FitchRatings

Ayvens

Key Rating Drivers

Support Driven: The Long-Term Issuer Default Ratings (IDRs) of Ayvens and its subsidiary LeasePlan Corporation N.V. are based on our assessment of shareholder support from Ayvens' majority shareholder, Societe Generale S.A. (SG; A-/Positive), as reflected in the Shareholder Support Ratings (SSR) of 'bbb+', and the combined entity's creditworthiness, as expressed in the group 'bbb+' Viability Rating (VR).

Group Ratings: Fitch Ratings views LeasePlan as a core and highly integrated subsidiary of Ayvens. Its integration process will be finalised by 2026. Given LeasePlan's size (about 50% of the combined group's fleet), group ratings reflect the close correlation between Ayvens' and LeasePlan's credit profiles, and their substantially similar failure risk. The latter is underlined by future high integration in management and systems, as well as fungibility of balance sheets.

Improving Ability to Support: The Positive Outlooks mirror that on SG's Long-Term IDR. Extraordinary capital or liquidity support would be highly likely, given SG's commitment to retain a majority stake in Ayvens, material funding from SG, and the inclusion of Ayvens in SG's single-point-of-entry resolution group. The acquisition of LeasePlan increased the importance of Ayvens to SG, in particular with earnings generation.

Notched Down Once: The one-notch difference between Ayvens' and LeasePlan's Long-Term IDRs, and those of SG, mainly reflects SG's diluted ownership stake (53%; or 51% in case of warrant exercise) and a large minority private equity ownership, following the LeasePlan acquisition.

Standalone Strength: Ayvens' standalone creditworthiness is reflected by its 'bbb+' VR, which considers its established market position as a leading global multi-brand fleet lessor with total fleet of 3.4 million vehicles, experienced management team and well-articulated strategy, focused on integration of LeasePlan until 2026, as well as associated integration-related execution risk. The ratings also factor in Ayvens' inherent exposure to residual value risk.

Residual Value Risk Exposure: The asset-quality assessment captures the group's focus on operational leasing and exposure to residual value risk, which may expose Ayvens to moderate earnings volatility, given the ongoing correction in used-car prices. Ayvens has a good record of managing residual value risk through the cycle. The company recorded a small (EUR3.5 million) loss on used cars sales in 4Q23 (mainly due to depreciation adjustments and the volatility of used-car prices), which turned into a moderate gain in 1Q24.

Profitability Pressures: Profitability was under pressure in 2023 due to the normalisation of used-car prices, with a more pronounced price correction of electric vehicles (EVs), underlying margins pressures and additional costs from LeasePlan's integration. We expect Ayvens to maintain its pre-tax income/average assets ratio at 2%–3% over the next few years, based on our expectation of easing of inflationary pressures on margins and realisation of anticipated synergies from the LeasePlan acquisition, which should be fully achieved by 2026.

High Leverage, Adequate Prudential Capitalisation: Ayvens' gross debt/tangible equity ratio was a high 5.9x at end-2023, affected by goodwill generated by the LeasePlan acquisition. Our assessment of capitalisation is supported by Ayvens' adequate common equity Tier 1 (CET1) ratio of 12.3% at end-1Q24, with a reasonable buffer of about 300bp above the requirement, notable share of deposits in total funding and availability of ordinary capital support from SG.

Well-Diversified Funding: Following the acquisition of LeasePlan, Ayvens' funding profile became more diversified. Funding from SG constituted 33% of total funding at end-2023, while deposits at LeasePlan and issued bonds added 24% each, with the remaining 19% split between third-party bank loans and securitisation programmes.

