FitchRatings

Non-Bank Financial Institutions
Fleet Lessors
Italy & Western Europe

Leasys S.p.A.

Key Rating Drivers

Support Drives IDRs: Leasys S.p.A.'s Issuer Default Ratings (IDRs) are based on the availability of potential extraordinary support from its ultimate parent, Credit Agricole (CA; A+/Negative), as part of FCA Bank S.p.A. (BBB+/Negative) and as CA's only group-wide competence centre for long-term car rental. Leasys is wholly owned by FCA Bank, a 50/50 joint venture (JV) between CA and Stellantis N.V. (BBB-/Stable). The merger between Fiat Chrysler Automobiles N.V. and Peugeot SA into Stellantis does not affect Leasys' IDRs in the short term.

IDR Aligned with FCA Bank: Fitch Ratings equalises Leasys' IDRs with FCA Bank's rating to reflect its view that any extraordinary support from CA to Leasys would be part of, and would not be over and above, that provided by CA to the FCA Bank group as a whole. This considers Leasys' high operational integration into FCA Bank as well as cross-default clauses, Leasys' explicit inclusion in the JV agreements and Leasys' strategic role for the group. The Negative Outlook on Leasys' IDR mirrors that on CA's and FCA Bank's IDRs.

Rating Above the Sovereign: Fitch rates Leasys two notches above the sovereign rating of Italy as the company has no direct exposure to Italian sovereign risk. However, Fitch is unlikely to widen the notching difference between Leasys' and Italy's IDRs to above two notches, in line with our approach for FCA Bank.

CA's Fleet Lessor: Leasys is the rental and mobility services provider of the FCA Bank Group and the only such entity within CA. It is Italy's leader in long-term car rental and it is present in 11 other European markets, with a fleet of about 315,000 vehicles at end-2020. Leasys plans to grow domestically and internationally, supported by the long-term market trend from direct car ownership towards leasing and rental alternatives. Leasys is not prudentially regulated and sits outside FCA Bank's regulatory perimeter.

High Operational Integration: FCA Bank is highly involved in defining Leasys' overall strategy and in coordinating its access to funding. Leasys benefits from several centralised functions and seconded personnel from FCA Bank, which highlight its close relation and importance for the immediate parent. Leasys' planned diversification of its funding sources, away from parental funding, mirrors CA's and FCA Bank's strategy in the past few years.

Leverage, Funding Constrain Standalone Profile: Fitch believes Leasys' standalone profile is constrained by its high leverage. This also means that Leasys' independent access to capital markets would not be at terms as competitive as those it achieves as part of CA. Leasys' sound profitability, moderate credit risk and medium-term growth prospects highlight its contribution to the parent's performance, underpinning our assessment of the support willingness.

Rating Sensitivities

Change in FCA Bank's IDR: Fitch would mirror changes in FCA Bank's IDR with similar changes in Leasys' IDR. This means that Fitch would revise the Outlook on Leasys' Long-Term IDR to Stable, if the Outlook on FCA Bank was revised to Stable, which would likely require an Outlook revision to Stable on CA. Likewise, Fitch would downgrade Leasys' Long-Term IDR if FCA Bank's IDR was downgraded, due to a possible downgrade of CA or Italy, among other things.

Change in Institutional Arrangements: Fitch could reduce the notching between Leasys' and CA's IDRs if Leasys becomes so important for CA that CA would support it directly and independently from FCA Bank, although we do not consider this as likely in the medium term. Fitch could notch Leasys' Long-Term IDR down from FCA Bank's IDR if the institutional arrangements (cross-default clauses, JV and funding agreements) were removed, leading to a lower expectation of support.

Ratings

Foreign Currency	
Long-Term IDR	BBB+
Short-Term IDR	F1
Support Rating	2
Sovereign Risk	
Long-Term Foreign-Currency IDR	BBB-
Long-Term Local-Currency IDR	BBB-
Country Ceiling	AA-
Outlooks	
Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (February 2020)

Related Research

Fitch Affirms Leasys at 'BBB+'/Negative on Parental Support (April 2021)

Fitch Affirms FCA Bank S.p.A. at 'BBB+'; Outlook Negative (April 2021)

Fitch Affirms Credit Agricole at 'A+'; Outlook Negative (November 2010)

Credit Agricole Consolidates Position in Italy with Creval Buy (November 2020)

