An insurance contract shall be derecognised when the obligation it covers is extinguished, by payment or maturity, or if the terms of the contract are amended in such a way that the accounting treatment of the contract would have been substantially different if those amendments had originally existed. The derecognition of a contract entails the adjustment of the fulfilment cash flows.

Simplified measurement model (Premium Allocation Approach – PAA)

The PAA is a simplification of the GMM and in order to apply this model, a PAA eligibility test is required to be passed. Indeed short-term contracts (less than one year) may be measured using a simplified approach known as the Premium Allocation Approach, also applicable to longer-term contracts if it leads to results similar to those of the general model in terms of liability for the remaining coverage. For profitable contracts, the liability for the remaining coverage is measured based on the deferral of premiums collected according to a logic similar to that used under IFRS 4. Onerous contracts and liabilities for incurred claims are valued according to the general model.

The general model (Building Block Approach – BBA) for the measurement of insurance contracts is the best estimate of the future cash flows to be paid or received necessary to meet contractual obligations. Cash flows are discounted to reflect the time value of money. The cash flows estimate is supplemented by an explicit risk adjustment to cover the uncertainty for non-financial risk. At each reporting date, the carrying amount of a group of insurance contracts is the sum of the liabilities for the remaining coverage which include the fulfilment cash flows related to future services (best estimate and risk adjustment) and of the liabilities for incurred claims which include include the best estimate of the cash flows and the risk adjustment. In the case of contracts which become onerous, the loss is recognised in the reporting period.

Liabilities for incurred claims are discounted if the expected settlement of claims takes place one year after the date of occurrence. In this case, the option of classifying the effect of changes in the discount rate in equity is also applicable.

At each reporting date, the adjustment of liabilities for remaining coverage and for incurred claims is recognised in profit or loss.

The majority of Greenval’s insurance contracts have coverage period of one year or less. For the remaining contracts, following an analysis of the standard and the identification of its effects, the Company has met the eligibility test to apply the simplified PAA.

Treatment of the reinsurance

Reinsurance contracts issued will be treated the same way that insurance contracts issued are treated. Greenval's reinsurance contracts held have similar characteristics to the underlying contracts issued and will be measured using the PAA.

Presentation in the balance sheet and in the profit and loss

Income recognised in respect of insurance contracts issued by Greenval are presented in the income statement under the heading "Service revenues". 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.

Insurance contracts may be distributed and managed by non-insurance entities of the Group that are remunerated as such by commissions paid by insurance entities. In the PAA model, the treatment of these costs in IFRS 17 is the same as in IFRS 4.

Insurance (and reinsurance) contracts issued and reinsurance contracts held are presented on the assets and liabilities side of the balance sheet according to the overall position of the portfolios to which they belong.

2.l 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.m USE OF SIGNIFICANT 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 0. "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 relation to the effect of environmental considerations on the evaluation of future prices of second-hand vehicles.

- The recognition of maintenance and tyre revenues, based on a normal profile of repair and maintenance costs based on historical statistics and expected service costs at the start of the contract.
- impairment tests are performed on the used cars (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 31.12.2024.
- impairment tests performed on intangible assets (please refer to section 5.a);
- the deferred tax assets (please refer to section 5.i);
- the estimation of insurance technical reserves (please refer to section 2.k 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 FOR THE YEAR ENDED 31 DECEMBER 2024

3.a LEASE CONTRACT MARGIN

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Lease contract revenues	7 363,11	6 183,08
Lease contract costs depreciation	(5 294,29)	(4 706,77)
Lease contract - Financing	(1 269,45)	(801,96)
Foreign exchange gain/loss	(1,27)	(1,01)
Lease contract margin	**798,10**	**673,33**

Lease contract margin refers to the Lease Rental activity including revenues and costs such as rents, depreciation, interests, 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.

The increase in the lease margin is mainly due to the slower growth of funding costs. Since Arval financed itself at the time of ordering (with Forwards borrowings since 1st July 2024), the fall in rates and the return to normal delays between the order date and the delivery date led to an increase in these funding costs not as fast as lease revenues in 2024.

3.b LEASE SERVICE MARGIN

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Service revenues	5 482,12	4 877,25
Costs of service revenues	(4 499,59)	(3 998,14)
Lease services margin	**982,53**	**879,11**

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 have occurred and is based on a normal profile of repair, maintenance and tyre costs, supported by historical statistics and estimated service costs. The difference between the amounts billed to customers linearly and the amounts recorded as revenues is recognised as deferred services income.

Arval has defined a set of governance, risk management and control measures to address this model risk.

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 AND REVALUATION

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Proceeds of cars sold	6 824,05	5 035,32
Cost of cars sold and revaluation	(5 998,22)	(3 681,74)
Car sales result and revaluation	**825,82**	**1 353,58**

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.

Cost of cars sold and revaluation:

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

The latter is therefore composed of two distinct elements with different economic fundamentals:

- The impairment of assets calculated according to the parameters used to define rent and related to the lease margin. This impairment is presented in the line “Lease contract costs depreciation” in note 3.a;
- anticipation (smoothed over the life of the contract) of the expected gain or loss on the resale of the vehicle, linked to the aggregate result of vehicle sales and revaluation. This depreciation is shown in the line " Cost of cars sold and revaluation" of this note.

The table below shows the total depreciation allowances for the rental stock.

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Lease contract costs depreciation	(5 294,29)	(4 706,77)
Cost of cars sold and revaluation – depreciation	352,83	695,26
Charges depreciation	**(4 941,46)**	**(4 011,51)**

3.d Operating expenses

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Salary and employee benefit expense	(708,74)	(654,88)
Other operating expenses	(246,68)	(262,04)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(67,19)	(63,63)
Operating expenses	**(1 022,61)**	**(980,54)**

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 2024 is 8,490.

