FCA Bank Group

FCA BANK

Consolidated financial statements

DECEMBER 31ST, 2020

FCA Bank Group

CONSOLIDATED FINANCIAL STATEMENTS

December 31st, 2020

FCA Bank S.p.A.
Registered office: Corso G. Agnelli, 200 - 10135 Turin – www.fcabankgroup.com - Paid-up Share Capital: Euro 700,000,000 - Turin Companies Register n. 08349560014 - Tax and VAT Code 08349560014 - Entered in the Bank Register n. 5764 - Holding of FCA Bank Banking Group - Entered in the Banking Group Register - Cod. ABI 3445 - Entered in Single Register of Insurance Intermediaries (RUI) n. D000164561. Member of the National Interbank Deposit Guarantee Fund.

Introduction

The Consolidated Financial Statements of the FCA Bank Group for the year-ended December 31st, 2020 have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), in keeping with Bank of Italy's instructions laid down in circular no. 262 of December 22nd, 2005 (6th update of November 30th, 2018 and subsequent updates published in December 2020). The formats and manner of preparation of the accounts are mandated by these rules and standards.

The Consolidated Financial Statements consist of the Statement of financial position, the Income statement, the Statement of comprehensive income, the Statement of changes in equity, the Statement of cash flows and the Notes and are complemented by the Board of Directors report on the group's operating results and financial conditions. Comments are supported by the reclassified income statement, certain financial ratios and alternative performance indicators; the tables with the relevant reconciliations are included in the report on operations.

The Consolidated Financial Statements were prepared with clarity and provide a true and fair view of the financial condition, cash flows and operating results for the financial year. In addition, they are accompanied by the Board of Statutory Auditors' report and the independent auditors' opinion pursuant to Legislative Decree no. 39 of January 27th, 2010.

Disclosures of significant events, presentations to investors and public disclosures pursuant to Regulation EU 573/2015 are available the website of the FCA Bank Group (www.fcabankgroup.com).

The consolidated Non-Financial Statement, compliant to Legislative Decree no. 254 of December 30th, 2016, which illustrates environmental, social and personnel-related issues is attached to the Consolidated Financial Statements.

Information on the remuneration required by art. 123-ter of the TUF and by the Basel Third Pillar (see Pillar III) is also published and made available on the website according to the related approval procedures.

KEY FIGURES

993€/MLN
Net banking income and rental margin

3.9%
On average portfolio

68€/MLN
Cost of risk

0.26%
On average portfolio

279€/MLN
Net operating expenses

28.1%
Cost/Income ratio

10,996€/MLN
New retail, leasing and rental volumes

1.7MLN
Retail financing and rental active contracts

47.9%
Global penetration

26.2€/BLN
End of year portfolio

25.5€/BLN
Average portfolio

15.43%
CET 1 Ratio

17.21%
Total Capital Ratio

12.03%
Leverage Ratio

663€/MLN
Profit before tax

94 €/MLN
of which Mobility - Rental

501€/MLN
Net profit

87€/MLN
of which Mobility - Rental

18
Countries

2,415
Employees

1,639
Banking Group

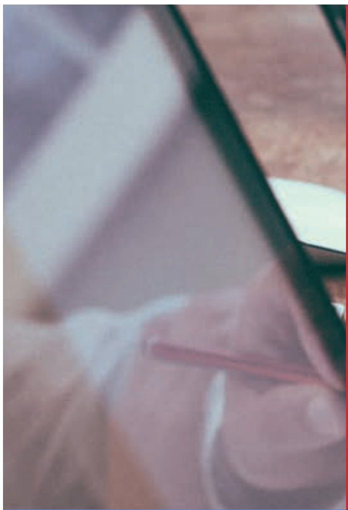
776
Mobility - Rental

314 THOUSAND
Long term, short term rental fleet and fleet management

19
Brands

FIAT - ALFA ROMEO - LANCIA - ABARTH - JEEP - FIAT PROFESSIONAL - CHRYSLER - MASERATI - FERRARI - JAGUAR - LAND ROVER - ERWIN HYMER GROUP - RAM - DODGE - ASTON MARTIN - MORGAN - HARLEY DAVIDSON - LOTUS - GROUPE PILOTE

ABSTRACT



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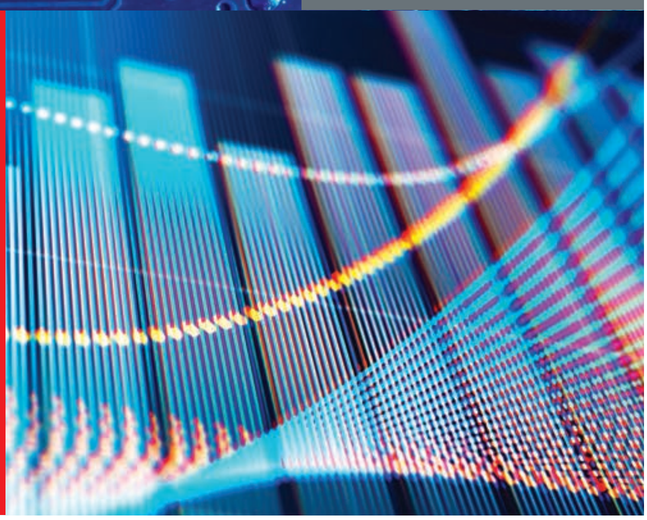


CONTENTS

Our green way forward

GIACOMO CARELLI
CEO & General Manager

“FCA Bank has responded to the global crisis by continuing to innovate and trying to accommodate the new market trends.”

We have come to the end of a year that will be hard to forget. The pandemic has radically changed our way of life and habits, bringing out new needs and values. The motor vehicle and mobility sector contracted significantly, and the drop was only partially offset by stronger production over the summer and towards the end of the year. Nevertheless, FCA Bank has responded to the global crisis by continuing to innovate and trying to accommodate the new market trends.
Together with innovation, we have worked on sustainable mobility, which will continue to be at the heart of our strategies. The transition towards electric mobility is one of the objectives set globally by the United Nations in the Paris Agreements, to combat climate change and all its dramatic consequences. FCA Bank wants to be an active part of this change. We have introduced a number of financing programs to encourage the purchase of hybrid and electric cars. We started in February with the Be-Hybrid program and with the "Tree on Board" project in collaboration with Treedom, thanks to which we helped to reduce CO_2 emissions by over 4 thousand tons in a year. With the release of the New Fiat 500, we launched Go-Easy, the first financing product dedicated exclusively to electric cars.
Through Leasys, we have continued the electrification of the Mobility Stores and, to date, we have completed the process with nearly 500 of them in Italy, France and Spain, activating over 1,200 charging points. Our goal is to open 1,500 EV-ready locations in 2022 and have a private network of 3,500 charging points in the main European markets.
We want to make our short- and medium-term rental fleet totally hybrid and electric by 2023, investing in new mobility solutions, in the CarCloud subscription and in electric Car Sharing. With sustainability in mind, we launched at the end of the year LeasysGo!, the first car sharing program developed with a fleet made up solely of electric Fiat 500. The program is already available in Turin and will soon launch in Milan and

"We aim to make our business increasingly digital, electric and sustainable, in the interest of our customers and the company."

Rome, reaching eventually such important European cities as Lyon and Valencia.

In addition to the development of electric mobility, FCA Bank and Leasys have continued to expand their business both in Italy and in the rest of Europe. FCA Bank has entered into agreements for two major new partnerships with the iconic British brand Lotus and with the Pilote, a leading French group engaged in the production of campers and caravans. FCA Bank's portfolio has enlarged to 19 brands.

Leasys S.p.A. completed 3 important acquisitions. It acquired Aixia Developpement S.A.S. - later renamed Leasys Rent France S.A.S. - in March, Drivalia Car Rental S.L.U. in Spain in November and Bluetorino S.r.l. from the Bolloré Group in December. These are three important steps that will strengthen Leasys' position in Europe and in car sharing in Italy, making the company increasingly a leader in the rental and mobility sector.

Leasys expanded its footprint also in Europe with the opening of two new branches, one in Portugal and one in Denmark, as well as following the transfer of FCA Bank's leasing assets in Austria and Greece. The Company has now car rental operations in 12 European countries.

Despite the adversity, FCA Bank's 2020 was, therefore, characterized by important projects, which laid the foundations for the future of the Group. In the year ahead, in keeping with the projects undertaken in the past, we aim to make our business increasingly digital, electric and sustainable, in the interest of our customers and the company. We have ambitious goals but we know that we have the capabilities and skills to achieve them. We are also convinced that once the economy picks up again we need to focus more on the sustainability of the growth model.

FCA Bank and Leasys have already shown all the resilience necessary to cope with the changes ahead of them, and 2021 looks like a year full of challenges and opportunities.

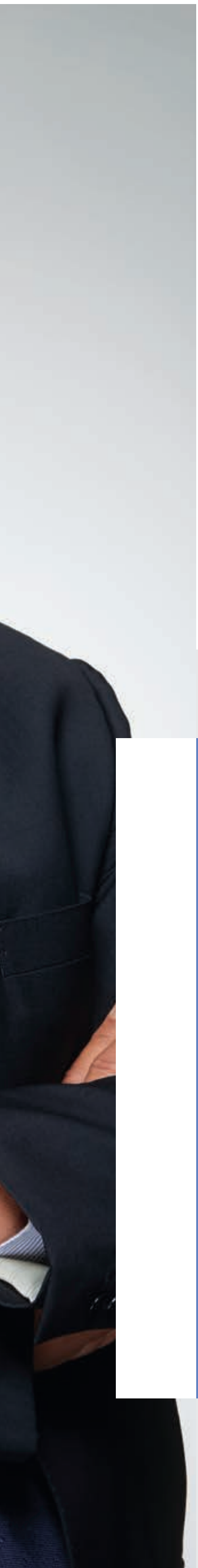
"FCA Bank has been able to benefit from the funds made available by the European Central Bank..."

In 2020, humanity was stricken by the Covid-19 pandemics, an unprecedented event in the history of the last century which, in addition to the health emergency, caused a global health recession whose intensity was second only to that determined by the two world wars and the Great Depression.

With a reaction that was much faster than that staged during the 2008 financial crisis, on March 12th, right after the lockdown in Italy, the European Central Bank (ECB) announced an initial series of measures to support liquidity - including more favourable conditions for the TLTRO-III – while on March 18th, it introduced the Pandemic Emergency Purchase Programme (PEPP), a purchase program worth 750 billion, in addition to the pre-existing Asset Purchase Program (APP).
In light of the continuing emergency, the ECB further strengthened the PEPP in June – increasing its size by €600 billion (raising the total to €1,350 billion) and extending its duration until the end of June 2021 (from December 2020) – and in December, when it increased again the size of the program, by €500 billion (for a total of €1,850 billion) and extending the program "at least" until the end of March 2022. Moreover, still in December, the ECB extended by 12 months the more favourable conditions for TLTRO-III (until June 2022) and raised the maximum amount that counterparties will be able to borrow from 50% to 55% of their stock of eligible loans.
Thus, the European Central Bank deployed its monetary firepower, using tools it did not have in 2008, to ensure financial stability and the liquidity necessary to meet the new challenge.

Even though they were not equally rapid, national governments did act, raising public debt substantially to implement stimulus packages to support employment in the hardest hit companies and sectors. The European Union, for its part, stepped in

Financial policy transactions: financial stability and liquidity for the profitability of the business in a global recession



FRANCO CASIRAGHI
Deputy General Manager
& Chief Financial Officer

by suspending public budget restrictions under the stability pact and, most importantly, by introducing a €750-billion recovery fund called "Next Generation EU", which is designed to support the countries afflicted by the pandemic. For the first time in its history, the European Unions will issue its own bonds – e.g. the long-discussed Eurobonds - to raise the funds necessary to carry out these plans.
Against this backdrop, FCA Bank has been able to benefit from the funds made available by the European Central Bank by borrowing at attractive terms through the TLTRO-III program, by using as collateral eligible ABSs (issued in connection with the securitizations originated within the FCA Bank Group) and receivable portfolios posted as collateral under the A.BA.CO. program.
In addition, FCA Bank issued three bonds for €2.5 billion, exiting the market in the periods of volatility – when a significant jump in the spread was noted in the secondary market – and taking advantage instead of particularly attractive windows of opportunity in January, before the spread of the pandemic, and most of all in September and November. The November issue, in particular, marked the best performance in terms of interest in the FCA Bank Group' s history in the Eurobond market, with an order book that gathered over €5 billion from 277 investors.

In addition to relying on the greater lines of credit made available by its banking shareholder Crédit Agricole Consumer Finance – as a result of the renewed agreement which extended the life of the joint venture until 2024 – the FCA Bank Group continued to diversify its funding sources, both through the continuing growth of Conto Deposito (with total inflows that at year-end reached €1.5 billion) and through the placement of commercial paper under the ECP program, a money market instrument that makes it possible to meet limited and temporary liquidity shortfalls.

In a context of falling loans and leases, due to the economic crisis, the combination of all these transactions enabled FCA Bank to continue to secure the liquidity necessary for the group, ensuring in the meantime an unprecedented business profitability.

Witness to the foregoing, in December FCA Bank obtained a new public rating from Scope Ratings, the only European rating agency that operates at the international level and capable of providing to the financial community a different perspective from that of the U.S. agencies. The "A" rating assigned, with a stable outlook, reflects the sound evaluation of the FCA Bank Group and is two notches higher than the rating attributed to the Republic of Italy (based on the agency's method, there is no automatic cap required by the sovereign where the company is incorporated). Still in December, Fitch assigned Leasys S.p.A. a long-term rating of BBB+ with negative outlook (in line with FCA Bank's, whose outlook is the same as that of Crédit Agricole), one of the highest in the rental and mobility sector.

"...the combination of all these transactions enabled FCA Bank to continue to secure the liquidity necessary for the group, ensuring in the meantime an unprecedented busines profitability."

HIGHLIGHTS

LEASYS. PIONEERS OF ELECTRIC MOBILITY

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NEW LEASYS BRANCHES IN PORTUGAL AND DENMARK

ROLANDO D'ARCO
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SUSTAINABLE MOBILITY: LEASYSGO!

LUCA POLLANO
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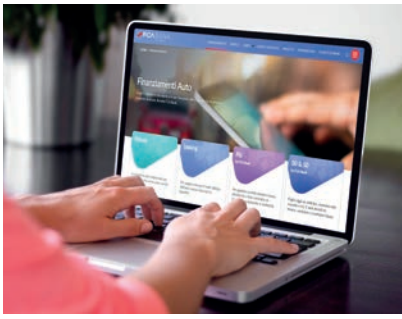

FCA BANK, FULLY DIGITAL

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FCA BANK ITALIA: THE FULL DIGITAL EVOLUTION OF DISTRIBUTION CHANNELS

GIULIO VIALE
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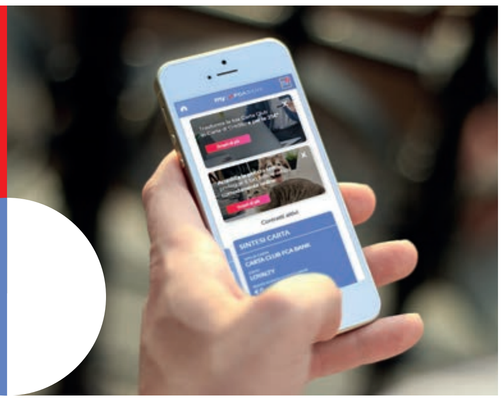

OUR MOBILITY STRATEGY

Over 400 Leasys Mobility Stores and 1,000 charging points

ANDREA PERTICA

CEO Leasys Rent - pag. 83

ACQUISITIONS

ROLANDO D'ARCO

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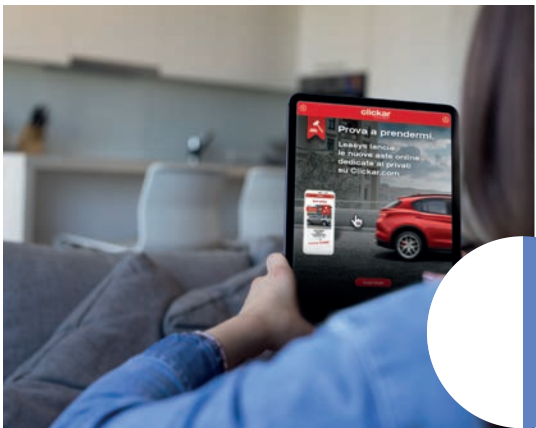

REMARKETING ACTIVITY: CLICKAR.COM

ALBERTO GRIPPO

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RESILIENCE, LEADERSHIP AND PROJECT IMPLEMENTATION

ANDREA BARCIO

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Board of Directors, Board of Statutory Auditors and External Auditors

Board of Directors

Chairman
Stéphane Priami[1]

CEO & General Manager
Giacomo Carelli

Directors
Richard Bouligny[2]
Paola De Vincentiis*
Andrea Faina
Andrea Giorio*
Olivier Guilhamon
Davide Mele
Richard Keith Palmer
Valérie Wanquet

Board of Statutory Auditors

Chairman
Francesco Pisciotta

Statutory auditors
Giovanni Ossola
Vittorio Sansonetti

Alternate Statutory Auditors
Valter Cantino
Davide Chiesa

External Auditors

EY S.p.A.

* independent directors
[1] appointed on January 31st, 2020
[2] appointed on June 26th, 2020

Governance

1. **Giacomo Carelli:** Chief Executive Officier & General Manager
2. **Mauro Aimetti:** Internal Audit
3. **Andrea Barcio:** Human Resources
4. **Simone Basili:** Dealer Financing
5. **Olivier Broc:** Credit
6. **Franco Casiraghi:** Deputy General Manager & Chief Financial Officer
7. **Rolando D'Arco:** Business Development & European Markets
8. **Emanuela Demarchi:** Risk & Permanent Control

9. **Enrico Favale:** Legal Affairs & Procurement
10. **Alberto Grippo:** Chief Executive Officier Leasys
11. **Patrizio Lattanzi:** Compliance & Supervisory Relations
12. **Stefano Leucci:** Data Protection
13. **Juan Manuel Pino:** Sales & Marketing
14. **Luca Pollano:** ICT Digital & Data Governance
15. **Alberto Sibille:** Corporate Affairs & Process Governance
16. **Giulio Viale:** FCA Bank Italia

FCA BANK GROUP

Presentation and milestones

FCA Bank S.p.A. is an equally held joint venture between FCA Italy S.p.A. (a Fiat Chrysler Automobile Group company) and CA Consumer Finance S.A. (a Crédit Agricole Group company). FCA Bank operates in 17 European markets and in Morocco and acts as the partner of reference for Fiat Chrysler Automobiles brands (Fiat, Lancia, Alfa Romeo, Fiat Professional, Abarth, Maserati, Chrysler and Jeep®) for the prestigious manufacturers Ferrari, Jaguar Land Rover and the Erwin Group, Europe's largest manufacturer of motorhomes and campervans.
The FCA Bank Group has been supporting the automotive sector in Italy and Europe for over 90 years.
SAVA (Società Anonima Vendita Automobili), a financial company designed to help Italian households to buy a car, was established on April 25th, 1925, in Turin, when the "509" model was launched (the first Fiat car sold on credit).
On April 11th, of the same year Fiat took over the company. Starting January 1st, 1931, in its capacity as sole shareholder, Fiat decided to provide financing only to buyers of its cars.
In 1938 SAVA also began to finance sales of used cars on instalments. Over the past few decades the company has been expanding its business beyond the national borders, in EU and non-EU countries.
In 2003, SAVA was placed under Fidis Retail Italia S.p.A., whose shareholders eventually included Banca Intesa, Sanpaolo IMI, Capitalia and Unicredit with a collective 51% equity interest, on one side, and Fiat, which held the remaining 49%, on the other. In December 2006, Fiat Auto S.p.A. and Crédit Agricole S.A. established an equally-held joint venture to provide financial and rental services in Europe.
Fiat Auto Financial Services S.p.A. was born.
In July 2008, a cooperation agreement is signed with Jaguar Land Rover, while in 2009, the company became the captive of all Chrysler brands

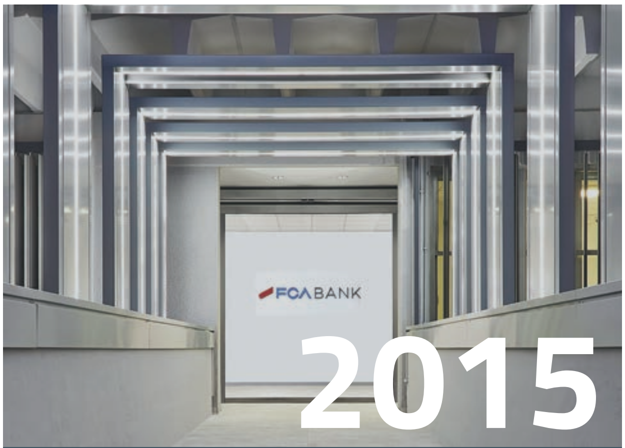
in Europe (Chrysler, Jeep® and Dodge). After signing a partnership agreement with Maserati in September 2013, FGA Capital started Maserati Financial Services. In November 2013, the equally-held joint venture between Fiat and Crédit Agricole was extended until December 2021.
On January 16th, 2015, FGA Capital obtained a banking license in Italy and changed its name to FCA Bank S.p.A., thus becoming the parent company of an international Banking Group with a direct presence in 18 countries. In July of the same year, Erwin Hymer Group and FCA Bank announced a new collaboration and the creation of Erwin Hymer Group Finance. In August 2016, FCA Bank signed an agreement with Ferrari Financial Services S.p.A., the Ferrari financial services company, to acquire a controlling interest in Ferrari Financial Services GmbH, which operates in Germany, Switzerland and UK, becoming the only financial partner of the prestigious automotive brand in Europe. In October, the bank further diversified its offering by launching “Conto Deposito”, an innovative savings product available only online.
2017 is characterized by the growing internationalization of Leasys in Europe and in particular in Spain, France, Germany and UK. In October, FCA Bank debuted with “Conto Deposito” in Germany. On February 15th, 2018, FCA Italy S.p.A. ("FCA"), Crédit Agricole S.A. ("CASA") and Crédit Agricole Consumer Finance S.A. ("CACF") have concluded an agreement for the extension until December 31st, 2022 of their Joint Venture. In the same month the partnership with Jaguar Land Rover was renewed. In March FCA Bank announces the new partnership with Aston Martin Lagonda and Morgan Motor Company. On October 1st, Leasys S.p.A. acquired 100% of the share capital of Win Rent S.p.A..
FCA Bank has thus created the conditions for the development of its activity in short-term rental.
Finally, before the end of the year, the partnership have been sealed with Harley Davidson, MV Agusta and Dodge and Ram European importers.
June saw the birth of the Leasys Mobility Stores, the new integrated mobility system created by industry-pioneer Leasys.
On July 19th, 2019, FCA Italy (“FCA”) and Crédit Agricole Consumer Finance (“CACF”) entered into an agreement to extend FCA Bank, their equally-held joint venture, until December 31st, 2024.

“The FCA Bank Group has been supporting the automotive sector in Italy and Europe for over 90 years.”

In context of FCA Bank’s growth plans in Europe, among others, FCA Capital Maroc was founded to supports FCA customers with innovative financial solutions. In October LeasysCarCloud was launched, the first mobility subscription model in Italy.
Leasys S.p.A. acquired, in May 2020, Aixia Developpement S.A.S. a French leader in short-term rental and, in November, Drivalia Car Rental S.L.U., later renamed Leasys Rent Espana S.L.U., a Spanish leader in short-term rental.
In July 2020 Leasys S.p.A. established a branch in Denmark - Leasys Danmark, Filial af Leasys S.p.A., Italien.
Also in July 2020, FCA Bank entered into partnership arrangements with Lotus, a leading manufacturer of sports cars, and Groupe Pilote, a leader in the camper and caravan sector.
The agreement with Lotus calls for FCA Bank to act as sole provider of financing in the United Kingdom and in nine other European markets.
In November 2020, it became the sole shareholder – following the purchase of the shares held by FCA Bank S.p.A. – of FCA Dealer Services Portugal S.A..
On December 1st, 2020 Leasys Rent S.p.A. purchased Bluetorino S.r.l., a company engaging in electric car sharing in Turin. The electrification of the Leasys Mobility Stores made it possible to establish a grassroots presence throughout Italy.

SAVA (Società Anonima Vendita Automobili) **was foundend.**

Fiat Auto S.p.A. and Crédit Agricole S.A. established an equally-held joint venture to provide financial and rental services in Europe.



FGA Capital S.p.A. obtained a banking license in Italy and changed its name to **FCA Bank S.p.A.**.

FCA Italy ("FCA") and **Crédit Agricole Consumer Finance** ("CACF") entered into an agreement to exend FCA Bank, their equally-held joint venture, until 2024.

2020

Leasys: group expansion and reorganization.

Profile of the FCA Bank Group

Stellantis N.V.

On January 4th, 2021, Fiat Chrysler Automobiles N.V. (“FCA”) and Peugeot S.A. (“Groupe PSA”) entered into a binding Combination Agreement, which calls for a merger of equals (50/50) between the two companies, thus creating Stellantis N.V., the world’s 4th largest car manufacturer by volumes and the 3rd largest by revenues.
The merger took effect on January 16th, 2021.