Moment of Reckoning Approaching for Western EU Banks' Loan Moratoria (April 2021)

2021 Outlook: EMEA Developed Markets Finance and Leasing (November 2020)

Fitch Affirms Stellantis at 'BBB-'; Outlook Stable (January 2021)

EV Momentum Accelerates (April 2021)

Fitch Affirms Italy at 'BBB-'; Outlook Stable (December 2020)

Italy Puts Growth at the Heart of its Debt Reduction Strategy (April 2021)

Global Economic Outlook (March 2021)

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Ratings Navigator

Institutional Support			Value
Parent IDR			A+
Total Adjustments (notches)			-3
Institutional Support:			**BBB+**
Support Factors (negative)	**Equalised**	**1 Notch**	**2+ Notches**
Parent ability to support and subsidiary ability to use support			
Parent/group regulation		✓	
Relative size	✓		
Country risks			✓
Parent Propensity to Support			
Role in group		✓	
Potential for disposal		✓	
Implication of subsidiary default		✓	
Integration		✓	
Size of ownership stake			✓
Support track record		✓	
Subsidiary performance and prospects	✓		
Branding			✓
Legal commitments		✓	
Cross-default clauses			✓

Bar Chart Legend

Tick Colors – Influence on final IDR

- Higher influence
- Moderate influence
- Lower influence

Significant Changes

Merger of Fiat Chrysler and Peugeot

The merger between Fiat Chrysler Automobiles N.V. (FCA) and Peugeot S.A. (PSA) was finalised on 16 January 2021, creating Stellantis. Fitch affirmed Stellantis' Long-Term IDR at 'BBB-', with a Stable Outlook on 18 January 2021.

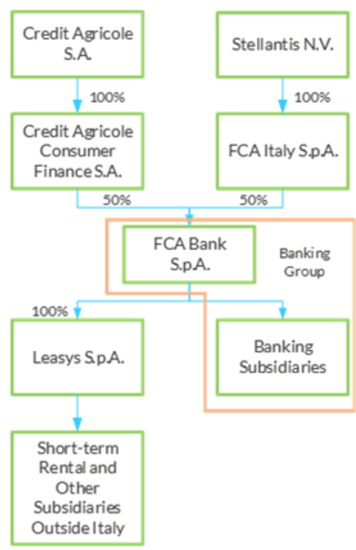
The merger does not affect Leasys' IDRs in the short term. Stellantis' current priority is industrial synergies, but a re-organisation of its captive lenders is plausible in the medium term. We expect no changes, at least until the expiration of FCA Bank's shareholders' JV agreement (end-2024), and we expect that the funding agreement will remain in place until end-2024, even if one of the two parties announces its intention to exit the JV. We expect more clarity by year-end, as the non-renewal of the JV beyond 2024 is subject to a notice provided by end-2021.

Once the strategy for the financial services of the group is clarified (including any potential re-organisation), Fitch will assess the potential impact on the ratings of FCA Bank and Leasys. FCA Bank's and Leasys' ratings are sensitive to change in the ownership structure and JV agreement, should CA or Stellantis decide to terminate their partnership. In this case, Fitch could place the ratings under Rating Watch Negative or Evolving, until the new corporate structure and the consequent rating approach (standalone or support-driven) become clear.

The merger of FCA and PSA creates a large global auto manufacturer with solid positions in several key markets, significant scale, strong brands, and wide-ranging product and geographic diversification. We believe that their operations are largely complementary and will benefit greatly from the merger. PSA and FCA have solid market shares in, and exposure to, Europe and the US, respectively, and will be stronger in Latin America. FCA's leading positions in light trucks and SUVs will complement PSA's advanced capability in low-emission vehicles.

FCA and PSA have an excellent record of managing M&A activity, rejuvenating and integrating underperforming companies. The merged group has announced a constructive process of joint collaboration and revised upwards their annual synergy targets to more than EUR5 billion from EUR3.7 billion initially. However, we expect the full accrual of synergies to be a long and complex process, linked to the convergence of vehicle platforms and the reduction of overcapacity in some markets.

Company Structure



Source: Fitch Ratings

Operating Environment Still on Negative Trend

We expect the Italian operating environment to remain challenging and broadly unchanged from 2020. Fitch forecasts GDP to grow by 4.5% in 2021 and 4.3% in 2022 after the severe contraction of about 9% in 2020, as the pandemic and health restrictions hit the economy hard.

