Fitch Ratings

Leasys Italia S.p.A.

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F1
Shareholder Support Rating	a-

Sovereign Risk (Italy)

Long-Term Foreign-Currency IDR	BBB
Long-Term Local-Currency IDR	BBB
Country Ceiling	AA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (May 2023)

Related Research

Fitch Affirms Leasys at 'A-'; Outlook Stable (July 2023)

Fitch Rates Leasys' EMTN Programme 'A-' (July 2023)

Fitch Upgrades Stellantis N.V. to 'BBB+'; Outlook Stable (July 2023)

Global Non-Bank Financial Institutions Mid-Year Outlook 2023 (June 2023)

Global Economic Outlook (June 2023)

Risk Headquarters (May 2023)

Fitch Affirms Italy at 'BBB'; Outlook Stable (May 2023)

Fitch Affirms Credit Agricole's Long-Term IDR at 'A+'; Stable Outlook (October 2022)

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Key Rating Drivers

Support Drives Ratings: The affirmation of Leasys Italia S.p.A.'s ratings primarily reflects Fitch Ratings' view of an extremely high probability of support from CA Consumer Finance (CACF; A+/Stable), and ultimately from CACF's owner Credit Agricole (CA; A+/Stable). The Stable Outlook reflects those on CACF and CA.

Leasys is a joint-venture (JV) between CA and Stellantis N.V. (BBB+/Stable), with a 50% share each.

Rating Notched Down Twice: Leasys' Long-Term Issuer Default Rating (IDR) is notched down twice from CACF's and CA's IDRs. Our view of support is based on Leasys' franchise and strong growth prospects in the car-finance segment, whose importance for CA is increasing. Sound profitability and moderate credit risk are underlined by Leasys' positive contribution to the parent's performance in the last five years, which is set to increase following Leasys' takeover of the Free2Move Lease business of the former PSA Group.

We do not anchor Leasys' ratings to Stellantis's ratings, given Leasys' operational integration within CA and Stellantis's lower rating. The latter does not represent a constraint on Leasys' ratings. The current JV agreement between CA and Stellantis lasts until 2032.

No Sovereign Constraint: Leasys' ratings are not constrained at the level of Italy's sovereign rating (BBB/Stable), because Leasys is not a regulated financial institution and also because it has no direct exposure to Italian sovereign risk.

CA's Fleet Lessor: Leasys is a rental and mobility services provider. It is Italy's leader in long-term car rental and is present in 10 other European markets with a managed fleet of 406,000 vehicles at end-2022. Following a reorganisation in 1Q23, Leasys has consolidated Free2move Lease's operations and now plans to grow with a pan-European presence, benefitting from the long-term market trend towards leasing and rental alternatives, away from direct car ownership.

Increasing Operational Autonomy: Leasys' Standalone Credit Profile (SCP) is constrained by its reliance on CA Auto Bank for key functions (including risk management and treasury) and seconded staff. These are a legacy of the previous corporate structure and are provided under a master service agreement until 2026, while Leasys gradually builds its internal capabilities.

Leverage and Funding Constrain SCP: Leasys' SCP is constrained by its high leverage (gross debt-to-tangible equity of 10x at end-2022). This means that Leasys' independent funding access would not be on as competitive terms as those it has as part of CA. Leasys' sound return on equity, moderate credit risk and medium-term growth prospects make it an important contributor to CA's performance, underpinning our assessment of the support propensity following the reorganisation.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade of CA's and CACF's IDRs would result in a downgrade of Leasys' IDR, reflecting a weakening of the parents' ability to support a strategically important subsidiary.

Leasys' ratings are sensitive to adverse changes in Fitch's assumptions about CA's propensity to support the company. Leasys' attractiveness to CA could be sensitive to changes in CA's strategy and in the automotive sector if this results in a materially negative impact on Leasys' profitability and growth prospects.

Leasys' ratings are also sensitive to an unfavourable change in the ownership structure, should CA or Stellantis decide to terminate their partnership.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Upside is limited in the medium term, as indicated by the Stable Outlook.