Ratings

Foreign Currency	
Long-Term IDR	BBB+
Short-Term IDR	F1
Viability Rating	bbb+
Shareholder Support Rating	bbb+

Sovereign Risk (France)	
Long-Term Foreign-Currency IDR	AA-
Long-Term Local-Currency IDR	AA-
Country Ceiling	AAA

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

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (January 2024)

Related Research

Fitch Affirms Ayvens' and LeasePlan's IDRs at 'BBB+'/Positive; Senior Preferred Debt at 'A-' (July 2024)

Fitch Affirms Societe Generale at 'A-'; Positive Outlook (June 2024)

EMEA Developed Markets Finance and Leasing Outlook 2024 (December 2023)

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Rating Sensitivities

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

A revision of the Outlook on SG's Long-Term IDR to Stable would result in a revision of the Outlooks on Ayvens and LeasePlan.

A weakening of SG's propensity to support the subsidiaries could result in a downgrade of the SSRs of Ayvens and LeasePlan.

A downgrade of Ayvens' and LeasePlan's Long-Term IDRs would require a downgrade of both the group VR and their SSRs.

The inability to integrate LeasePlan in line with projections, in particular if it leads to operational losses, materially higher restructuring costs or lower synergies, could result in a downgrade of the group VR.

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

An upgrade of Ayvens' and LeasePlan's Long-Term IDRs would require an upgrade of the group VR or their SSRs.

An upgrade of SG would lead to an upgrade of the SSRs of Ayvens and LeasePlan, in the absence of a significant weakening of SG's propensity to support Ayvens.

Increased strategic relevance of the combined entity for SG and a material increase in the ownership stake could lead to an equalisation of the SSRs with SG's Long-Term IDR.

Successful integration of LeasePlan in line with management projections, realised synergies leading to improving long-term profitability of the combined entity with a pre-tax income/average assets ratio sustained at or above 3.5%, while maintaining or improving other financial profile metrics, could result in an upgrade of the group VR.

Recent Developments

LeasePlan Integration on Track

ALD S.A. closed the acquisition of LeasePlan in May 2023 for EUR4.9 billion, with the combined entity rebranded to Ayvens. Following the acquisition, SG's stake in Ayvens declined to 53% (51% in case of warrants exercise) from about 80% before the acquisition. LeasePlan's former majority shareholders, a consortium led by private equity firm TDR Capital LLP, hold a stake of 31% in the combined entity (or 33% in case of warrants exercise). SG is subject to a 40-month lock-up period until September 2026, while a lock-up period for the former LeasePlan shareholders ended in May 2024.

On the closing of the acquisition, Ayvens was granted the status of a regulated financial holding company, supervised by the ECB, while LeasePlan retained its status as a Netherlands-based regulated bank. In 1Q24, Ayvens obtained the ECB approval to proceed with the merger of local legal entities to streamline its operations. The company has also launched the IT integration, expected to be finalised in 2025. Ayvens will benefit from the acquisition, and had EUR20 million of pre-tax synergies in 1Q24, mostly from procurement, but also from optimisation of insurance. It expects this will increase to EUR120 million by end-2024, EUR350 million in 2025 and EUR440 million in 2026.

As part of the integration, Ayvens has combined its and LeasePlan's remarketing capabilities into a single platform, Ayvens Carmarket, where 93,000 of its total 152,000 car sales occurred in 1Q24.

Muted Fleet Growth; New Partnerships

Ayvens' total fleet increased by a modest 1.1% in 1Q24 yoy on a like-for-like basis. Its funded fleet increased by 2.4% yoy, below market growth, while in fleet management, the number of contracts was down by 3.4%. In its updated strategy, Ayvens targets to grow its earning assets by 7%–9% in 2024, but we expect that fleet size growth will remain muted in the short term as the company is focused on integration and improving profitability.

In March 2024, Ayvens and Stellantis signed a framework agreement for the provision of up to 500,000 vehicles across Europe over a three-year period. The agreement is flexible in terms of volumes and would serve to renew the current fleet in the short term, and support future growth in the medium term. Later in July, Ayvens signed a memorandum of understanding with BYD, one of the leading global electric vehicle (EV) producers, to support the distribution of electric passenger cars and light commercial vehicles for corporate and retail customers in Europe. In our view, the new partnerships are positive for Ayvens' business profile as they should support its franchise in the growing and competitive European leasing market.