Fiat Chrysler Automobiles (FCA)

As of the reporting date, the 50% shareholder was Fiat Chrysler Automobiles (FCA), since the merger took effect on January 16th, 2021.

Crédit Agricole Consumer Finance

In 2006, Crédit Agricole Consumer Finance and Fiat Auto set up an equally-owned joint venture called Fiat Group Automobiles Financial Services, which was eventually renamed FGA Capital in 2009. Following its transformation into a bank in 2015, the Company changed its name to FCA Bank S.p.A.

This partnership was subsequently extended to Jaguar Land Rover, Chrysler, Dodge and Jeep®.

With managed outstandings of €91 billion at December 31st, 2020, Crédit Agricole Consumer Finance is a leading player in the consumer credit market. It offers its customers and partners financing solutions that are flexible, responsible and tailored to their needs. With a presence in 18 countries in Europe, as well as in China and Morocco, Crédit Agricole Consumer Finance uses its know-how and expertise to ensure that the customer loyalty policies of its partners, be them vehicle manufacturers, distributors, dealers, banks or institutional organisations become a commercial success.

Customer satisfaction being at the heart of its strategy, Crédit Agricole Consumer Finance provides them with the means of making informed choices about their projects.

The company innovates and invests in digital technologies to offer customers and partners the best solutions, thus developing a new lending experience with them.

STELLANTIS

100%

FCA ITALY S.p.A.

50%

FCA BANK

CRÉDIT AGRICOLE S.A.

100%

CRÉDIT AGRICOLE CONSUMER FINANCE

50%

FCA BANK

Group structure

FCA BANK

Banking Group

- FCA Bank S.p.A. (Belgian Branch)
- FCA Bank S.p.A. (Irish Branch)
- FCA Bank S.p.A. S.A. Oddział w Polsce (Polska Branch) (1)
- 50% FCA Bank GmbH (AT) (2)
  - FCA Bank GmbH (Hellenic Branch)
- 100% FCA Capital Suisse S.A. (CH)
- 100% FCA Bank Deutschland GmbH (DE)
- 100% FCA Capital Danmark A/S (DK)
  - FCA Capital Danmark A/S (Finland Branch)
  - 100% FCA Capital Norge AS (NO)
  - 100% FCA Capital Sverige AB (SE)
- 100% FCA Capital España EFC S.A. (ES)
- 100% FCA Dealer Services España S.A. (ES)
  - FCA Dealer Services España S.A. (Morocco Branch)
- 100% FCA Capital France S.A. (FR)
  - 99,99% FCA Leasing France S.A. (FR) (3)
- 100% FCA Capital Nederland B.V. (NL)
- 100% FCA Capital Portugal IFIC S.A. (PT)
- 100% FCA Automotive Services UK Ltd (UK)
- 100% FCA Dealer Services UK Ltd (UK)
- 50% Ferrari Financial Services GmbH (DE) (4)
  - Ferrari Financial Services GmbH (UK Branch)

Other companies

- 100% Leasys S.p.A. (IT)
  - Leasys S.p.A. (Belgian Branch)
  - Leasys S.p.A. (Danish Branch) (5)
  - Leasys S.p.A. (German Branch)
  - Leasys S.p.A. (Spanish Branch)
  - 100%
    - Leasys France S.A.S. (FR)
    - Leasys Hellas SM S.A. (GR) (6)
    - Leasys Nederland B.V. (NL)
    - Leasys Polska Sp.Zo.o. (PL) (7)
    - Leasys Portugal S.A. (PT) (8)
    - Leasys UK Ltd (UK)
    - Leasys Rent Espana S.L.U. (ES) (9)
    - Leasys Rent France S.A.S. (FR) (10)
    - Leasys Rent S.p.A. (IT)
    - FCA Leasing GmbH (AT) (11)
    - Clickar S.r.l. (IT)
- 100% FCA Insurance Hellas S.A. (GR) (12)
- 100% FCA Capital RE DAC (IE)

Legal entity

Branch

Note:

(1) An agreement to carry out the cross-border merger of FCA Group Bank Polska with and into FCA Bank S.p.A. was signed on December 19th, 2019; the merger took effect on January 1st, 2020.

(2) FCA Bank GmbH - Fidis S.p.A. holds 25% while the remaining 25% is held by CA Consumer Finance S.A..

(3) FCA Leasing France SNC - Remaining shareholding interest is held by Leasys France S.A.S.. On February 23rd, 2021 FCA Leasing France SNC changed the company name in FCA Leasing France S.A..

(4) Ferrari Financial Services GmbH - FCA Bank holds 50% + 1 share; remaining shareholding interest is held by Ferrari S.p.A..

(5) Effective July 23rd, 2020, Leasys S.p.A. set up its own danish branch under the name Leasys Danmark, Filial af Leasys S.P.A., Italien.

(6) On December 22nd, 2020 FCA Bank S.p.A. sold the shares held by FCA Capital Hellas S.A. to its Italian subsidiary Leasys S.p.A.; starting from that date, FCA Capital Hellas S.A. it is no longer part of the Banking Group. On January 4th, 2021 FCA Capital Hellas S.A. changed the company name to Leasys Hellas SM S.A..

(7) The company is still part of the Banking Group.

(8) Effective November 4th, 2020, FCA Bank S.p..A. sold all shares hed in FCA Dealer Services Portugal S.A. to its Italian subsidiary Leasys S.p.A.. Effective December 23rd, 2020 FCA Dealer Services Portugal S.A. changed the company name to Leasys Portugal S.A..

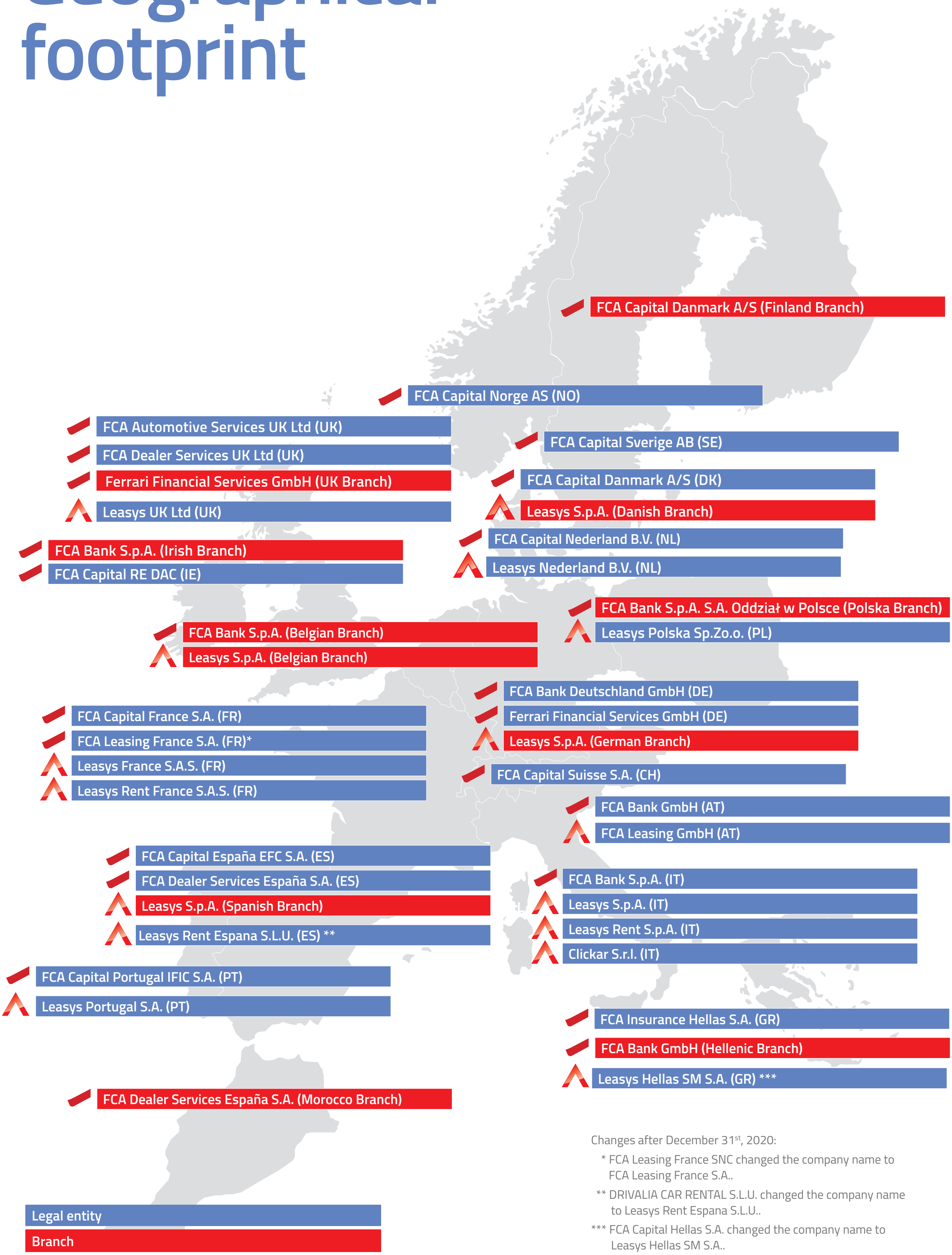
(9) Effective November 5th, 2020 Leasys S.p.A. acquired all shares constituting 100% of the share capital of Drivalia Car Rental S.L.U., a company based in Alicante. Drivalia Car Rental S.L.U. was eventually renamed Leasys Rent Espana S.L.U..

(10) On October 1st, 2020, took effect the merger of the companies AIXIA LOCATION S.A.S., RENT ALL S.A.S. and AIXIA SYSTEMES S.A.S., through TUP ("Transmission Universelle de Patrimoine"), into Leasys Rent France S.A.S..

(11) Effective December 22nd, 2020, FCA Bank S.p.A. sold all shares hed FCA Leasing GmbH to its Italian subsidiary Leasys S.p.A. The company is still part of the Banking Group.

(12) On December 21st, 2020 FCA Bank S.p.A. acquired from FCA Capital Hellas S.A. all shares held in FCA Insurance Hellas S.A.; starting from that date, FCA Insurance Hellas S.A. it is no longer part of the Banking Group.

Geographical footprint



Changes after December 31st, 2020:

* FCA Leasing France SNC changed the company name to FCA Leasing France S.A..

** DRIVALIA CAR RENTAL S.L.U. changed the company name to Leasys Rent Espana S.L.U..

*** FCA Capital Hellas S.A. changed the company name to Leasys Hellas SM S.A..

Result of operations

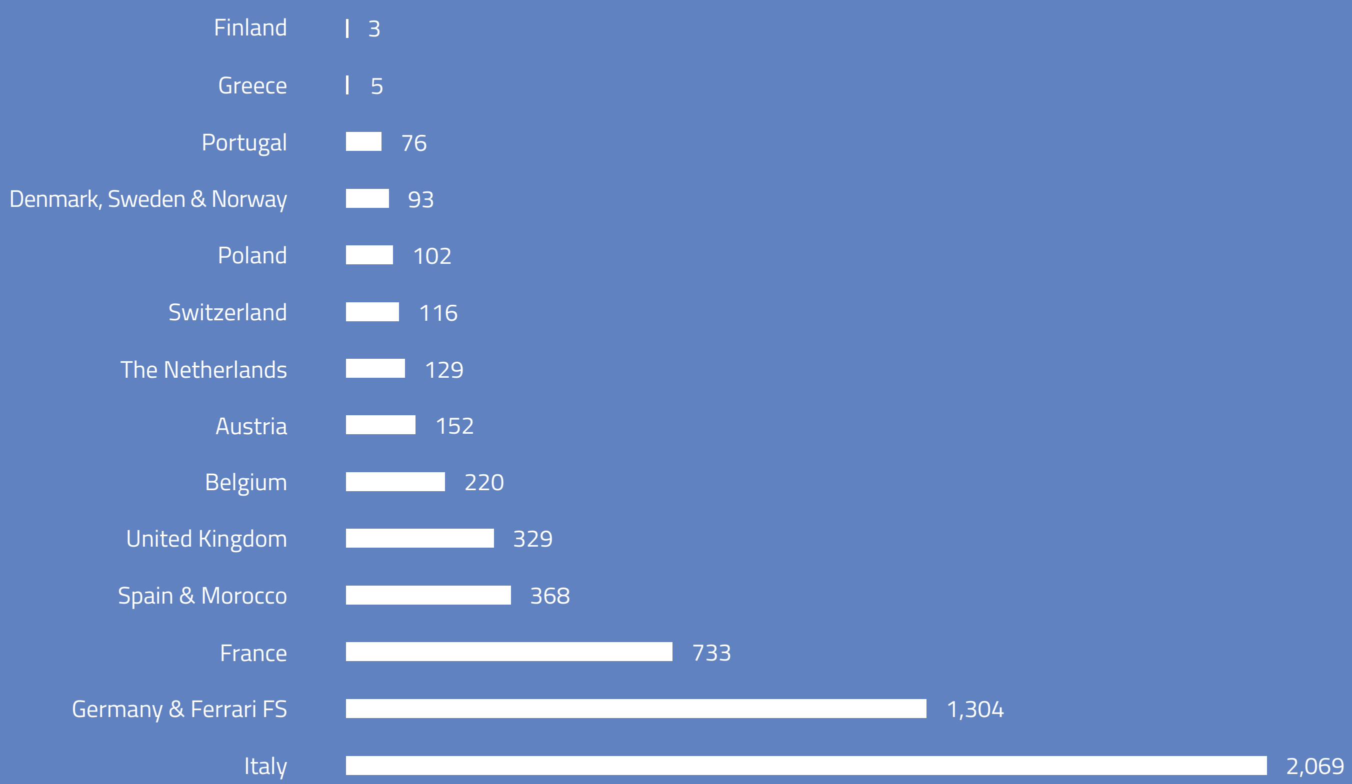
Economic data (€/mln)	31/12/2020	31/12/2019
Net banking income and rental margin	993	1,025
Net operating expenses	(279)	(293)
Cost of risk	(68)	(66)
Other income/(expense)	16	(28)
Profit before tax	663	638
Net income	**501**	**467**
Outstanding		
Average	25,535	26,348
End of year	26,168	27,539
Ratio		
Net banking income and rental margin (on Average Outstanding)	3.89%	3.89%
Cost/Income ratio	28.06%	28.55%
Cost of risk (on Average Outstanding)	0.26%	0.25%
CET1	15.43%	14.20%
Total Capital Ratio (TCR)	17.21%	15.82%
Leverage Ratio	12.03%	10.62%

The business lines

BANKING – WHOLESALE FINANCING

Wholesale Financing END OF YEAR* (€/bln)

Wholesale Financing END OF YEAR BY MARKET* (€/mln)



* The figure includes demo cars and commercial lending

In 2020, a year marked by the Covid-19 emergency, the Wholesale Financing line of business confirmed its strategic role in FCA Bank's financial performance and in the commercial and management policies of the different manufacturers for which FCA Bank acts as captive bank. From this standpoint, in addition to the traditional manufacturing partners (FCA, Maserati, Ferrari, JLR and Hymer), in 2020 FCA Bank entered into partnership agreements also with the Lotus and Pilote brands, thus continuing to develop and diversify its wholesale portfolio.

The measures adopted to support the network in the first half, which was characterized by the onset of the crisis, led mainly to a 60-day extension of the payments coming due between March and July. Similar measures were adopted with the second wave of infections in autumn, intended mainly for the markets on the basis of the lockdowns and the resulting reduction of commercial activities. Such measures involved the extension of the payment terms for invoices coming due and payable in the last few months of the year, and were introduced along the same lines as those defined and implemented in the first half.

The set of measures adopted, in conjunction with actions taken to mitigate risk especially in relation to financially weaker counterparties, contributed to ease the excessive liquidity pressure on the dealer network, maintaining a good portfolio quality, particularly in terms of payment performance. This improved even further the already good relationships with manufacturers and dealers.
Moreover, the effectiveness of these actions was strengthened by other support measures activated directly by manufacturers (special promotional campaigns) and, in certain countries, directly by governments (purchase incentives).
In general terms, relief was provided for a total outstanding of €1,127 million.

Of this amount, €1,033 million related to contracts with a new due date between April and December.

These extensions turned out to be very positive, as over 99% of the sums involved was paid by the new due dates.
Regarding the business's performance, loans and leases at the end of December amounted to €5.7 billion (same level recorded at the end of June), down from December 2019. During the year, the manufacturers managed prudently their billing process, often continuing to make vehicles available to their dealers.

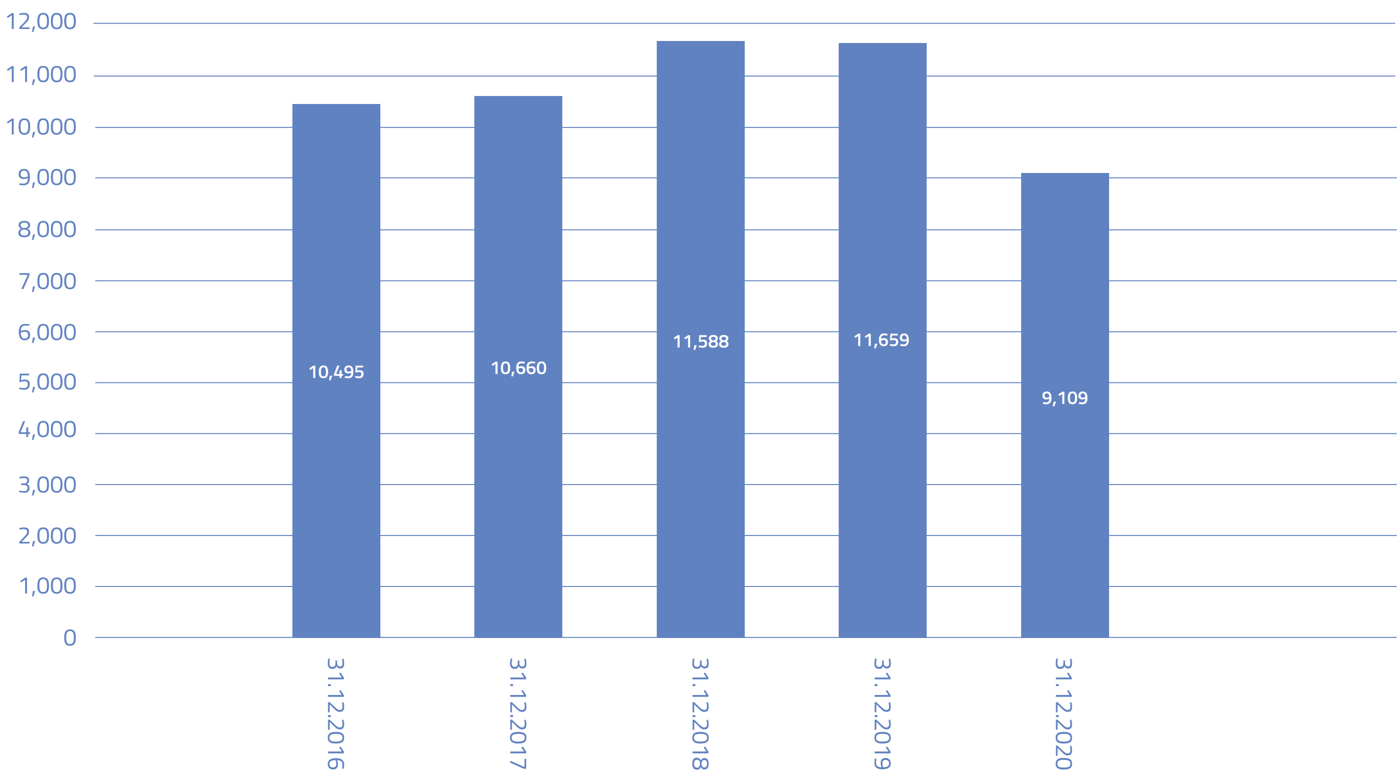
While the combined effect of the foregoing activities and the prudent management of the billing process explains the decrease in loans and leases, on one side, it also allowed the work-off of the peak aged inventories recorded in June. In fact, at the end of December aged inventories were down substantially across the entire dealer network. This was especially so for FCA dealers, where only 2.7% of new vehicles financed were aged more than 180 days. This excellent result will enable dealer to face 2021 with lower liquidity risks.

Despite the difficulty of the period and the significant drop in volumes, the line of business did achieve the expected results, in terms of net banking margin (2.61%), thanks also to improved cost of funds and liquidity management. The operating income, amounting to €137 million, was largely in line with expectations.

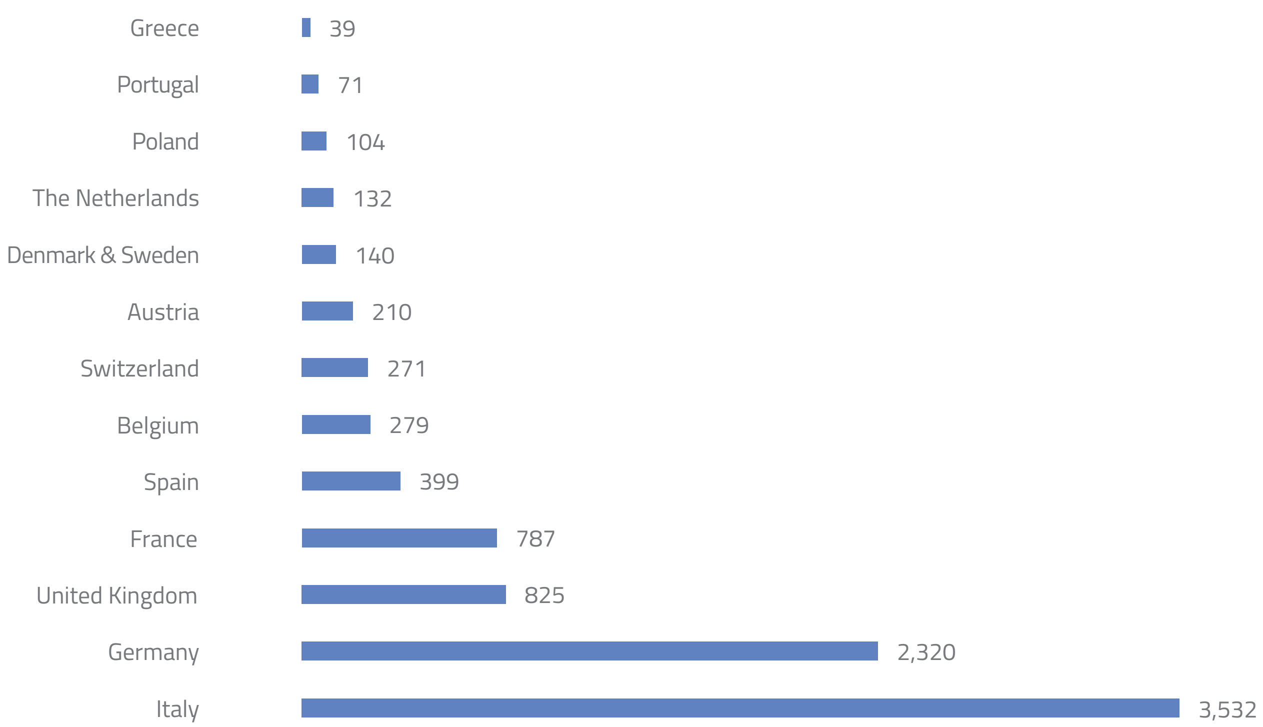
Italy is still the key market which generates volumes that account for 36% of total loans and leases. Considering the volumes generated in France and Germany, this ratio rose to 72%.

