FitchRatings

Non-Bank Financial Institutions
Car Finance Companies
Italy and Western Europe

FCA Bank S.p.A.

Key Rating Drivers

Support Drives Ratings: FCA Bank S.p.A.'s Issuer Default Ratings (IDRs) are based on the availability of potential support from CA Consumer Finance (CACF; A+/Negative), and ultimately from Credit Agricole (CA; A+/Negative). CA holds a 50% stake in FCA Bank through CACF and supports FCA Bank, mostly through funding and liquidity, under a joint-venture (JV) agreement with FCA Italy S.p.A, a wholly owned subsidiary of Stellantis N.V. (BBB-/Stable). The Negative Outlook mirrors that on CA.

IDR Notched Down: The three-notch difference between CA's and FCA Bank's IDRs reflects the 50% ownership and the significant influence that Stellantis has on FCA Bank's business generation. Fitch Ratings does not factor any support from Stellantis into FCA Bank's ratings.

Rating Is Higher than the Sovereign: Fitch rates FCA Bank two notches above the sovereign rating as it has no direct exposure to Italian sovereign risk. In our view, FCA Bank is less exposed than universal banks to the risk of restrictions imposed on its ability to service its obligations if Italy's operating environment were to materially worsen.

Stellantis' Captive Lenders Strategy: Stellantis' priority is to create industrial synergies, but a re-organisation of its captive lenders is plausible in the medium term. We expect no changes, at least until the expiration of FCA Bank's shareholders' JV agreement (end-2024), and we expect that the funding agreement will remain in place until end-2024, even if one of the two parties announces its intention to exit the JV. We expect more clarity by end-2021, as that is the deadline for giving notice for the non-renewal of the JV beyond 2024.

Parent's Funding Gradually Reducing: FCA Bank's funding sources are sufficiently diversified, through access to various wholesale funding instruments and investor bases. CA's propensity to provide funding remains high, in our view, despite the reduction of CA's contribution to non-equity funding from 2010. This is part of CA's strategy to increase the autonomy of its subsidiaries' funding profiles. Customer deposits are growing, but remain fairly immaterial in the overall funding structure.

Rating Sensitivities

Change in Ownership Structure: FCA Bank's ratings are sensitive to change in the ownership structure and JV agreement, should CA or Stellantis terminate their partnership. Fitch could then place FCA Bank's ratings under Rating Watch Negative or Evolving until the new corporate structure and rating approach (standalone or support-driven) become clear.

Change in CA's, CACF's IDRs: Fitch could upgrade FCA Bank's Long-Term IDR if CA's, CACF's and Italy's IDRs were all upgraded. Fitch could revise the Outlook on FCA Bank's Long-Term IDR to Stable, if the Outlooks on CA's and CACF's IDRs were revised to Stable, while Italy's was affirmed at 'BBB-'/Stable. A downgrade of CA's and CACF's IDRs is likely to result in a downgrade of FCA Bank's IDR.

Sovereign Rating: FCA Bank's ratings are not constrained by those of the sovereign, but Fitch is unlikely to widen the notching difference between FCA Bank's and Italy's IDRs to above two notches. This means that we would downgrade FCA Bank if Italy were downgraded. It also means that we would keep FCA Bank's Outlook at Negative if CA's Outlook was revised to Stable at the current rating, but Italy's Outlook was revised to Negative.

Retail Deposits in Funding Mix: Fitch would narrow the notching difference between FCA Bank's and Italy's IDRs to one notch, if the deposit base increases and becomes a material source of funding, although this is not considered likely in the medium term.

Ratings

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

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (February 2020)

Bank Rating Criteria (February 2020)

Related Research

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

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

Fitch Affirms Credit Agricole at 'A+'; Outlook Negative (November 2020)

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

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

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

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

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

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

EV Momentum Accelerates (April 2021)

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FCA Bank S.p.A. (Irish Branch) and FCA Capital Suisse SA – Debt Rating Classes

Rating level	Rating
Senior unsecured	BBB+

Source: Fitch Ratings

FCA Bank S.p.A. (Irish Branch)'s senior unsecured notes rank pari passu with FCA Bank's senior unsecured obligation. FCA Capital Suisse SA's senior unsecured notes are unconditionally and irrevocably guaranteed by FCA Bank, and rank pari passu with the guarantor's senior unsecured obligations.