Shareholder Support Assessment

Shareholder support	
Shareholder IDR	A-
Total adjustments (notches)	-1
Shareholder Support Rating	bbb+

Shareholder ability to support	
Shareholder rating	A-/Positive
Shareholder regulation	Equalised
Relative size	1 Notch
Country risks	Equalised

Shareholder propensity to support	
Subsidiary role and relevance	Equalised
Reputational risk	Equalised
Integration	1 Notch
Support record	1 Notch
Subsidiary performance and prospects	Equalised
Legal commitments	2+ Notches

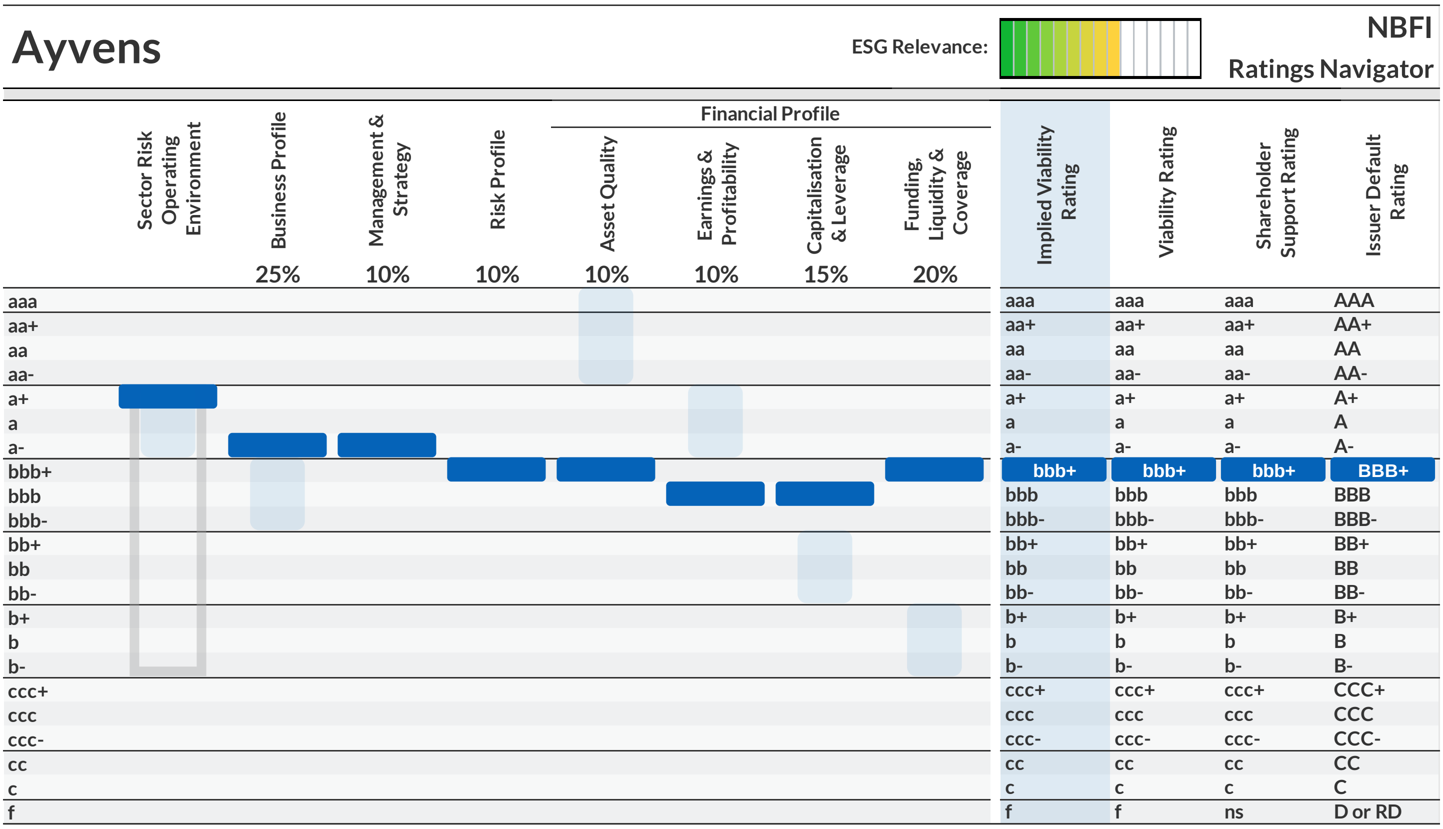
The colours indicate the weighting of each factor in the assessment.
Higher influence Moderate influence Lower influence