BANKING – RETAIL FINANCING

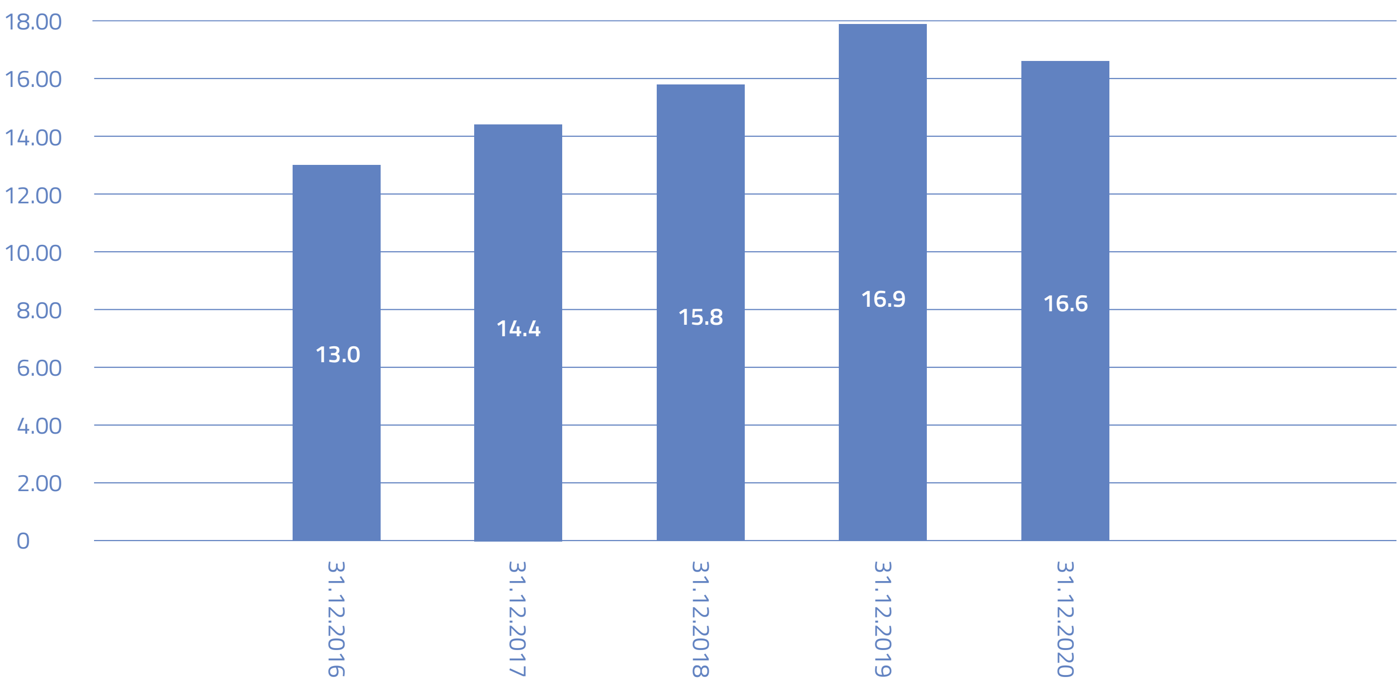
Retail Financing NEW ORIGINATION (€/mln)



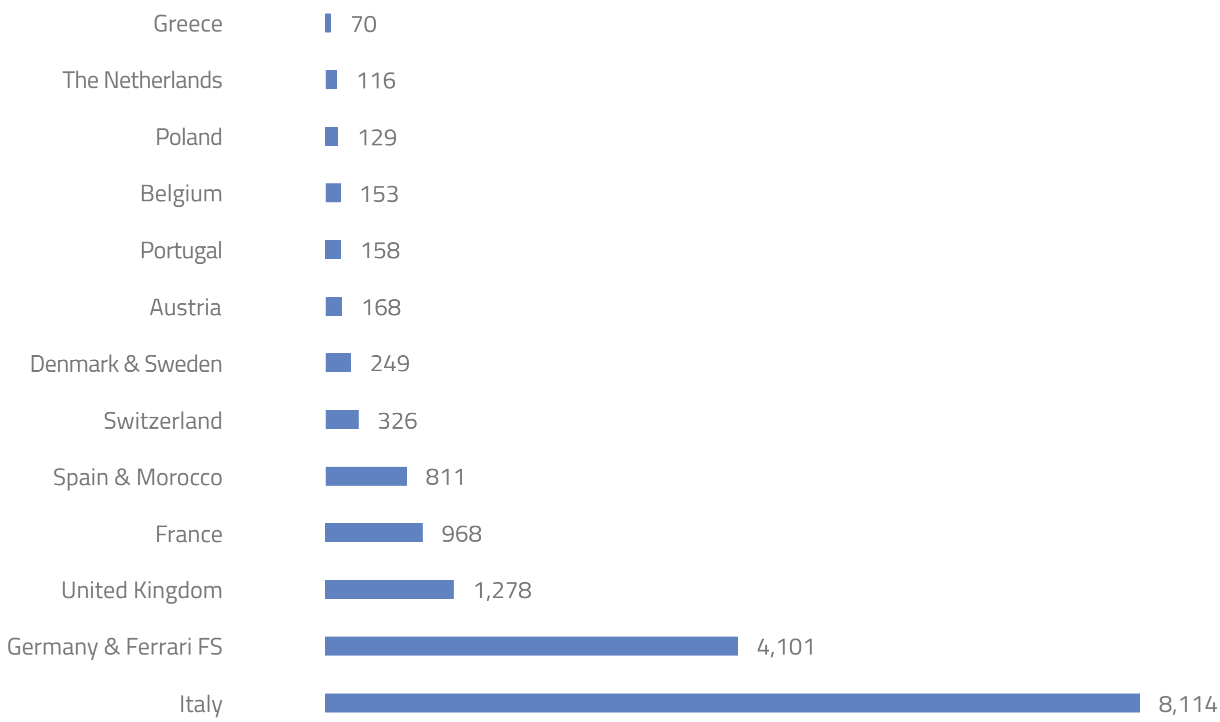
Retail Financing NEW ORIGINATION IN 2020 BY MARKET (€/mln)



Retail Financing END OF YEAR* (€/bln)

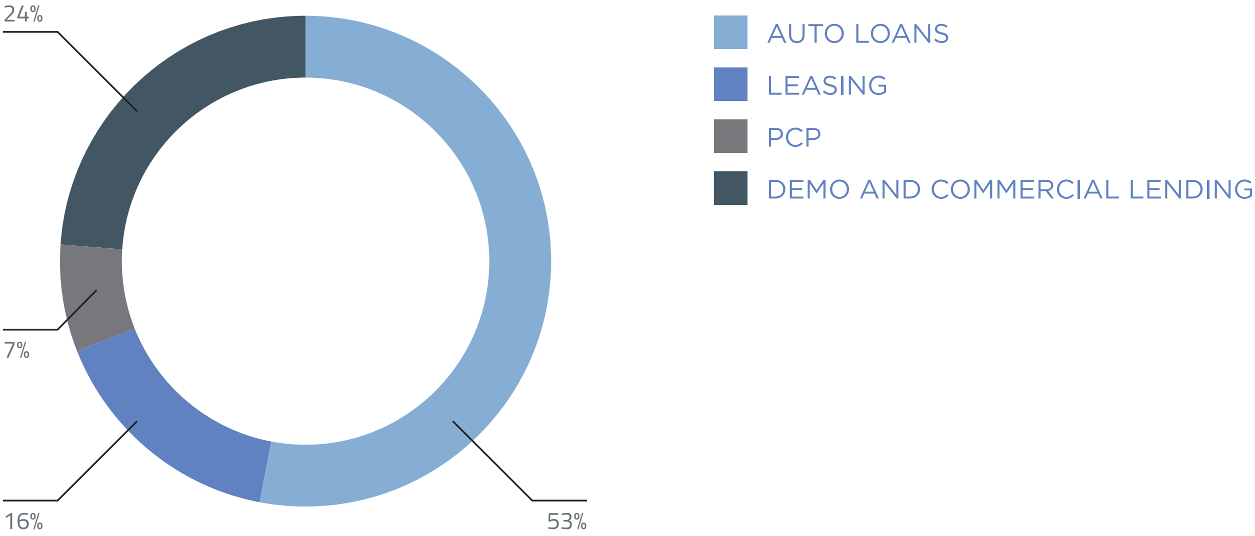


Retail Financing END OF YEAR BY MARKET* (€/mln)



* The figure does not include demo cars and commercial lending

Financed Volumes by Product 2020



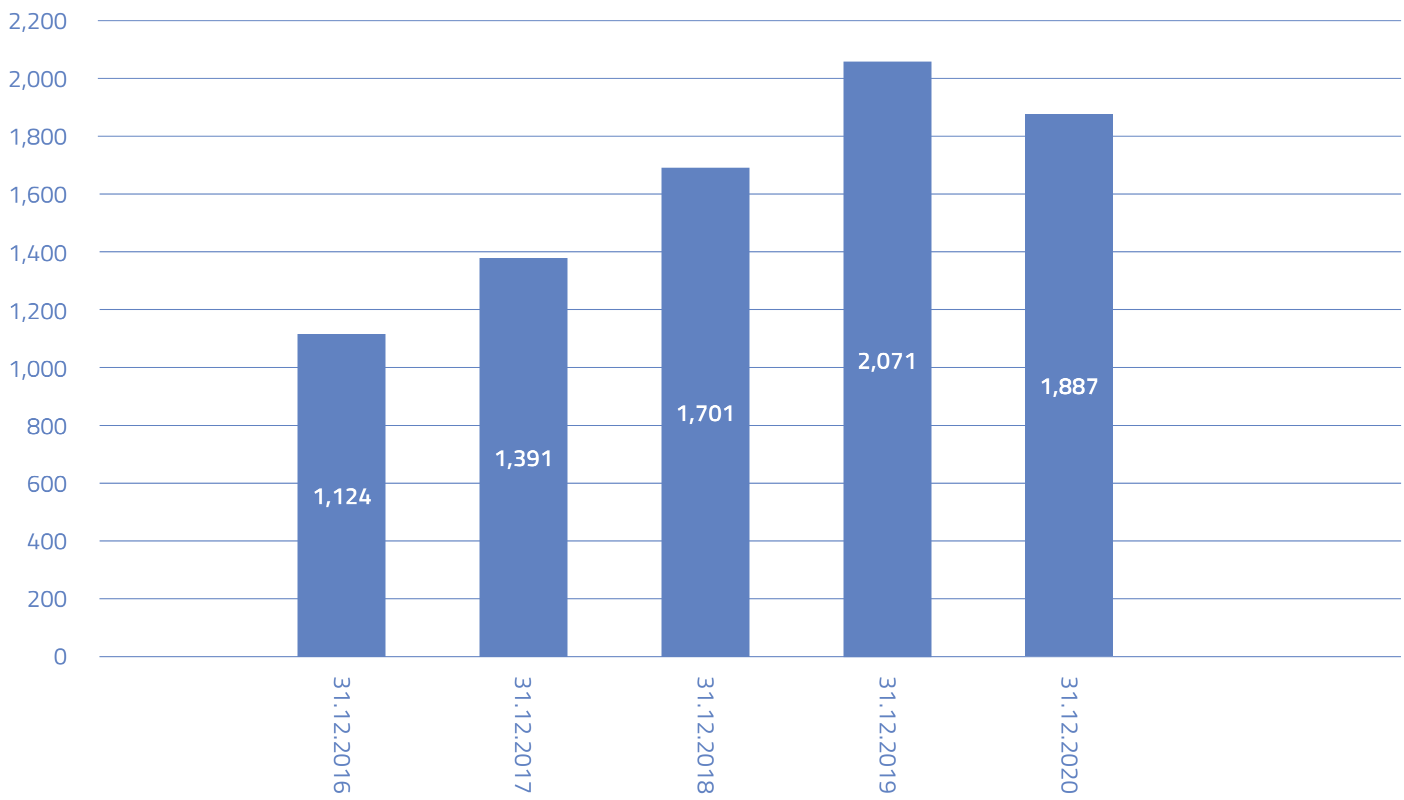
Against this difficult context, the FCA Bank Group continues to expand its range of products for its customers, adding insurance products to its financial solutions to cater to end-customers' needs.

Partners' sales network intermediation is crucial for the commercial activity and also in 2020 the search for an increasingly profitable integration between the various business lines was confirmed. To support sales FCA Bank has continued to improve a series of instruments aimed at increasing not only customer satisfaction, but also its loyalty. Moreover, the new Remote financing platform, currently developed in Italy, enables a fully digital self-onboarding process for customers who apply for a personal loan or, in future, for a loan to purchase a used car.
With particular reference to the insurance offer, FCA Bank has confirmed its willingness to collaborate with the leading companies in the market, in order to build a complete range of products, ranging from insurance coverage in case of events that personally involve the customer to those dedicated to the vehicle and its use. The financial and insurance offer converge in a single relationship with the customer, which simplifies and helps the management and payment of the vehicle and services connected to it.

FCA Bank has turned digitalization into one of its main strengths. Thanks to this further development, the bank now provides its customers another channel to access its insurance products, which today are placed nearly entirely through the dealer network, or the launch of a new online platform devoted to the group's main insurance products.

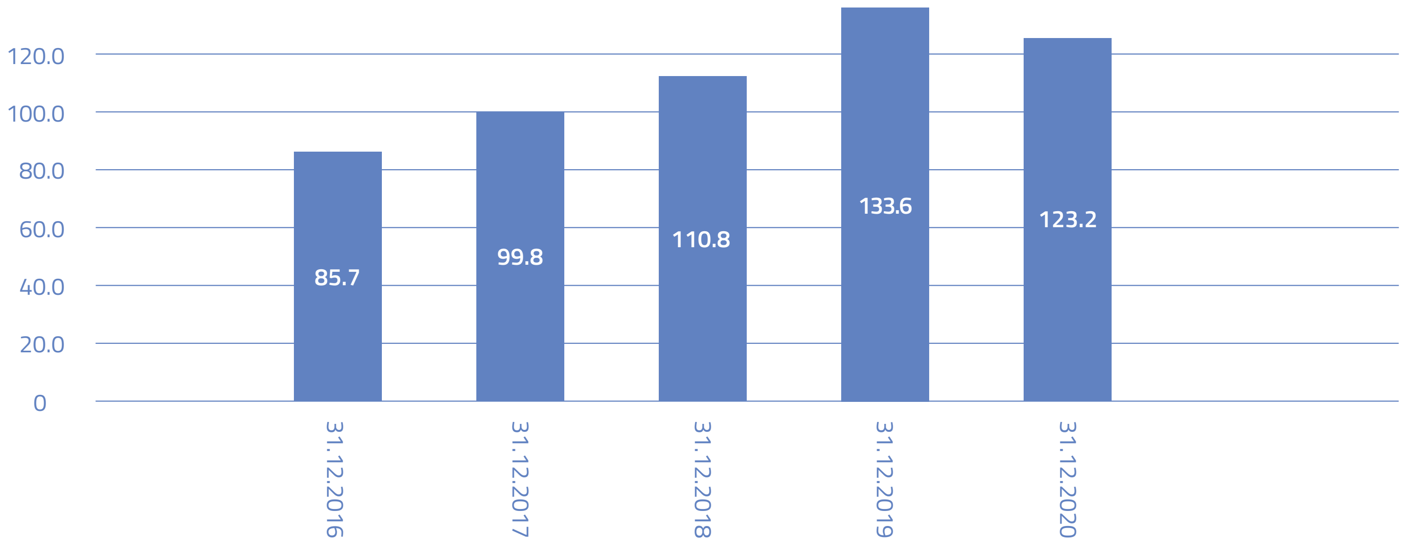
MOBILITY - RENTAL

Rental Originations (€/mln)



Rental portofolio by product THOUSAND OF UNITS

Rental Additions THOUSAND OF UNITS



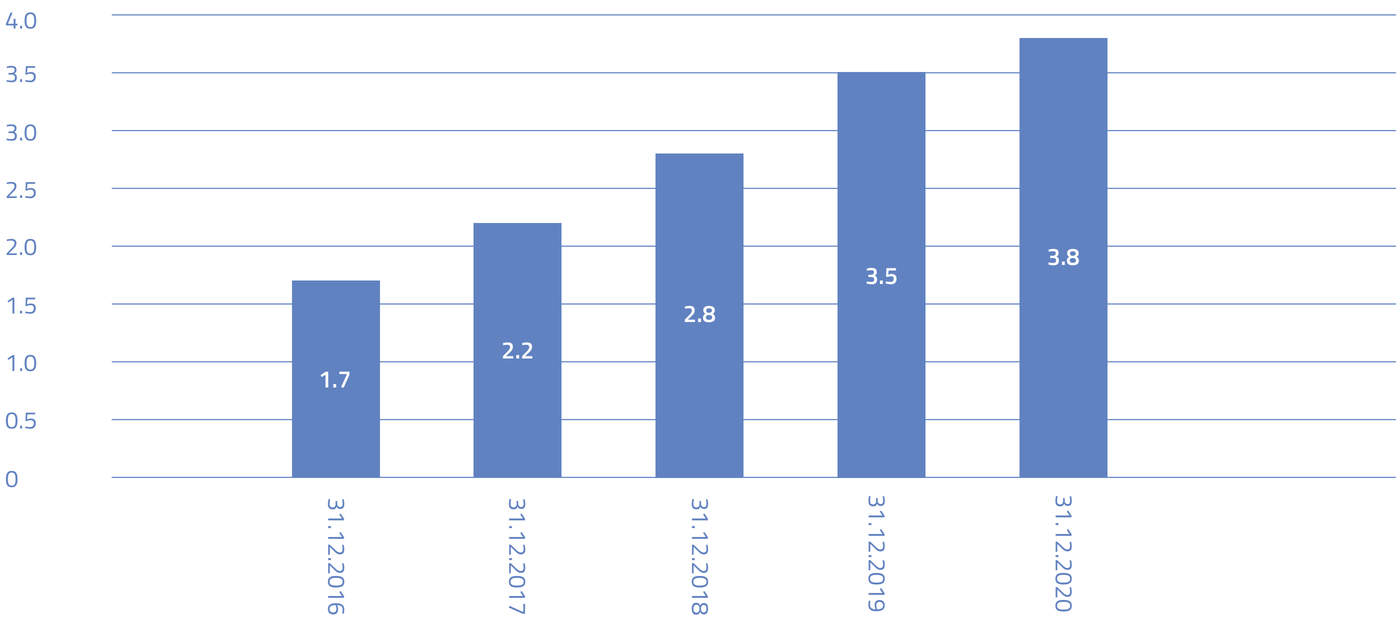
Regarding the Rental sector, the FCA Bank Group operates in 10 European countries (Italy, Germany, France, Spain, United Kingdom, Netherlands, Belgium, Poland, Portugal and Denmark) through the Leasys Group.
The Leasys Group confirms its ambition to act as a 360-degree mobility pioneer in Europe and, in May and November, it achieved another significant milestone with the acquisition of the AIXIA Group in France and Drivalia Car Rental S.L.U in Spain in an effort to firm up its presence in that country and to expand its range of innovative products.

The number of Leasys Mobility Stores keeps growing. In Italy, in June, the company installed its first EV charging stations, and by the end of 2020 it had 863 charging points in Italy. FCA Bank and Leasys confirmed their role as key players in the Italian revolution of electric and sustainable mobility, with plans involving significant investments in infrastructure, fleet and service.

Leasys CarCloud, the first mobility subscription service in Italy that allows customers to choose at any time the vehicle that best fits their needs throughout Italy, reached a total of 10,000 subscribers, thanks also to the contribution of the CarCloud Pro, for private individuals and self-employed professionals.

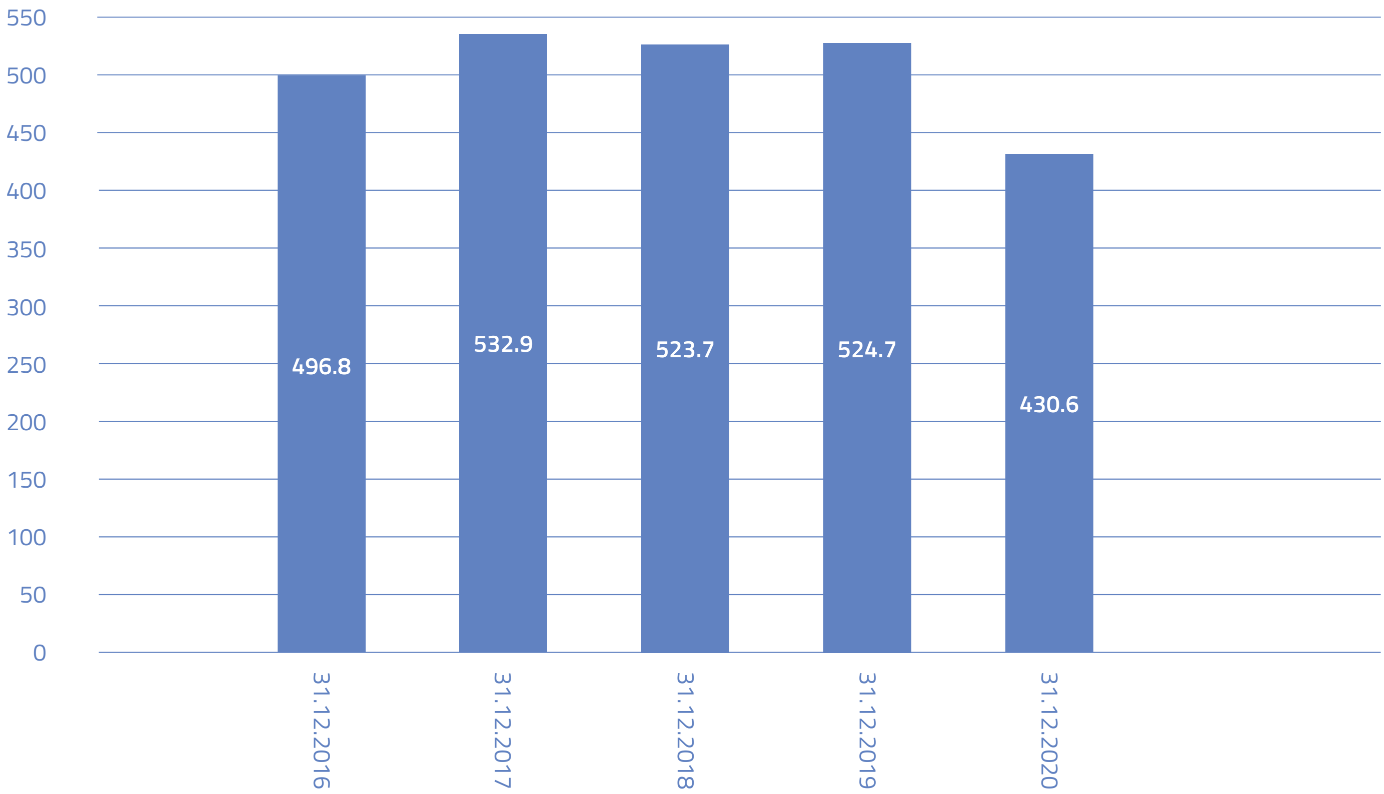
Thus, the FCA Bank Group has proved once again its ability to meet the different rental and mobility requirements of all sorts of customers, from large to small and medium companies, to self-employed professionals and individuals. Sales of off lease cars continue under the Clickar trademark, through the largest online platform in Italy devoted to sector operators and private individuals, where Leasys launched also the first platform in Italy for online auctions for private individuals. The Clickar online auctions for business customers have long been in place and are highly appreciated in Italy. Recently, they were launched in Belgium, France, Spain, and UK and will soon be available in the other European countries in which Leasys operates.