Fitch rates FCA Bank S.p.A. (Irish Branch)'s and FCA Capital Suisse SA's senior unsecured debt ratings at 'BBB+'. This is in line with the Long-Term IDR of FCA Bank because we do not believe that internal resolution debt and equity buffers would offer obvious incremental protection over and above the institutional support benefit already factored into the bank's IDRs.

Ratings Navigator

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

Bar Chart Legend

Tick Colors – Influence on final VR

- Higher influence
- Moderate influence
- Lower influence

Significant Changes

Operating Environment Still on Negative Trend

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

The negative outlook on the operating environment reflects potential risks from amplified credit risks and pressure on earnings and profitability, particularly if a recovery is delayed. Inflows of new impaired loans are likely to resume as payment suspension schemes lapse. We expect banks to continue adjusting provisioning to reflect actual impaired loan flows and continued de-risking.

However, the prospect of the successful deployment of a vaccine among the population means that we could revise the negative outlook in the coming quarters, as the recovery in a low-growth, yet deep and diversified, economy like Italy will present business opportunities.

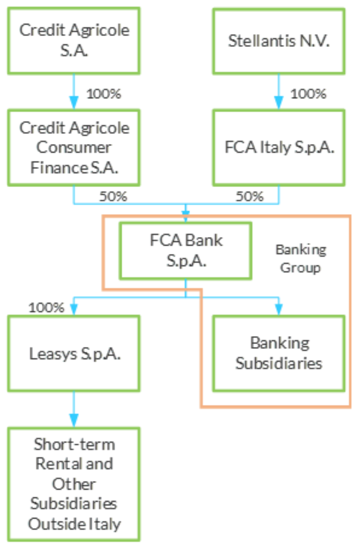
Merger of Fiat Chrysler and Peugeot

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

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

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

Company Structure



Institutional Support Assessment

FCA Bank's Role in the CA Group

Fitch considers FCA Bank to be a strategically important subsidiary for CA due to its strategy in Italy and in automotive leasing, as indicated in CA's 2022 Ambitions report. CA's strategy in Italy was reaffirmed by the acquisition of Credito Valtellinese (not rated) in April 2021. However, we do not consider FCA Bank to be a core subsidiary because its sale would not materially alter CA's profile, although a disposal is highly unlikely.

High Integration in Stellantis Caps Support from CA

The attractiveness of FCA Bank for CA is ultimately influenced by its role in and by the viability of Stellantis' industrial strategy. FCA Bank promotes the group's car sales (FCA Bank finances about half the sales of former FCA brands in its countries of operations), uses the FCA brand, and has a high level of management and operational integration. The prominent role of Stellantis drives the three-notch difference between the IDRs of CACF and FCA Bank.

Once the strategy for the financial services of the group is clarified (including any potential re-organisation), Fitch will assess the potential impact on the ratings of FCA Bank and Leasys S.p.A.

Company Summary

Captive, but not Exclusive, Lender for Former FCA-Brands

FCA Bank, with Banque PSA, is a captive lender of Stellantis, offering financing solutions to support the group's car sales. It caters to the former FCA brands and dealer network. FCA Bank's core businesses are retail financing (64% of loans at end-2020), for both individual and SME customers, and dealer financing (23%), mainly for working capital needs. FCA Bank's performance is linked to Stellantis' car sales. However, Fitch believes FCA Bank's performance is more stable than Stellantis' because a higher portion is achieved through captive financing when sales are low.

FCA Bank originates most of its new loans from brands owned by Stellantis, but has been gradually increasing the number of brands to which it provides financial services as a non-captive bank (nine brands at end-2020 and about a quarter of new loans by volume in 2020). Jaguar Land Rover represents the bulk of the non-captive operations (17%), followed by Ferrari (5%). Other brands account for a marginal, but growing, share and we expect further growth of the non-captive operations in the medium term.