The negative outlook on the operating environment reflects potential downside risks from amplified credit risks and pressure on earnings and profitability, particularly if a recovery is delayed. However, the prospect of successful vaccine deployment among the population means that we could revise the negative outlook in the coming quarters, since the recovery in a low-growth, yet deep and diversified, economy like Italy will still present business opportunities.

Institutional Support Assessment

Key Role for FCA Bank's Growth Underpins Support from CA

CA's willingness to support Leasys is due to FCA Bank's strategical importance for CA. The implications of a potential default by Leasys would include high reputational risk for FCA Bank and cross-default clauses on its third-party debt; it would also be detrimental due to Leasys' role as FCA Bank's key growth driver (2.9x growth since 2014 vs 1.6x in the other segments).

Leasys contributes 15% of FCA Bank's outstanding portfolio (at end-2020), but it is growing fast (22% CAGR between 2017 and 2020). FCA Bank plans that its growth will come from long-term car leasing, as it transitions from asset financing to the provision of mobility services.

Developing Role as CA's Competence Centre for Long-Term Rental

Leasys is the only competence centre for long-term car rental within the CA group. Long-term car rental is not a core product offer for CA, but is strategically important given the increasing competition across major French banks in this segment (Société Générale S.A. through ALD S.A. (BBB+/Stable), BNP Paribas through Arval Service Lease S.A. (A/Negative)). Leasys' role in CA's product offering was illustrated in CA's 2022 strategic plan, which aims at increasing Leasys' annual new business origination in terms of new gross leases to EUR3.8 billion from 2022. Leasys already offers its products through selected CA's branches in Italy and we expect Leasys and CA to gradually replicate this model in other countries.

Brief Company Summary

Stellantis' Captive, but Not Exclusive, Car Lessor

Leasys is Stellantis' captive long-term car lessor in western Europe (Stellantis' brands account for about 85% of its fleet). Fleet management solutions for SMEs have been offered by Stellantis (then FCA and FIAT) since 1995, but the current organisational structure was put in place between 2010 and 2013. Leasys' business origination still leverages on Stellantis' dealers and on FCA Bank, but it is increasing its autonomous outreach, including also non-Stellantis brands (which account for about 15% of its fleet).

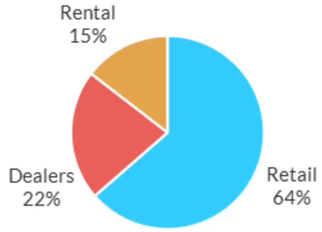
In recent years, FCA Bank has reorganised its rental operations under Leasys' sub-holding. Operations outside Italy are organised as either subsidiaries and branches, reflecting legacy structures and recent M&A activities. Leasys aims at simplifying its legal structure, but this is less urgent than within FCA Bank's regulated perimeter, where the process is on-going in consideration of its immediate advantages.

Multi-Channel, Multi-Product Offer

Leasys offers different mobility solutions and related products. Leasys' core offer is traditional long-term rental (over 90% of the fleet by book value) to corporates and individual clients. Different products are independently branded depending on the target (ie corporate or retail).

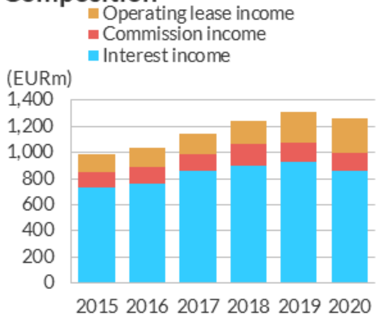
Leasys offers short-term rental at airports but it also diversifies into other short-term products like car sharing and car subscriptions. Subscription services allow clients access to various vehicles in multiple locations for a fixed monthly rent, with different car types, availability and usage type.