As of December 31, 2024, the full-time equivalent number of staff employed by the group is 8,525.

3.e Cost of risk

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Net allowances to impairment	(14,88)	(29,57)
Recoveries on loans and receivables previously written off	7,05	4,21
Losses on irrecoverable loans	(51,05)	(28,49)
Total cost of risk for the period	**(58,89)**	**(53,85)**

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 December 2024	Year to 31 December 2023
Other incomes	16,22	29,94
Other expenses	(38,63)	(9,79)
Other incomes & expenses	**(22,41)**	**20,15**

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.

In application of IAS 29, other expenses includes an amount of EUR -35.62 million before tax relating to the profit on the net monetary position of the Turkish entity. This amount includes the application of the Consumer Price Index (CPI) on non-monetary balance sheet items and on income statement components.

3.g SHARE OF EARNINGS OF EQUITY METHOD ENTITIES

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. At 31 December 2024, there is no more entities consolidated by using the equity method.

3.h CORPORATE INCOME TAX

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Corporate income tax	(210,72)	(200,30)
Deferred tax expenses/incomes	(161,91)	(293,37)
Corporate income tax	(372,63)	(493,67)

Effective tax rates

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France	Year to 31 December 2024		Year to 31 December 2023	
	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 [1]	(388.11)	25.83%	(488.65)	25.83%
Impact of differently taxed foreign profits	17.30	(1.15%)	25.97	(1.37%)
Impact of changes in tax rates	(0.80)	0.05%	(12.40)	0.66%
Impact of the securities taxation	(6.90)	0.46%	(10.36)	0.55%
Impact of the credit tax used	11.98	(0.80%)	15.20	(0.80%)
Impact of the tax of the previous years	(2.51)	0.17%	(13.43)	0.71%
Impact of tax losses non activated	(1.28)	0.09%	4.09	(0.22%)
Other items	(2.32)	0.15%	(14.10)	0.75%
Corporate income tax expense	(372.63)	24.80%	(493.67)	26.10%
Current tax expense for the year to 31 December	(210.72)	14.02%	(200.30)	10.59%
Deferred tax expense for the year to 31 December (Note 5.i)	(161.91)	10.78%	(293.37)	15.51%

[1] Restated for the share of profits in equity-method entities and goodwill impairment.

The standard tax rate in France is 25.83% for 2024.

Countries where tax rates are lower than in France are mainly Ireland, Poland and Spain (with applicable tax rates of 12.5%, 19.0% and 25.0% 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 2024	31 December 2023
Countries / Geographical areas		
France	7 026,78	6 215,16
Italy	6 346,00	5 434,78
United Kingdom	4 576,03	4 096,50
Spain	4 788,84	4 351,20
Germany	3 602,92	2 907,49
Central and Southern Europe	5 196,89	4 312,76
Nothern Europe and Benelux	7 132,08	6 039,09
Asia	663,14	467,15
Latin America	831,58	834,93
Fleet net amount at end of period	**40 164,26**	**34 659,07**

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 2024	31 December 2023
Countries / Geographical areas		
France / IT / Corporate functions / Others	2 710	2 655
Italy	1 126	1 141
United Kingdom	705	693
Spain	900	880
Germany	446	439
Central and Southern Europe	1 085	1 002
Northern Europe and Benelux	1 039	1 048
Asia	156	181
Latin America	358	348
TOTAL FTEs	**8 525**	**8 388**

FTEs include full-time and part-time permanent and fixed-term employees (on a pro rata basis) of fully consolidated entities in 2024.

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 2024	Year to 31 December 2023
Countries / Geographical areas		
France	499,54	594,52
Italy	405,56	453,13
United Kingdom	176,46	330,87
Spain	388,99	419,26
Germany	248,99	195,32
Central and Southern Europe	245,04	253,24
Nothern Europe and Benelux	432,71	435,24
Asia	154,34	164,89
Latin America	54,83	59,56
Gross Operating Income	2 606,45	2 906,03

5. NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2024

5.a GOODWILL

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Carrying amount at start of period	633,01	608,00
Acquisitions	-	21,70
Divestments		
Impairment recognised during the period		
Exchange rate adjustments (*)	8,21	3,31
Other movements		
Carrying amount at end of period	641,22	633,01
Gross value	752,58	739,42
Accumulated impairment recognised at the end of period	(111,36)	(106,41)

(*): of which exchange rate adjustment on net value: 8,21 for 2024 and 3,31 for 2023

Impairment on Goodwill concerns UK entities and was recorded in 2009. Movement on impairment as of 31 December 2024 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 acquisitions in 2023 concern the group Relsa (Colombia, Chile, Peru) which is owned at 100% since 1st January 2023 and fully controlled by Arval group.

Measurement of goodwill

The Arval Group considers all its activities as a "homogeneous group of businesses" (Cash Generating Unit according to IAS 36).

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 during in 2024.

5.b OTHER INTANGIBLE ASSETS

In millions of euros	Year to 31 December 2024			
	Software	Other intangible assets	Intangible assets in progess	Total
Carrying amount at start of period	51,44	21,32	70,96	143,73
Additions	72,55	-	44,76	117,31
Consolidation perimeter changes	-	-	-	0,00
Disposals	(20,32)	-	-	(20,32)
Amortisation charge	(15,32)	(3,12)		(18,44)
Impairment charge				
Other movements	-	-	(65,41)	(65,41)
Exchange rate adjustments	-	-		0,00
Carrying amount at end of period	88,35	18,20	50,32	156,86
Gross value	277,98	27,56	50,32	355,86
Accumulated amortisation and impairment	(189,64)	(9,36)		(199,00)

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 2024, carrying amount of software contents EUR 85.39 million for generated software.