Increasing Focus on Rental Solutions

FCA Bank directly owns the group's rental company, Leasys, which offers long-term rental services (15% of outstanding lease portfolio at end-2020) and is also expanding in short-term rental. Long-term rental provides a wide range of products (car rental and fleet management, both former FCA-brand vehicles and multi-brand products) to large customers, SMEs, professionals and individuals, typically for 12 to 48 months. Leasys in Italy accounts for about 75% of the business and acts as sub-holding for the long-term rental business undertaken by other subsidiaries and branches in Europe (total fleet of about 315,000 at end-2020).

Leasys is still a small contributor to profits, but Fitch expects FCA Bank to achieve its highest growth potential in this segment, as it transitions from asset financing to the provision of mobility services. Leasys' market share is slightly over 20% by number of new cars leased in Italy (about 46,000 in 2020). It is a niche player in other countries, but it is growing fast (22% CAGR between 2017 and 2020), in line with a long-term trend from direct car ownership.

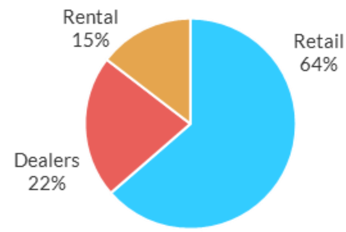
Qualitative Assessment Factors

Operating Environment

Focus on Italy, but with a Pan-European Presence

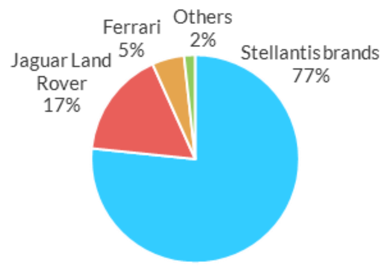
FCA Bank promotes car sales of former FCA brands across western Europe (17 countries) and Morocco, so the distribution of its loan portfolio mirrors the sales volumes of said brands in the various countries. Italy is the largest market (50% of outstanding loans at end-2020), followed by Germany, France, Spain and the UK (41% in total). Fitch views geographical diversification positively, especially in terms of higher loan origination and lower credit risk.

Business Lines by Portfolio
End-2020



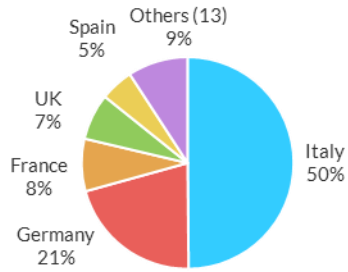
Data: Figures may not total 100% due to rounding in this and the following pie charts.
Source: Fitch Ratings, FCA Bank

Financed Volumes by Brand



Source: Fitch Ratings, FCA Bank

Exposures by Country
End-2020



Source: Fitch Ratings, FCA Bank

FCA Bank obtained its banking licence in 2015. It is regulated directly by the Bank of Italy and indirectly (through CA) by the ECB.

Car Sales Hit by Pandemic

Car financing has historically been more resilient than other bank lending, due to a higher portfolio granularity and strong payment discipline by borrower. Credit risk is therefore lower than at other banks. We expect that asset quality at car lenders may moderately weaken from a low base once the state-mandated bans on layoffs are wound down between end-June and end-October 2021.

Lower disposable income and higher precautionary savings reduced car sales by 25% in Europe in 2020, which led to a fall in new loans origination for captive car lenders. In the short term, there are still pockets of risk for the global automotive industry from the coronavirus, including the global semiconductor shortage. However, we believe that the worst effects of the pandemic have passed and that most global regions will see improved economic conditions in the medium term, leading to higher car demand and sales.

Management and Strategy

Integrated Corporate Culture, Experienced Management Team

Under the JV agreement between CA and Stellantis, which will last until at least end-2024, Stellantis appoints the chief executive (general manager Giacomo Carelli) and CA the chief financial officer (deputy general manager Franco Casiraghi) and the head of credit. Fitch views this governance structure positively as it integrates CA's risk governance and Stellantis' industry expertise. The JV's corporate culture benefits from the physical proximity to Stellantis, with whom FCA Bank shares its headquarters in Turin. The senior management team has been with FCA Bank for a considerable period and has a high degree of depth and experience, in Fitch's view.