FCA Bank's Business Lines by Portfolio at End-2020



Note: Total does not add up to 100% due to rounding.
Source: Fitch Ratings, FCA Bank

FCA Bank's Revenue Composition



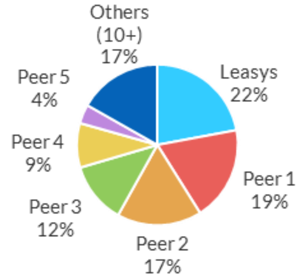
Note: Operating Lease Income is net of operating costs and depreciation charges
Source: Fitch Ratings, FCA Bank

Market Leader in Italy, Growing International Profile

Leasys is the market-leading car lessor in Italy (22% share by new cars leased in 2020), slightly ahead of its three main competitors (top four market share of 70%). This partly reflects Stellantis' franchise in Italy, but also strong growth and investments in long-term leasing in recent years.

Since 2017, Leasys has been expanding outside of Italy, exploiting the pre-existing presence of FCA Bank. Outside of Italy, Leasys is now present in 11 markets in western Europe, accounting for about 25% of its fleet (Spain, France, the UK, Belgium, Germany, the Netherlands, Denmark, Portugal and Poland; Austria and Greece since end-2020). Leasys has a still modest presence abroad, but it plans to expand further in 2021. We expect foreign markets to represent about half of its fleet in the medium term.

Market Share in Italy



Data: Market share by cumulative new leased cars between 2017 and 2020
Source: Fitch Ratings

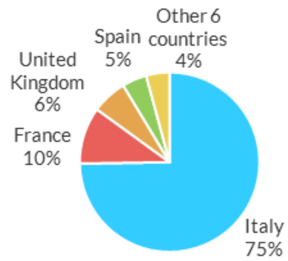
Qualitative Assessment Factors

Operating Environment

Growing Adoption of Operational Leasing

European companies are increasingly adopting operational leasing (i.e. long-term rental) to finance their car fleets, as this allows the externalisation of non-core costs and risks stemming from the companies' fleet. Retail clients are also shifting to long-term rental for similar reasons and due to a diminishing need of direct car ownership in large urban areas. We expect that adoption of long-term rental by retail clients will increase after the crisis, as more clients will shift from asset ownership to mobility services with a lower initial monetary commitment. The post-pandemic decrease of large urban areas could threathen this trend, but we believe that such decrease may happen only over a much longer horizon, if at all.

Geographic Presence



Data: Country exposure by outstanding portfolio at end-2020
Source:Fitch Ratings

Pandemic Has a Limited Impact on Operational Leasing

Fitch expects that the pandemic's impact on long-term car rental will materialise mostly through lower demand, in line with lower car sales (-25% yoy in Europe in 2020). We expect that unrealised car sales will be postponed in 2H20 or 2021 only partially, as the appetite of consumers to make big-ticket purchases may be limited in an uncertain economic environment. However, we believe that the worst effects of the pandemic have passed and that economic conditions will improve in the medium term, leading to higher car demand and sales.

We expect a modest impact on credit risk as cars remain an essential good for both corporate and individual lessees, although to a lower extent for retail clients than in the 2008 crisis. This could materialise in 2H21, once wider support measures lapse and the state-mandated bans on layoffs expire between end-June and end-October 2021.

Used car sales have shown stable prices, despite the economic shock, which can be explained by co-movements in supply and demand, whereby lower demand is mitigated by a volume of used cars advertised for sale materially below normal levels. This signals stress in the re-sale market and increases residual value risk, as reflected in higher inventory levels and extraordinary fleet depreciation provisions. We expect this trend to continue in 2021, but used cars may become more attractive after the pandemic due to their cheaper price.

Unregulated Business

Leasys is neither prudentially regulated nor included in FCA Bank's banking perimeter, although it is included in the consolidated financial statements. FCA Bank's regulatory requirements are linked to the "related party" nature of Leasys (eg FCA Bank's risk-weighted assets include the book value of Leasys' equity) and mainly affect the extent of FCA Bank's refinancing exposure to Leasys (the sum of equity and non-equity funding from FCA Bank to Leasys is capped at 15% of FCA Bank Group's capital). Leasys' requirements include mostly clients' data protection and car maintenance.

Management & Strategy

Close Integration with FCA Bank

There is close integration with and supervision from FCA Bank, in view of its key role in the group's strategy. Leasys' management has a good degree of depth, experience and credibility, but strategy is mainly defined at FCA Bank's level for the whole group. CA and Stellantis are directly involved with one representative each on the four-person board of Leasys (the other two are Leasys' and FCA Bank's chief executives); Leasys' finance and risk functions are closely supervised by FCA Bank, where CA appoints the chief financial officer and the head of credit.