Furthermore, the column "Other intangible assets" mainly include entrance fees for partnerships and Terberg group's customers value.

In millions of euros	Year to 31 December 2023			
	Software	Other intangible assets	Intangible assets in progess	Total
Carrying amount at start of period	**53.29**	**7.02**	**56.79**	**117.10**
Additions	29.88	0.01	34.56	64.44
Consolidation perimeter changes	(0.55)	18.32	(1.21)	16.56
Disposals	(19.40)	(0.02)	-	(19.42)
Amortisation charge	(11.78)	(3.11)		(14.89)
Impairment charge				
Other movements	-	(0.89)	(19.17)	(20.07)
Exchange rate adjustments	-	-		-
Carrying amount at end of period	**51.44**	**21.32**	**70.96**	**143.73**
Gross value	225.70	27.54	70.96	324.20
Accumulated amortisation and impairment	(174.26)	(6.21)		(180.48)

On 31 December 2023, carrying amount of software contents EUR 47,02 million for generated software.

5.c Rental fleet

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Carrying amount at start of period	**34 659,07**	**27 650,27**
Additions	17 609,23	14 159,97
Consolidation perimeter changes	-	248,93
Disposals	(7 481,63)	(4 219,53)
Depreciation charge	(4 741,67)	(3 834,61)
Impairment charge	0,12	34,41
Reclassification of sectorial provision on fleet	0,00	508,32
Other movements (*)	63,01	66,21
Exchange rate adjustments	56,14	45,11
Carrying amount at end of period	**40 164,26**	**34 659,07**
Gross value	50 977,76	44 976,23
Accumulated depreciation and impairment	(10 813,50)	(10 317,16)

(*) of which EUR 63m in December 2024 and 66,21m in December 2023 linked to hyperinflation in Turkey (net between Gross and amortization)

As of December 31, 2024, the net amount of the leased vehicles owned by the Arval group reaches EUR 40,164.26 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 contractual 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.m for more information.

5.d PROPERTY, PLANT AND OTHER EQUIPMENT

	Year to 31 December 2024			
In millions of euros	Land and buildings	Equipment, furniture and fixtures	Other property, plant and equipment	Carrying amount
Carrying amount at start of period	102,00	11,05	70,39	183,44
Additions	20,68	3,99	27,68	52,36
Consolidation perimeter changes	-	-	-	-
Disposals	(0,76)	(0,00)	(8,92)	(9,68)
Depreciation charge	(21,10)	(2,15)	(13,68)	(36,92)
Impairment charge	-			-
Other movements	-	-	0,29	0,29
Exchange rate adjustments	0,24	0,11	1,53	1,88
Carrying amount at end of period	101,06	13,01	77,30	191,36
Of which Rights of Use	95,18	1,67	4,66	101,51
Gross value	*273,91*	*30,97*	*150,00*	*454,88*
Accumulated depreciation and impairment	(172,85)	(17,96)	(72,70)	(263,52)

Lands represent EUR 6,45 million in carrying amount at the end of period.

In millions of euros	Year to 31 December 2023			
	Land and buildings	Equipment, furniture and fixtures	Other property, plant and equipment	Carrying amount
Carrying amount at start of period	**107,35**	**11,10**	**55,03**	**173,48**
Additions	19,16	1,98	32,15	53,29
Consolidation perimeter changes	0,49	0,10	0,51	1,10
Disposals	(4,50)	(0,07)	(5,73)	(10,30)
Depreciation charge	(21,17)	(1,99)	(12,59)	(35,75)
Impairment charge	-			-
Other movements	0,50	(0,08)	1,06	1,48
Exchange rate adjustments	0,17	0,01	(0,04)	0,14
Carrying amount at end of period	**102,00**	**11,05**	**70,39**	**183,44**
Of which Rights of Use	96,54	1,67	4,74	102,95
Gross value	*274,12*	*28,84*	*145,78*	*448,75*
Accumulated depreciation and impairment	(172,13)	(17,79)	(75,39)	(265,31)

Lands represent EUR 6.46 million in carrying amount at the end of period.

5.e Equity method investments

In millions of euros	Year to 31 December 2024	31 December 2023
Carrying amount at start of period	-	39,74
Share of net income	-	-
Share of changes in assets and liabilities recognised directly in equity	-	-
Exchange rate adjustments	-	-
Consolidation perimeter changes	-	(39,74)
Carrying amount at end of period	-	-

Entities previously jointly controlled by Arval and its partner Relsa in Chile, Peru and Colombia are now 100% owned and fully consolidated since 1st January 2023.

5.f Securities at fair value through profit or loss

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Carrying amount at start of period	-	**11,08**
Fair value adjustments	0,32	0,31
Change of portfolio securities	(0,32)	(11,39)
Carrying amount at end of period	-	-
Gross amount	18,96	19,28
Accumulated Fair value recognized at the end of the period	(18,96)	(19,28)

The securities classified as Mandatory Fair Value through Profit or Loss are the ones from entities.

- which is not controlled by Arval:
- or which is fully controlled by Arval but not consolidated for materiality reason.

In 2023, Arval disposed the securities of Annuo Jiutong (China) and now the account registers mainly the securities of Arval India.