Fitch would upgrade Leasys' Long-Term IDR if CA's and CACF's Long-Term IDRs are upgraded, while Fitch's assessment of CA's support propensity remains unchanged.

A narrowing of the difference between Leasys', CA's and CACF's Long-Term IDRs would require evidence of a larger role of Leasys within the CA group, including from a bigger fleet of over one million vehicles, as well as of improved prospects and financial performance, especially in new business origination and income contribution.

The notching difference between Leasys' and CACF's IDRs could narrow if CACF significantly increases its stake in Leasys to above the 50% it currently holds.

Recent Developments

Increased CA Support After Reorganisation

Leasys is a JV between Stellantis and CA, following the reorganisation of Stellantis's captive-finance JVs in 2H22 and 1H23. CA and Stellantis hold their shares through Leasys S.A.S., a French holding vehicle owing 100% Leasys' shares.

In our view, CA's propensity to support Leasys increased after the reorganisation, due to Leasys' materially broader growth prospects. Fleet lessors are an increasingly relevant growth driver for large French banks (i.e. ALD S.A. for Societe Generale S.A. and Arval Service Lease S.A. for BNP Paribas S.A.), supporting their revenue diversification into higher-yielding segments, with manageable risks from residual value (RV) management and increasing reliance on wholesale funding. CA's fleet leasing business remains smaller than its main domestic competitors'.

Leasys focuses on 11 markets in Europe and plans to reach a fleet of one million vehicles by end-2026 as it takes over the operations of Free2move Lease, the rental business of the former PSA group. These were spread across various legal entities and Leasys will take over new lease origination but not existing assets. Leasys will also acquire 28'000 cars in Portugal and Luxembourg in 2023, which ALD and LeasePlan Corporation are divesting as part of their merger.

In Leasys' spin-off from CA Auto Bank some businesses have remained with the latter: its short-term rental and new mobility services (Leasys Rent, now renamed Drivalia), its mobility stores and its charging points for electric cars. A possible product overlap between Drivalia and Leasys does not threaten Leasys' prospects, in Fitch's view. Fleet leasing in Greece and Denmark remains with CA Auto Bank (1.5% of Leasys' total assets at end-2021).

Neutral Mid-2023 Outlook for Automotive Sector

Easing supply-chain disruptions will allow for higher global vehicle production in 2023. Pent-up demand is still apparent among European customers, with new car registrations increasing by 17% year-on-year in April 2023, albeit from a low base, but overall sales will be limited by weaker economic conditions. Fitch expects global automotive production to rise by about 5% in 2023. Carmakers' profitability will be supported by lower commodity prices and an easing of costs, such as logistics. However, higher production will lead to normalisation of vehicle mix and higher incentives, which will bring net pricing and manufacturers' margins down from the very high levels seen in 2022.

Italian Economic Growth to Slow in 2023

Fitch forecasts Italy's GDP growth at 1.1% in 2023 and 1% in 2024, owing to the significant easing of the natural gas crisis in Europe, a strong rebound in tourism and a strengthening global demand. Reflecting these dynamics, growth of the Italian economy exceeded expectations in 1Q23, picking up sharply to 0.5% quarter-on-quarter. However, Italy's GDP growth has slowed significantly from 3.7% in 2022 due to the European energy crisis, high inflation, and a sharp acceleration in monetary policy tightening. The effective deployment of NextGenerationEU funds remains important to Italy's potential growth and debt sustainability.

Shareholder Support Assessment

Shareholder Support	
Shareholder IDR	A+
Total Adjustments (notches)	-2
Shareholder Support Rating	a-
Shareholder ability to support	
Shareholder Rating	A+/ Stable
Shareholder regulation	1 Notch
Relative size	1 Notch
Country risks	Equalised
Shareholder propensity to support	
Role in group	1 Notch
Reputational risk	1 Notch
Integration	2+ Notches
Support record	1 Notch
Subsidiary performance and prospects	Equalised
Legal commitments	1 Notch

Subsidiary Performance Balances JV Structure

Sound profitability, moderate credit risk and medium-term growth prospects have enabled Leasys to increase its contribution to CA's performance in recent years and underpin Fitch's assessment of support propensity. In Fitch's view, this mitigates the drawbacks of the JV structure with significant influence from the other shareholder, Stellantis. The potential narrowing of distance from CA's Long-Term IDR to one notch depends on Leasys' medium-term performance after the reorganisation.