End of Year Rental Portfolio (€/bln)

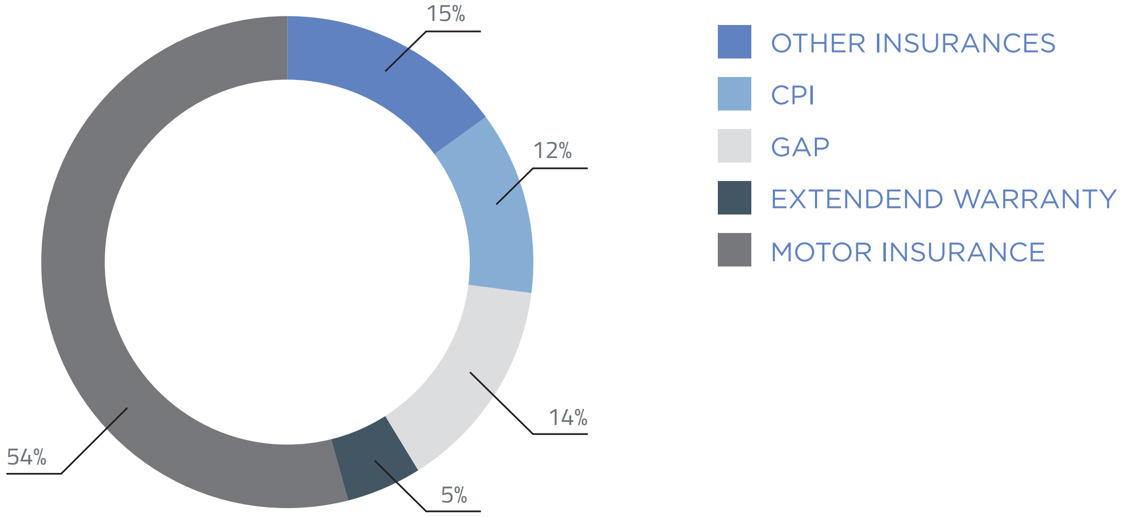


INSURANCE AND SERVICES

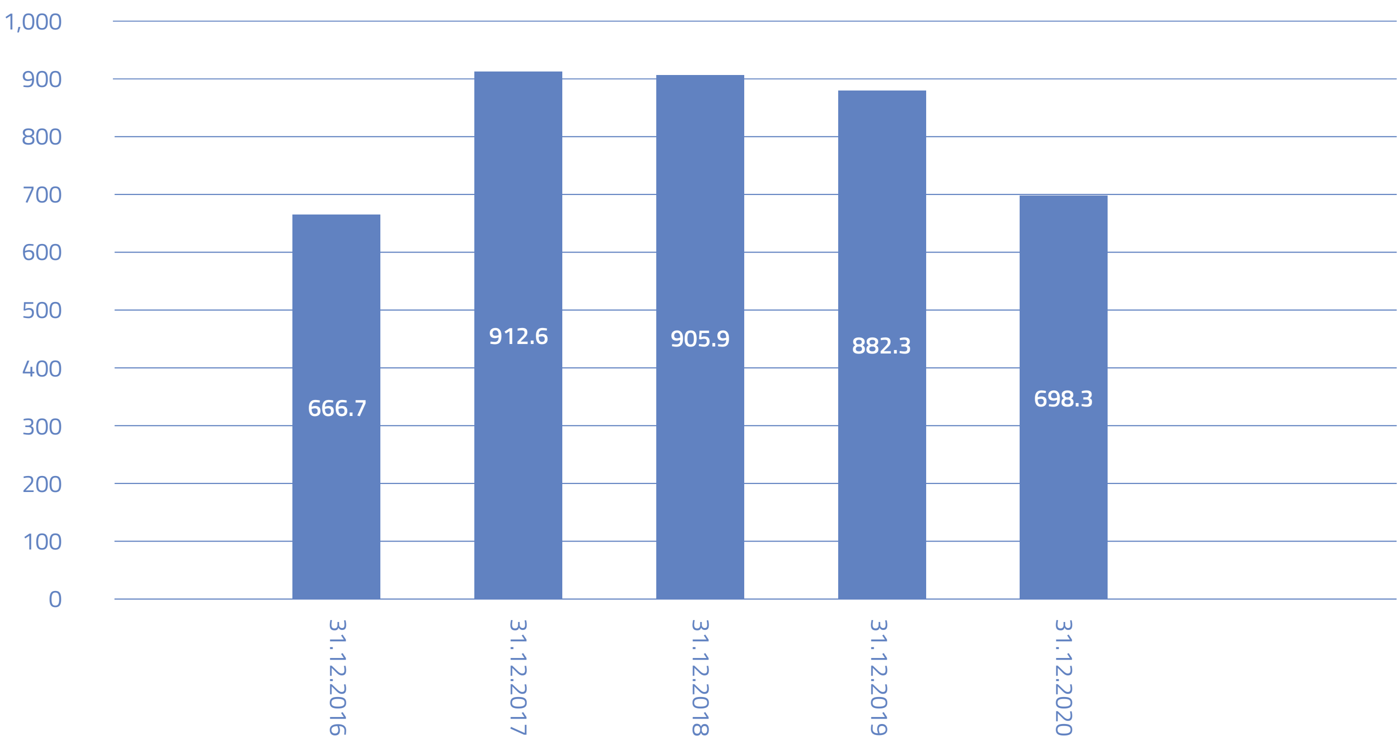
Insurance Gross Written Premiums (€/mln)



Gross Written Premiums per Insurance 2020



Insurance contracts and intermediated services THOUSAND OF UNITS



FCA Bank provides a wide range of credit- and vehicle-protection insurance products and services in connection with financing contracts.
Below, a list of the main insurance services provided in the various European markets is provided:

- Credit Protection Insurance, which releases customers from the obligation to repay, in whole or in part, their debt in the presence of specific sudden and/or unexpected events;
- GAP (Guaranteed Asset Protection) Insurance, which protects the value of the vehicle purchased, in case of theft or total loss, with the payment of the vehicle for the full value for a given number of years after purchase or a substantial payment, which may vary depending on the laws applicable in the country;
- Glass/vehicle etching, an important anti-theft measure;
- Third-party liability insurance, which may or may not be financed;
- Theft and fire policy which, when it is financed throughout the term of the contract, covers theft, fire, robbery, natural events, socio-political events, vandalism and shattered glass;
- Kasko & Collision, Kasko insurance covers damages in case of collision with another vehicle, fixed and mobile object collision, vehicle overturning and roadway departure. Collision insurance kicks in only in case of collision with another identified vehicle;
- Warranty Extension, which extends the manufacturer's standard guarantee period with a range of solutions that cover customer expenses in case of vehicle breakdown.

All the financing and insurance solutions described are adapted to local standards, to meet customer requirements in the various European markets in which FCA Bank operates.

In 2020 the bank sold about 2 policies per financing contract.


GD·028AH

Leasys. Pioneers of electric mobility

ALBERTO GRIPPO
CEO Leasys

Electric mobility is a key feature of Leasys's growth strategy and the recent launch of LeasysGO! – the first car sharing program based entirely on the iconic electric Fiat 500 – testifies to our ambition to be European leader in integrated and electric mobility. A separate section is devoted to this highly innovative platform, with a description of its technology and its international ambitions. However, the "electric" offering innovation is not limited to car sharing alone.

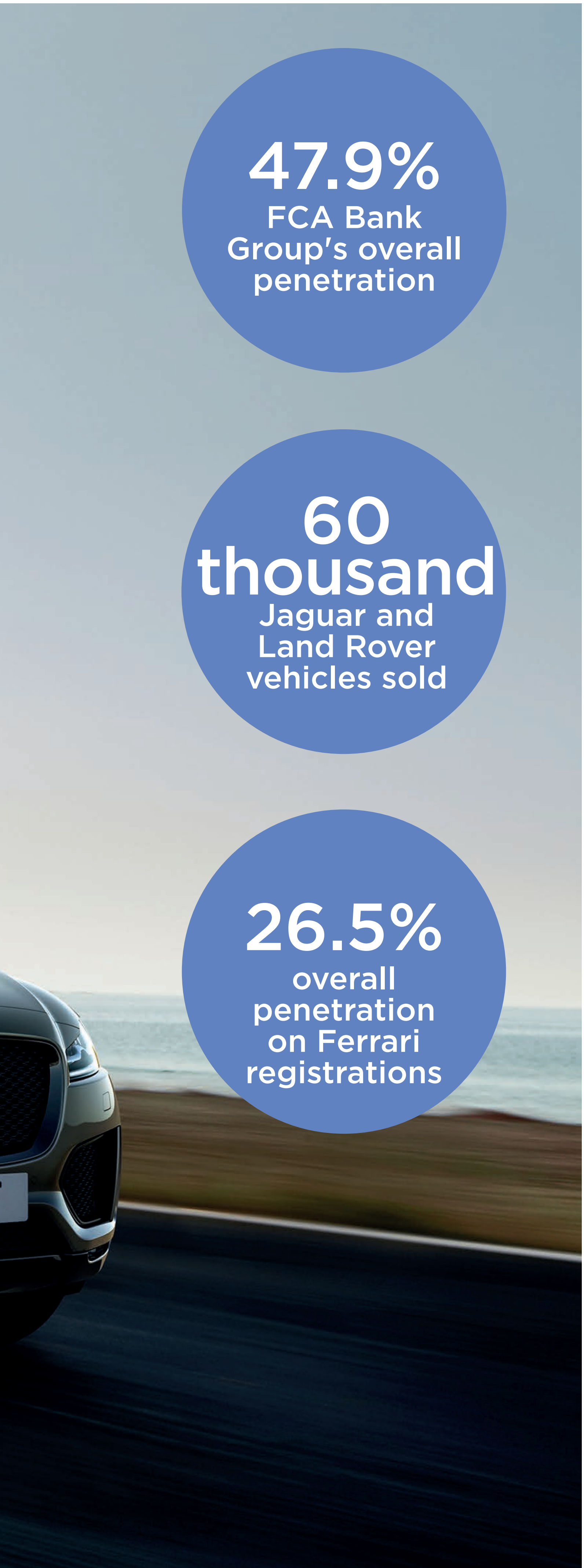
Leasys Miles, for example, is a pay-per-use rental solution for hybrid and electric vehicles. It is particularly suitable for customers who need the vehicle occasionally and makes it possible to reduce significantly rental costs. Also car subscriptions - such as CarCloud, which provide maximum flexibility through the monthly renewal of the subscription and the replacement of vehicles without limits – pivoted to support electric mobility with the launch of new products devoted to hybrid plug-in and electric vehicles. Product innovation did not stop here. Leasys launched the revolutionary Dream Garage, a dedicated program which enables customers who bought or rented an electric 500 to configure their own virtual garage (from an app) to have available, under a subscription arrangement, vehicles ranging from the 500 family to such Italian sportscars as Alfa Romeo Giulia, to the prestigious Maserati Levante, to Jeep® Wrangler, Compass and Renegade.

Electric mobility is paramount also in the development of the services offered, starting from EV charging. To this end, Leasys provides all the customers who rent an electric or a hybrid plug-in vehicle both a fast charging cable (22KW) and an e-Mobility Card, which enables them to charge their vehicle at one of the Leasys Mobility Stores, at no cost, and at a public EV charging station, paying only for the electricity used. And electrification of the Leasys Mobility Stores is another key aspect of Leasys's strategy. In fact, the ambitious investment program calls for the progressive installation of EV fast charging stations (22KW) solely, and at no cost, for the vehicles of Leasys's customers.
Also the car fleet of the Leasys Mobility Stores – used for short/medium-term rentals, mobility subscriptions and car sharing services – witnessed a rapid electrification. In fact, at year-end 20% of this fleet was already hybrid or electric.

Leasys: pioneers of mobility, electric as well, from one minute to a lifetime.

“Leasys: pioneers of mobility, electric as well, from one minute to a lifetime.“

794 thousand
vehicles registered by FCA (6.5%)



MARKET AND AUTOMOTIVE BRANDS DEVELOPMENT

During 2020, the car market in Europe (European Union + UK + EFTA) was strongly affected by the Covid-19 pandemic. Total car and commercial vehicles sold amounted to 11.9 million (down 24.7% from the comparable year-end figure), reflecting a decline in all the markets.

FCA BANK'S PARTNERS

FCA registered 794 thousand vehicles, achieving 6.5% market share. Attention is called to the launch of the hybrid versions of the 500, Panda and Ypsilon, which represent the start of the process to electrify the Fiat and Lancia brands.
In the wake of record global sales, Jeep®, a brand known for its pioneer spirit, made further progress for the environment with the manufacture of the electric versions of such successful models as Renegade and Compass PHEV. A new era began in 2020, driven by the popularity of the Fiat 500 which - in view of an increasingly sustainable, connected and autonomous mobility – reached the third generation with the electric new 500, further testifying to the FCA brand's commitment to electrification.

Against this backdrop, FCA Bank and Leasys supported the launches with the be-hybrid financing and long term rental, which allow customers to adopt a tree to help the environment. This originated the FCA Bank forest, where thousands of trees planted on behalf of hybrid-car customers will contribute to the reduction of CO_2, for a more informed and sustainable mobility. At the end of 2020, the 14,000 trees that make up FCA Bank's forest were responsible for the reduction of 4.1 million kg of CO_2.

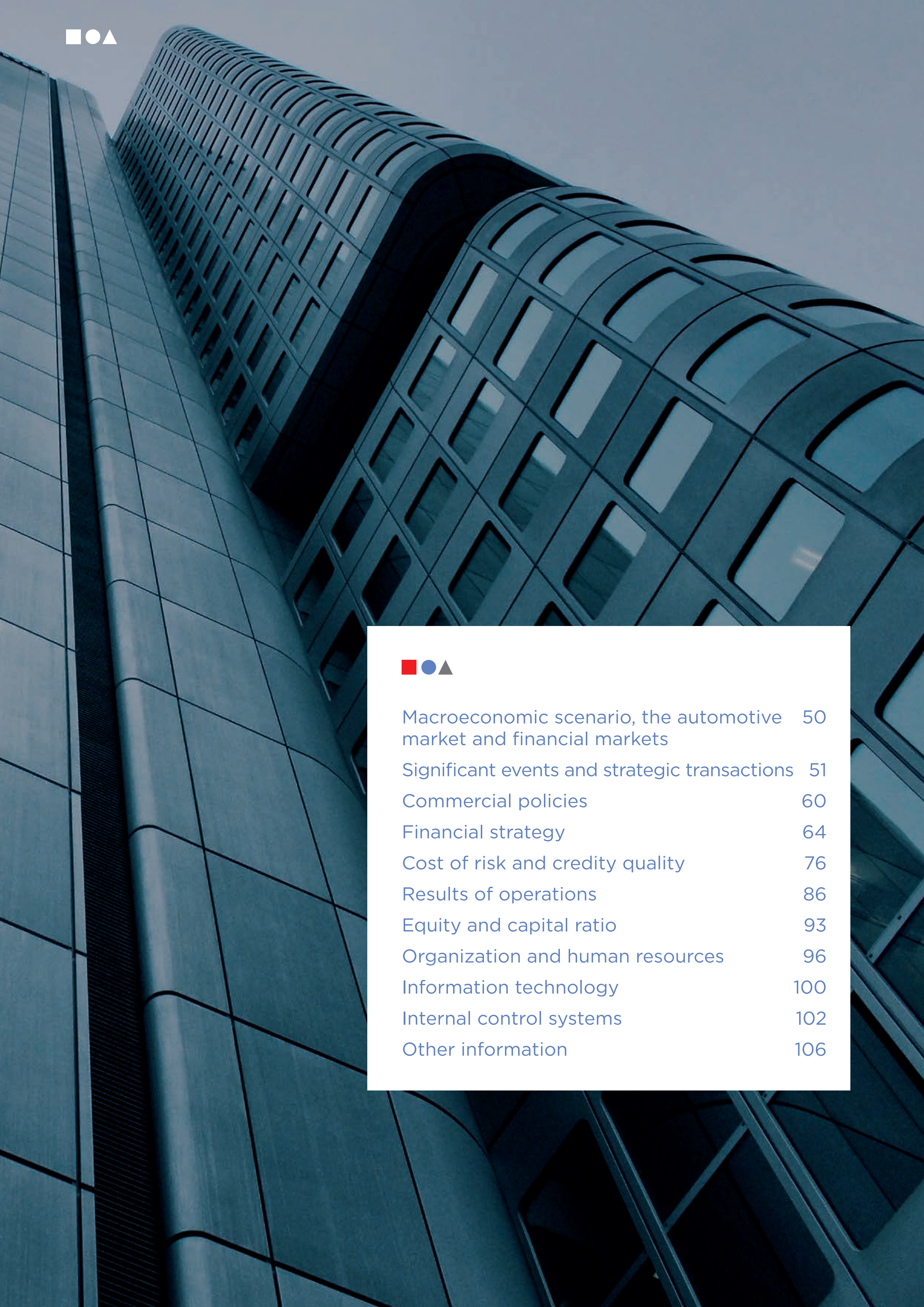
Jaguar and Land Rover sold 60,000 vehicles during 2020. In particular, sales of the new Defender by Land Rover began in February. Attention is called to the launch of the PHEV versions of Discovery Sport, Evoque, Velar and F-Pace.

Maserati delivered approximately 3.1 thousand vehicles. The launch of Maserati Ghibli Hybrid, marked the beginning of the electrification of this brand.

The FCA Bank Group's overall penetration rate, which includes the retail, leasing, rental, demo (lending to dealers for every registered vehicle used for test driving purposes) and commercial lending (lending to car rental companies) businesses, was 47.9%, with financed volumes in the amount of €11 billion.
FCA Bank's commercial penetration regarding Ferrari registrations was nearly 26.5%, with €549 million in volumes financed.
The collaboration arrangement with the Erwin Hymer Group generated €146 million in volumes financed.

REPORT ON OPERATIONS

December 31st, 2020



Macroeconomic scenario, the automotive market and financial markets

In 2020 the global economy had to deal with the Covid-19 pandemic wave.
After signs of recovery in the summer, the fourth quarter showed a slowdown of economic activities, especially in the developed countries, with global trade falling by about 9%. In any case, medium/long-term prospects continue to be positive, thanks to the start of the vaccination campaigns. The main central banks have all put accommodative monetary policies in place.

The most recent indicators point to a weaker pace of economic activities in the euro area, especially in the latter part of the year, with growing infections and tighter measures against the pandemic. The December projections of the Euro system estimated at 7.3% GDP decrease in 2020. Regarding monetary policy, at the meeting of December 10th, 2020, the Governing Council of the European Central Bank took an even more expansionary approach, so as to create favourable borrowing conditions. Credit shrank somewhat in the second half, with a decrease in Germany and Spain, on one side, and an increase in Italy and France, on the other.

With respect to the automotive market, in 2020 new car registrations (European Union + UK + EFTA) fell by 24.7%, to 11.9 million. The five most important European markets (Germany, United Kingdom, France, Italy, and Spain) showed a negative performance compared to the previous year, with decreases ranging from -19.1% in Germany to -32.3% in Spain.

Significant events and strategic transactions

Covid-19

The Covid-19 pandemic is greatly undermining the world economy. In January and February, it was mainly China that bore the brunt of the virus, which eventually spread to the rest of the world through the trade routes. Between February and March, it was Europe's and the United States' turn to experience the outbreak. All the countries affected by the pandemic adopted containment measures based on social distancing, the lockdown of many businesses and the restriction of people's movement.

Europe was hit in the second half of February, first in Italy and then in the rest of the Continent. The significant uncertainty of future prospects had strong repercussions on financial markets, with tensions rippling through short-term interest rates, even though the money market is awash in liquidity. Governments stepped in to address the potential closing of businesses and the increase in unemployment, adopting immediate support measures, with a substantial impact on their budget, which included the postponement of tax payments, the provision of bank credit guarantees, subsidies to households and the expansion of welfare programs. The European Central Bank went along by expanding its asset purchase programs and by loosening the conditions to access long-term refinancing. These latter measures were introduced in order to avoid a pro-cyclical restriction of bank credit.

The measures introduced enabled GDP to recover in the third quarter of the year but, based on the information available, the fourth quarter is expected to fall, owing to the second wave of the pandemic and the ensuing restrictive measures implemented by national governments. However, in 2021 GDP is still expected to grow, though it is not known when economic activities will return to pre-crisis levels, despite the start of the vaccination campaigns. At the meeting of December 10th, 2020, the Governing Council of the European Central Bank extended and expanded further the monetary stimulus, considering that the effects of the pandemic will last longer than estimated in the early part of the year.

The Consolidated Financial Statements discusses at length the customer support measures adopted by the FCA Bank Group and the impacts of Covid-19 (see also part B, part C and part E in the Notes to the Consolidated Financial Statements).

Italian Antitrust Authority – AGCM

On May 15th, 2017, the Italian Anti-Trust Authority (Autorità Garante della Concorrenza e del Mercato -AGCM) announced the launch of an inquiry into nine car financing operators, or "captives", which represent the industry in almost its entirety, and two trade associations Assofin "Associazione Italiana del Credito al Consumo e Immobiliare" and Assilea "Associazione Italiana Leasing" to ascertain if there was any violation of the TFEU (Article 101 of the Treaty on the Functioning of the European Union – Anti-competitive agreements) in the automotive financing industry.
FCA Bank S.p.A. ("company") was one of the nine operators covered by the inquiry, which was intended to investigate alleged exchanges of information.
The decision was served to the company on January 9th, 2019 indicating that the AGCM found the company, together with the other captives, had been exchanging commercially sensitive information via direct contacts, as well as through the local industry associations Assofin and Assilea, with a view – according to the AGCM – to coordinating their commercial strategies with respect to car loans and leasing offerings, in breach of the TFEU.
The AGCM imposed a total sanction of €678 million to the involved parties, and specifically fined the company €178.9 million.

While it respects AGCM's work, the company feels that the accusations outlined in the decision are inaccurate. To that end, the company thinks that the reasons to challenge that decision are pertinent and should be pursued. As such, the company has filed an appeal with the Regional Administrative Court ("TAR") against the decision and has requested a stay of payment of the fine. On April 4th, 2019, the TAR of the Lazio Region, accepted the request for a suspension of the enforceability of the fine with order no. 3348 and set the hearing on the merits for February 26th, 2020 as the Court postponed the hearing until October 21st, 2020.

The hearing was held on October 21st, as planned, and on November 24th, 2020 the Court accepted the company's appeal, reversing the AGCM's decision and the related fines, on the basis of procedural and substantive reasons.

On December 11th, the company notified the decision by the TAR of the Lazio Region to AGCM, which in turn lodged an appeal on December 23rd, 2020 with the Council of State, again on the basis of the arguments used by the plaintiff in the Court of first instance. The company in turn filed its own defence brief with the Council of State on January 21st, 2021 and is confident that the decision handed down by the TAR of the Lazio Region will be confirmed in full by the Council of State.

Accordingly, the company released €60 million in provisions made in 2018 in relation to the relevant risks.

The Council of State's decision is expected, tentatively, within 12-18 months of the date of the appeal filed by AGCM (December 23rd, 2020).

Stellantis N.V.

On October 31st, 2019, FCA published a press release announcing that the Supervisory Board of Peugeot S.A. and the Board of Directors of FCA have each unanimously agreed to work towards a full combination of their respective businesses by way of a 50/50 merger.
The merger was completed as scheduled in the first quarter of 2021. In fact, on January 4th, 2021, at their respective general meetings, the shareholders of both FCA and PSA approved the merger that will result in the creation of a new entity, Stellantis N.V..
The merger took effect on January 16th, 2021.
Stellantis's governance was disclosed on January 19th, 2021 with the appointment of the Top Executive Team.

FCA Group Bank Polska

An agreement to carry out the cross-border merger of FCA Group Bank Polska with and into FCA Bank S.p.A. was signed on December 19th, 2019 and recorded in the Turin Companies Register on December 24th, 2019. In keeping with the agreement, the merger took effect for legal, tax and accounting purposes on January 1st, 2020. As of this date FCA Bank S.p.A. operates in Poland through a branch, named FCA Bank S.p.A. S.A. Oddział w Polsce. The merger turned out to be the best tool to face effectively the competition resulting from the expansion and globalization processes under way in the banking and financial system, on one side, and to look for additional qualitative growth opportunities that would allow the bank to fulfil the existing potential, on the other.

Reorganization of the Leasys Group

Leasys Danmark, Filial af Leasys S.P.A.

On July 23rd, 2020, Leasys S.p.A. established a branch in Glostrup (Denmark), named Leasys Danmark, Filial af Leasys S.P.A., Italien.

Leasys – Drivalia acquisition

On November 5th, 2020 Leasys S.p.A. purchased the 430 shares representing the entire share capital of Drivalia Car Rental S.L.U., a limited liability company headquartered in Carretera Murcia – Alicante that engages in short-term rental.
As of the same date, Leasys S.p.A. is the sole shareholder of Drivalia Car Rental S.L.U..

Leasys – Sale of "Clickar" business unit

As of November 1st, 2020, following its purchase of the Clickar business unit from Leasys S.p.A., Clickar S.r.l. will be operational in the two offices of Turin, corso Orbassano 367, and Rome, viale dell'Arte 25.

Leasys Rent France S.A.S. – Aixia Group

On May 15th, 2020 Leasys S.p.A. acquired full ownership of Aixia Developpement S.A.S., a company engaged in short-term rental in France.
On the effective date of October 1st, 2020, by way of a TUP ("Transmission Universelle de Patrimoine"), AIXIA LOCATION S.A.S., RENT ALL S.A.S. and AIXIA SYSTEM S.A.S. merged with and into Leasys Rent France S.A.S. (formerly AIXIA DEVELOPPEMENT S.A.S.), thereby ceasing to exist.

FCA Bank – FCA Dealer Services Portugal

On November 4th, 2020, FCA Bank S.p.A. sold its shares of FCA Dealer Services Portugal S.A., representing the entire share capital, to its Leasys S.p.A. subsidiary, which accordingly became the sole shareholder of the Portuguese company. On December 23rd, 2020, FCA Dealer Services Portugal S.A. changed its name to Leasys Portugal S.A..

FCA Capital Hellas S.A.

On November 16th, 2020 the one share held by a natural person in FCA Insurance Hellas S.A. was transferred to FCA Bank S.p.A..
As such, starting from that date, FCA Bank S.p.A. is the sole shareholder of FCA Capital Hellas S.A..
On December 22nd, 2020, Leasys S.p.A. acquired from FCA Bank S.p.A. the 80,000 shares held in FCA Capital Hellas S.A., representing the company's entire share capital, thus becoming its sole shareholder.
On January 4th, 2021 FCA Capital Hellas S.A. changed its name to Leasys Hellas S.M. S.A..

Leasys Rent – Purchase of business unit

Effective December 1st, 2020, following the purchase of the "Bluetorino S.r.l." electric car sharing business in Turin, Leasys Rent S.p.A. is operational in Turin, corso Orbassano 367.

FCA Bank – FCA Leasing GmbH

On December 22nd, 2020, FCA Bank S.p.A. sold to its Italian subsidiary Leasys S.p.A. all the shares held in FCA Leasing GmbH, representing the company's entire share capital. As such, as of the same date Leasys S.p.A. is the sole shareholder of FCA Leasing GmbH.

"By the end of 2021, the company aims to be operational in 13 countries, with a fleet of 400,000 vehicles overall."

New Leasys branches in Portugal and Denmark

ROLANDO D'ARCO
Business Development & European Markets

In 2020, Leasys continued the internationalization process started in 2017, which led the company to establish operations in 8 countries to provide its long-term rental and cutting-edge mobility solutions and exclusive services driven by digital innovation.

In fact, another important step was the opening of two branches in Denmark and Portugal. In this way, Leasys will bring its mobility products also in these two European countries which, like the others, will be involved in the fleet electrification process and the opening of Leasys Mobility Stores, the mobility shops showcasing all the Leasys and FCA Bank products.