5.g Derivatives used for hedging purposes

In millions of euros	31 December 2024		31 December 2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges	0,00	0,00	0,00	0,00
Interest rate derivatives				
Foreign exchange derivatives				
Cash flow hedges	55,25	24,00	16,52	42,16
Interest rate derivatives	2,73	0,48	7,45	0,00
Foreign exchange derivatives	52,52	23,52	9,06	42,16
Other derivatives				
Derivatives used for hedging purposes	**55,25**	**24,00**	**16,52**	**42,16**
Split current / non current is as follows				
Current (less than 1 year)	15,79	6,86	4,72	12,05
Non current (more than 1 year)	39,46	17,14	11,80	30,12
Total	**55,25**	**24,00**	**16,52**	**42,16**

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

5.h Other financial assets

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Loans	0,29	0,22
Security Deposit	0,72	0,92
Other non current financial assets - Insurance securities	267,98	233,87
Post employement benefit assets	19,43	10,64
Carrying amount at end of period	**288,42**	**245,65**

The other current financial assets – Insurance securities 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	Year to 31 December 2024	Year to 31 December 2023
Current (Less than one year)	1,00	1,14
Non current (more than one year)	287,41	244,51
Carrying amount at end of period	**288,42**	**245,65**

5.i Current and deferred taxes

In millions of euros	31 December 2024	31 December 2023
Current taxes	90,21	112,64
Deferred taxes	41,77	37,99
Current and deferred tax assets	**131,98**	**150,62**
Current taxes	110,85	150,30
Deferred taxes	858,45	693,06
Current and deferred tax liabilities	**969,29**	**843,36**

Change in deferred tax by nature over the period:

In millions of euros	31 December 2023	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 2024
Financial instruments	39,10	25,38	(7,96)		(4,16)	52,36
Provisions for employee benefit obligations	(22,89)	(8,04)		(2,59)	0,20	(33,32)
Fleet	(962,01)	(129,29)			(72,54)	(1 163,84)
Other tangible assets	63,08	6,95			(0,42)	69,61
Intangible assets	(4,82)	1,36			(0,05)	(3,51)
Credit risk impairment	28,53	0,25			(0,10)	28,68
Provisions	73,85	(69,47)			88,38	92,77
Tax loss carryforwards	126,01	10,66			(1,72)	134,96
Other items	4,07	(0,01)			1,55	5,61
Net deferred taxes	**(655,07)**	**(162,20)**	**(7,96)**	**(2,59)**	**11,14**	**(816,68)**
Deferred tax assets	37,99					41,77
Deferred tax liabilities	693,06					858,45

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	31 December 2024	31 December 2023
Carrying amount at start of period	**944,24**	**476,71**
Variation of inventories	8,02	478,27
Inventories allowance recognised during the period	5,97	(24,54)
Other movements	-	9,19
Exchange rate adjustments	12,85	4,60
Carrying amount at end of period	**971,07**	**944,24**
Gross value	994,86	973,56
Accumulated allowances recognised at the end of period	(23,78)	(29,32)

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 or not yet re-leased. 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 2024	31 December 2023
Trade receivables - gross amount	1 802,13	1 711,99
Impairment	(242,63)	(228,39)
Total	**1 559,50**	**1 483,60**
Past maturity of gross amount is as follows		
Non past due	1 310,68	1 199,47
Past due less than 1 year	342,16	365,08
Past due 1-5 years	137,35	140,47
Past due over 5 years	11,94	6,97
Total	**1 802,13**	**1 711,99**

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, 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 (with the "forward looking" coefficient) including in the provision for receivables depreciation amounts to EUR 30 million as at December 31 2024 versus EUR 35 million as at December 31 2023.

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	31 December 2024	31 December 2023
Carrying amount at start of period	(228,39)	(190,21)
Charge impairment recognised during the period	(46,57)	(51,97)
Reversal impairment recognised during the period	32,09	22,94
Exchange rate adjustments	0,24	0,34
Other movements	-	(9,49)
Carrying amount at end of period	(242,63)	(228,39)

5.l CASH AND CASH EQUIVALENTS

In millions of euros	31 December 2024	31 December 2023
Cash at bank and on hand	866,75	1 252,41
Short term bank deposit	571,79	2 410,29
Carrying amount at end of period	1 438,54	3 662,70

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 December 2023 and December 2024 is equal to EUR (2,244) million (including overdrafts). This was mainly due to the reduction in vehicle delivery times by car manufacturers, which resulted in a reduction in the stock of vehicles financed on demand and the introduction of forward financing to finance this stock.

5.m Other receivables and prepayments

In millions of euros	31 December 2024	31 December 2023
Recoverable VAT	653,00	699,47
Other debtors	270,80	311,32
Allowances other debtors	(5,01)	(4,47)
Deferred cost	441,21	356,61
Accrued revenues	414,05	342,53
Insurance assets	112,14	63,18
Other prepaids and accrued income	430,35	436,67
Carrying amount at end of period	**2 316,54**	**2 205,30**

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 2024	31 December 2023
Share capital	66,41	66,41
Share premium	0,75	38,75
Retained earnings and other reserves	3 353,14	2 476,62
Net income	1 129,91	1 398,11
Total Equity	**4 550,21**	**3 979,90**

On 31 December 2024, the share capital of Arval Service 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 2023. Number of shares is also unchanged from 31 December 2023.

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 2023 and 31 December 2024.