Ayvens's SSR of 'bbb+' reflects Fitch's view of high probability of capital or liquidity support from SG. The support assessment reflects SG's commitment to retain a majority stake in Ayvens (with a 40-month lock-up period post-acquisition), material funding from SG, and the inclusion of Ayvens in SG's single-point-of-entry resolution group.

Ayvens's Long-Term IDR is notched down once from SG's Long-Term IDR. This primarily reflects SG's diluted ownership stake (53%; or 51% in case of warrant exercise) and a large minority private-equity ownership following the LeasePlan acquisition.

The acquisition of LeasePlan has increased the importance of the combined entity for SG, in particular with regard to earnings generation. Leasing is strategically important for SG, and is an integral part of SG's financial services business unit, supporting its domestic and wider European franchise. At end-2023, Ayvens accounted for 4.5% of SG's consolidated assets, but a larger 17% of equity, which means that support from SG is manageable, in our view, but would require major resources from the parent group.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied Standalone Credit Profile (SCP) are shown as percentages at the top. In cases where the implied SCP is adjusted upwards or downwards to arrive at the SCP, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD. The sector risk assessment acts as a sector-specific constraint on the typical implied operating environment range and is shown as an overlay on the operating environment.

Adjustments

The 'a-' business profile score has been assigned above the 'bbb' implied score due to the following adjustment reason: market position (positive).

The 'bbb+' asset quality score has been assigned below the 'aa' implied score due to the following adjustment reason: risk profile and business model (negative).

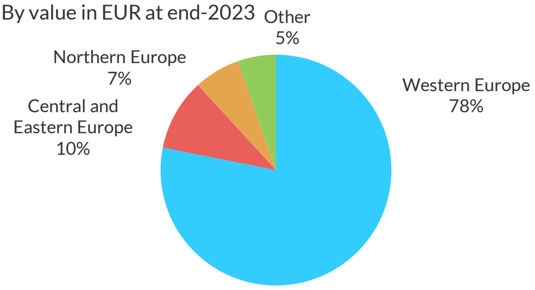
The 'bbb' earnings & profitability score has been assigned below the 'a' implied score due to the following adjustment reason: historical and future metrics (negative).

The 'bbb' capitalisation & leverage score has been assigned above the 'bb' implied score due to the following adjustment reason: regulatory or other complementary capitalisation ratios (positive).

The 'bbb+' funding, liquidity & coverage score has been assigned above the 'b' implied score due to the following adjustment reason: funding flexibility (positive).

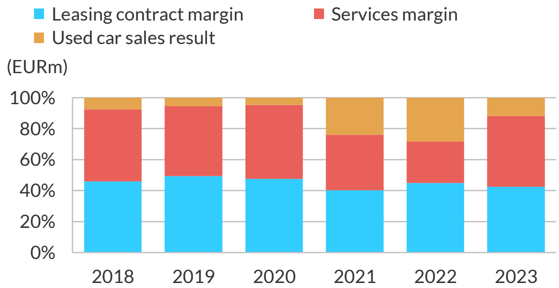
Key Qualitative Factors

Fleet Domicile by Region
By value in EUR at end-2023



Source: Fitch Ratings, Ayvens

Revenue Split



Used cars sales result excluding LeasePlan in 2023
Source: Fitch Ratings, Ayvens

Leading European Franchise

Following the closing of the LeasePlan acquisition, at end-2023 Ayvens had 3.4 million vehicles and was present in 42 countries. The company is a market leader in many European markets, including its home French market, which accounted for 16% of Ayvens' fleet at end-2023. The bulk (88%) of Ayvens' fleet is in western and northern Europe, with central and eastern Europe adding 10%. Ayvens has well-established partnerships with original equipment manufacturers (OEMs) and corporate clients, which, combined with a multi-brand offering, support Ayvens' leading positions in the competitive fleet leasing market.