Portugal and Denmark are two additional pieces of the broader strategy undertaken by Leasys to achieve a significant expansion in Europe at a crucial time for the rental market. By the end of 2021, the company aims to be operational in 13 countries, with a fleet of 400,000 vehicles overall.

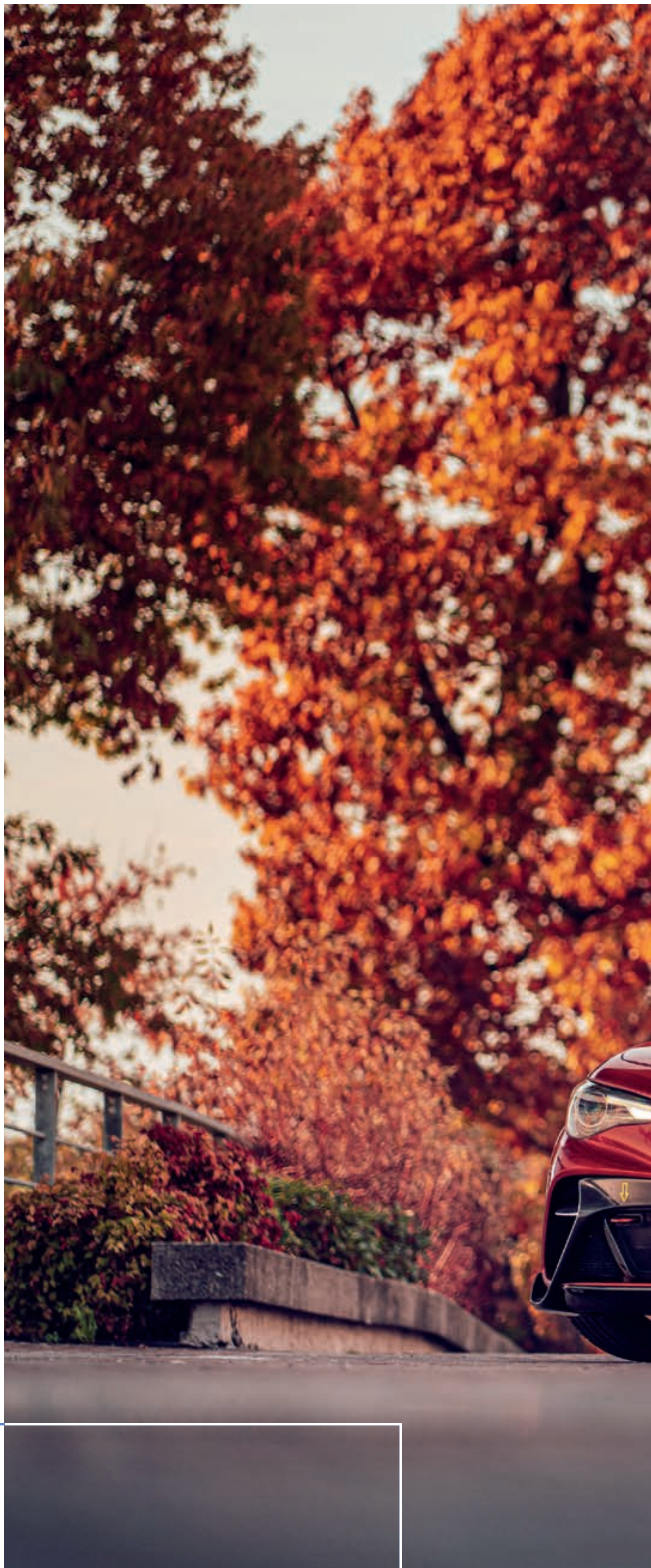
Outlook for 2021

The Covid-19 pandemic had a significant impact on commercial activities, as new production was down 19.9% compared to the preceding year. The Group's financial results, however, were excellent (also excluding the impact of the release of the provisions made in connection with the AGCM case), with a net profit attributable to shareholders of €494.2 million, up 7.3% on the previous year.

The FCA Group will continue to cooperate with its manufacturing partners, supporting them in the launch of the new product slated during 2020 and in the consolidation of recently unveiled products. Given the current economic conditions, a return to a precrisis situation, with the automotive partners' operating at full capacity, is highly desirable, albeit uncertain.

Against this economic backdrop, the Board of Directors feels that FCA Bank's financial and organizational structure makes the group ready to react to any deterioration of the conditions in which it operates and, in the meantime, prepared to grasp any opportunity that should materialize.

The FCA Bank Group is the position to support the commercial activities of the automotive partners of Fiat Chrysler Automobiles, Jaguar Land Rover, Maserati, Ferrari, Aston Martin, Morgan Motor Company and Erwin Hymer Group, as well as of the other brands with which it cooperates, promoting financial, insurance, rental and mobility solutions that cater to the different requirements of the dealer network and end customers.



"The FCA Group will continue to cooperate with its manufacturing partners, supporting them in the launch of the new product slated during 2020 and in the consolidation of recently unveiled products."

Commercial policies

Business development during 2020

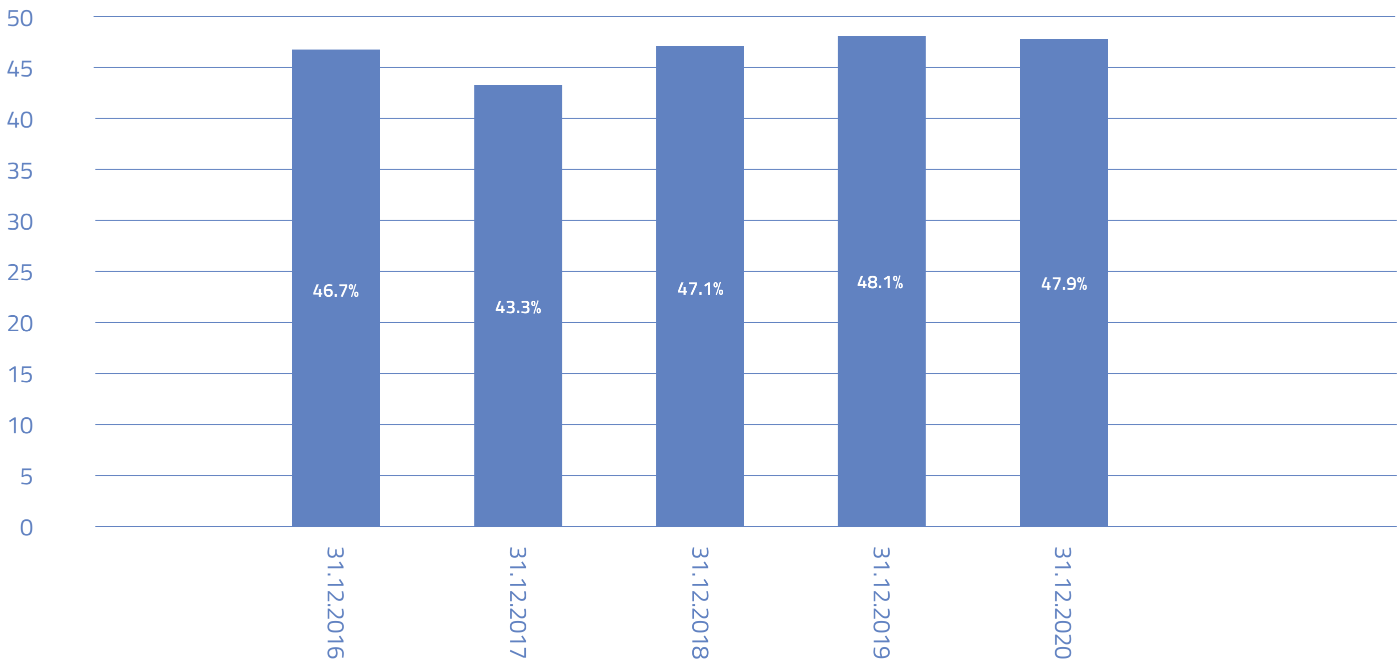
In 2020 FCA Bank firmed up the cooperation with the new commercial partners. For Aston Martin and Morgan in particular, during 2020 posted good results, with total volumes financed in the amount of €25 million (-31% in respect of 2019).

In the motorcycle sector, the excellent cooperation with Harley Davidson continues, with financing provided in the amount of €10 million, up 33% in respect of 2019. In the period under review, cooperation arrangements were entered into with Lotus and Groupe Pilote, bringing to 19 the number of brands working with FCA Bank.

Regarding the geographic scope, FCA Bank confirms and consolidates its presence in 17 European countris and in Morocco.
During 2020, which was strongly affected by Covid-19, the automotive markets of the countries in which FCA Bank cooperates saw 12.2 million new car registrations (-24% in respect of 2019).

Against this background, financing provided for the benefit of the brands of the FCA Group amounted to €8.3 billion. For the Jaguar and Land Rover brands, total financing amounted to €1.8 billion.

Global penetration*



* retail, leasing, rental, demo and commercial lending

Commercial penetration for the brands of the FCA Group (registrations of new FCA Group vehicles financed/total new FCA Group car registrations) was 47.5% during 2020.

Penetration stood at 53.4% for the JLR brands (up 3.8 in respect of 2019) and at 49.9% for Maserati (up 8.8 in respect of 2019).

As such, global penetration (retail, leasing, rental, demo and commercial lending) related to all brands stood at by 47.9%.

Sustainable mobility: LeasysGO!

LUCA POLLANO
ICT, Digital & Data Governance

LeasysGO! is the new free floating electric car sharing service launched by Leasys with the New Fiat 500, which will make Leasys leader in sustainable mobility. The main characteristic that sets LeasysGO! apart from the competition is the perfect combination between flexibility of the free floating service and the sustainability of a fully electric car sharing service.

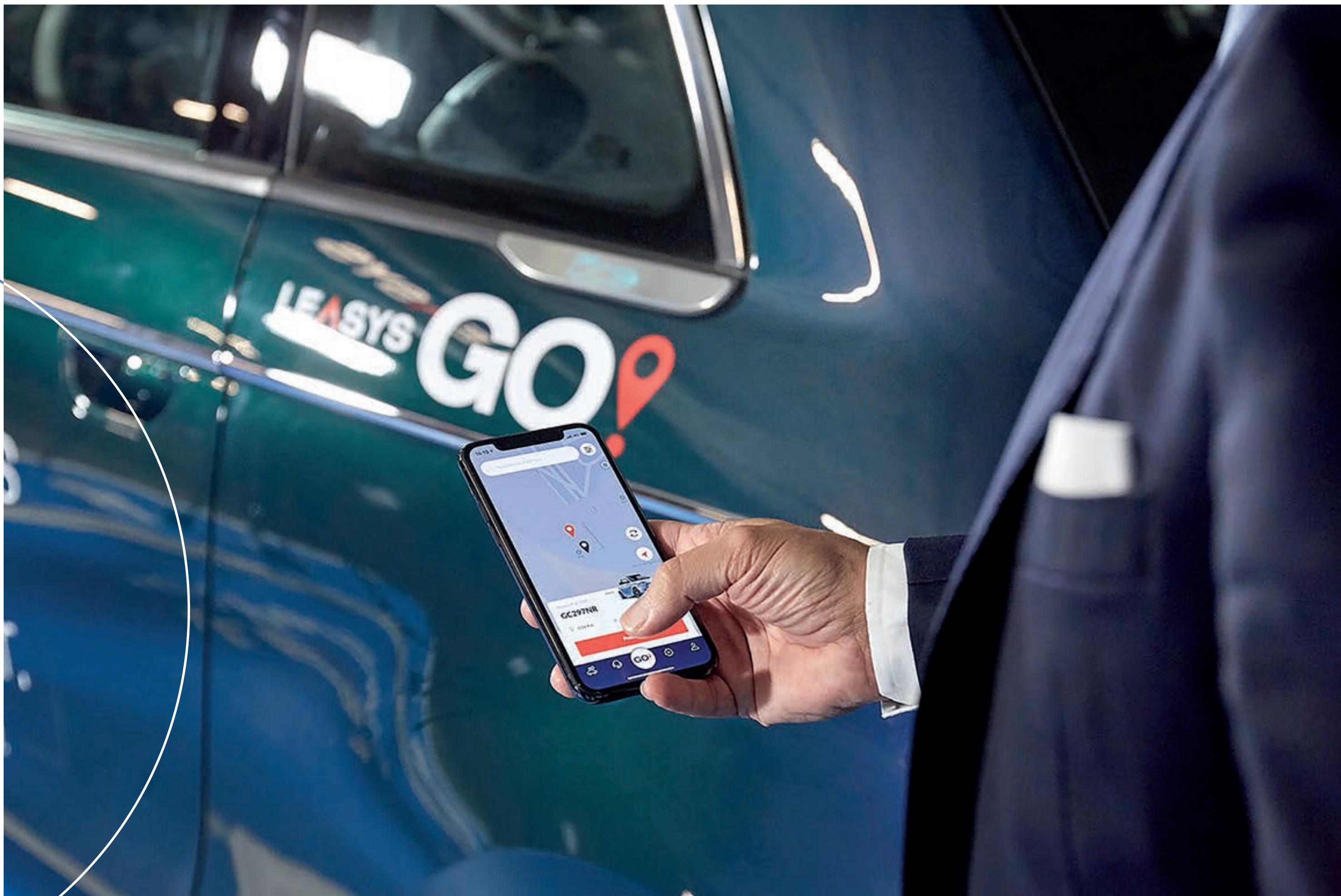
LeasysGO! is a subscription service that can be purchased directly on Amazon, with the same characteristics as any other product available on that platform. Once it is purchased, the voucher enables access to the LeasysGO! car sharing platform and, with few simple steps, the entry of one's personal information, the download of the required documents and the activation of a 12-month subscription for a monthly fee of €19.99, inclusive of 120 minutes of mobility per month.

The technological solution is based on a single Leasys proprietary platform, integrated with the vehicle through Stellantis N.V.'s GSDP (Global Service Delivery Platform), which makes it possible to exchange information and instruction to the vehicle through simple steps on the Mobile App of LeasysGO!

In addition, it is possible to monitor the fleet in real time, to manage any alerts in case of anomalies on vehicles and their journeys, to track vehicle maintenance and sanitization, as well as support and assistance for customers who experience difficulties or need information.

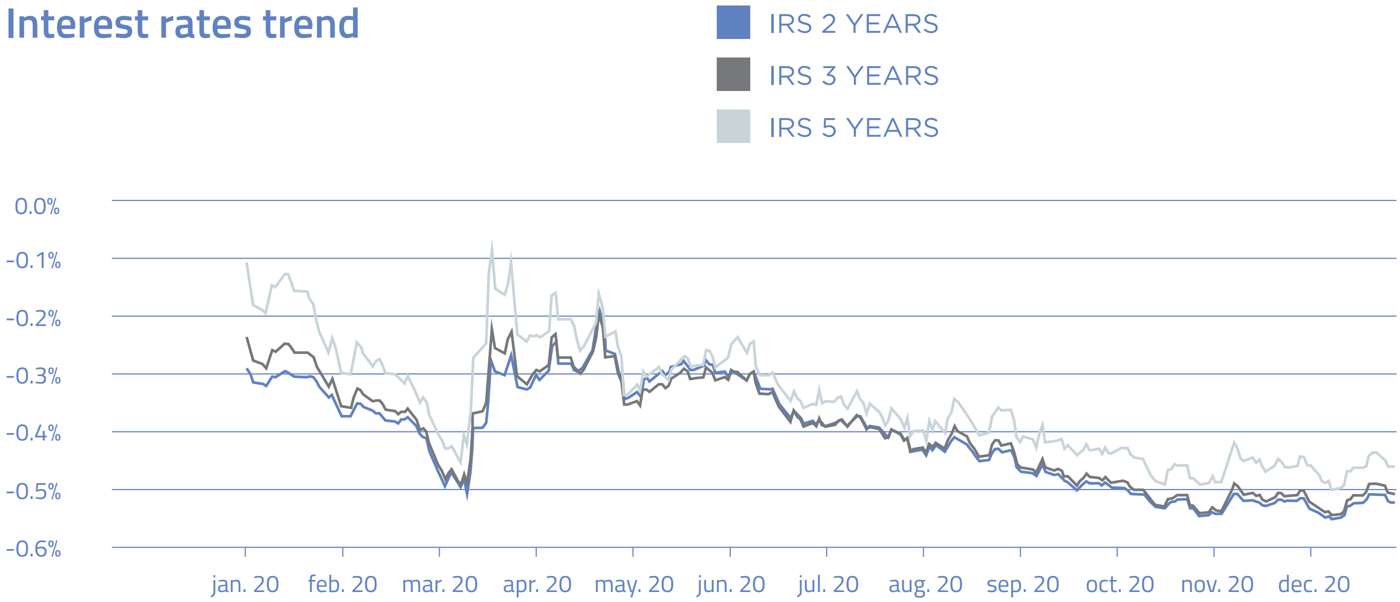
The service has just been launched successfully in Turin, with a fleet of 300 vehicles floating and available. In the next 6 months, the service will be launched also in the two main Italian metropolitan areas, Milan and Rome, thus reaching a fleet of over 1,000 electric vehicles.
LeasysGO! will accompany Leasys's pan-European strategy and in 2021 it will cross the Italian borders to land in Lyon and Valencia.

"LeasysGO! is the new free floating electric car sharing service launched by Leasys with the New Fiat 500, which will make Leasys leader in sustainable mobility."



Financial strategy

Interest rates trend



The Treasury function manages the group's liquidity and financial risks, in accordance with the risk management policies set by the Board of Directors. The group's funding strategy is designed to:
▪ maintain a stable and diversified funding source structure;
▪ manage liquidity risk;
▪ minimize the exposure to interest rate, currency and counterparty risks, within the scope of low and pre-set limits.

In 2020, the Treasury department raised the cash necessary to fund the group's activity, in a context of contraction in volumes caused by the Covid-19 crisis, at competitive terms and conditions so as to improve the net interest margin.

The most important activities completed in 2020 included:
▪ the issue of three Eurobond placed with the public by FCA Bank S.p.A. (through its Irish branch) in January, September and November for a total amount of €2.5 billion, maturing in February, September and November 2023, respectively (the last issue, in particular, represented the best result ever , in terms of interest, for the FCA Bank Group in the Eurobond market, with total orders for the record amount of €5 billion from 277 investors);
▪ the placement of Euro Commercial Paper issued by FCA Bank S.p.A. (through its Irish branch) for a total amount of €399 million;
▪ the extension of the revolving period for A-Best Fourteen S.r.l. – a vehicle used for the securitization of Italian receivables used as collateral to borrow under the TLTRO-III program – until 2020;
▪ the progressive expansion of Bank of Italy's A.BA.CO. program, whose receivables are used as collateral to borrow under the TLTRO – III program
▪ the clean-up, in November, of the FAST 3 S.r.l. securitization - a program originated in 2015 and collateralized by receivables from Italian dealers – and, in December, of the A-Best Twelve S.r.l. securitization, collateralized by auto loans;
▪ the structuring of two new securitization transactions:
- A-Best Eighteen S.r.l., a securitization transaction collateralized by leasing receivables, with the bonds issued retained by FCA Bank S.p.A. and the Senior Class A bonds used as collateral to borrow under the ECB's TLTRO-III program;
- A-Best Nineteen UG, a securitization transaction collateralized by auto loans originated in Germany, with the bonds issued retained by FCA Bank Deutschland GmbH; in January 2021 95% of the Senior

Class A bonds was sold to FCA Bank S.p.A., which used them as collateral to borrow funds under the ECB's TLTRO-III program.

- the €400 million increase in deposits from the public, which brought total deposits as of December 31st, 2020 to €1.5 billion.

The structure of funding sources and liabilities

The table below shows the structure of funding sources and liabilities as at December 31st, 2020:

Description	As a % of total funding sources	As a % of total liabilities and equity
Crédit Agricole Group	16%	14%
Financial institutions	17%	15%
Securitisations	14%	11%
Bank deposits	7%	6%
MTN	36%	29%
Central Banks	9%	7%
Commercial Papers	1%	1%
Equity		12%
Non-financial liabilities		5%
Total	**100%**	**100%**

FCA Bank, fully digital

JUAN MANUEL PINO
Sales & Marketing

Despite the enormous impact of 2020 in personal and business terms, the year just ended showed us how fundamental digitalization is.

Our Customers' digital engagement has been developed rapidly in the last few years and increased in 2020, when we came to the end of the process and introduced a 100% virtual procedure that enables them to choose and configure their car, with an Online pre-approved financing proposal, without leaving home.

Let's take a step back.

FCA Bank has been a forerunner in the development of digital tools and processes. A real-time car configurator was introduced by FCA in 2011 and completed in 2013 while FCA Bank developed a complete Financial Calculator. Full digital onboarding has been available since 2018, with the entire approval process managed without printing a single piece of paper. The pre-scoring of credit was introduced in 2019, as was MyFCABank Customer Portal. Finally, in 2020 we saw the activation of our e-commerce platform, with a pilot activated in all the other markets, so as to have 100% secure transactions in a fully digital/online environment and make our customers' life easy.

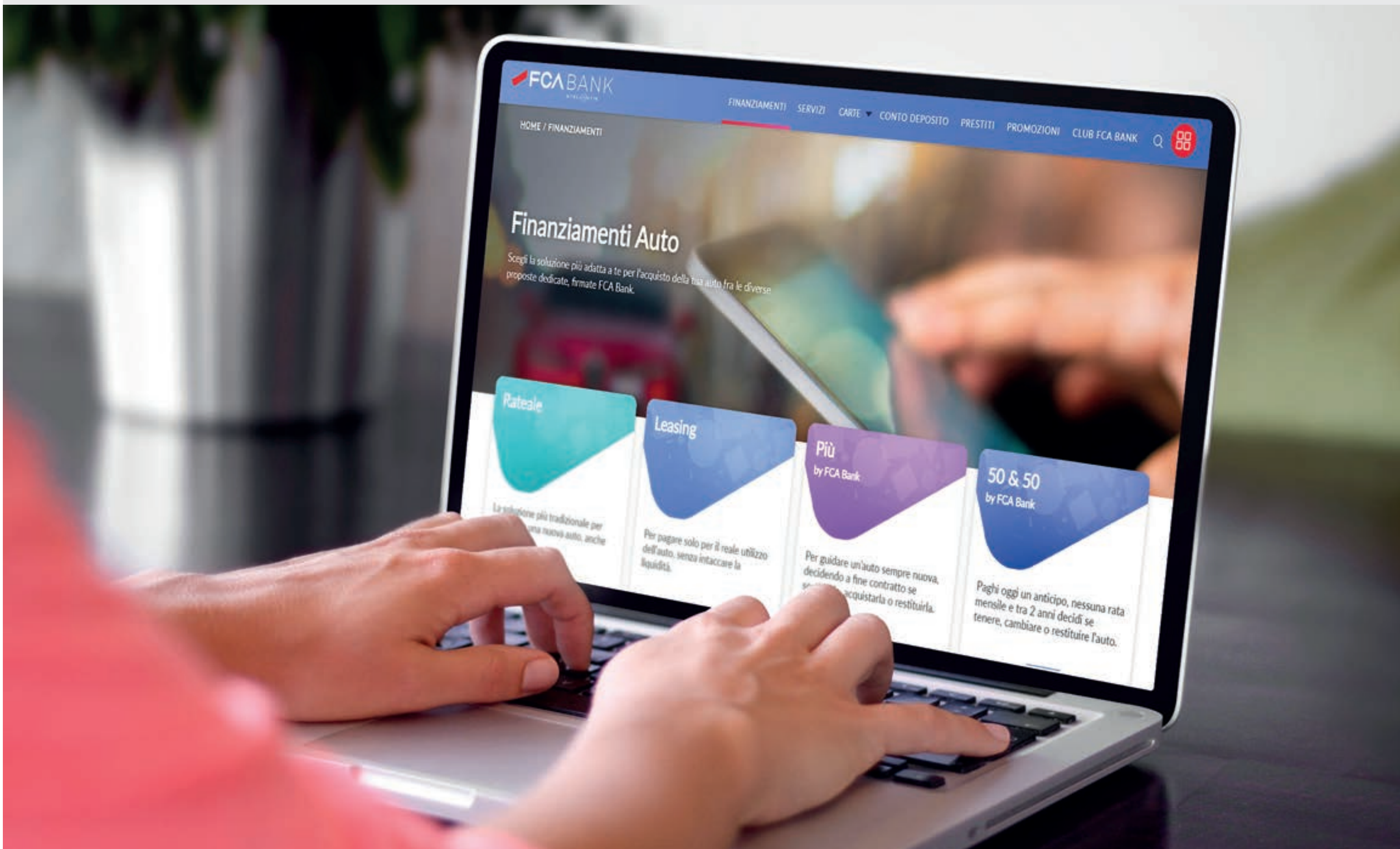
We know Digitalization is here to stay and will inform all aspects of our lives, from mobility to the way we spend and manage our money. That is why FCA Bank's digital strategy looks beyond just mobility.
A few years ago, FCA Bank launched its own branded credit card, with innovative functions that work 100% online accessible via App through mobile or computer. The next step is our new payment hub "FCA BANK PAY", which will also enable Customers to receive instant credit for their online purchasing.