5.o Subordinated debt

In millions of euros	31 December 2024	31 December 2023
Subordinated debt	90,00	90,00

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 2024	31 December 2023
Issued Medium-Term bond securities	4 668,87	5 993,61
Issued bond securities from securitization program	523,82	350,00
Negotiable debt securities	0,00	2 522,52
Total debt securities at amortised cost	**5 192,69**	**8 866,13**

As of 31 December 2024, the nominal value of the securities issued amounts to EUR 4.6 billion, from which the issue costs and the bonds subscribed by Greenval, EUR 2.2 million and EUR 2.5 million respectively, have to be deducted.

In November 2024, an issue of senior debt backed by assets of ARVAL UK (securitization) for an amount of GBP 402.3 million was realized. This issue complements an issue of senior debt backed by assets of ASL France for an amount of EUR 350 million done in October 2022.

The new issuance was divided into two tranches at origin:

- GBP 350 million in Senior debt
- GBP 52.3 million in Junior debt subscribed by ARVAL UK.

The Arval group retains almost all the risks and rewards of leasing receivables, as in the asset-backed securitization programme, Arval has subscribed for leading-edge securities and will therefore bear all realized losses. Consequently, the Arval Group continues to recognise all transferred lease receivables.

Program and structured entities	Issuer	Country	Currency	Securitisation Programme Amount	Amount
FCT Pulse France 2022	ASL France	France	EUR	350 million	101 million
PULSE UK 2024 PLC	ARVAL UK	UK	GBP	350 million	350 million

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

In millions of euros	31 December 2024	31 December 2023
Current (less than one year)	2 283,14	2 447,15
Non current (more than one year)	2 909,55	6 418,98
Total	**5 192,69**	**8 866,13**

5.q BORROWINGS FROM FINANCIAL INSTITUTIONS

In millions of euros	31 December 2024	31 December 2023
Borrowings from financial institutions	32 543,11	25 949,95
Accrued and unpaid interest on borrowings	118,43	85,61
Overdrafts	227,73	207,43
Accrued and unpaid interest on overdraft	2,09	0,40
Total	32 891,36	26 243,38

Borrowings from financial institutions are mainly composed (93.11%) 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 2024	31 December 2023
Current (less than one year)	9 092,54	7 531,06
Non current (more than one year)	23 798,82	18 712,33
Total	32 891,36	26 243,38

Maturity of Borrowings:

In millions of euros	31 December 2024	31 December 2023
Less than one year	8 744,29	7 237,62
1-5 years	23 550,67	18 553,78
Over 5 years	248,15	158,54
Total	32 543,11	25 949,95

5.r RETIREMENT BENEFITS OBLIGATION AND LONG-TERM BENEFITS

In millions of euros	Year to 31 December 2023	Net additions to provisions	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 December 2024
Provisions for employee benefits					
- post-employment benefits	42,59	2,32	(0,61)	(0,04)	44,25
- provision for other deferred cash bonus	5,17	0,90		-	6,07
- provision for other long-term benefits	7,98	0,96		-	8,94
- other provision	0,10	(0,07)		-	0,03
Total provisions for employee benefis	**55,83**	**4,11**	**(0,61)**	**(0,04)**	**59,29**

In millions of euros	Year to 31 December 2022	Net additions to provisions	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements (*)	Year to 31 December 2023
Provisions for employee benefits					
- post-employment benefits	35.59	0.33	5.81	0.85	42.59
- provision for other deferred cash bonus	5.51	(0.34)	-	-	5.17
- provision for other long-term benefits	7.09	0.89	-	-	7.98
- other provision	0.15	(0.05)	-	-	0.10
Total provisions for employee benefis	**48.34**	**0.82**	**5.81**	**0.85**	**55.83**

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 2024, actuarial assumptions are defined as follows:

In percentage	Year to 31 December 2024	
	Discount rate	Compensation increase rate (1)
France	3,40%	2,10% to 4,10%
United Kingdom	5,30%	NA
Germany	3,60%	2,70%
Belgium	3,30% to 3,52%	3,80% to 3,82%
Switzerland	0,90%	1,80%

(1) including price increase (inflation)

Discount rate sensitivity

Obligations could change regarding the sensitivity of the discount rate:

In millions of euros	Year to 31 December 2024 Evolution of the present value of obligations Discount rate - 100bp	Evolution of the present value of obligations Discount rate + 100bp
France	5,05	(4,11)
United Kingdom	10,02	(8,17)
Germany	5,39	(4,13)
Belgium	2,48	(1,69)
Switzerland	2,40	(1,60)

5.s PROVISIONS

Provisions for contingencies and charges by type

In millions of euros	31 December 2023	Net additions to provisions	Provisions used	Effect of movements in exchange rates and other movements	Other movements	31 December 2024
Provisions for risk on operating leases	360,26	124,37	(143,69)	(1,00)		339,95
Sectorial provision on fleet	508,32		(360,94)	1,96		149,34
Provisions for litigations with third parties	1,42	1,24	(1,39)	(0,02)		1,25
Other provisions for contingencies and charges	6,03	1,56	(1,96)	(0,02)		5,61
Total provisions for contingencies and charges	**876,03**	**127,18**	**(507,98)**	**0,92**	**-**	**496,14**
Split current / non current is as follows						
Current (less than 1 year)	249,63					141,35
Non current (more than 1 year)	626,40					354,79
Total	**876,03**					**496,14**

In millions of euros	31 December 2022 restated in accordance with IFRS 17 and 9	Net additions to provisions	Provisions used	Effect of movements in exchange rates and other movements	Other movements	31 December 2023
Provisions for risk on operating leases	329,71	111,47	(81,84)	0,92		360,26
Sectorial provision on fleet					508,32	508,32
Provisions for litigations with third parties	3,78	1,47	(3,83)	-		1,42
Other provisions for contingencies and charges	7,23	0,82	(2,00)	(0,02)		6,03
Total provisions for contingencies and charges	**340,71**	**113,76**	**(87,67)**	**0,91**	**508,32**	**876,03**
Split current / non current is as follows						
Current (less than 1 year)	95,82					249,63
Non current (more than 1 year)	244,89					626,40
Total	**340,71**					**876,03**

Provisions for liabilities on lease contracts cover mainly risk retention and relief vehicles risk estimated on the basis of vehicle damage statistics.