Focus on Operating Leasing

Full-service leasing accounted for about 80% of Ayvens' total fleet at end-2023, with the remaining 20% being from fleet management. In full-service leasing, vehicles are owned by Ayvens and clients pay for financing, depreciation and various services provided, including maintenance, tyres and insurance. Pricing is based on acquisition costs and the estimated residual value of a vehicle, funding costs, and anticipated costs of services. In fleet management, vehicles are owned by clients, and therefore Ayvens does not receive financing revenue and has no exposure to residual value risk.

Ayvens' core revenue relates principally to the leasing contract margin (leasing contract revenue minus fleet depreciation and financing costs), which accounted for 40%–50% of gross operating income, and Ayvens' services margin (services revenue minus cost of services revenue). The services margin added EUR1,354 million (46%) to gross operating income in 2023. Service income is typically included within the contractual lease instalments for both full service leasing and fleet management, and includes maintenance, tyres, damage risk retention and replacement vehicles.

The third component of the revenue is the used car sales result, which has been volatile, peaking at EUR748 million in 2022 (28% of Ayvens' gross operating income). This was driven by high used-car prices, due to car supply constraints. The used car sales result reduced to EUR350 million, or 12% of gross operating income, in 2023, driven by corrections in used car prices, but, more importantly, Ayvens' accounting changes assuming slower depreciation. LeasePlan's fleet was accounted at fair value and did not contribute to Ayvens' used car sales result until the purchase price allocation exercise was finalised in January 2024.

Experienced Management Team, Updated Strategic Targets

Our assessment of Ayvens' management and strategy considers the depth and expertise of the management team, and the company's sound corporate governance. Ayvens' board committee comprises 12 members, of whom seven are appointed by SG, including the chairman of the board, with four directors being independent and one representing TDR Capital.

Ayvens' strategy is well defined and, over the medium term, is focused on the operational integration of LeasePlan, which is expected to be finalised by 2026. In its new strategic plan (PowerUP 2026), Ayvens confirmed EUR440 million expected annual pre-tax synergies from the acquisition by 2026, while the cumulative costs to achieve it increased moderately to EUR525 million (to be incurred between 2022 and 2025). In the updated strategy, Ayvens targets to improve its cost/income ratio to 52% in 2026 from 64% in 2023, which is however weaker than its previous target of 47%. The difference is explained mainly by higher inflation and additional IT costs at LeasePlan.

Other financial targets, stated in the new strategy, include a return on tangible equity ratio in the range of 13%-15% by 2026 and a dividend payout ratio of 50%. Capitalisation guidance remained unchanged with a target CET1 ratio of

12% and a total capital ratio of 16%. Ayvens' new sustainability targets include achieving a 50% share of EVs in new car deliveries by 2026 (from 28% in 2022) and updated emissions reduction targets (both from the running fleet and internal), which we view achievable, supported by recent partnerships.