Stable Long-Term Strategy, Focus on Leasys

FCA Bank's strategy reflects a medium-term horizon and has been consistent over time. Its core goal is the growth of its rental business (Leasys) and possibly of new mobility ecosystems, especially towards individuals as a natural development to meet a growing demand. Other targets are the cooperation with new non-FCA manufacturers, digitalisation and the expansion of Leasys across western Europe. The overall group's business expansion is moderate and sustainable, in our view.

Risk Appetite

Robust Risk Governance, Driven by CA

FCA Bank's risk framework mirrors CA's and is monitored at CA's level. FCA Bank's credit policies and scorecards are decided centrally, while approval authority at each operating entity is limited. Scorecards are tailored for each product and country, with regular calibration and no possibility of manual override. Impairment policy is prudent, in Fitch's view, and the granular portfolio is collectively impaired according to statistical models. Residual-value risk is assessed quarterly against the evolution of the market for used cars, ensuring that FCA Bank can resell them on the secondary market.

Foreign-exchange and interest rates are hedged in highly liquid derivative markets and CA's standards encompass a conservative policy on liquidity matching.

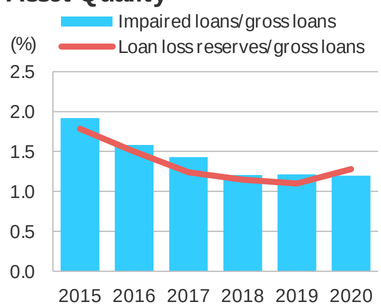
Financial Metrics

Asset Quality

Generation of New Impaired Loans Stays Low During Pandemic

Impaired loans remained at 1.2% of the gross loan portfolio at end-2020, well below their 2010-2011 levels and our initial expectations. Loan migration to Stage 3 was contained (0.3% of opening balance), although we expect a modest rise of credit risk over 2021, once state support measure lapse. Lower and slower collections during the pandemic had a minimal impact.

Asset Quality



Source: Fitch Ratings, FCA Bank

FCA Bank granted payment holidays for EUR2.3 billion during the pandemic, almost evenly split between dealers and retail clients, and about EUR400 million remained under the moratoria at end-1Q21. The default rate on the expired moratoria was 5%.

FCA Bank's portfolio consists of secured loans, backed by automotive vehicles and dealers' assets (working capital and outlets). Swift repossession on a borrower's default leads to a limited cost of risk, materially below the impaired loans ratio in the past 10 years. The impairment coverage of problem loans is consistently high (107% at end-2020), although the coverage by specific reserves was only 54%, reflecting the presence of valuable collateral.

Earnings and Profitability

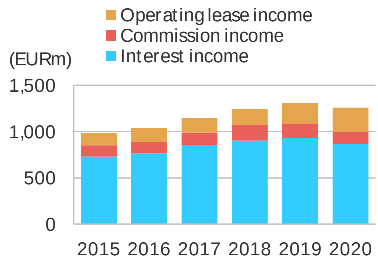
Resilient Income, Benefits from Litigation Victory

Interest and commission income reduced by EUR81 million, or 7%, in 2020 due to lower new loans origination, while credit costs increased by EUR23 million, mainly reflecting the new definition of default. This was mitigated by FCA Bank's victory in the litigation against the Italian Antitrust Authority and the subsequent release of the related provision (EUR60 million). Without this, pretax income would have contracted by 6%.

FCA Bank's profitability is modest through the cycle (pretax income/average assets averaged 2% between 2015 and 2020), reflecting low credit risk in its portfolio. Operating efficiency is sound owing to good cost control and to the absence of a proprietary outlet network. Funding costs benefit from access to ECB facilities and from the healthy appetite for FCA Bank's secured and unsecured issuance programmes among wholesale investors.

Fitch expects Leasys' contribution to the group's earnings to increase in the medium term (18% of total net income in 2020), thanks to the commission income from mobility services and to the higher margins on long-term car leasing than in the retail and dealers' segments.