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: prorate based on average duration of the contracts

The automotive market is experiencing certain technological developments that potentially make certain models that are more predictive of valuation less effective, but 2024 has confirmed the solidity of models on several categories of internal combustion vehicles. In parallel with these technological developments, there is also an uncertainty in the political and environmental context which leads Arval to provisioning the risk of loss of value of the fleet for resale. In this context, uncertainties are no longer concentrated on vehicle typologies but are more generalized. As a result, adjustments previously presented under the fleet are now recorded under liabilities to cover this risk. On 31 December 2023, this provision amounted to EUR 508 million. As of 31 December 2024, the provision amounted to EUR 149 million in liaison with the stabilization of the used vehicle market.

5.t Trade and other payables

In millions of euros	31 December 2024	31 December 2023
Lease liabilities	95,13	96,45
Deposit	143,30	120,45
Suppliers	425,22	513,98
VAT liabilities	169,49	111,28
Insurance liabilities	278,70	246,08
Other deferred incomes	1 058,73	991,07
Other accrued expenses	349,50	318,09
Other creditors	1 121,95	933,68
Total	**3 642,03**	**3 331,08**
Split current / non current is as follows		
Current (less than 1 year)	3 374,39	3 078,36
Non current (more than 1 year)	267,64	252,72
Total	**3 642,03**	**3 331,08**

This item contains the debts arising from lease liabilities (IFRS 16), supplier payables including on fixed assets, the VAT collected, Greenval insurance liabilities 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 and the part less than one year of Greenval insurance liabilities.

6. COMMITMENTS GIVEN AND RECEIVED

6.a GUARANTEE COMMITMENTS GIVEN OR RECEIVED BY SIGNATURE

In millions of euros	31 December 2024	31 December 2023
Financing commitments given	0,00	3,96
Guarantee commitments given	36,87	16,52
Total commitments given	**36,87**	**20,47**
Financing commitments received	3 682,89	346,68
Guarantee commitments received	105,67	91,73
Total commitments received	**3 788,56**	**438,41**

These commitments are entered into the ordinary course of business.

In 2024, ARVAL entities began to finance themselves with the BNPP Group by subscribing to forward loans. The off-balance sheet amount corresponds to amounts subscribed before 31 December 2024 and made available in 2025.

In the course of their activities, the entities of the Arval business report commitments to purchase vehicles corresponding to orders placed by customers. The amount of commitments to purchase vehicles corresponds to vehicles not delivered and not yet paid and are therefore not reported in the balance sheet but are reported off-balance sheet. At the end of December 2024, these commitments to purchase vehicles amounted to EUR 5 156 million.

6.b SECURITIES COMMITMENTS

In connection with the settlement date accounting for securities, commitments representing securities to be delivered are the following:

In millions of euros	31 December 2024	31 December 2023
Securities to be delivered	0,00	160,53
Total other commitments	**0,00**	**160,53**

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 to 31 December 2024	Year to 31 December 2023
Net profit used to calculate basic and diluted earnings per ordinary share	**1 087 413 743**	**1 379 752 316**
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)	**327,47**	**415,51**
Diluted earnings per share (in euros)	**327,47**	**415,51**

7.b PAID DIVIDENDS

A dividend related to the period ended December 31, 2023, for an amount of EUR 606.55 million (EUR 182.66 per share) was paid in June 2024. Arval also made a partial repayment from the premium issuance of EUR 38 million (EUR 11.44 per share).

A dividend of EUR 622.02 million (EUR 187.32 per share) was distributed in 2023. Arval also made a partial repayment from the premium issuance of EUR 177.98 million (EUR 53.60 per share) in 2023.

7.c Scope of consolidation

Control, interest percentages and consolidation method per entity:

Name	Country	31 December 2024			31 December 2023		
		Method	Voting (%)	Interest (%)	Method	Voting (%)	Interest (%)
Arval Service Lease	France						
Arval Deutschland GmbH	Germany	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Austria GmbH	Austria	Full	100,00%	100,00%	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%
Terberg Leasing Justlease Belgium BV	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	Full	100,00%	100,00%	Full	100,00%	100,00%
Comercializadora de Vehiculos SA	Chile	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Relsa SPA	Chile	Full	100,00%	100,00%	Full	100,00%	100,00%
Arval Relsa Colombia SAS	Colombia	Full	100,00%	100,00%	Full	100,00%	100,00%
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%
Arval Fleet Services	France	Full	100,00%	100,00%	Full	100,00%	100,00%
CENT ASL	France	Full	100,00%	100,00%	Full	100,00%	100,00%
FCT Pulse	France	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%
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 Fleet Services	Monaco	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 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	Full	100,00%	100,00%	Full	100,00%	100,00%
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%
Pulse UK 2024 PLC (**)	United Kingdom	Full	100,00%	100,00%	-	-	-

(*) Merger
(**) Creation

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 2024 Fair value of financial instruments	Amortised cost	Fair value through profit & loss	Fair value through OCI	Levels
Derivatives used for hedging purposes	55,25		-	55,25	2
Trades receivables	1 559,50	1 559,50			2
Other receivables and prepayments	1 551,40	1 551,40			2
Other financial assets	288,42	1,00	53,90	233,52	1 & 2
Cash and cash equivalent	1 438,54		1 438,54		1
ASSETS	**4 893,11**	**3 111,91**	**1 492,44**	**288,77**	