Growth, Digitalisation and Electrification

Leasys plans a modest, organic growth of its long-term rental business, in line with a secular trend away from car ownership. This would then be complemented by new mobility ecosystems, such as short-term rental and car sharing. Leasys expects sound growth in the retail segment, although from a low base. Further expansion outside Italy and modest M&A activity in short-term rental will also support growth in the medium term.

Leasys aims at leveraging digitalisation and electrification to further expand its franchise. It cooperates with Amazon and it invests on various digital channels (eg online onboarding of new customers). Leasys is also increasingly offering electric solutions, which are envisaged to become a major portion of its fleet in the medium term; indeed, Leasys has installed its own network of re-charging stations.

Risk Appetite

FCA Bank and CA Lead Risk Management Framework

Leasys' risk management function is highly integrated into FCA Bank's, which is monitored at CA's level and whose risk appetite framework mirrors CA's. Leasys' policies and scorecards are decided centrally for the FCA Bank group. Leasys' risk controls focus on operational and credit risk, in line with its less complex business model. Residual-value risk is assessed quarterly against the evolution of the market for used cars, ensuring that Leasys can resell them on the secondary market. Low specific provisions for residual-value risk reflect a consistent record of positive re-valuation gains upon the sale of used cars (9% gain on disposal in 2020).

Financial Metrics

Asset Quality

Moderate Impact from Coronavirus-Induced Crisis

Impaired leases were 1.6% of the total at end-2020 and we expect a modest increase to 2%-3%, once key state support measures end at end-1H21. However, Leasys' portfolio is by its nature backed by hard collateral, ensuring a swift repossession upon the borrower's default (cost of risk of 0.4% on average between 2016 and 2020). Coverage of problem leases by reserves is high (69% at end-2020), which we deem adequate given the presence of marketable collateral (i.e. vehicles). The portfolio is also sufficiently granular (largest exposure was 4.3% of total fleet, and the top 10 and top 20 represented 13% and 15%, respectively, at end-1H20).

Adequate Management of Residual-Value Risk

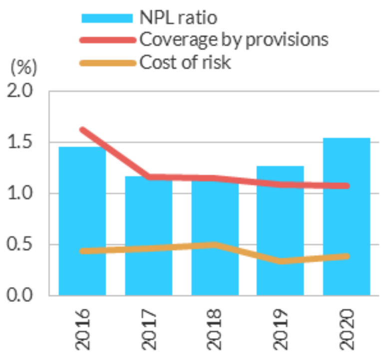
Leasys uses conservative impairment policies, which consistently result in gains on disposal of used cars (EUR4.9 million in 2020). The portfolio exposed to residual value risk amounts to EUR2 billion, of which 85% is directly borne by Leasys and 15% by the car manufacturers. Impairments cover 1.4% of residual-value risk at end-2020, which is appropriate, in our view, as conservative impairment policies reduce the impact of fluctuations in used cars sale prices.

Earnings & Profitability

Pandemic Constrains Earnings Growth

The pandemic will limit new business origination and in turn reduce the growth of earnings-generating assets, as Leasys benefits from a slow portfolio amortisation. Leasys' EUR87 million net profit for 2020 was in line with 2019, notwithstanding Covid-19, thanks to low impairment charges and a lean cost base (pretax income/average assets of 2.0%). Portfolio yield, net of depreciation, remains high (5.6% in 2020) and we do not expect material pressure on it despite a modestly increasing competition in the sector. We expect commission income to increase in the medium term (18% of gross operating income in 2020), as Leasys widens its offer of mobility services with low usage of its own balance sheet.

Asset Quality



Data: the NPL ratio and the Coverage by Provisions are divided by the end-period outstanding portfolio, while the Cost of Risk by the average outstanding portfolio during period.
Source: Fitch Ratings

Capitalisation & Leverage

Capital Optimisation and Regulation Lead to High Leverage

Leasys' high balance-sheet leverage (gross debt/tangible equity of 54x at end-2020) reflects FCA Bank's centralised capital management, which optimises its capital allocation in favour of the regulated banking group. Cash-flow leverage is materially lower (6.0x at end-2020), which is a complementary metric (not core) under our rating criteria for fleet lessors.