Revenue Composition



Note: Operating lease income is net of operating costs and depreciation charges.
Source: Fitch Ratings, FCA Bank

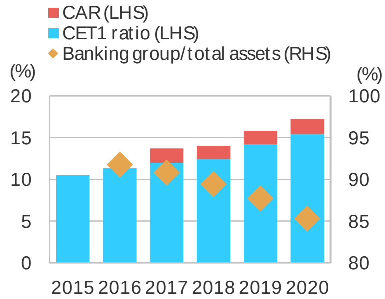
Capitalisation and Leverage

Sound Capital Buffers, Growing Scale of Leasys

FCA Bank's capitalisation is sound (common equity Tier 1 (CET1) ratio of 15.4% at end-2020) and it is further supported by a secured loans portfolio and a prudent capital retention policy. FCA Bank paid out in 2020 60% of its 2019 net income (dividend of EUR280 million), which we consider conservative, since it had cancelled its 2018 dividend to retain capital in view of the now-won antitrust litigation. We believe capital distributions will remain prudent, although lower new loan origination should lead to a contraction of risk-weighted assets (RWAs) in the short term.

FCA Bank's capitalisation benefits from only the book value of Leasys' equity being included in its RWAs (assets of the banking group were 85% of total assets at end-2020). The growing scale of Leasys and its significantly higher leverage (due also to Italy's regulation on exposures to related parties) mitigate the improved capitalisation of the banking group.

Capitalisation & Leverage



Source: Fitch Ratings, FCA Bank

Funding and Liquidity

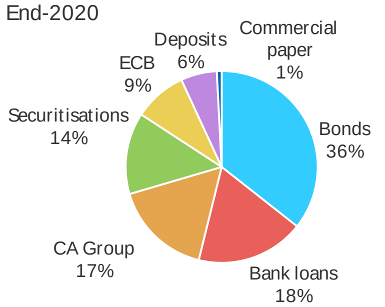
Diversified Wholesale Funding, Small Portion of Deposits

FCA Bank's funding and liquidity are underpinned by the JV with CA, which provided 17% of total debt at end-2020. Under the agreement, CA is committed to provide funding and liquidity to FCA Bank, priced at market rates and enough to meet the bank's needs even in the most stressful scenarios. Fitch believes funding support from CA, if needed, would be timely and adequate, but we also expect an increasingly autonomous funding profile.

The bank's funding is largely wholesale (e.g. bonds, bank debt, ECB loans). Since 2015, when it received a full bank status, the bank collects customer deposits, which at end-2020 had grown but remained relatively immaterial (6% of non-equity funding). FCA Bank also has access to ECB funding (i.e. targeted longer-term refinancing operations) and issues European commercial paper.

FCA Bank has significantly diversified its wholesale funding, both in terms of counterparties and instruments. It regularly taps the debt capital markets through its EUR12 billion medium-term note programme and its securitisations. We do not expect limitations of funding, in terms of cost or access.

Funding Sources
End-2020



Source: Fitch Ratings, FCA Bank

Environmental, Social and Governance Considerations

FitchRatings **FCA Bank S.p.A.**

Non-Bank FI Ratings Navigator
Finance & Leasing Companies

Credit-Relevant ESG Derivation

FCA Bank S.p.A. has 6 ESG potential rating drivers

- FCA Bank 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.
- FCA Bank 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.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	6	issues	3
not a rating driver	5	issues	2
	3	issues	1

Environmental (E)

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

Social (S)

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

Governance (G)

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

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

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

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

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

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

CREDIT-RELEVANT ESG SCALE

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

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

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

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

Income Statement

(EURm)	2020	2019	2018	2017	2016	2015
Revenue						
Interest income	864	930	903	855	764	729
Interest expense	-209	-237	-242	-266	-263	-285
Commission income	133	148	164	133	123	120
Commission expense	-43	-46	-55	-49	-43	-40
Net interest income	**745**	**795**	**771**	**672**	**581**	**524**
Income from operating leasing, net	755	658	539	463	430	392
Labour and administrative costs	-274	-278	-268	-252	-245	-227
Depreciation and amortisation	-525	-452	-375	-319	-287	-265
Other operating expenses	48	0	-76	5	-11	-6
Other income, net	-15	-39	-22	-16	-5	19
Impairment expenses	-71	-47	-21	-33	-47	-77
Pretax income	**663**	**638**	**548**	**521**	**417**	**359**
Income tax	-162	-171	-159	-139	-105	-110
Net income	**501**	**467**	**388**	**383**	**312**	**249**

Source: Fitch Ratings, FCA Bank S.p.A.