Key Qualitative Factors

Growing Adoption of Operational Leasing

In Europe, companies are increasingly adopting operational leasing (i.e., long-term rental) to manage their car fleets aiming to offload respective costs and risks. Retail clients are also shifting to rental resulting in diminishing direct car ownership in large urban areas. In addition, economic pressures could facilitate the shift towards mobility services with a lower initial monetary commitment.

Unregulated Company

Leasys is neither prudentially regulated nor included in CA's banking scope, Leasys is subject to regulation mostly over client data protection and car maintenance.

Stellantis' Captive, but Not Exclusive, Car Lessor

Leasys is Stellantis' captive long-term car lessor in western Europe (87% of new contracts in 2022). Stellantis (then FIAT) has offered fleet management solutions for SMEs since 1995, but the current entity was set up between 2010 and 2013. Leasys' business origination still leverages on Stellantis' dealers, but it is increasing its autonomous distribution, including non-Stellantis brands (13% of its new contracts in 2022).

Multi-Channel, Medium- to Long-Term Leasing

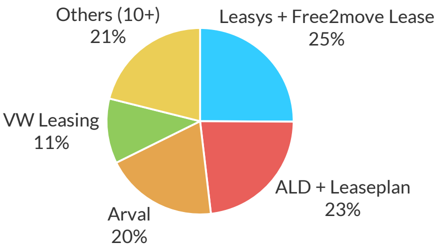
Leasys' core offering is traditional long-term leasing to corporates (87% of the fleet at end-2022) and individual clients (13%). The individual retail segment is growing, but from a low base. Other products (e.g. short-term rental, car-sharing) were transferred to Drivalia in 2022, but Leasys may launch medium-term products in the next two years.

Italian Market Leader, Growing Internationally

Leasys is the market-leading car lessor in Italy (25% share by new cars leased between 2019 and 2022, including Free2Move Lease), in line with the combined share of ALD and LeasePlan. This partly reflects Stellantis' franchise in Italy, but also strong growth and investments in long-term leasing in recent years.

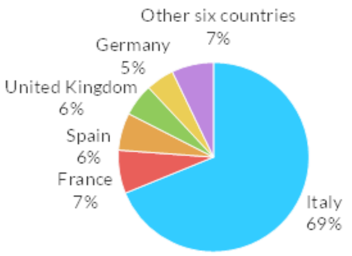
Leasys has been expanding outside Italy since 2017, supported by the presence of FCA Bank. Leasys is now present in 10 other countries in Europe (including the soon-to-be-acquired assets of LeasePlan in Luxembourg). Leasys does not yet have a leading position abroad, but Fitch expects fast growth, especially in France, from 2H23 as Leasys takes over the Free2move Lease distribution network.

Market Share in Italy



Note: Market share by cumulative new leased cars between 2019 and 2022. Companies in others have each less than 5% market share.
Source: Fitch Ratings

Geographic Presence



Note: Country exposure by outstanding portfolio at end-2022
Source: Fitch Ratings

Decreasing Reliance on CA Auto Bank

Leasys' existing management team was expanded after its spin-off from CA Auto Bank S.p.A. (A-/Stable) and increasing operational autonomy. However, CA Auto Bank will continue to provide certain services (including risk management and treasury) until 2026, constraining Fitch's ability to assign a Standalone Credit Profile to Leasys.

CA Leads Risk Management Framework

Leasys' risk management function is outsourced to CA Auto Bank until 2026 under a master service agreement. Both Leasys' and CA Auto Bank's risk appetite framework are monitored by CA, ensuring consistency. Policies and scorecards are set centrally. Risk controls focus on operational and credit risk, in line with Leasys' less complex business model. RV risk is assessed quarterly against the evolution of the market for used cars. Leasys has recorded consistent gains from the sale of used cars (e.g. gain on disposals in 2022 amounted to 257% of the book value at sale).