Financial Profile

Low Credit Risk

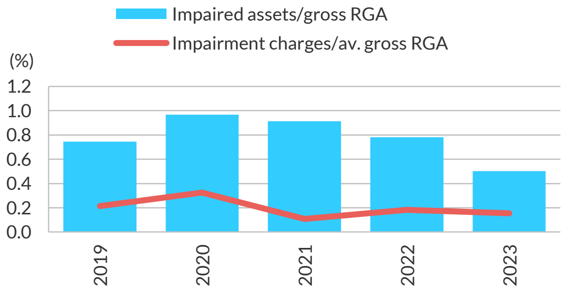
Ayvens' asset quality is robust due to low credit risk on the leasing exposures, good portfolio diversification and strong underwriting, focused on corporate and SME clients. With operating lease model, Ayvens' credit risk from leasing exposures is limited to missed monthly lease payments, given swift repossession of cars upon client's default as Ayvens keeps legal title of the vehicles. Unsecured credit risk exposures stem mainly from a small portfolio of trade receivables (4% of total asset at end-2023), where overdues largely reflect local payment practices relative to invoicing cycles in the operating lease business. We expect Ayvens to maintain low credit impartment charges at 20bp–30bp.

Residual Value Risk

Ayvens' exposure to residual value risk is material, with EUR50 billion of leased fleet at end-2023. This is due to the closed-end nature of leasing contracts, but the risk is well-managed, helped by diversification by OEM and geography. Ayvens has a good record of profits from sales of used cars in recent years, although it recorded a small loss in 4Q23 (EUR3.5 million), which was mainly driven by depreciation adjustments and the volatility of used-car prices.

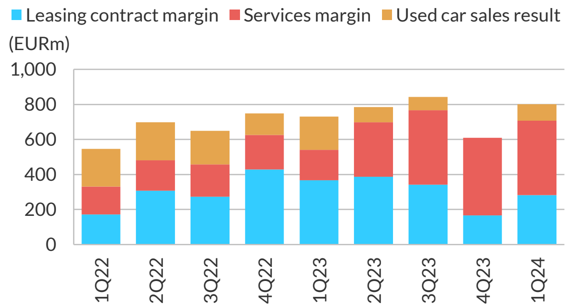
Exposure to residual value risk is higher for EVs, which have higher price volatility, driven by changes in demand, government subsidies, and energy costs, as well as rapidly evolving competition and technological changes. Residual value setting has been also affected by limited pricing history and a less-developed secondary market for EVs. The ongoing price correction exposes Ayvens to heightened residual value risk on EVs in its lease portfolio, which accounted for about 20% of its total funded fleet at end-2023 (combined battery EVs and plug-in hybrids).

Asset Quality



RGA - revenue-generating assets.
Source: Fitch Ratings, Ayvens

Quarterly Earnings



Source: Fitch Ratings, Ayvens

Profitability Pressures

Ayvens' profitability has moderately weakened in 2023, with pre-tax income of EUR1.2 billion in 2023 (2022: EUR1.65 billion) due to the continued correction in car prices, inflation and additional expenses, and one-off losses due to integration of LeasePlan. We expect Ayvens' pre-tax income/average assets ratio to remain at 2%–3% in the medium term.

On a like-for-like basis, combined leasing contract and services margins were broadly stable in 2023 (down by 0.7%), if the effects of the reduction in depreciation costs and non-operating items are excluded. This is amid a 3% growth in total fleet in 2023. Ayvens' services margin has been affected by high inflation in 2023. However, in 1Q24, Ayvens' leasing and services margins have recovered from a low level of 4Q23. Further easing of inflationary and supply chain pressures, coupled with the company's measures to restore profitability, should be supportive for profitability.

Used car prices continue to decline, with Ayvens' used car sales per unit reducing to EUR2,400 in 2023 (2022: EUR3,269; excluding a reduction in depreciation costs and purchase price allocation). The reported used car sales result was EUR350 million in 2023 (2022: EUR748 million). LeasePlan's car sales were excluded from the income statement until the purchase price allocation exercise was finalised in January 2024. In 1Q24, Ayvens reported a EUR95 million profit from sales of used cars, with better results on internal combustion engine cars offsetting loss on sales of EVs amid continuing pricing adjustments.