In millions of euros	31 December 2023 Fair value of financial instruments	Amortised cost	Fair value through profit & loss	Fair value through OCI	Levels
Derivatives used for hedging purposes	16,52		-	16,52	2
Trades receivables	1 483,60	1 483,60			2
Other receivables and prepayments	1 442,65	1 442,65			2
Other financial assets	245,65	1,14	61,99	182,52	1 & 2
Cash and cash equivalent	3 662,70		3 662,70		1
ASSETS	**6 851,12**	**2 927,40**	**3 724,69**	**199,04**	

Liabilities:

In millions of euros	31 December 2024 Fair value of financial instruments	Amortised cost	Fair value through profit & loss	Fair value through OCI	Levels
Subordinated debt	90,00	90,00			2
Borrowings from financial institutions	32 678,14	32 678,14			2
Debt securities	5 148,25	5 148,25			2
Derivatives used for hedging purposes	24,00		-	24,00	2
Trade and other payables	3 193,83	3 193,83			2
LIABILITIES	**41 134,21**	**41 110,22**	**-**	**24,00**	

In millions of euros	31 December 2023 Fair value of financial instruments	Amortised cost	Fair value through profit & loss	Fair value through OCI	Levels
Subordinated debt	90,00	90,00			2
Borrowings from financial institutions	26 456,00	26 456,00			2
Debt securities	8 895,88	8 895,88			2
Derivatives used for hedging purposes	42,16		-	42,16	2
Trade and other payables	2 973,72	2 973,72			2
LIABILITIES	**38 457,76**	**38 415,60**	**-**	**42,16**	

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.

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Arval Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and debt securities at amortised cost.
In the case of loans, liabilities and debt securities at amortised cost that have an initial maturity of less than one year (including demand deposits) or of most regulated savings products, fair value equates to carrying amount. These instruments have been classified in Level 2.

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

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 2024		31 December 2023	
	BNPP	Fortis	BNPP	Fortis
ASSETS				
Other financial assets				
Trade receivables	3,74	8,58	4,89	7,52
Derivative financial instruments	0,31		2,91	
Cash and cash equivalents	1 035,48	353,92	2 952,34	455,68
Current income tax receivable	49,24	0,12	60,77	
Other receivables and prepayments	51,94	6,81	67,10	14,81
Total	**1 140,72**	**369,44**	**3 088,01**	**478,01**
LIABILITIES				
Subordinated debt	90,00		90,00	
Borrowings from financial institutions	16 248,41	14 417,83	11 625,59	12 801,14
Derivative financial instruments				
Current income tax liabilities	13,14	5,20	14,32	6,84
Trade and other payables	46,79	7,88	59,79	2,79
Total	**16 398,34**	**14 430,91**	**11 789,70**	**12 810,77**
COMMITMENTS GIVEN AND RECEIVED				
Commitments given	0,02	36,83	0,07	16,44
Commitments received	667,28	2 198,80	19,26	35,61
Securities to be delivered			160,53	

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, 2024, amounted to:

Year to 31 Dec. 2024	E&Y		Deloitte		Total	
Excluding tax, in thousands of euros	Total	%	Total	%	Total	%
Statutory audits and contractual audits, including	**1 259,57**	**86,40%**	**1 279,19**	**85,15%**	**2 538,76**	**85,77%**
- *Issuer*	349,00		297,00		646,00	
- *Consolidated subsidiaries*	910,57		982,19		1 892,76	
Services other than those required for their statutory audit engagement, including	**198,24**	**13,60%**	**223,08**	**14,85%**	**421,32**	**14,23%**
- *Issuer*	156,00		50,00		206,00	
- *Consolidated subsidiaries*	42,24		173,08		215,32	
Total	1 457,80	100,00%	1 502,27	100,00%	2 960,08	100,00%

The audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated financial statements and the non-consolidated financial statements of Arval Service Lease mentioned in the table above, amount to EUR 44 thousand for the year 2024 (EUR 421 thousand in 2023).

The total fee of the company's auditors, as charged to the consolidated payments for the year ended December 31, 2023, amounted to:

Year to 31 Dec. 2023	Mazars		Deloitte		Total	
Excluding tax, in thousands of euros	Total	%	Total	%	Total	%
Statutory audits and contractual audits, including	**1 372.73**	**91.08%**	**911.94**	**83.47%**	**2 284.67**	**87.88%**
- *Issuer*	281.00		281.00		562.00	
- *Consolidated subsidiaries*	1 091.73		630.94		1 722.67	
Services other than those required for their statutory audit engagement, including	**134.43**	**8.92%**	**180.63**	**16.53%**	**315.06**	**12.12%**
- *Issuer*	75.00		89.00		164.00	
- *Consolidated subsidiaries*	59.43		91.63		151.06	
Total	1 507.16	100.00%	1 092.57	100.00%	2 599.73	100.00%

7.i ADDITIONAL INFORMATION ON INSURANCE ACTIVITIES

- **Insurance service result**

The net income from insurance activities is presented in "Lease service margin" in the profit and loss statement. It includes:

- "Insurance revenue": release of fulfilment insurance contracts cash flows over the period in accordance to the premium allocation approach;
- "Insurance service expenses" include incurred claims expenses and other expenses that have been incurred related to insurance activities such as changes that relate to past

services and changes that relate to future services. Lastly, this line also includes the operating expenses and depreciation and amortisation attributable to insurance contracts.

