FitchRatings

Non-Bank Financial Institutions
Finance & Leasing Companies
France

ALD S.A. (Ayvens)

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 (May 2023)

Bank Rating Criteria (September 2023)

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Related Research

Fitch Affirms ALD and LeasePlan at 'BBB+'/Positive; Senior Preferred Debt at 'A-' (September 2023)

Fitch Revises Societe Generale's Outlook to Positive; Affirms at 'A-' (July 2023)

EMEA Developed Markets Finance and Leasing Outlook (December 2023)

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Key Rating Drivers

The Long-Term Issuer Default Rating (IDR) of ALD S.A. and its subsidiary LeasePlan Corporation N.V. (operating since October 2023 under the 'Ayvens' brand) are based on our assessment of shareholder support from ALD's majority shareholder Societe Generale S.A. (SG: A-/Positive), as reflected in the Shareholder Support Ratings (SSRs) 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 ALD, once its integration process is finalised by 2026. Given LeasePlan's size (about 50% of the combined group's fleet), group ratings reflect the close correlation between ALD's 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 Outlook reflects SG's improved ability to support ALD and LeasePlan, following the revision of the Outlook on SG's Long-Term IDR to Positive in July 2023. Extraordinary capital or liquidity support would be highly likely, given SG's commitment to retain a majority stake in ALD, material funding from SG and the inclusion of ALD in SG's single-point-of-entry resolution group. The acquisition of LeasePlan has increased the importance of the combined entity to SG, in particular with earnings generation.

Notched Down Once: The one-notch difference between ALD's, LeasePlan's and SG's Long-Term IDRs 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: The acquisition is neutral for ALD's VR in the short term, with benefits from a strengthened franchise and a more diversified funding offset by integration-related execution risk. Post the acquisition, ALD has become the leading global multi-brand fleet lessor with total fleet of 3.4 million vehicles and leading market shares in large European markets.

RV Risk Well-Managed: The asset-quality assessment captures the group's focus on operational leasing and exposure to residual value (RV) risk, but also a strong record of managing RV risk through the cycle. This is reflected in positive net used car sales results, which have been particularly strong due to high prices. Credit risk in the leasing portfolio is well-managed, supported by the secured nature of exposures, a sound risk management framework and diversification of leases by individual exposure, industry and geography.

Profitability to Moderate: We expect ALD's profitability to moderate over the short to medium term, with a projected pre-tax income/average assets ratio of between 2% and 3%. This is based on our expectation of a normalisation of used cars prices as well as about EUR360 million of costs from LeasePlan's integration to be incurred in 2023 and 2024, while anticipated annual synergies of EUR440 million could be fully achieved by 2026 (2024: EUR120 million; 2025: EUR350 million).

Higher Leverage Post Acquisition: ALD's gross debt/tangible equity ratio rose to 6.1x (including additional Tier 1 debt) post-acquisition, which generated EUR1.7 billion of provisional goodwill, from 4.4x at end-1H22. Our assessment of capitalisation and leverage also considers ALD's adequate common equity Tier 1 (CET1) ratio of 12.3% at end-3Q23 and access to ordinary capital support from SG if required.

Improved Funding Diversification: Following an increase in external funding and its acquisition of LeasePlan, ALD's reliance on SG for funding decreased to 33% at end-1H23 from 69% at end-2022. Other sources of funding included bonds (24%), deposits (24%), securitisation (10%) and external bank funding (9%). Its liquidity buffer was strong at end-1H23, including EUR5.3 billion of cash and equivalents and an undrawn committed revolving credit facility of EUR1.4 billion.

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 similar revision of ALD's and LeasePlan's.

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

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

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 ALD's 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 ALD's and LeasePlan's SSRs, in the absence of significant weakening of SG's propensity to support the combined entity.

Increased strategic relevance of the combined entity for SG and a material increase in the ownership stake could lead to an equalisation of their 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 Acquisition Closed, New Brand Introduced

ALD closed the acquisition of LeasePlan in May 2023 for a total consideration of EUR4.8 billion, which was paid through a combination of ALD shares and cash. Following the acquisition, SG's stake in ALD 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 former LeasePlan shareholders are subject to a lock-up commitment until May 2024. On the closing of the acquisition, ALD 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.