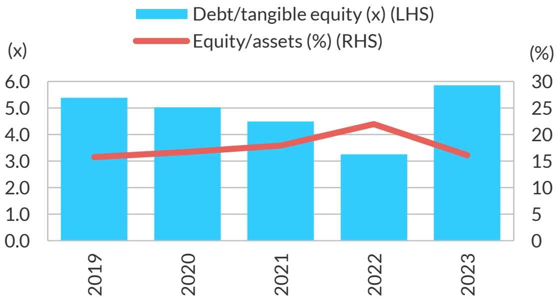
Operating expenses were up 10.5% in 2023 on a like-for-like basis, excluding non-recurring items (mainly costs to achieve synergies and consultancy costs), translating into a 64% cost/income ratio (excluding used car sales result and non-recurring items), which Ayvens targets to improve to 52% by 2026. In 1Q24, Ayvens's cost/income ratio was a weaker 67.7% (excluding non-recurring items), although improved from 68.4% in 4Q23.

High Leverage, Adequate Prudential Capitalisation

Ayvens' gross debt/tangible equity ratio was a high 5.9x at end-2023, affected by goodwill recognised in the LeasePlan acquisition. We expect the CET1 ratio (end-1Q24: 12.3%) to remain stable in the medium term, with reasonable buffers above the minimum requirement (end-1Q24: 9.2%). We expect the minimum requirement will increase to 9.5% by end-2024 due to the higher countercyclical capital buffer. Ayvens' total capital ratio (end-1Q24: 16.3%) is also above the requirement (13.7%).

On the closing of the LeasePlan acquisition, Ayvens enhanced its capital structure by issuing EUR1.5 billion of Tier 2 debt and EUR750 million of additional Tier 1 (AT1) debt. Ayvens' risk-weighted assets are calculated using the standardised approach, mainly comprised of credit risk charges (end-1Q24: 84%).

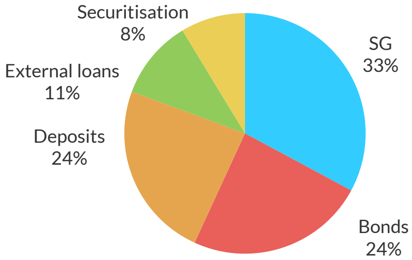
Leverage



Tangible equity includes addtional tier 1 debt
Source: Fitch Ratings, Ayvens

Funding

End-2023



Source: Fitch Ratings, Ayvens

Diversified Funding

Following the acquisition of LeasePlan, senior unsecured bonds are issued from Ayvens' balance sheet, while LeasePlan continues attracting retail deposits. In 2023, Ayvens issued EUR4.35 billion of senior unsecured bonds under its EUR15 billion rated euro medium-term note (EMTN) programme. Bond maturities are well spread-out, with EUR2 billion maturing in 2024. Both Ayvens and LeasePlan have established securitisation programmes, which the management intends to harmonise over the medium term.

Debt Ratings

Debt Ratings: Ayvens

Rating Level	Rating
Senior preferred: long term	A-
Senior preferred: short term	F1
Source: Fitch Ratings	

Senior Preferred Debt Notched Up

Ayvens's and LeasePlan's senior preferred debt ratings of 'A-' reflect Fitch's expectation that the issuers' external senior creditors will benefit from the protection available from resolution debt buffers raised by SG. This is based on the subsidiaries' inclusion within SG's single point-of-entry resolution group.

Debt Rating Sensitivities

Ayvens' and LeasePlan's long-term senior preferred debt ratings are primarily sensitive to changes in their Long-Term IDRs. In addition, we would downgrade the long-term senior preferred debt ratings by a notch if we no longer expect the issuers to benefit from large resolution debt buffers raised by SG, well in excess of 10% of group risk-weighted assets, or if we no longer expect SG to meet its minimum requirement for own funds and eligible liabilities with only senior non-preferred and more junior instruments.

Environmental, Social and Governance Considerations

FitchRatings **Ayvens** — NBFI Ratings Navigator

Credit-Relevant ESG Derivation

Ayvens has 5 ESG potential rating drivers

- Ayvens 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.
- 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	5	issues	3
not a rating driver	5	issues	2
	4	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	2	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

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	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

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 reflect 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.