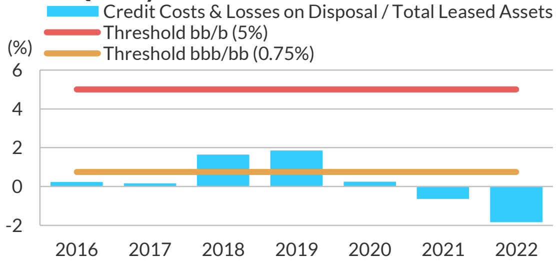
Financial Profile

Adequate Management of RV Risk

Leasys uses adequate depreciation policies that result in consistent gains on disposal of used cars (EUR100 million in 2022). The estimation assumes contractual maturities of leases, while an acceleration of repossessions (via option mechanisms or early termination) would inflate the RV exposure. Provisions for RV risk were appropriate at end-2022, in our view, as prudent provisioning policies reduce the impact of fluctuations in used car sale prices.

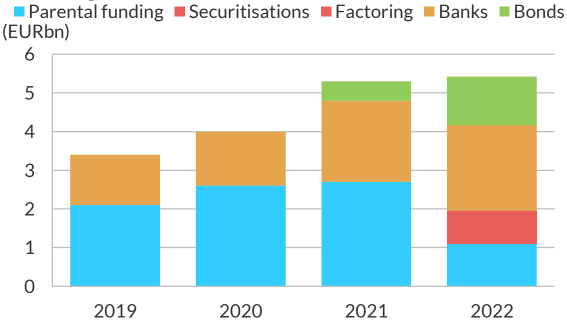
Credit risk is limited to unpaid monthly instalments, due to Leasys' operating leasing business model and the swift repossession of cars on a client's default. The asset quality of new contracts from Free2move Lease should be in line with Leasys' own record, given the now unified underwriting standards.

Asset Quality



Note: for operating leasing companies, Fitch uses the ratio of impairments on leased assets plus net gains on the sale of leased assets, divided by total leased assets. A negative number indicates gains on the sale of leased assets. Source: Fitch Ratings

Funding Sources



Source: Fitch Ratings

Modest Profitability but Low Risks

Leasys' modest profitability reflects the low credit risk of its portfolio and its role in promoting Stellantis car sales. Leasys' portfolio yield, net of depreciation, remains high (5% in 2022, as calculated by Fitch) and we expect limited pressure despite modestly increasing competition in the sector. Access to Stellantis' networks keeps operating costs low, and higher funding costs should have a limited impact, as fleet lessors typically reflect funding cost increases in higher lease rates. In our view, Leasys can mitigate pricing pressure from squeezed car affordability by rebalancing its fleet mix towards cheaper models.

Capital Optimisation Leads to High Leverage

Leasys' high balance-sheet leverage reflects CA's centralised capital management, which optimises capital allocation in favour of the regulated banking group. Cash flow leverage at end-2022 was adequate with a 5.3x gross debt/EBITDA ratio. Fitch expects balance-sheet leverage to remain high, in line with other bank-owned fleet lessors', and to increase to about 14x by end-2023 to accommodate fleet growth.

Leasys' leverage was materially higher in the past (gross debt/tangible equity ratio of 54x at end-2020) due to regulation from the Central Bank of Italy on related-party exposures, which limited Leasys' equity base (plus any direct non-equity funding from FCA Bank) to 15% of FCA Bank's capital. This regulation no longer applies.

CA Underpins Funding but Promotes Diversification

Leasys sources about 20% of its total non-equity funding from CA (EUR1.1 billion out of EUR5.4 billion total financial liabilities at end-2022), but plans to further diversify in line with CA's group-wide strategy for its subsidiaries. Leasys issued a EUR750 million bond in July 2023 under its new EUR5 billion EMTN programme, complementing its two existing bonds and one EUR860 million securitisation.