However, we do not have to forget the aftersales that we have to digitalize and evolve as we did with the buying experience. This is why in 2021 we will launch our pan-European system named "CONNECTION". This will optimize all operations with our FCA Bank, Leasys, and Leasysrent customers, thanks to a 360-degree overview of them.

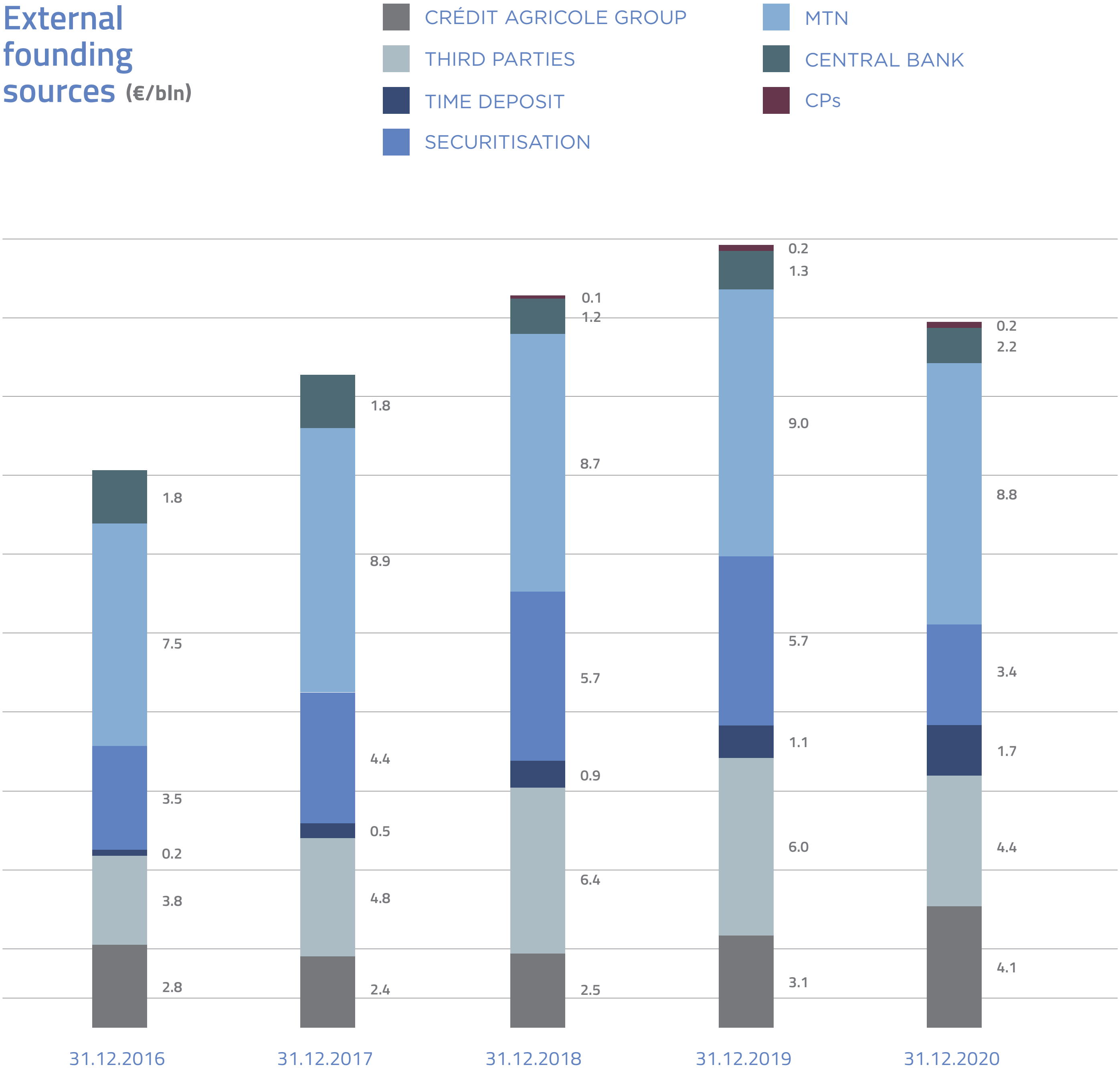
Connection will be a revolution in the way we manage and communicate with our customers. It will integrate a lead management system, marketing automation and a customer care tool. All information will be available and updated in real time for all departments in our company that will need to interact with our customers.

FCA Bank will keep its double focus. On one side, it will introduce new functionalities to make its digital experience even more effective and satisfactory and, on the other, it will leverage the potential of digitalization to be as close as possible to its Customers in this new digital era.

“FCA Bank will keep its double focus. On one side, it will introduce new functionalities to make its digital experience even more effective and satisfactory and, on the other, it will leverage the potential of digitalization to be as close as possible to its Customers in this new digital era.”



External founding sources (€/bln)



The chart shows how the strategy to diversify the funding sources firmed up over the years. In particular, the banking licence obtained in 2015 made it possible to resort to the European Central Bank and to benefit from the further diversification resulting from the launch of "Conto Deposito" in 2016 and "Euro Commercial Papers" in 2018.

All these actions enabled FCA Bank to continue to secure the liquidity necessary to fund the growing business and to strengthen its liability profile.


DEFENDER

FINANCIAL RISK MANAGEMENT

Interest-rate risk management policies, which are intended to protect net interest margin from the impact of changes in interest rates, provide for the maturities of liabilities to match the maturities of the asset portfolio (interest reset dates). It is worthy of note that the group's risk management policies allows the use of interest rate derivatives only for hedging purposes.

Maturity matching is achieved also through more liquid derivative instruments, such as interest rate swaps; occasionally, use is made also for forward rate agreements. The group's risk management policies do not allow the use of instruments other than "plain vanilla", such as exotic instruments.

The strategy pursued during 2020 involved constant and constant hedging, within the limits set by the hedging policies applicable to the risk in question, thereby offsetting the effect of interest rate and market volatility.
In terms of currency risk, the group's policy does not contemplate the creation of foreign currency positions. As such, non-euro portfolios are usually funded in the matching currencies; where this is not possible, risk is hedged through foreign exchange swaps. It is worthy of note that group risk management policies allow the use of foreign exchange transactions solely for hedging purposes.

Counterparty risk exposure is minimized, according to the criteria set out by group risk management policies, by depositing excess liquidity with the Central Bank and performing day-to-day transactions with primary and through transactions in current accounts held with banks of primary standing; use of very-short-term investment instruments is limited to short-term deposits and repurchase agreements with government securities as underlying; regarding transactions in interest rate derivatives (carried out solely under ISDA standard agreements), counterparty risk is managed solely through the clearing mechanisms under EMIR.

FCA BANK'S PROGRAMS AND ISSUES

FCA Bank's issues are managed, as detailed in the following table, through:

- the Euro Medium Term Note (EMTN) program, with FCA Bank S.p.A. as issuer (through its Irish branch). At December 31st, 2020 the program has an aggregate maximum nominal amount of €12 billion and approximately €8.6 billion in notes outstanding. The notes and the program have been assigned FCA Bank S.p.A.'s long-term rating by Moody's, Standard & Poor's and Fitch;
- stand-alone bonds denominated in Swiss francs issued by FCA Capital Suisse S.A. and guaranteed by FCA Bank S.p.A. at December 31st, 2020 there are two bonds outstanding for a total amount of 225 million Swiss francs. These bonds have been assigned FCA Bank S.p.A.'s long-term rating by Moody's and Fitch;
- the Euro Commercial Paper program with FCA Bank S.p.A. as issuer (through its Irish branch). At December 31st, 2020 the program has an aggregate maximum nominal amount of €750 million and approximately €175 million in commercial paper outstanding. The program has been assigned FCA Bank S.p.A.'s short-term rating by Moody's.

FCA Bank programs and issues

ISSUER	INSTRUMENT	ISIN	CURRENCY	SETTLEMENT DATE	MATURITY DATE	AMOUNT (mln)
FCA Bank S.p.A. - Irish Branch	Public	XS1435295925	EUR	21/06/2016	21/01/2021	500
FCA Bank S.p.A. - Irish Branch	Public	XS1497682036	GBP	29/09/2016	29/09/2021	400
FCA Bank S.p.A. - Irish Branch	Public	XS1598835822	EUR	13/04/2017	15/11/2021	800
FCA Bank S.p.A. - Irish Branch	Public	XS1753030490	EUR	17/01/2018	17/06/2021	850
FCA Bank S.p.A. - Irish Branch	Public	XS1881804006	EUR	21/09/2018	21/02/2022	600
FCA Bank S.p.A. - Irish Branch	Public	XS1954697923	EUR	21/02/2019	21/06/2022	650
FCA Bank S.p.A. - Irish Branch	Private	XS1983383545	EUR	16/04/2019	16/04/2021	200
FCA Bank S.p.A. - Irish Branch	Public	XS2001270995	EUR	24/05/2019	24/11/2022	800
FCA Bank S.p.A. - Irish Branch	Private	XS2016113420	EUR	20/06/2019	20/07/2021	200
FCA Bank S.p.A. - Irish Branch	Public	XS2051914963	EUR	13/09/2019	13/09/2024	850
FCA Bank S.p.A. - Irish Branch	Private	XS2072086049	EUR	24/10/2019	24/10/2022	200
FCA Bank S.p.A. - Irish Branch	Public	XS2109806369	EUR	29/01/2020	28/02/2023	850
FCA Bank S.p.A. - Irish Branch	Public	XS2231792586	EUR	18/09/2020	18/09/2023	800
FCA Bank S.p.A. - Irish Branch	Public	XS2258558464	EUR	16/11/2020	16/11/2023	850
FCA Bank S.p.A. - Irish Branch	Private	XS2189260370	EUR	08/06/2020	08/03/2021	10
FCA Bank S.p.A. – Irish Branch	Private	XS2206770526	EUR	13/07/2020	13/01/2021	40
FCA Bank S.p.A. - Irish Branch	Private	XS2243308637	EUR	07/10/2020	07/04/2021	35
FCA Bank S.p.A. - Irish Branch	Private	XS2243312316	EUR	07/10/2020	06/10/2021	40
FCA Bank S.p.A. - Irish Branch	Private	XS2243313041	EUR	08/10/2020	08/04/2021	50
FCA Capital Suisse SA	Public	CH0326371413	CHF	29/06/2016	29/11/2021	100
FCA Capital Suisse SA	Public	CH0498400586	CHF	23/10/2019	23/10/2023	125

RATING

On April 2nd, 2020, following a similar action on Crédit Agricole's rating, Fitch changed FCA Bank's rating outlook from stable to negative.
On April 7th, 2020, following the spread of Covid-19 in Italy, also Moody's changed FCA Bank's long-term rating outlook from stable to negative, leaving unchanged (stable) the rating on deposits.
On October 29th, 2020, after a similar action taken on Italy's rating, Standard & Poor's brought back to stable (from negative) the outlook for FCA Bank's rating.

On December 11th, 2020, Scope Ratings (Scope) assigned FCA Bank the following ratings:
- Issuer rating: A, stable outlook;
- Rating for Senior unsecured debt: A, stable outlook.

These ratings reflect Scope's solid assessment of the FCA Bank Group.
The rating assigned to FCA Bank is two notches above that of the Republic of Italy (BBB+/Negative), following Scope's action of May 15th, 2020.

The ratings assigned to FCA Bank at December 31st, 2020 are as follows:

ENTITY	LONG TERM RATING	OUTLOOK	SHORT TERM RATING	LONG TERM DEPOSITS RATING
Moody's	Baa1	Negative	P-2	Baa1
Fitch	BBB+	Negative	F1	-
Standard & Poor's	BBB	Stable	A-2	-
Scope Ratings	A	Stable	-	-

TLTRO-III

Since their introduction, Targeted Longer-Term Refinancing Operations (TLTRO) have been offering credit institutions long-term Euro funding designed to improve the transmission mechanisms of monetary policy and to stimulate bank lending to the real economy.

In March 2019, the Governing Council of the European Central Bank announced a third series of quarterly longer-term refinancing operations (e.g. TLTRO-III), each with a maturity of three years, starting in September 2019 and ending in March 2021, and eventually extended until December 2021, based on an ECB decision dated December 10th, 2021.
In 2020, starting in March, in light of the Covid-19 emergency, the Governing Council of the ECB introduced also more favourable conditions for the operations in question, which would be applied first between June 24th, 2020 and June 23rd, 2021 and then extended, with the ECB's decision of December 10th, 2020, until June 2022.
Under the original terms of the TLTRO-III program, such favourable conditions, equal to the interest rate on deposit facility with the ECB prevailing over the life of the operation, were offered to borrowers whose eligible net lending between March 31st, 2019 and March 31st, 2021 exceeded by 2.5% their benchmark net lending. Subsequently, in March 2020, due to the impacts of the Covid-19 pandemics, this condition was revised (reducing the percentage to 1.15%) and a new, more favourable condition was introduced (which, if met, it supersedes the previous), whereby counterparties whose eligible net lending is at least equal to the respective benchmark net lending will be charged a lower interest rate, which can be as low as that on the deposit facility with the ECB prevailing over the life of the respective operation, except for the period between June 24th, 2020 and June 23rd, 2021. In fact, in this "special interest" period, the interest rate will be reduced by an additional 50 basis points, with the resulting interest rate not higher than a minus 100 basis points.
With the ECB's decision of December 10th, 2020, this reduction was extended also to the period between June 24th, 2021 and June 23rd, 2022, for counterparties whose eligible net lending between October 1st, 2020 and December 31st, 2021 is at least equal to the respective benchmark net lending.
The characteristics of the TLTRO-III operations are such that they cannot be accounted for under IAS/IFRS in a

straightforward manner, particularly with reference to the following situations:
▪ change of estimated target achievement;
▪ recording of operating effects, particularly "special interest";
▪ management of early repayments.

In fact, it was deemed that reference could be made by analogy to "IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance" or to "IFRS 9 – Financial Instruments".
To account for the operations in question, the FCA Bank Group chose to refer to IFRS 9, considering that the funding conditions available to banks through the ECB's TLTRO program are at arm's length.
In fact, in our opinion, the interest rates charged by the ECB can be regarded as "market rates", as the ECB itself sets their level, in accordance with the target lending levels to be reached (monetary policy operations). In addition, it is the ECB's prerogative to change the TLTRO-III interest rate at any time. This prerogative is in line with the provisions of paragraph B5 4.5 of IFRS 9 (variable rate loans), triggering a change in the Internal Rate of Return (IRR) of the loan to reflect changes in the reference rate. The situation is different in the case where the interest rate on the loan varies as a result of changed expectations on the achievement of benchmark net lending. In this case, given the same IRR, the change in future cash flows can only result in the valuation of the loan amount at amortized cost.
In addition, the conditions to estimate interest depend on the assessment of the likelihood to achieve the benchmark net lending.

During 2020, FCA Bank obtained financing under the TLTRO-III program for a total amount of €2,100 million, in view of maturing related to the preceding TLTRO-II maturities for €1,230 million.

FCA Bank Italia: the full digital evolution of distribution channels

GIULIO VIALE
FCA Bank Italia

The year just ended was marked by deep and unexpected uncertainties in social and economic terms. FCA Bank Italia continued to implement evolutionary policies and strategies designed to support the changing needs of the market and its customers, be them dealers or retail customers. Every initiative and project has been undertaken by prioritizing the requirements of those who chose us, and continue to do so.

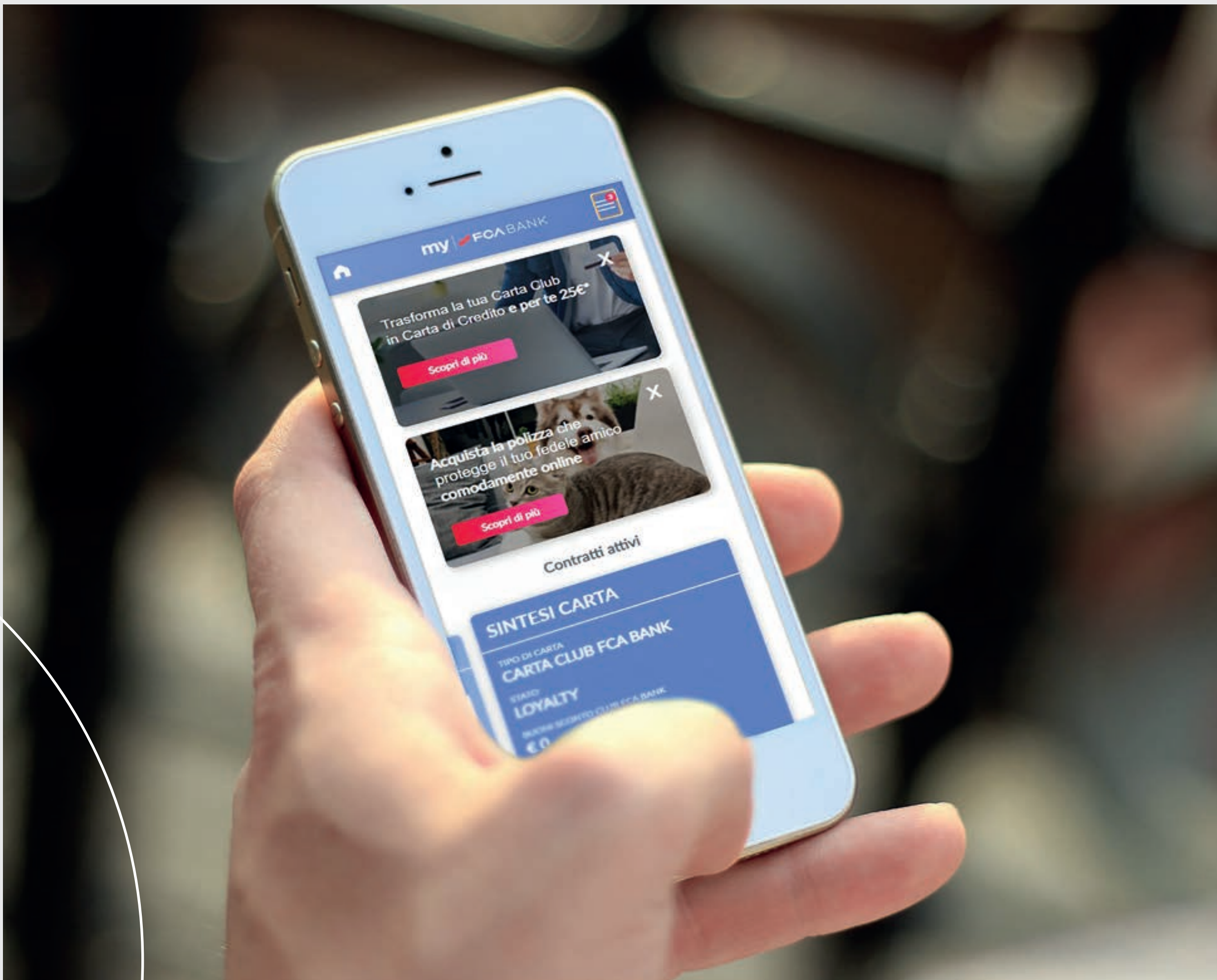
Remote Financing, the new 100% digital online channel used to apply for personal loans, was one of the most important projects implemented in the digital area. In keeping with the claim of the campaign, "Doors open wherever you are", FCA Bank's personal loans for employees and customers of FCA Bank and FCA have been made available directly online, both via web and through mobile.

The new Remote Financing platform enables customers who apply for a personal loan or, in future, for a used car loan to follow a fully digital self-onboarding process. Customers operate from a remote location, uploading the documents, which are then verified by ad hoc software that extracts the necessary key data, and completing the onboarding process with a session of video selfies for facial recognition. Lastly, customers sign the contract digitally from the remote location.

Still in 2020, the bank launched the On-line Check, the tool that provides customers a preliminary and immediate response on the accessibility to a financing plan selected online during the configuration of a vehicle from the website of the Brands with which FCA Bank cooperates. The benefits are twofold, both for the customers and for the dealer network. In fact, the latter receives at once the customer data, inclusive of the credit pre-assessment, which makes it possible to expedite the application and for customers to optimize the time required to finalize the financing contract.

Thus, 2020 did turn out to be a year in which multiple projects came to life thanks to the development of reliable technologies that would deliver efficient services for customers. Because of its human capital and its long-term approach, FCA Bank met the growing demand for process digitalization and new distribution channels.

"Because of its human capital and its long-term approach, FCA Bank met the growing demand for process digitalization and new distribution channels."



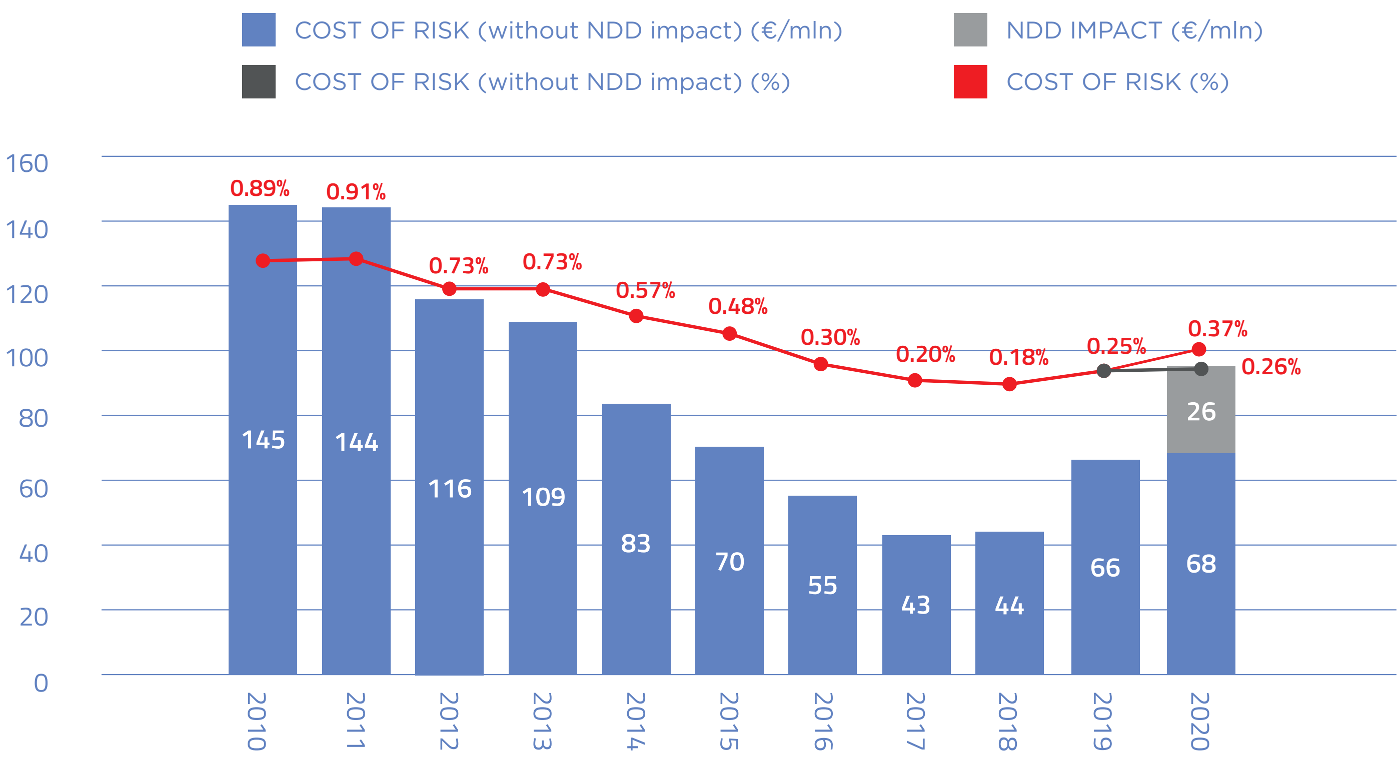
Cost of risk and credit quality

COST OF RISK

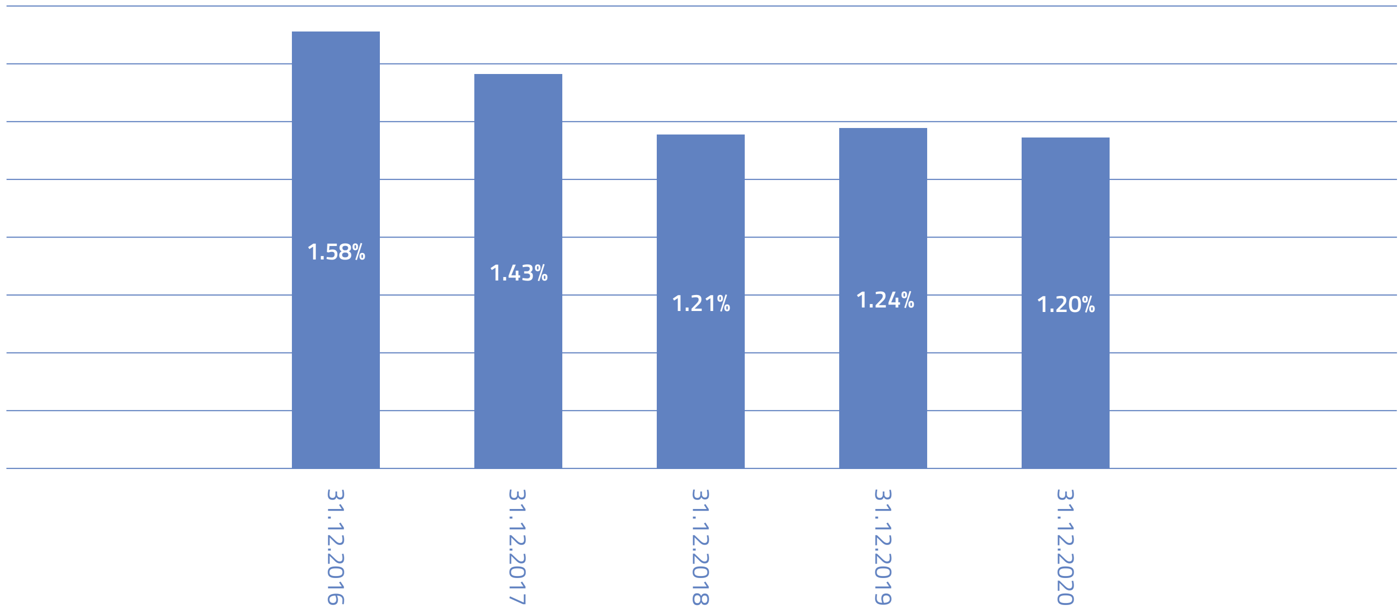
The FCA Bank Group's cost of risk is a function of such factors as:
- core captive activities: support to the dealer network, loans and leases and mobility offerings for end customers;
- conservative credit policies: from the acceptance phase based on ratings, scores, decision engines;
- monitoring of credit performance, with prompt detection of performance deterioration situations through early warning indicators;
- effective credit collection actions.