Leasys' equity base is also limited by regulation from the Central Bank of Italy in terms of related-parties exposures, as Leasys is outside the regulatory perimeter of FCA Bank. This means that the equity base of Leasys plus any direct non-equity funding from FCA Bank Group cannot exceed 15% of FCA Bank's capital. FCA Bank has refrained from excessive capital distributions, in Fitch's view, and Leasys' large EUR150 million dividend payment in October 2020 addressed primarily a possible breach of said regulation (Leasys' equity was EUR470 million at end-1H20).

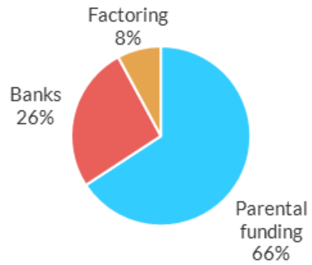
Funding & Liquidity

CA Underpins Funding, but Promotes Diversification

Leasys sources over 60% of its total non-equity funding from CA (EUR2.5 billion out of total EUR3.9 billion at end-2020), but plans to diversify away in 2021, in line with CA's group-wide strategy for its subsidiaries.

At the same time, Fitch believes funding support from CA, if needed, would be timely and adequate, since Leasys is explicitly mentioned in FCA Bank's funding agreement (part of the JV agreements) as an eligible party to draw up to 60% of the total CA's funding available for the FCA Bank group. The funding agreement states that CA's funding will be constant and available throughout the duration of the JV agreement (until end-2024 at least), priced at market terms and sized to fill the needs of the company even in the most stressful scenarios.

Funding Sources at End-2020



Source: Fitch Ratings, Leasys

Environmental, Social and Governance Considerations

Credit-Relevant ESG Derivation

Credit-Relevant ESG Derivation				Overall ESG Scale
Leasys s.p.a. has 6 ESG potential rating drivers Leasys s.p.a. has exposure to regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc. but this has very low impact on the rating. Leasys s.p.a. has exposure to fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above but this has very low impact on the rating. Governance is minimally relevant to the rating and is not currently a driver.	key driver	0	issues	5
	driver	0	issues	4
	potential driver	6	issues	3
	not a rating driver	5	issues	2
		3	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc.	Operating Environment	5
Energy Management	2	Investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets	Risk Appetite	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Asset Quality	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	2	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above	Operating Environment; Risk Appetite; Asset Quality	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy; Earnings & Profitability; Capitalization & Leverage; Funding, Liquidity & Coverage	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core activities	Company Profile; Earnings & Profitability	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Management & Strategy	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Priniciples for Responsible Investing (PRI) and the Sustainability Accounting Standards Board(SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. ESG issues are credit-neutral or have only a minimal credit impact on Leasys, either due to their nature or the way in which they are being managed. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

As support-driven issuers have strong linkages to their support providers, the ESG Credit-Relevance Scores assigned to the 'supported' subsidiaries often mirror those of their corporate and financial institution parents. This reflects our opinion that many of the ESG elements at the parent level are credit relevant for the subsidiary.

Thus, Leasys' scores mirror those of FCA Bank, which in turn are mostly aligned with those of CA. Both Leasys and FCA Bank differ from CA with scores for "GHG Emissions" at '3' and "Energy Management" at '2', reflecting their focus on the automotive industry.

Income Statement

(EURm)	2020	2019	2018	2017	2016
Leasing contract revenues	703	629	396	335	300
Leasing contract depreciation	-524	-484	-303	-272	-236
Leasing contract costs - financing	-27	-26	-14	-13	-17
Leasing contract margin	**151**	**120**	**79**	**49**	**46**
Services revenues	413	385	336	287	260
Cost of services revenues	-378	-337	-231	-206	-212
Services margin	**34**	**47**	**106**	**81**	**48**
Proceeds of cars sold	61	59	30	40	85
Cost of cars sold	-56	-49	-46	-35	-81
Car sales result	**5**	**10**	**-16**	**4**	**3**
Gross operating income	**191**	**177**	**168**	**135**	**98**
Personnel expenses	-52	-49	-28	-24	-24
Other operating costs	-20	-18	-36	-29	-12
Depreciation, amortization, and impairment losses	-13	-10	-18	-11	-19
Total operating expenses	**-84**	**-77**	**-81**	**-64**	**-55**
Impairment charges on receivables	-13	-10	-13	-7	-5
Non-recurring income (expenses)	0	0			
Result before income tax	**93**	**90**	**73**	**64**	**37**
Income tax	-7	1	11	-2	-4
Result for the year	**87**	**91**	**85**	**62**	**34**
EBITDA	**671**	**619**	**427**	**372**	**329**
Adj. EBITDA	134	125	106	88	73

Source: Fitch Ratings, Fitch Solutions, Leasys S.p.A.