Fitch believes funding support from CA, if needed, would be timely and adequate, given the funding agreement (part of the JV agreements). The funding agreement states that CA's funding will be constant and available, priced at market terms, sized to fill the needs of Leasys even in the most stressful scenarios and available across all Leasys' countries of operations. The agreement is valid for nine years until 30 April 2032, and it will be automatically renewed every three years for three-year periods thereafter, unless either shareholder decides against it.

Debt Ratings

Debt Ratings : Leasys Italia S.p.A.

Rating level	Rating	Outlook
Senior unsecured: long-term	A-	

Source: Fitch Ratings

Leasys' long-term senior unsecured debt rating is aligned with its Long-Term IDR. This is because Fitch believes default on its unsecured and unsubordinated obligations (two bonds and issuance from its EUR5 billion EMTN programme) would equate to a default of Leasys itself and also because of its average recovery prospects.

Debt Rating Sensitivities

Changes to Leasys' Long-Term IDR would be mirrored in its senior unsecured debt rating.

Environmental, Social and Governance Considerations

FitchRatings **Leasys Italia S.p.A.**

NBFI
Ratings Navigator

Credit-Relevant ESG Derivation

Leasys Italia S.p.A. has 7 ESG potential rating drivers

- Leasys Italia 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 Italia S.p.A. has exposure to investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets but this has very low impact on the rating.
- Leasys Italia 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.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	7	issues	3
not a rating driver	4	issues	2
	3	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc.	Sector Risk Operating Environment	5
Energy Management	3	Investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets	Risk Profile	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 profile & management; catastrophe risk; credit concentrations	Business Profile; Asset Quality	1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.

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 Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
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	Sector Risk Operating Environment; Risk Profile; Asset Quality	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile; Management & Strategy; Earnings & Profitability; Capitalisation & 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	Business Profile; Earnings & Profitability	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
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	Business Profile	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Management & Strategy	2
				1

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.

As support-driven issuers have strong linkages with their support providers, the ESG Credit-Relevance Score assigned to the 'supported' subsidiaries often mirrors 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.

Therefore, Leasys' scores are mostly aligned with those of CA. Leasys differs from CA with scores for 'GHG Emissions' at '3' and 'Energy Management' at '3', reflecting its focus on the automotive industry.

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. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the materiality and relevance of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Financials

Income Statement

(EURm)	2022	2021	2020	2019	2018	2017
Leasing contract revenues	966	834	703	629	396	335
Leasing contract depreciation	-749	-607	-524	-484	-303	-272
Leasing contract costs - financing	-42	-12	-27	-26	-17	-15
Leasing contract margin	**175**	**216**	**151**	**120**	**76**	**48**
Services revenues	583	484	413	385	336	287
Cost of services revenues	-544	-465	-378	-337	-244	-213
Services margin	**38**	**19**	**34**	**47**	**92**	**74**
Proceeds of cars sold	139	95	61	59	30	40
Cost of cars sold	-39	-56	-56	-49	-46	-35
Car sales result	**100**	**39**	**5**	**10**	**-16**	**4**
Gross operating income	314	274	191	177	152	127
Personnel expenses	-62	-64	-52	-49	-28	-24
Other operating costs	-18	-20	-20	-18	-36	-29
Depreciation, amortisation, and other provisions	-12	-14	-13	-10	-4	-4
Total operating expenses	**-91**	**-98**	**-84**	**-77**	**-68**	**-58**
Impairment charges on receivables	-18	-15	-13	-10	-13	-7
Non-recurring income (expenses)	0	0	0	0	3	1
Result before income tax	**204**	**161**	**94**	**90**	**73**	**64**
Income tax	-57	-38	-7	1	11	-2
Result for the year	**147**	**123**	**87**	**91**	**85**	**62**
EBITDA	**1,018**	**808**	**671**	**619**	**400**	**359**
Adj. EBITDA	257	187	134	125	92	82

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

Leasys has published audited consolidated financial statements according to IFRS covering the fiscal years ending in 2022, 2021, 2020 and 2019. Leasys also prepares IFRS-compliant consolidated financial data, which were used as an input in CA Auto 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 2017-2018 periods in these tables. These statements 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 with the equity method.