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.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Financials

Income Statement

	31 Dec 23 EURm	31 Dec 22 EURm	31 Dec 21 EURm	31 Dec 20 EURm
Operating lease income	7,795	4,757	4,439	4,377
Financial lease income	90	36	36	39
Interest income	148	11	3	12
Depreciation of revenue-generating assets (RGA)	5,686	3,433	3,592	3,613
Interest expense	1,045	244	133	180
FX gains/(losses)	5	-4	-11	-13
Other income/(expenses)	-46	58	-9	4
Leasing contract margin	1,262	1,181	733	626
Services margin	1,354	715	650	630
Net income on RGA sales	350	748	438	61
Gross operating income	2,966	2,644	1,821	1,318
SG&A expenses	1,456	816	610	571
Non-RGA depreciation	136	67	65	63
Operational expenses	1,592	883	675	634
Impairment charges	71	46	25	71
Operating profit	1,303	1,715	1,121	613
Investment income	18	2	-2	2
Non-recurring gains/(losses)	-103	-51	0	10
Income before taxes	1,218	1,666	1,119	625
Income tax	374	446	239	109
Net income	844	1,220	880	516
Other comprehensive income	-3	75	29	-83
Memo: dividends paid in the period	652	445	259	259

Source: Fitch Ratings, Fitch Solutions, Ayvens

Balance Sheet

	31 Dec 23	31 Dec 22	31 Dec 21	31 Dec 20
Operating lease assets	49,765	23,227	21,711	20,077
Net investment in lease	2,282	727	790	763
Other earning assets (loans and receivables)	5,649	2,585	1,253	1,013
Loan loss allowances for receivables and loans	283	206	215	192
Memo: Impaired receivables included above	290	208	217	212
Net revenue generating assets (RGA)	57,414	26,333	23,539	21,660
Cash and equivalents	3,799	196	153	195
Other intangibles	704	127	89	37
Goodwill	1,991	619	576	576
Other assets	1,480	1,601	877	799
Total assets	70,261	31,302	26,991	25,088
Short-term debt	17,969	5,688	5,881	6,415
Long-term debt	29,943	14,187	12,636	11,231
Total debt	49,412	19,875	18,517	17,646
Other liabilities	9,498	4,516	3,629	3,247
Total liabilities	58,909	24,390	22,146	20,892
AT1 debt	750	0	0	0
Total equity	10,602	6,912	4,846	4,195

Source: Fitch Ratings, Fitch Solutions, Ayvens

Summary Analytics

Ratios (%)	31 Dec 23	31 Dec 22	31 Dec 21	31 Dec 20
Earnings and profitability				
Pre-tax net income/average assets	2.3	5.9	4.3	2.4
Cost/income	53.7	33.4	37.1	48.1
Cost/income (excl. used car sales result)	60.8	46.6	48.8	50.4
Depreciation/operating lease revenues	72.9	72.2	80.9	82.5
Net income/average equity	9.2	21.7	19.8	12.7
Asset quality metrics				
Impaired assets/gross RGA	0.5	0.8	0.9	1.0
Impaired charges/average gross RGA	0.2	0.2	0.1	0.3
Growth of RGA	117.4	11.7	8.7	-1.7
Loss allowance/impaired RGA	97.7	99.1	99.2	90.9
Capitalisation and leverage				
CET1 ratio	12.5	n.a.	n.a.	n.a.
Tier 1 ratio	13.8	n.a.	n.a.	n.a.
Total capital ratio	16.4	n.a.	n.a.	n.a.
Total debt/tangible equity (x)	5.9	3.3	4.5	5.0
Net debt/equity (x)	5.4	3.2	4.5	5.0
Equity/assets	16.2	22.0	18.0	16.7
Funding and liquidity				
Unsecured debt/total debt	91.4	91.3	89.4	92.0
Liquid assets and undrawn facilities/short-term debt	32.0	12.3	11.4	11.6
Interest expense/average total debt	2.7	1.3	0.7	1.0

Source: Fitch Ratings, Fitch Solutions, Ayvens

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