This makes it possible to maintain a low level of non-performing loans and customers/contracts showing a risk increase.

Cost of risk delivered a good performance also in 2020, as it was 0.37% of the average outstanding portfolio. It is worthy of note that the cost of risk for the year includes also the impact of the New Definition of Default, (amounting to €26.3 million, included in "other income/expenses" in the reclassified income statement) even though its entry into force is January 1st, 2021. Not including the effects of the New Definition of Default, the cost of risk would have settled at 0.26% of the average outstanding portfolio, in line with the performance of 2019 (where the ratio was 0.25%), showing the soundness of the bank despite the Covid-19 emergency and the ensuing lockdown.

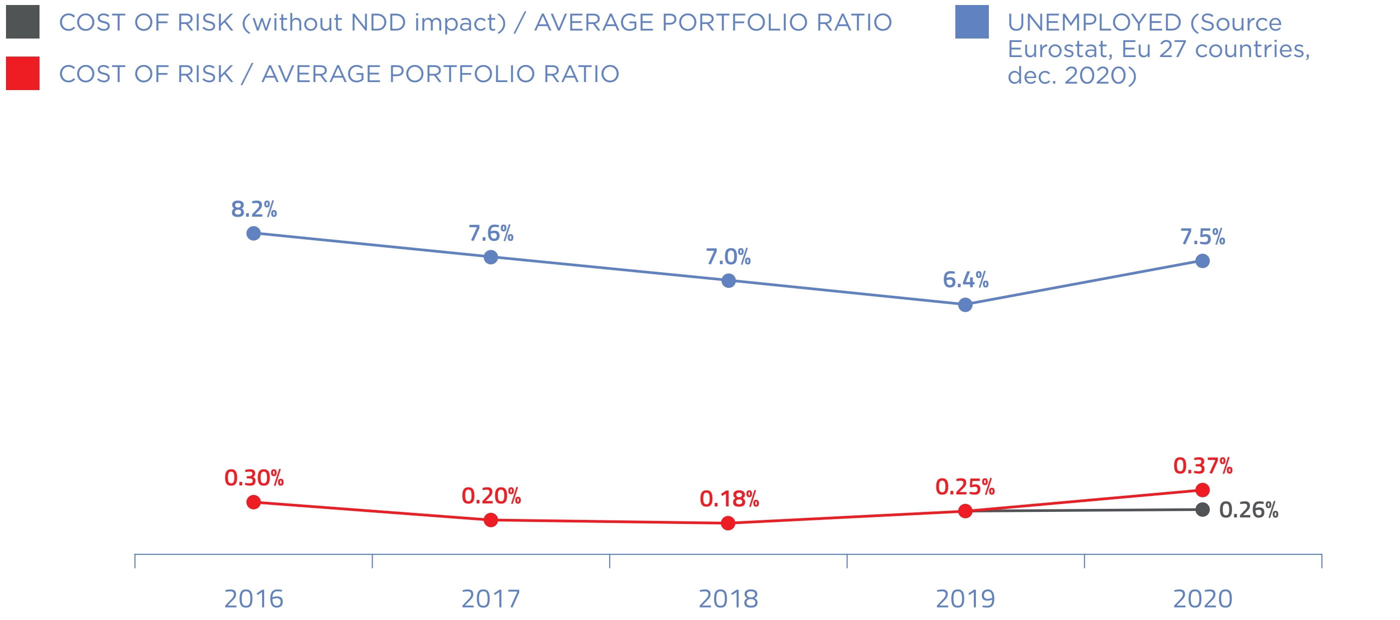


Non performing loans



The level of NPL is confirmed at low levels 1.20%. Following the Covid-19 emergency, FCA Bank provided support to its customers in keeping with guidance from local regulators and EBA guidelines. Below, details are provided of the most significant measures in both the Retail and Wholesale Financing business lines.

Cost of Risk and unemployed



RETAIL FINANCING

▪ Given 190,000 requests for relief received from customers between March-November, the bank suspended instalment payments, on average, for three months. These actions affected over 80,000 contracts, for a total amount of €1,102 million of customer loans. The instalments were either moved to the end of the loan term or spread over the remaining instalments of the loan (depending on the customs or rules prevailing in the European market of reference). Suspensions were onerous and concerned mainly customers who were current on their payment, protecting the value of the loans;
▪ the actions were carried out in accordance with any local law-mandated or private moratoriums, which prevailed over the bank's internal guidelines;
▪ steps were taken to strengthen the customer care and collection departments, as they were the areas mostly affected by the requests for relief;
▪ in the meantime, specific monitoring tools were prepared to monitor the situation of the payments related to the suspended contracts. This check became even more important starting in the third quarter of the year under review, as it focused on "repeat defaulters". These were customers who were unable to resume the regular fulfilment of their obligations at the end of the relief period or that, after the moratorium period, required further contract restructuring due to financial difficulties occurred in the Covid-19 period. Repeat defaulters were 5.9% of the total (including 1.9% whose loans were reclassified as forborne), a rather low percentage, considering that 65% of the moratoriums have ended.

Cost of risk in the Retail Financing line of business settled at –50 basis points of the average outstanding portfolio, of which 16 basis points attributable to the impact of the New Definition of Default. Without considering this impact, the cost of risk was in line with that of the previous year (-35 basis points). Moreover, the update of the forward looking scenarios generated in the year under review an increase of 2 basis points in the cost of risk (or €2.6 million). More details on the forward looking scenario are provided in Part E - section 2.

The group Compliance and Risk Management functions activated a dedicated monitoring system and periodic meetings with the different group companies to ensure that local moratoriums were applied in keeping with the laws of reference. Moreover, guidelines were set out for, and specific support was provided to, all the jurisdictions on matters strictly related to the Covid-19 emergency.

Lastly, starting from the month of July guidelines were issued to reinforce responsible credit measures in the credit approval process.

WHOLESALE FINANCING

▪ Actions to support corporate customers (mainly the dealer network) that were adversely impacted by the long lockdowns continued in the second half, though to a lesser extent than in the first half. Total loans involved in the relief actions amounted to €1,127 million. In proceeding with the support actions, the bank confirmed the operational guidelines and the risk mitigants applied in the first half. As before, payment term extensions were on average 60 days on invoices coming due until February 2021. Invoices already involved in relief actions were excluded and the acquisition of new exposures to dealers with loans overdue for more than 15 days continued to be blocked. The relief actions were onerous and concerned mainly customers that were current on payments, protecting the value of the loans;
▪ the actions were carried out in accordance with any local law-mandated or private moratoriums, which prevailed over the bank's internal guidelines;
▪ additional actions were taken by the car manufacturers at the end of the lockdown periods and when dealers gradually reopened to work off unsold inventories. These initiatives resulted in good commercial performances;
▪ the payment performance of the invoices whose payment term had been extended was very positive. Of the €1,127 million extended, €1,033 million related to invoices with a new due date falling before December 2020 (91%). Of this sum, €1,032 million was duly paid.

The cost of risk of the Wholesale Financing business was in line with last year. The impact of the New Definition of Default actually resulted in a reduction of €5.9 million of the cost of risk, but the company chose the prudent path and did not consider such positive outcome in the calculation of the cost of risk for the year. As with the Retail Financing business, the forward-looking scenarios were updated, which led to an increase of the cost of risk by €7 million in 2020 (equal to 12 basis point of the average outstanding portfolio). More details on the forward looking scenario are provided in Part E - section 2.

SCORING MODELS TO EVALUATE "RETAIL" CREDIT RISK

The process to evaluate the creditworthiness of retail customers, outlined in the Credit Guidelines of the FCA Bank Group, regards the outcome of scorecards as one of the main decision-making drivers.

Scorecards are statistical models designed to estimate the probability of risk associated with a credit application received. An approved threshold amount determines whether the credit application falls into the rejection or the acceptance area.

The use of statistical models ensure an objective, transparent, structured and consistent assessment of all the information related to the customer and the financing required.
To assess an applicant's creditworthiness, the outcome of the scorecards is combined with the outcome of the process governing credit evaluation (such as control over external negative events, status of internal risks, etc.) providing a result in terms of acceptance or rejection which, in certain cases, can be confirmed or reviewed after a credit analysis performed by a specialist.

Currently, the FCA Bank Group uses 32 scorecards based on country, type of customer and, where possible, type of product.

In FCA Bank's organizational model, adopted to improve the level of the services provided by the parent company to all the group companies, the central credit function is responsible, for all the markets:
- for the statistical development of the scorecards used in the credit process (acceptance, anti-frauds, collection) and for managing the approval process;
- for monitoring the scorecards and to recommend corrective actions in case their predictive ability deteriorates;
- for preparing the procedures and the group operational manuals on credit scorecards.

From a quantitative point of view, during the second half of 2020 the Retail business line saw the approval of two new scorecard for private and business customers in Austria while a new scorecard is being approved for private customers in Poland.

RATING MODELS TO EVALUATE "CORPORATE" RISK

The evaluation of corporate customers is based on a comprehensive combined use of two systems, developed in cooperation with the pertinent technical staff of the two shareholders.

The first, which is called CRISP, is intended mainly to evaluate the counterparty's equity.

The second, which is called ANADEFI, emphasizes instead the counterparty's earning power and probability of default.

It is noted that the operational mechanisms for the use of systems to rate corporate counterparties and the development of scorecards, as well as the setting of the cut-off for retail counterparties, are matters that fall within the purview of the Board of Directors, which sets the specific guidelines to be applied by management in day-to-day operations.

CREDIT QUALITY

Item 40 Loans and receivables to customers (€/THOUSAND)

Description	31/12/2020 Gross exposure	31/12/2020 Allowance for loan and lease	31/12/2020 Net exposure	31/12/2019 Gross exposure	31/12/2019 Allowance for loan and lease	31/12/2019 Net exposure
Bad exposures	136,763	(94,472)	42,291	125,027	(84,544)	40,483
Unlikely to pay	79,366	(28,499)	50,867	102,832	(35,417)	67,415
Non Performing Past due	51,908	(22,439)	29,469	71,534	(26,854)	44,680
Non-performing loans	**268,037**	**(145,410)**	**122,627**	**299,393**	**(146,815)**	**152,578**
Performing loans	**22,097,966**	**(141,033)**	**21,956,933**	**23,876,501**	**(123,990)**	**23,752,511**
Total	**22,366,003**	**(286,443)**	**22,079,560**	**24,175,894**	**(270,805)**	**23,905,089**

Description	31/12/2020 Gross exposure weight	31/12/2020 Net exposure weight	31/12/2020 Coverage ratio	31/12/2019 Gross exposure weight	31/12/2019 Net exposure weight	31/12/2019 Coverage ratio
Bad exposures	0.61%	0.19%	69.08%	0.52%	0.17%	67.62%
Unlikely to pay	0.35%	0.23%	35.91%	0.43%	0.28%	34.44%
Non Performing Past due	0.23%	0.13%	43.23%	0.30%	0.19%	37.54%
Non-performing loans	**1.20%**	**0.56%**	**54.25%**	**1.24%**	**0.64%**	**49.03%**
Performing loans	**98.80%**	**99.44%**	**0.64%**	**98.76%**	**99.36%**	**0.52%**
Total	**100.00%**	**100.00%**	**1.28%**	**100.00%**	**100.00%**	**1.12%**

The credit quality is confirmed at an excellent level, with non-performing loans representing 0.56% of total net exposure. The net exposure of non-performing loans amounted to €123 million compared to a total net exposure of €22 billion.

Allowance for loans and lease losses amounted to €286 million at the end of 2020, compared to €271 million at the end of 2019; gross exposure for impaired loans amounted to €268 million compared to €299 million at the end of 2019.

"Over 400 Leasys Mobility Stores and 1,000 charging points."

Our mobility strategy

ANDREA PERTICA
CEO Leasys Rent

The year just ended will be remembered not only for the pandemics but also because it was the first full fiscal period of operation for Leasys Rent S.p.A. In fact, after its acquisition at the end of 2018 and with 2019 considered as a transition year, where the company was rebranded and launched commercially under the Leasys brand and the network of the Leasys Mobility Stores, 2020 marked the consolidation of the group's Mobility strategy.

Work was performed on the following five pillars:
- the network of the Leasys Mobility Stores - which was further enlarged to reach 400 physical locations, distributed extensively throughout Italy, with a presence in the main cities and airports - is mostly equipped with an electric infrastructure with 22Kwh charging points, capable of recharging electric and hybrid vehicles in a few minutes. This is one of the largest EV charging station network in Italy, with over 1,000 active charging points at year-end, following the acquisition of the assets of Bluetorino S.r.l.;
- a full and innovative mobility product portfolio where – in addition to the traditional short-term rental products such as Corporate Leisure and Replacement – over the year the car subscription model gained currency, with products such as CarCloud, FlexRent and My Dream Garage, which are capable of ensuring utmost flexibility in the use of cars for customers. Worthy of note is also the revolutionary launch, in Turin, of LEASYS GO!, an electric car sharing service with a dedicated app and the use of the new 500e; this project came to light in less than 8 months and will continue in 2021 with the opening of the service in Milan and Rome;
- a vehicle fleet tripled compared to 2019 and capable of meeting every need, from Fiat Panda to Maserati Levante, to the full range of Jeep® - from Renegade to Wrangler – to the Fiat Professional commercial vehicles, all eco-sustainable, with at least a Euro6 type approval and a significant presence of BEV, PHEV and MILDHYBRID vehicles;
- an international footprint where, in parallel to the geographical expansion of the long-term business through two important acquisitions in France and Spain, the foundation was laid for the creation of a new Mobility model that might replicate the successes achieved in the Italian market, from electrification to the subscription model, to car sharing. And this is just a start.

Such substantial amount of work will allow us to face 2021 as a leading-edge Mobility company that will become increasingly "electric" and to provide our customers with from-one-minute-to-a-lifetime rental experiences.

Residual values

Residual value is the value of the vehicle when the related loan or lease contract expires. The bank is exposed to residual value risks in connection with loan and lease contracts with customers that can return the vehicle at the end of such contracts.
Trends in the used vehicle market may entail a risk for the holder of the residual value.
This risk is basically borne by the dealers throughout Europe, with the exception of the UK market, where the risk is managed, regularly monitored, mitigated with specific procedures and covered through specific provisions by the bank.
FCA Bank has long adopted group guidelines and processes to manage and monitor residual risk on an ongoing basis.

euro/mln	31/12/2018	31/12/2019	31/12/2020
Consumer loans and leases:			
Residual Risk borne by Group FCA Bank	*912*	*1,102*	*1,062*
of which UK market	*700*	*687*	*530*
		Provisions for residual value	***32***

Regarding long-term rentals, residual risk on rented vehicles is generally borne by the rental car company, save for specific arrangements with third parties.
In this case, residual risk is represented by the difference between the market value of the vehicle at the end of the contract and the carrying amount of the vehicle.
Leasys S.p.A. and its subsidiaries, which are not part of the Banking Group, are the group companies operating in the long-term rental business.

euro/mln	31/12/2018	31/12/2019	31/12/2020
Long-Term Rental:			
Residual Risk borne by Group FCA Bank	*1,230*	*1,497*	*1,692*
		Provisions for residual value	***24***

Regarding the specific context created by Covid-19, in the period under review the company reinforced residual risk management, monitoring closely used market prices and the seniority of the vehicles on sale. The model to calculate Residual Value is updated every quarter, so as to determine more accurately the amount of provisions. To date, there are no criticalities on residual values.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Result of operations

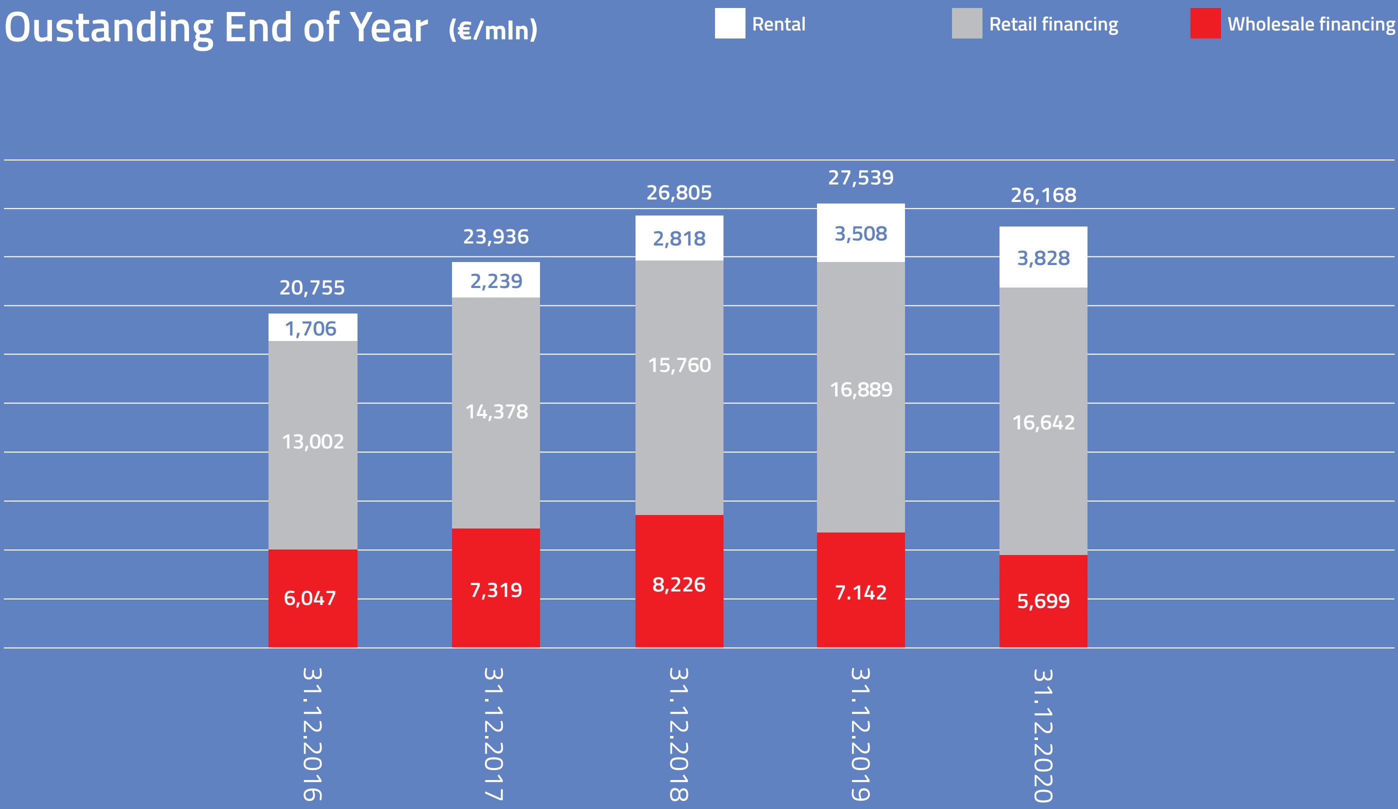
Economic data (€/mln)	**31/12/2020**	**31/12/2019**
Net banking income and rental margin	993	1,025
Net operating expenses	(279)	(293)
Cost of risk	(68)	(66)
Other income/(expense)	16	(28)
Profit before tax	663	638
Net income	501	467
Outstanding		
Average	25,535	26,348
End of year	26,168	27,539
Ratio		
Net banking income and rental margin (on average outstanding)	3.89%	3.89%
Cost/Income ratio	28.06%	28.55%
Cost of risk (on average outstanding)	0.26%	0.25%
CET1	15.43%	14.20%
Total Capital Ratio (TCR)	17.21%	15.82%
Leverage Ratio	12.03%	10.62%

Balance sheet data (€/mln)	**31/12/2020**	**31/12/2019**
Cash and cash balances	572	585
Financial assets designated at fair value with effects on comprehensive income	9	10
Financial assets valued at amortized costs:	24,047	25,903
a) Loans and receivables with banks	1,967	1,997
b) Loans and receivables with customers	22,080	23,905
Hedging derivatives	23	37
Changes in fair value of portfolio hedge items	70	48
Insurance reserves attributable to reinsures	9	13
Property, plant and equipment	3,461	3,197
Intangible assets	296	263
Tax assets	360	300
Other assets	1,330	1,350
Total assets	30,177	31,705
Total liabilities	26,523	28,534
Net equity	3,654	3,171

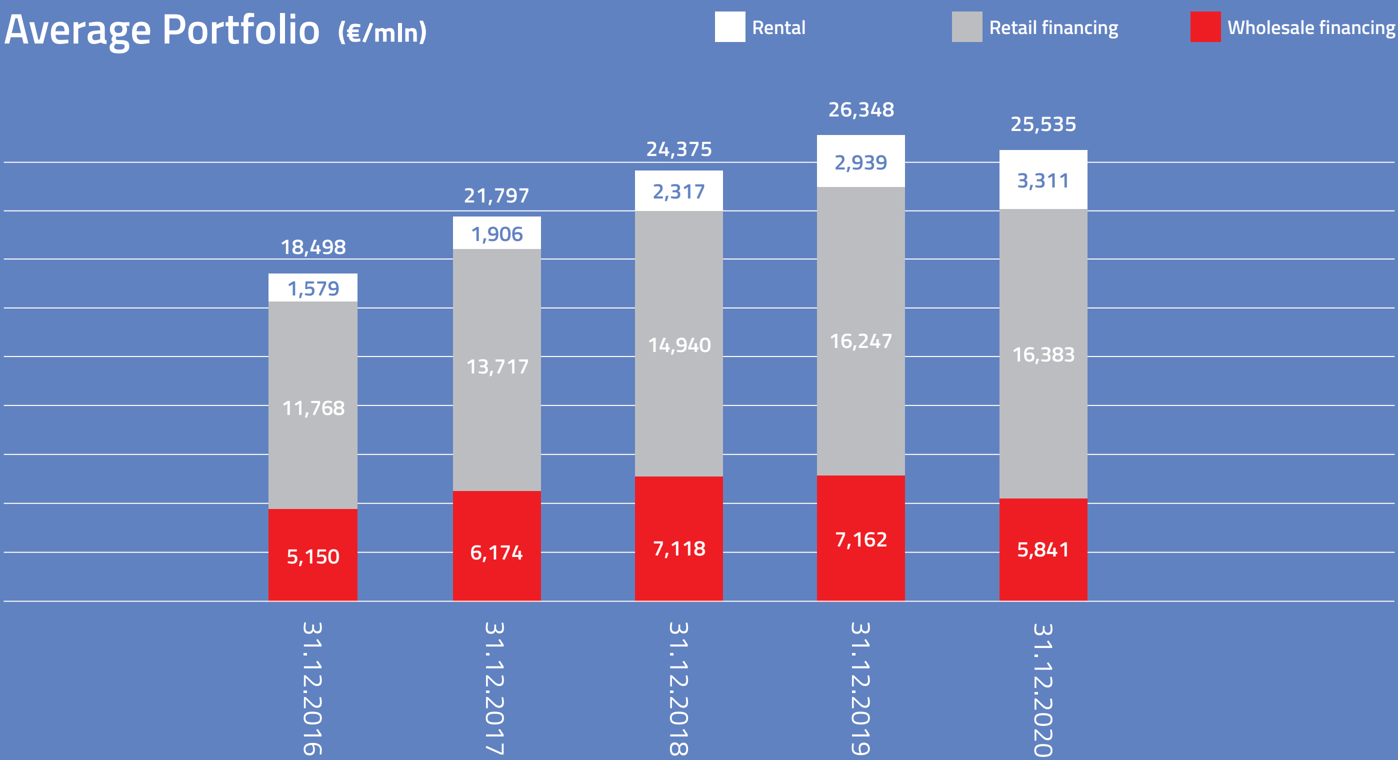
Despite the difficult economic context determined by the pandemic, the average productive portfolio for 2020 showed a small decline, by 3%, compared to 2019, mainly due to the Wholesale Financing business (-23%) and to the manufacturing partners' new strategies intended to improve the efficiency of vehicle stock management by dealers. Retail Financing was largely stable (+1%) while Rental rose (+11%) on the preceding year thanks to the good cooperation with the commercial partners.