As required by competition authorities, ALD sold its subsidiaries in Ireland, Portugal and Norway, as well as LeasePlan's subsidiaries in Luxembourg, Finland and the Czech Republic, to Credit Agricole Consumer Finance and Stellantis in August 2023. The combined fleet of the six entities amounted to about 100,000 vehicles, equal to 3% of the combined fleet of ALD and LeasePlan.

ALD introduced the new brand of the combined group (Ayvens) in October 2023. The new brand identity is different from the existing brands of ALD and LeasePlan and contains a reference to the SG group in its visual representation.

Shareholder Support Assessment

Notching off Parent Rating

	Equalised	1 Notch	2 or more Notches
Shareholder Ability to Support and Subsidiary's Ability to Use Support			
Shareholder Regulation	Moderate influence		
Relative Size		Moderate influence	
Country Risks	Moderate influence		
Parent Propensity to Support			
Subsidiary Role and Relevance	Moderate influence		
Reputational Risk	Moderate influence		
Integration		Higher influence	
Support Record		Moderate influence	
Subsidiary Performance and Prospects	Moderate influence		
Legal Commitments			Lower influence

Source: Fitch Ratings

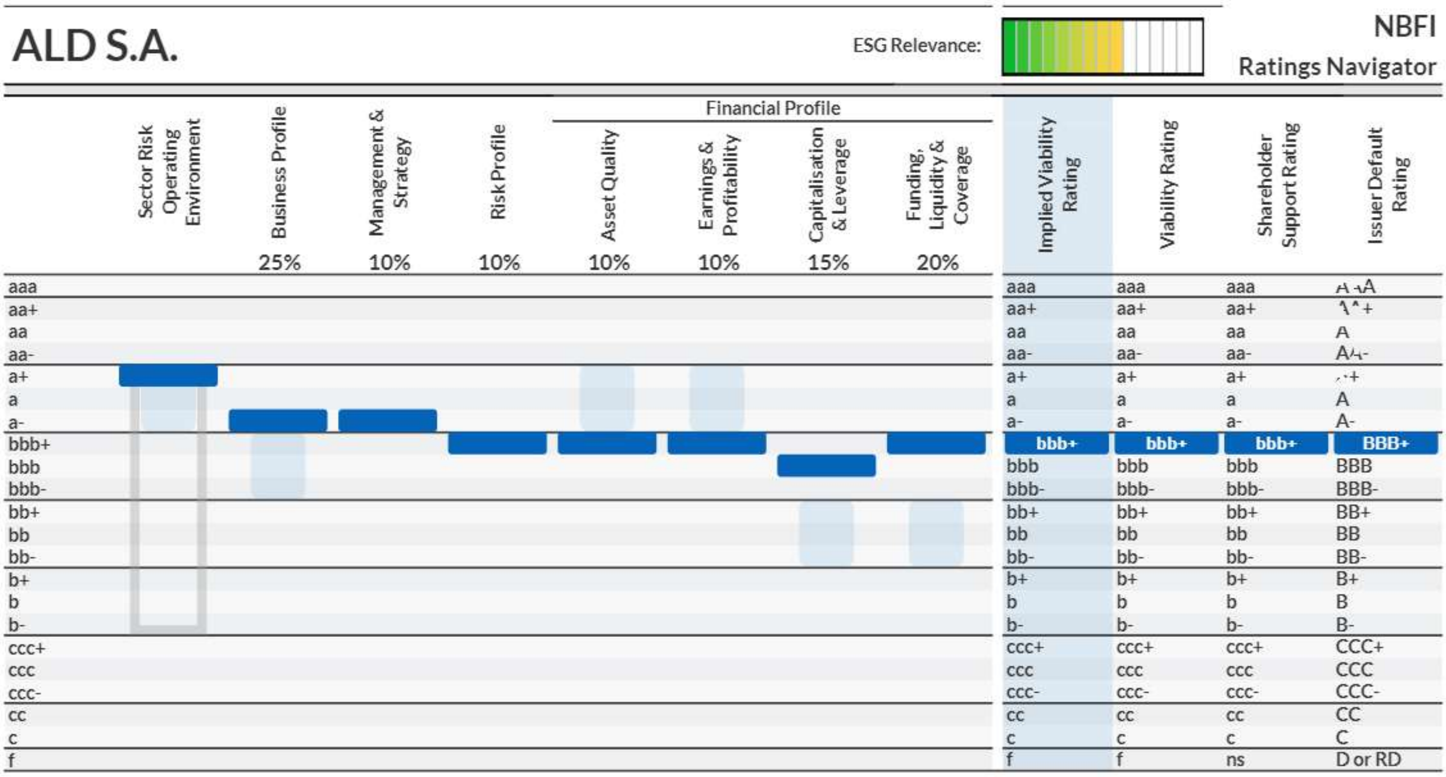
The colours indicate the weighting of each KRD in the assessment.
Higher influence Moderate influence Lower influence