Balance Sheet

(EURm)	2020	2019	2018	2017	2016	2015
Assets						
Cash and equivalents	572	585	363	0	0	0
Due from banks and financial assets	2,069	2,093	2,230	2,180	1,645	1,490
Gross receivables	**22,366**	**24,176**	**23,862**	**21,521**	**18,839**	**15,735**
Memo: Impaired receivables included above	268	299	288	308	298	302
Less: Receivable loss allowances	-286	-271	-274	-267	-283	-281
Net receivables	**22,080**	**23,905**	**23,588**	**21,254**	**18,556**	**15,454**
Goodwill and intangible assets	296	263	247	237	226	218
Tax assets	360	300	274	269	259	281
Fixed assets	3,461	3,197	2,547	1,959	1,491	1,168
Insurance reserves	9	13	10	11	16	22
Other assets	1,330	1,350	1,279	1,276	1,091	876
Total assets	**30,177**	**31,706**	**30,536**	**27,187**	**23,284**	**19,509**
Liabilities						
Deposits from clients	2,100	1,799	1,823	1,483	702	454
Deposits from banks	10,372	10,278	9,807	8,556	8,022	7,651
Debt securities	12,438	14,857	14,577	13,336	11,088	8,244
Tax liabilities	311	238	192	167	131	109
Other liabilities	1,146	1,121	997	932	870	709
Total liabilities	**26,366**	**28,293**	**27,396**	**24,474**	**20,812**	**17,166**
Total equity	**3,811**	**3,413**	**3,140**	**2,713**	**2,471**	**2,343**
Total liabilities and equity	**30,177**	**31,706**	**30,536**	**27,187**	**23,284**	**19,509**

Source: Fitch Ratings, FCA Bank S.p.A.

Summary Analytics

	2020	2019	2018	2017	2016	2015
Asset-quality metrics (%)						
Impaired loans/gross loans	1.2	1.2	1.2	1.4	1.6	1.9
Loans loss allowances/impaired loans	106.9	90.5	95.2	86.8	94.9	92.9
Origination of new Stage 3 loans	0.3	0.5	0.6	n.a.	n.a.	n.a.
Loans impairment charges/average gross loans	0.1	0.1	0.1	0.1	0.3	0.2
Growth of gross loans	-7.5	1.3	10.9	14.2	19.7	15.4
Earnings and profitability metrics (%)						
Pretax income/average assets	2.1	2.1	1.9	2.1	1.9	2.0
Pretax income/average equity	18.3	19.5	18.7	20.1	17.3	16.0
Operating expenses/net revenue	37.1	35.2	34.8	37.7	42.4	43.6
Depreciation expenses/total revenue	71.0	57.1	48.6	47.7	49.8	50.9
Interest income/average gross loans	3.9	4.1	4.3	4.5	4.7	5.4
Interest expense/average debt	1.0	1.1	1.2	1.5	1.7	2.1
Capitalisation and leverage metrics						
Debt/tangible equity (x)	7.9x	9.4x	10.0x	10.6x	10.0x	8.9x
Capital adequacy ratio (%)	17.21	15.82	14.02	13.69	11.34	10.46
CET1 ratio (%)	15.43	14.20	12.45	11.98	11.31	10.45
Impaired receivables less loss allowances/equity (%)	-0.6	0.9	0.5	1.5	0.7	1.3
Assets of banking group/total assets (%)	85.3	87.7	89.4	90.8	91.8	n.a.
Funding and liquidity metrics (%)						
Unsecured debt/total debt	86.2	79.0	78.0	81.0	82.1	80.6
Parental funding/total funding	16.7	13.1	11.6	11.7	14.4	16.9
Unsecured debt/total non-parental debt	83.4	75.9	75.1	78.4	79.0	76.7
Deposits/total funding	6.1	4.1	3.5	2.2	1.0	0.0

Source: Fitch Ratings, FCA Bank S.p.A.

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