Balance Sheet

(EURm)	2022	2021	2020	2019	2018	2017
Cash & equivalents	315	683	132	161	15	5
Net rental fleet	4,860	4,072	3,322	3,039	2,082	1,518
Trade receivables	817	891	832	618	472	435
Other receivables	817	603	380	379	333	251
Financial assets	187	5	0	2	9	16
Equity participations	0	0	0	0	86	70
Fixed assets	35	41	48	41	9	68
Intangible assets	111	143	128	102	20	19
Tax assets	62	93	131	83	52	51
Other assets	88	51	26	31	n.a.	n.a.
Total assets	**7,292**	**6,583**	**5,000**	**4,456**	**3,079**	**2,435**
Issued securities	2,109	498	0	0	0	0
Borrowings	3,323	4,808	3,931	3,416	2,464	1,902
Lease liabilities	33	35	41	39	n.a.	n.a.
Trade payables	881	607	561	545	354	294
Derivative financial instruments	31	5	13	12	n.a.	n.a.
Provisions	14	12	18	20	12	8
Pension liabilities	4	7	7	7	3	3
Tax liabilities	107	65	78	35	4	3
Other liabilities	141	158	100	65	48	40
Total liabilities	**6,644**	**6,195**	**4,749**	**4,139**	**2,884**	**2,251**
Equity	**648**	**388**	**251**	**317**	**195**	**184**

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

Summary Analytics

	2022	2021	2020	2019	2018	2017
Business profile						
Total net operating income (USDm)	1,757	1,587	1,411	1,173	853	776
Adj. net operating income (USDm)	335	310	234	198	174	152
Asset quality metrics (%)						
Impaired receivables/gross leases	1.1	1.3	1.6	1.3	1.1	1.2
Impaired receivables/gross contract and service revenues	3.8	4.6	5.2	4.3	4.4	4.2
Loans loss allowances/impaired loans	86.7	70.8	69.3	86.0	100.0	100.0
Loans impairment charges/average gross loans	0.4	0.4	0.4	0.3	0.5	0.5
Earnings and profitability metrics (%)						
Pre-tax income/average assets	2.9	2.8	2.0	2.4	2.7	3.1
Net income/average equity	28.3	38.6	30.7	35.3	44.5	40.9
Operating expenses/net revenues	29.1	35.8	44.2	43.6	44.7	45.4
Depreciation expenses/net rental fleet	16.8	16.4	16.5	18.9	16.9	20.5
Interest income/average gross leases	4.9	6.2	5.6	5.7	5.2	4.7
Interest expense/average debt	0.8	0.3	0.7	0.9	0.8	1.0
Gain (loss) on disposal	257.5	68.8	8.7	19.6	-35.1	12.5
Capitalisation and leverage metrics						
Gross debt/tangible equity (x)	10.1	24.5	56.8	20.4	19.3	16.2
Debt/equity (x)	8.4	13.7	15.7	10.8	12.6	10.3
Tangible equity/tangible assets (%)	7.5	3.4	1.4	3.9	4.2	5.0
Gross debt/EBITDA (x)	5.3	6.6	5.9	5.5	6.2	5.3
Funding and liquidity metrics (%)						
Unsecured debt/total debt	84.1	100.0	92.3	88.2	84.6	76.2
Short-term debt/total debt	39.7	62.9	47.2	84.1	52.6	44.9
Parental funding/total debt	20.2	50.9	66.7	61.8	57.7	47.6

Source: Fitch Ratings, Leasys Italia 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 2021, 2020 and most of those for 2019 are based on Leasys' audited consolidated financial statements according to IFRS. Pre-tax income/average assets, pre-tax income/average equity, interest income/average gross leases and interest expense/average debt for 2019 are based on Leasys' audited standalone financial statements under Italian local GAAP.

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