ALD'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 ALD (with a 40-month lock-up period post-acquisition), material funding from SG and the inclusion of ALD in SG's single-point-of-entry resolution group.

ALD'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-1H23, ALD accounted for 4% of SG's consolidated assets, but a larger 15% 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 VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

Key Qualitative Factors

Leading European Franchise

Following the closing of the LeasePlan acquisition, ALD had total fleet of 3.4 million vehicles and was present in 44 countries at end-1H23. The company is among the largest lessors in most European markets, including its home French market, which accounted for 20% of ALD's fleet at end-1H23 (down from 28% before the LeasePlan acquisition). The bulk (86%) of ALD's fleet is in Western and Northern Europe, with Central and Eastern Europe adding 11%. The LeasePlan acquisition improved ALD's geographic diversification, with the 10 largest countries, including France, accounting for 83% of total fleet, compared with 87% for ALD before the acquisition.

ALD's franchise benefits from established partnerships with original equipment manufacturers (OEMs) and corporate clients, which, combined with a multi-brand offering, support ALD's leading positions in the competitive fleet leasing market. Most corporate clients use ALD across multiple jurisdictions.

Focus on Operating Leasing

ALD offers two main products – full-service leasing (about 80% of total fleet at end-3Q23) and fleet management (20%). In full-service leasing, vehicles are owned by ALD 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 (RV) of a vehicle, funding costs and anticipated costs of services. In fleet management, vehicles are owned by clients, i.e. ALD does not receive financing revenue and has no exposure to RV risk. Average duration of the portfolio is about 40 months.

ALD's core revenue relates principally to the leasing contract margin (leasing contract revenue minus fleet depreciation and financing costs), which accounted for about 40% to 50% of gross operating income, and ALD's services margin (services revenue minus cost of services revenue). ALD's services margin has been a relatively stable component of revenue and added EUR902 million (38%) to gross operating income in 9M23. 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.

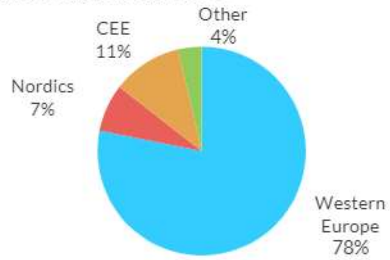
The third component of the revenue is the used car sales result, which has been volatile over recent years and peaked at EUR748 million in 2022 (28% of ALD's gross operating income). This was driven by the high prices derived from used car sales, supported mainly by supply constraints due to a shortage of key input components, in particular micro-chips. The contribution of the used car sales result to revenue moderated in 2023 (EUR359 million in 9M23, or 15% of gross operating income), driven by some moderation of used car prices, but more importantly accounting changes to ALD's depreciation curve. LeasePlan's fleet was accounted at fair value and did not contribute to ALD's used car sales result until the purchase price allocation exercise was finalised in January 2024.

Revenue Split

Excluding LeasePlan's used car sales result in 2023
Source: Fitch Ratings, ALD

Fleet Domicile by Region

By rental fleet value at end-1H23



Source: Fitch Ratings, ALD

Experienced Management Team, Updated Strategic Targets

Our assessment of ALD's management and strategy considers its management team's depth and expertise in automotive leasing, sound corporate governance, well-articulated strategy and strong execution record. After the LeasePlan acquisition, ALD is supervised by a board committee, which comprises 12 members, of whom seven are appointed by SG, including the chairman of the board. One director represents TDR Capital and four are independent.