Leasys has published audited consolidated financial statements according to IFRS covering the fiscal years 2020 and 2019. Leasys also prepares IFRS-compliant consolidated financial data, which are used as an input in FCA Bank's audited financial statements (published on a semi-annual basis and covering also prior fiscal years).

It also publishes annually its audited standalone financial statements under Italian local GAAP, which are the source for the periods before 2019 in these tables. These consolidate about 86% of total group assets at end-2019 and represent the main operating entity (Italy plus Spain, Germany, Denmark and Belgium). Some subsidiaries outside of Italy are instead captured only through the book value of their equity.

Balance Sheet

(EURm)	2020	2019	2018	2017	2016
Cash & equivalents	132	161	15	5	4
Net rental fleet	3,322	3,039	2,085	1,520	1,136
Trade receivables	832	618	472	435	413
Other receivables	380	379	333	251	23
Financial assets	0	2	9	16	15
Equity participations	0	0	86	70	0
Fixed assets	48	41	7	66	0
Intangible assets	128	102	20	19	17
Tax assets	131	83	52	51	20
Other assets	26	31	n.a.	n.a.	n.a.
Total assets	**5,000**	**4,456**	**3,079**	**2,435**	**1,628**
Borrowings	3,931	3,416	2,464	1,902	1,160
Lease liabilities	41	39	n.a.	n.a.	n.a.
Trade payables	561	545	354	294	294
Derivative financial instruments	13	12	n.a.	n.a.	n.a.
Provisions	18	20	12	8	17
Pension liabilities	7	7	3	3	3
Tax liabilities	78	35	4	3	5
Other liabilities	100	65	48	40	31
Total liabilities	**4,749**	**4,139**	**2,884**	**2,251**	**1,509**
Equity	**251**	**317**	**195**	**184**	**119**

Source: Fitch Ratings, Fitch Solutions, Leasys S.p.A.

Summary Analytics

	2020	2019	2018	2017	2016
Asset quality metrics (%)					
Impaired leases/gross leases	1.6	1.3	1.1	1.2	1.5
Loans loss allowances/impaired loans	69.3	86.0	100.0	100.0	112.0
Loans impairment charges/average gross loans	0.4	0.3	0.5	0.5	0.4
Earnings and profitability metrics (%)					
Pretax income/average assets	2.0	2.2	2.7	3.1	2.5
Pretax income/average equity	32.9	34.7	44.5	40.9	32.1
Operating expenses/net revenues	44.2	43.6	46.4	45.7	52.9
Depreciation expenses/total revenues	6.9	5.7	11.4	13.3	13.5
Interest income/average gross leases	5.6	9.2	10.8	10.5	10.9
Interest expense/average debt	0.7	0.7	0.8	0.9	1.6
Capitalisation and leverage metrics					
Gross debt/tangible equity (x)	53.8	20.3	17.7	13.5	14.3
Debt/equity (x)	15.7	10.8	12.6	10.5	9.8
Tangible equity/tangible assets (%)	1.5	4.0	4.6	6.0	5.1
Gross debt/EBITDA (x)	6.0	5.7	6.0	5.4	3.8
Funding and liquidity metrics (%)					
Unsecured debt/total debt	92.1	88.6	84.6	76.2	85.7
ST debt/total debt	47.2	84.1	52.7	46.0	20.9
Parental funding/total debt	65.8	60.0	57.7	47.6	42.9

Source: Fitch Ratings, Fitch Solutions, Leasys S.p.A.

Asset-quality and funding ratios are based on Leasys' consolidated management accounts. The ratios for 2018 and prior periods are based on Leasys' audited standalone financial statements under Italian local GAAP, while those for 2020 and most of those for 2019 are based on Leasys' audited consolidated financial statements according to IFRS. Pretax income/average assets, pretax income/average equity, interest income/average gross leases and interest expensee/average debt for 2019 are based on Leasys' audited standalone financial statements under Italian local GAAP.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.