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Contracts measured under the premium allocation approach	388,53	323,78
INSURANCE REVENUE	388,53	323,78
Incurred claims and expenses	(326,85)	(282,35)
Changes that relate to past service	(1,63)	13,59
Net expenses from reinsurance contracts held	(2,79)	(0,22)
INSURANCE SERVICE EXPENSES	(331,26)	(268,98)
INSURANCE SERVICE RESULT	57,27	54,80

- **Financial result**

“Financial Result” includes “Investment return” and “Net finance income or expenses from insurance contracts.” It is presented under “Other Incomes and other expenses”.

“Investment return” includes net income from financial investments. It includes in particular capital gains and losses and changes in the fair value of financial investments recognised at fair value through profit or loss or at fair value through equity.

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Interest margin	4,35	5,21
Net result on fair value through OCI	4,54	(0,20)
Net gain on debt instruments	*4,54*	*(0,20)*
Dividend income on equity instruments	-	-
Net gains on financial instruments at fair value through profit and loss	3,35	6,48
Net gains on financial instruments at amortised cost	-	-
Cost of risk	0,01	(0,05)
INVESTMENT RETURN	12,25	11,44
Changes in fair value of underlying items of direct participation contracts or other insurance contracts	-	1,94
Other insurance finance income or expenses	-	-
NET FINANCE INCOME OR EXPENSES ON INSURANCE CONTRACTS	-	1,94
FINANCIAL RESULT	12,25	13,38

- **Reconciliation of expenses by type and by function**

In millions of euros	Year to 31 December 2024	Year to 31 December 2023
Commissions and other expenses	(14,40)	(12,68)
Salary and employee benefit expense	(5,65)	(5,11)
Taxes and contributions	-	-
Depreciation, amortisation and impairment	(0,42)	(0,39)
TOTAL EXPENSES BY TYPE	(20,47)	(18,18)
Insurance contracts attributable expenses	(17,52)	(15,68)
Insurance activities non attributable expenses in operating expenses	(2,94)	(2,50)

- **Investments, other assets and financial liabilities related to insurance activities**

Investments and other assets related to insurance activities

In millions of euros	31 December 2024	31 December 2023
Financial assets at fair value through profit or loss	53,90	61,99
Financial assets at fair value through equity	214,09	171,88
Financial assets at amortised cost	78,99	44,98
Assets related to insurance activities	112,14	63,18
Financial investments and other assets related to insurance activities	459,12	342,03

Financial liabilities related to insurance activities

There are currently no financial liabilities related to insurance activities.

Financial assets at fair value through equity

	31 December 2024		31 December 2023	
In millions of euros	Fair value	of which changes in value recognised directly to equity	Fair Value	of which changes in value recognised directly to equity
Debt securities	214,09	(1,09)	171,88	(4,95)
Equity securities				
Total of financial assets at fair value through equity	214,09	(1,09)	171,88	(4,95)

- **Assets and liabilities related to insurance contracts**

The main insurance contracts issued by Greenval are contracts covering risks related to persons or property: other non-life risks, and reinsurance contracts accepted from other insurers for these types of risks. These contracts are measured under the premium allocation approach for contracts with a duration of at most one year.

	31 December 2024			31 December 2023		
In millions of euros	Assets	Liabilities	Net (Assets) or Liabilities	Assets	Liabilities	Net (Assets) or Liabilities
Insurance contracts measured under the Premium Allocation approach	69,24	277,16	207,92	16,50	241,36	224,86
Other liabilities from insurance contracts	42,90	1,54	(41,36)	46,68	4,73	-41,95
Assets and liablities linked to insurance activities	112,14	278,70	166,56	63,18	246,08	182,91

- **Movements in carrying amounts of insurance contracts - remaining coverage and incurred claims**

Insurance contracts issued, excluding reinsurance contracts In millions of euros	Remaining coverage excluding loss component	Remaining coverage: loss component	Incurred Claims	Total net liabilities
Opening balance of Insurance assets	(16,50)	-	-	(16,50)
Opening balance of Insrance liabilities	12,24	-	229,12	241,36
Net (assets) or liabilities at 31 December 2023	**(4,26)**	-	**229,12**	**224,86**
Insurance revenue	*(388,53)*	-	-	*(388,53)*
Insurance service expenses	-	-	*328,47*	*328,47*
Insurance service result: (income) or expenses	(388,53)	-	328,47	(60,06)
Net finance (income) or expenses from insurance contracts	-	-	-	-
Total changes recognised in profit and loss and in equity	**(388,53)**	-	**328,47**	**(60,06)**
Premiums received for insurance contracts issued	372,77	-	-	372,77
Insurance acquisition cash flows	-	-	-	-
Claims and other service expenses paid (including investment components)	-	-	(285,71)	(285,71)
Total cash flows	**372,77**	-	**(285,71)**	**87,07**
Other movements	(49,22)	-	5,28	(43,94)
Closing balance of Insurance assets	(69,24)	-	-	(69,24)
Closing balance of Insurance liabilities	-	-	277,16	277,16
Net (assets) or liabilities at 31 December 2024	**(69,24)**	-	**277,16**	**207,92**

- **Discount rates and adjustment for non-financial risks**

The table below shows the average discount rates used by Greenval in the evaluation of protection contracts for the main horizons of the Euro curve.

	31 December 2024					31 December 2023				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
Protection	2,25%	1,97%	2,06%	2,12%	2,06%	3,73%	2,80%	2,84%	2,92%	2,84%

7.j Events after the reporting period

None.