ALD's 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 September 2023, ALD published its new strategic plan until 2026 (PowerUP 2026), in which management confirmed expected annual pre-tax synergies from the acquisition in the amount of EUR440 million by 2026, while the cumulated costs to achieve between 2022 and 2025 moderately increased to EUR525 million. In the updated strategy, ALD targets to reduce its cost/income ratio to 52% in 2026 (from 56% in 2022; for the combined entity, excluding used car sales result), which is above the previous target of 47%. The difference is mainly explained 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 at 50%. Capitalisation guidance remained unchanged with a target CET1 ratio of 12% and a total capital ratio of 16%. ALD's new sustainability targets include achieving a 50% electric vehicle share in new car deliveries by 2026 (from 28% in 2022) and updated emissions reduction targets (both from the running fleet and internal).

Well-Managed Residual Value Risk

ALD's exposure to RV risk is material, due to the closed-end nature of leasing contracts, but well-managed and diversified by OEMs and geography. RV risk is mitigated by good diversification of ALD's lease portfolio by countries, industries and individual clients and sound risk management, reflected in long record of positive used car net sales results. Fleet exposure pertains mainly to western and northern Europe (86% of the total in 1H23), with France the largest market (20% of the total fleet). ALD sold its operations in Russia (less than 1% of total fleet) in 1H23, which resulted in a EUR91 million loss in the respective period.

Fleet revaluation is performed semi-annually, with regular stress tests, assuming a sharp decrease in used car prices. ALD has a good record of positive used car sales results in recent years, supported by its well-established resale platform, with more than two thirds of cars coming off lease sold online, but more importantly by higher used car prices in 2021-2023.

Financial Profile

Collateralised Credit Risk Exposures, Focus on Corporates and SMEs

Fitch's assessment of ALD's asset quality factors in the collateralised nature of the leasing exposures, conservative underwriting, focus on corporate and SME clients and good portfolio diversification. The cost of risk remains low, at 18bp in 3Q23, in line with past performance. Unsecured credit risk exposures stem mainly from a small portfolio of trade receivables (3% of total assets at end-1H23), largely relating to local payment practices relative to invoicing cycles in the operating lease business. Although about 10% of receivables were more than 90 days overdue at end-1H23, risks are mitigated by conservative provisioning at about 90%. ALD's finance lease portfolio is small (3% of total assets), with limited credit risks.

Asset Quality

Annualised where applicable
Source: Fitch Ratings, ALD

Earnings

Source: Fitch Ratings, ALD

Profitability Impacted by Used Car Prices and Integration Costs

We expect ALD's profitability to moderate from its high 2022 level with a pre-tax income/average assets ratio in the range of 2% to 3% over the medium term. ALD's pre-tax income of EUR1.2 billion in 9M23 (9M22: EUR1.2 billion) reflected the continued gradual reduction in used car prices, high inflation and increased expenses due to integration of LeasePlan.

On a like-for-like basis, combined leasing contract and services margins were broadly stable in 3Q23, compared with 3Q22, if the effects of the reduction in depreciation costs and non-operating items are excluded. This is despite a 4% growth in total fleet for the combined entity in the 12 months to end-3Q23. ALD's services margin has been affected by high inflation. In 2024, we expect further easing of inflationary and supply chain pressures, which should be supportive of ALD's margins.

Used car prices continue to normalise, which is reflected in a decline of ALD's used car sales result per unit sold to EUR2.346 in 3Q23 from EUR3,607 in 3Q22 (excluding reduction in depreciation costs). The reported used car sales result was EUR359 million in 9M23 (9M22: EUR624 million), including the impact of the reduction in depreciation costs of EUR226 million. LeasePlan's car sales are excluded from the income statement until the purchase price allocation exercise is finalised.

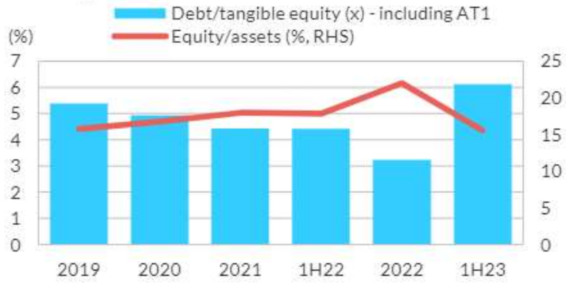
Operating expenses were up 6.5% year on year in 3Q23 on a like-for-like basis excluding non-recurring items (mainly costs to achieve and consultancy costs), translating into a 61% cost/income ratio (excluding used car sales result and non-recurring items), which ALD targets to decrease to 52% by 2026.

Focus on Regulatory Capitalisation

On the closing of the LeasePlan acquisition, ALD enhanced its capital structure by issuing EUR1.5 billion of Tier 2 debt and EUR750 million of additional Tier 1 debt. Given is new status of a regulated financial holding company, ALD is subject to minimum capital requirements. At end-3Q23, ALD's CET1 ratio was 12.3% and total capital ratio was 16.3%, in line with ALD's medium-term target of a 12% CET1 ratio.

ALD's risk-weighted assets (RWAs) stood at EUR56 billion at end-3Q23 (end-1H23: EUR54 billion), with the majority (86%) reflecting credit risk charges. To calculate RWAs, ALD applies the standardised approach to both ALD's and LeasePlan's portfolios, starting from 4Q23. A one-off EUR4 billion increase in LeasePlan's RWAs in 3Q23 from reassessment of its internal ratings-based (IRB) approach was partly offset by disposal of the six entities, required by competition authorities, and some optimisation initiatives.

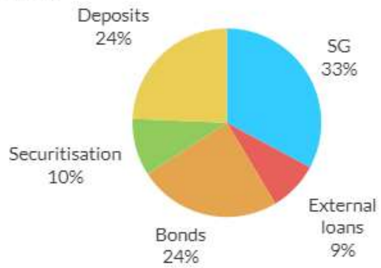
Leverage



Tangible equity includes additional Tier 1 (AT1) debt
Source: Fitch Ratings, ALD

Funding Split

End-1H23



Source: Fitch Ratings, ALD

Diversified Funding

After the combination with LeasePlan, ALD's funding profile became more diversified. Funding from the parent group decreased to 33%, from about 70% before the acquisition. Deposits at LeasePlan and issued bonds added 24% each, with the remaining 19% split between third-party loans and securitisation programmes. Following the acquisition, senior unsecured bonds will be issued from the balance sheet of ALD, while LeasePlan will continue attracting retail deposits. In 2023, ALD issued EUR4.35 billion of senior unsecured bonds under its EUR15 billion rated euro medium-term note (EMTN) programme. Both ALD and LeasePlan have established securitisation programmes, which management intends to harmonise over the medium term.

Debt Ratings

Debt Ratings: ALD S.A.

Rating level	Rating
Senior unsecured: long term	A-
Senior unsecured: short term	F1

Source: Fitch Ratings

Senior Preferred Debt Notched Up: ALD's and LeasePlan's senior preferred debt ratings of 'A-' reflect Fitch's expectation that the two 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

ALD's and LeasePlan's long-term senior preferred debt ratings are primarily sensitive to changes in ALD's and LeasePlan's respective Long-Term IDRs. In addition, we would downgrade the long-term senior preferred debt ratings by a notch if Fitch no longer expects 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 **ALD S.A.**

NBFI
Ratings Navigator

Credit-Relevant ESG Derivation

ALD S.A. has 5 ESG potential rating drivers

- ALD S.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.
- Governance is minimally relevant to the rating and is not currently a driver.

key driver	0	issues
driver	0	issues
potential driver	5	issues
not a rating driver	5	issues
	4	issues

ESG Relevance to Credit Rating: 5, 4, 3, 2, 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

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	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

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'. This 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 of 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

	30 June 2023 6 months - interim (EURm)	31 December 2022 Year end (EURm)	31 December 2021 Year end (EURm)	31 December 2020 Year end (EURm)
Operating lease income	2,962	4,757	4,439	4,377
Financial lease income	25	36	36	39
Interest income	28	11	3	12
Depreciation of revenue generating assets (RGA)	2,040	3,433	3,592	3,613
Interest expense	266	244	133	180
FX gains/(losses)	6	-4	-11	-13
Other income/(expenses)	53	58	0	0
Leasing contract margin	**768**	**1,181**	**741**	**623**
Services margin	**487**	**703**	**650**	**630**
Net income on RGA sales	**285**	**748**	**438**	**61**
Gross operating income	**1,541**	**2,632**	**1,829**	**1,314**
SG and A expenses	583	818	610	571
Non-RGA depreciation	49	67	65	63
Operational expenses	**632**	**884**	**675**	**634**
Impairment charges	25	46	25	71
Operating profit	**884**	**1,701**	**1,129**	**609**
Investment income	2	2	-2	2
Non-recurring gains/(losses)	-83	-51	0	10
Income before taxes	**886**	**1,703**	**1,119**	**615**
Income tax	235	445	239	109
Net income	**568**	**1,208**	**880**	**516**
Other comprehensive income	11	75	29	-83
Memo: dividends paid in the period	599	445	259	259

Source: Fitch Ratings, Fitch Solutions, ALD

Balance Sheet

	30 June 2023 6 months - interim	31 December 2022 Year end	31 December 2021 Year end	31 December 2020 Year end
Operating lease assets	46,409	23,227	21,711	20,077
Net investment in lease	2,250	727	790	763
Other earning assets (loans and receivables)	3,236	2,637	1,253	1,013
Loan loss allowances for receivables & loans	261	206	215	192
Memo: Impaired receivables included above	n.a.	208	217	212
Net RGA	51,634	26,385	23,539	21,660
Cash and equivalents	5,546	253	153	195
Other intangibles	563	127	89	37
Goodwill	2,363	619	576	576
Other assets	8,159	3,967	2,635	2,621
Total assets	**68,264**	**31,351**	**26,991**	**25,088**
Short-term debt	17,758	5,688	5,881	6,415
Long-term debt	27,806	14,187	12,636	11,231
Total debt	47,075	19,875	18,517	17,646
Other liabilities	10,068	4,583	3,629	3,247
Total liabilities	**57,143**	**24,458**	**22,146**	**20,892**
Subordinated and hybrid debt	1,248	n.a.	n.a.	n.a.
Total equity	**9,873**	**6,893**	**4,846**	**4,195**

Source: Fitch Ratings, Fitch Solutions, ALD

Summary Analytics

Ratios (%)	30 June 2023 6 months - interim	31 December 2022 Year end	31 December 2021 Year end	31 December 2020 Year end
Earnings and profitability				
Pre-tax net income/average assets	3.6	5.9	4.3	2.4
Cost/income	41.0	33.6	36.9	48.2
Cost/income (excluding used car sales result)	50.3	46.9	48.5	50.6
Depreciation/operating lease revenues	68.9	72.2	80.9	82.5
Net income/average equity	13.7	21.5	19.8	12.7
Asset quality metrics				
Impaired assets/gross RGA	n.a.	0.8	0.9	1.0
Impaired charges/average gross RGA	0.1	0.2	0.1	0.3
Growth of RGA	105.7	11.9	8.7	-1.7
Loss allowance/impaired RGA	n.a.	99.1	99.2	90.9
Capitalisation and leverage				
CET1 ratio	12.5	n.a.	n.a.	n.a.
Tier 1 ratio	13.9	n.a.	n.a.	n.a.
Total capital ratio	16.6	n.a.	n.a.	n.a.
Total debt/tangible equity (x)	6.1	3.1	4.4	4.9
Net debt/equity (x)	5.4	3.2	4.4	4.9
Equity/assets	15.6	22.0	17.8	16.7
Funding and liquidity				
Unsecured debt/total debt	90.2	91.3	89.4	92.0
Liquid assets and undrawn facilities/short-term debt	39.0	50.2	43.4	60.7
Interest expense/average total debt	1.6	1.3	0.7	1.0

Source: Fitch Ratings, Fitch Solutions, ALD

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