The FCA Bank Group's commercial penetration (retail, leasing, rental, demo and commercial lending) settled at 47.9% (down 0.2% on 2019), with total financing volumes generated for the year in the amount of €10.9 billion, reflecting a 19.9% decrease on 2019.

Oustanding End of Year (€/mln)

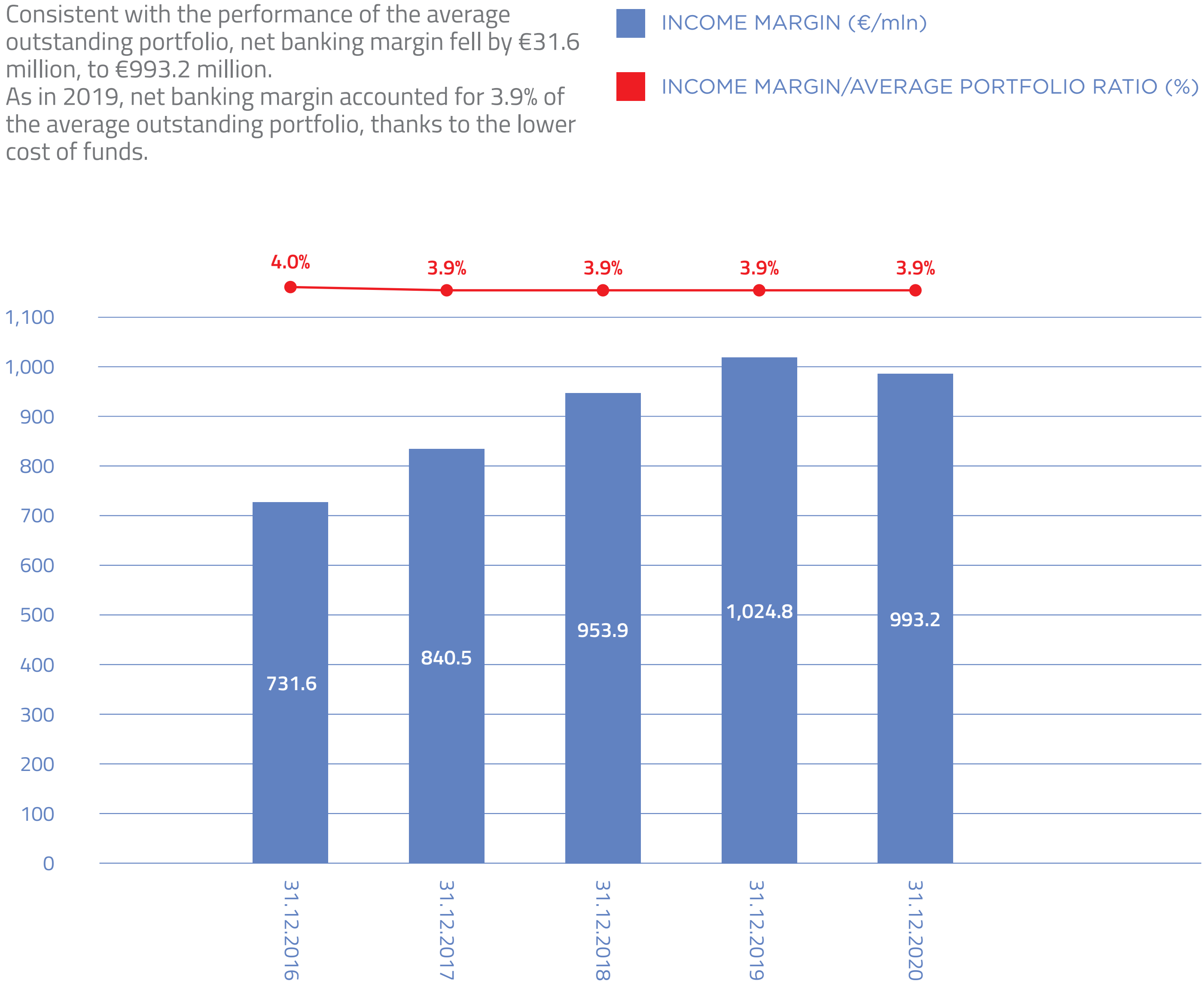


Average Portfolio (€/mln)



Income rental margin

Consistent with the performance of the average outstanding portfolio, net banking margin fell by €31.6 million, to €993.2 million.
As in 2019, net banking margin accounted for 3.9% of the average outstanding portfolio, thanks to the lower cost of funds.



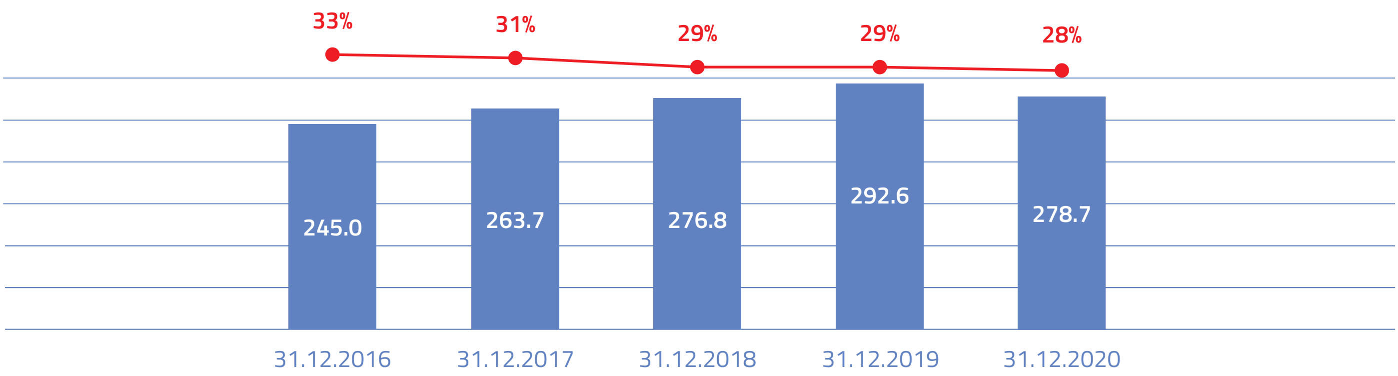
Net operating expenses

Operating efficiency combined with the ability of profit to grow relatively faster than costs resulted in a net operating expenses/income margin of 28.1%, continuing the improvement process under way for a number of years.

In absolute terms, thanks also to cost-containment actions undertaken to deal with the revenue drop due to the reduction of the average outstanding portfolio, net operating costs decrease by approximately €14 million on 2019.

COST/INCOME RATIO (%ANNUAL BASIS)

NET OPERATING EXPENSES (€/mln)



Cost of Risk

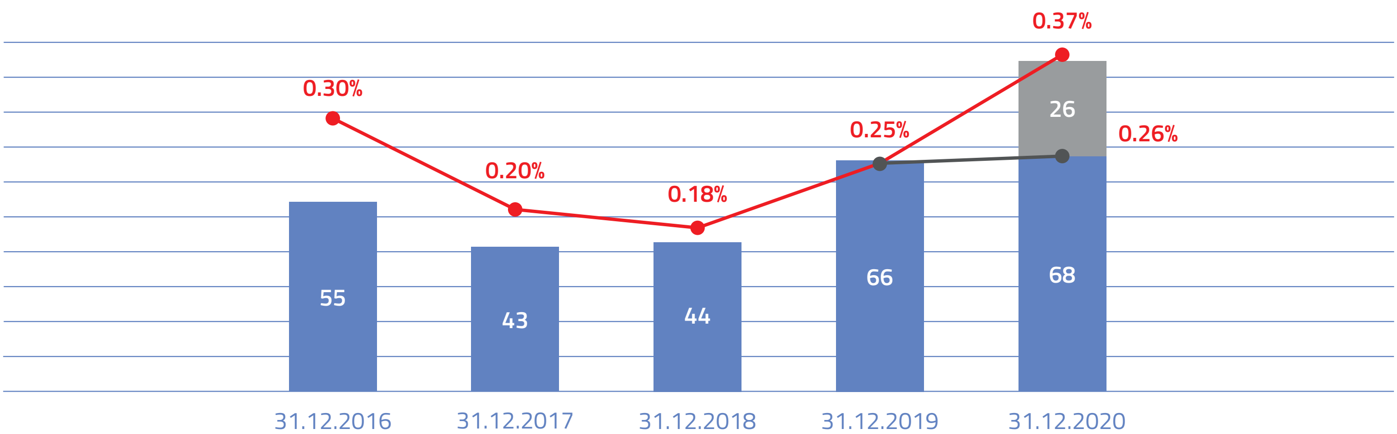
In 2020 the cost of risk - which stood at €94 million, equal to 0.37% of the average outstanding portfolio – included the effects of the adoption of the New Definition of Default, for €26.3 million (11 basis point of the average outstanding portfolio), inserted in the line other charges/ income of the reclassified income statement. As such, not including such effects, the cost of risk - which stood at €68 million (26 basis point of the average outstanding portfolio), confirmed the performance shown in the previous years, despite the difficult economic context caused by the Covid-19 pandemic.

COST OF RISK (without NDD impact) (€/mln)

NDD IMPACT (€/mln)

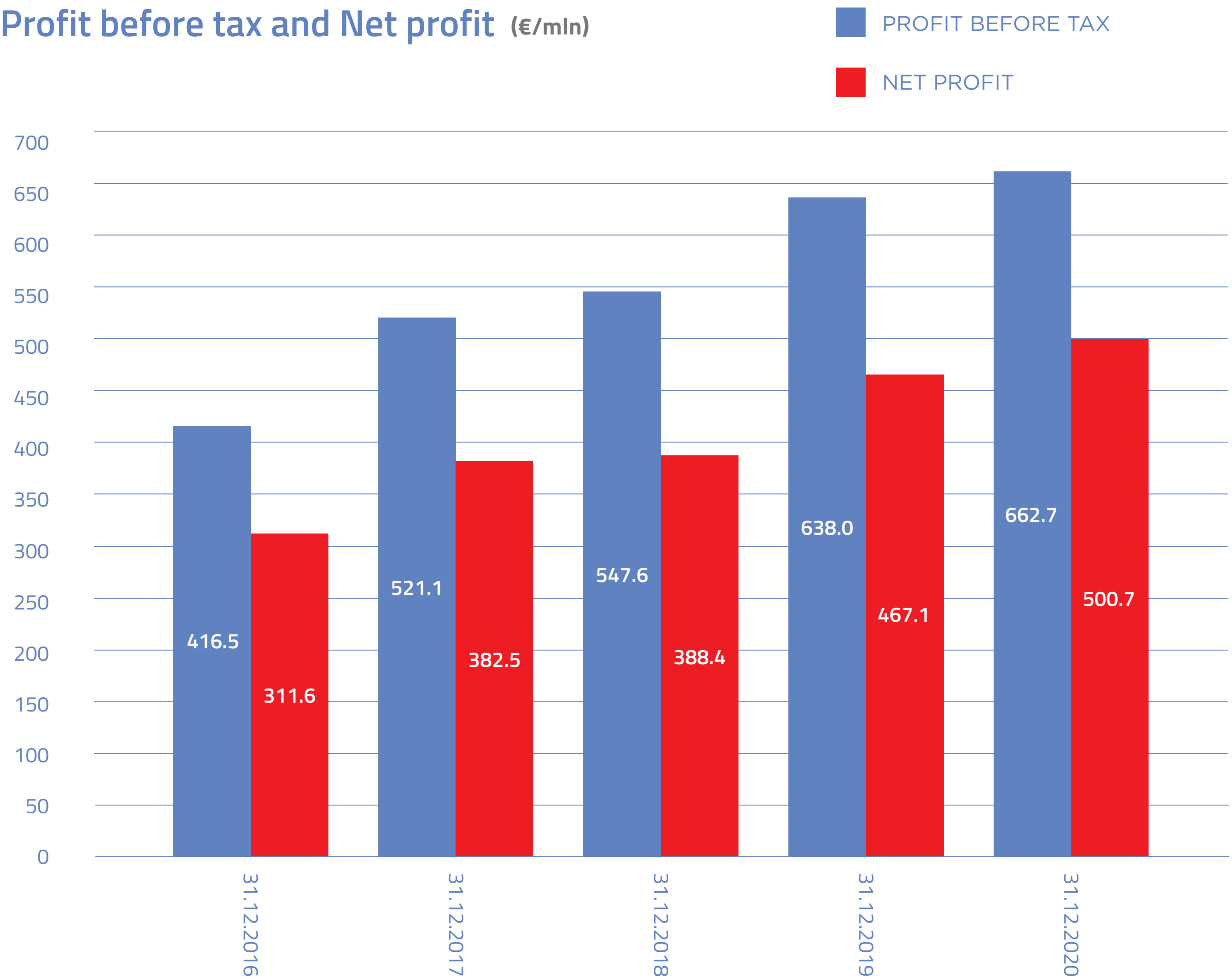
COST OF RISK (without NDD impact) / AVERAGE PORTFOLIO RATIO (%)

COST OF RISK / AVERAGE PORTFOLIO RATIO (%)




ABARTH

Profit before tax and Net profit (€/mln)



Net profit for 2020 amounts to €500.7 million (up 7.2% in respect of 2019), while profit before tax amounts to €662.7 million, up to 3.9% compared to the previous year.

Expenses include the contribution to the Single Resolution Fund for €12.7 million, inclusive of €3 million in additional contribution to the national fund requested by the Bank of Italy.

Revenue includes the release of €60 million in provisions made in 2018 to cover the risks associated with the fine levied by the AGCM. The release was due to the decision of the Administrative Court of the Lazio Region handed down on November 24th, 2020, which found in favour of the company.

Equity and capital ratio

Own Funds and ratios (€/000)	31/12/2020	31/12/2019
Common Equity Tier 1 - CET1	2,975,763	3,001,472
Additional Tier 1 - AT1	5,921	5,584
Tier 1 - T1	**2,981,684**	**3,007,056**
Tier 2 - T2	337,895	337,046
Total Capital	**3,319,579**	**3,344,102**
Risk-weighted assets (RWA)	**19,287,717**	**21,142,442**
REGULATORY RATIOS		
CET1	15.43%	14.20%
Total Capital ratio (TCR)	17.21%	15.82%
LCR	243%	282%
NSFR	116%	106%
OTHER RATIOS		
Leverage Ratio	12.03%	10.62%
RONE (Net Profit/Average Normative Equity)	27.32%	23.25%

At December 31st, 2020, the Total Capital Ratio was 17.21%, reflecting an improvement over the comparable metric at the end of 2019.
CET1 was 15.43%, while RONE (Return on Normative Equity) calculated considering the average Normative Equity and a 9.5% capital requirement for RWA, stood at 27.32%.

FCA Bank S.p.A., FCA Bank GmbH e FCA Capital Portugal IFIC S.A. are considered, for prudential purposes, within the prudential scope of consolidation of "Crédit Agricole s.a.", and consequently "significant" banking entities.

RECONCILIATION BETWEEN RECLASSIFIED AND REPORTED FINANCIAL STATEMENT FIGURES

Reconciliation between reported income statement and reclassified income statement (€/mln)	31/12/2020	31/12/2019	Ref. Notes to the financial statements Part C
10. Interest income and similar revenue	864	930	1.1
20. Interest expenses and similar charges	(209)	(237)	1.3
40. Fee and commission income	117	148	2.1
50. Fee and commision expenses	(33)	(33)	2.2
80. Net income financial assets and liabilities held for trading	0	(0)	4.1
90. Fair value adjustments in hedge accounting	(5)	(6)	5.1
100. Profits (losses) on disposal or repurchase of			
a) financial assets at amortized cost	(0)	1	6.1
130. Impairment losses on:			
a) financial assets at amortized cost	0	(1)	8.1
160.Net premium earned	2	1	10.1
170. Net other operating income/ charges from insurance activities	1	(1)	11.1
200. Net provision for risks and charges	(11)	2	13.3
210. Impairment on tangible assets	(496)	(427)	14.1
230. Other operating income/charges	763	647	16.2
Net Banking Income	**993**	**1,025**	
40. Fee and commission income	16	0	2.1
190. Administrative costs	(259)	(267)	12.1/12.5
200. Net provision for risks and charges	(1)	(1)	13.3
210. Impairment on tangible assets	(14)	(11)	14.1
220. Impairment on intangible assets	(16)	(14)	15.1
230. Other operating income/charges	(5)	0	16.1
Net operating expenses	**(279)**	**(293)**	
50. Fee and commision expenses	(11)	(12)	2.2
130. Impairment losses on:			
a) financial assets at amortized cost	(44)	(46)	8.1
230. Other operating income/charges	(13)	(8)	16.1
Cost of risk	**(68)**	**(66)**	
130. Impairment losses on:			
a) financial assets at amortized cost	(26)	0	8.1
200. Net provision for risks and charges	60	(0)	13.3
190. Administrative costs	(15)	(12)	12.1/12.5
230. Other operating income/charges	(3)	(16)	16.1
Other income/expenses	**16**	**(28)**	
300. Tax expense related to profit or loss from continuing operations	(162)	(171)	21.1
Income taxes	**(162)**	**(171)**	
Net profit	**501**	**467**	

With reference to the items of the above representation, when there is not a correspondence to the items of the Consolidated Income Statement, please see the references to the Notes to the Consolidated Financial Statements.

Reconciliation between outstanding and loans and receivables with customers (€/mln)	31/12/2020	Ref. Notes to the financial statements
Oustanding	**26,142**	
90. Property, plant and equipment (*)	(3,337)	Part B 9.6.1 FS Assets
130. Other assets (**)	(749)	Part B 13.1 FS Assets
10.b) Deposits from customers	1	Part B 1.2 FS Liabilities
80. Other liabilities	165	Part B 8.1 FS Liabilities
40.b) Loans and receivables with customers not included in the outstanding	145	Part B 4.2 FS Assets
40.b) Loans and receivables with customers	**22,367**	

Allowance for loans Management data	**323**	
90. Property, plant and equipment	-	
130. Other assets	(36)	Part B 13.1 FS Assets
10.b) Deposits from customers	-	
80. Other liabilities	-	
40.b) Loans and receivables with customers not included in the outstanding	-	
Allowance for loans with customers Item 40.b)	**287**	

(*) The item includes assets related to the rental business
(**) The item includes the consignment for €120 million and receivables from customers relating to the rental business for €629 million.

RECONCILIATION BETWEEN PARENT COMPANY AND CONSOLIDATED EQUITY

	Equity	Of which, profit for the year
Equity and profit for the year of FCA Bank S.p.A.	**2,380,054**	**508,364**
Equity and profit of subsidiaries less non-controlling interests	2,282,772	276,083
Consolidation adjustments:	(1,070,174)	(290,292)
Elimination of carrying amount of consolidated companies	(1,026,677)	-
Intercompany dividends	-	(222,940)
Other consolidation adjustments	(43,497)	(67,352)
Equity and profit attributable to FCA Bank S.p.A.'s shareholders	**3,592,652**	**494,155**
Equity and profit attributable to non-controlling interests	61,431	6,515
Consolidated equity and net profit	**3,654,083**	**500,670**

Organization and human resources

For this section please refer to the consolidated Non-Financial Disclosure.


CB 675KV

"3 new acquisitions were carried out in the short-term rental and electric mobility sectors, which enabled Leasys to expand its operations in Europe in its role as a 360-degree mobility operator"

Acquisitions

ROLANDO D'ARCO
Business Development & European Markets

The year just ended was very important for the development of mobility activities undertaken by the FCA Bank Group through its Leasys subsidiary.
In fact, 3 new acquisitions were carried out in the short-term rental and electric mobility sectors, which enabled Leasys to expand its operations in Europe in its role as a 360-degree mobility operator.
The strategic drivers that guided these deals were essentially two.
In the first place, the acquisition of skills, assets, technological platforms that might allow a more rapid positioning of Leasys in Europe as an integrated mobility provider. The objective is to put under one roof a broad and integrated mobility offering – inclusive of short/medium/long-term rental, mobility subscriptions and car sharing – to meet effectively new types of market demand.

In the second place, the acquisition and development of physical outlets – e.g. our Leasys Mobility Stores (LMSs) – to support the electrification of the vehicles of the partner Brands and to provide charging solutions to our electric and hybrid vehicle (PHEV) customers. The objective is to develop between now and 2022 a network of 1,500 LMSs, from the current 500, equipped with at least 3,500 charging points in Europe.

With that in mind, in May Leasys acquired the AIXIA Group in France, one of the most dynamic companies in short-term rental with its two brands, RENT&DROP, for the one-way rental of commercial vehicles, and RENTIZ, for the short-term rental vehicles in the premium, minibus and microcar segments. The company is headquartered in Lyon and was renamed Leasys Rent France S.A.S..

In early November, another important milestone was reached in this expansion process with the acquisition of Drivalia Car Rental L.S.U. in Spain. Drivalia is one of the short-term rental industry's most innovative companies and stands out for its reputation and service quality, providing leading-edge products, such as Drivalia Ultimate, the transparent rental solution that allows customers to know in advance all additional costs, without surprises. The company is headquartered in Alicante and changed its name in Leasys Rent Espana S.L.U..

Lastly, in late November, Leasys acquired the Turin-based car sharing business and EV charging stations of Bluetorino S.r.l., a company of the Bolloré Group of France. Following this acquisition, Leasys will have a network of 430 charging points, which will soon become 560 with 4 additional points at Torino Caselle Airport. Bluetorino's network of charging points will support the electrification of the Leasys fleet and will foster the development of LeasysGO!, the group's new sustainable car sharing service launched in Turin in December 2020.

Information technology

In line with the digitalization process implemented by the group, the Information and Communication Technology department continued to pursue its actions to upgrade the information systems to achieve dematerialization in the Consumer Financing sale process. This department was particularly important in 2020, due to the economic and lockdown problems caused by the Covid-19.

In the second half of the year, significant projects were implemented and managed in the financial area:
▪ New Corporate Backbone, the new pan-European tool that allows Credit Dossiers to be managed through a workflow containing the approval process and automatic calculation with the new delegated powers;
▪ New Definition of Default, which implies a new calculation of this corporate indicator;
▪ TLTRO – Covid-19 returns, which implies the adaptation of the TLTRO-III return to the new specific rules and regulations, and development of the returns required by the ECB following the pandemics.

During 2020 the company invested in projects designed to enhance its profitability:
▪ support to the activities of the Treasury department, with the start of the A.BA.CO. (Attivi Bancari Collateralizzati – Collateralized Banking Assets) project, to handle the Bank of Italy's procedure that makes it possible to manage loans provided as collateral;
▪ the Leasing securitization process was completed, to allow leasing contracts to be securitized in keeping with the law, with just the securitization of the credit arising from the asset component and the exclusion of all the other components;
▪ the new Financial Calculator 3.0 project was started, thus creating a new company tool designed to allow the public to calculate immediately and more effectively the cost of a Long Term Rental and to model the product starting from a specific monthly payment. The new tool available on all digital front-ends will be linked with the corporate back-ends in real time; the project will continue throughout 2021;
▪ the Pre-Scoring platform entered production at the start of 2020 in Italy as well; its combination with the Financial Calculator 3.0, it will allow the company to start its journey toward e-Commerce also in all the other markets of FCA Bank;
▪ the functionalities of the Customer Area of the FCA Bank's website were improved, for a better User Experience, by activating the integration of a single digital identity (Single Sign On) with Conto Deposito;
▪ a new Remote Financing system was released, leveraging the new Digital Onboarding system which enabled FCA Bank to continue its activities in the market, despite the difficult period caused by the lockdown due to the pandemic.

Moreover, FCA Bank began the process to redefine all the central Treasury systems to renew and make more efficient the tool to analyse the department's benefit. The CFO Database was released, to create a database containing accounting data with a high level of detail in relation to all the legal entities and subsidiaries of FCA Bank and Leasys S.p.A., which will make it possible to automate the feeding of the Consolidated Financial Statements and Supervision software application and to upload the data of the planning model.

The new Roadmap for the Business Intelligence platform was finalized, to replace the current corporate DataWarehouse system for a more innovative platform.
Moreover, the company reconsidered the Customer Care tool by selecting, in a constantly changing market, a platform with a better performance than the current pone. Starting in January 2021, FCA Bank and Leasys S.p.A.'s markets, starting from the foreign ones, will witness the implementation of the new CRM Salesforce system.

Moreover, all the markets worked in synergy with HQ on the Prescoring, Customer Portal, CRM and Financial Calculator projects.

In the foreign markets, the cluster-based approach to upgrade management and accounting systems continued, as did the rollouts started in 2015 to create the IT platforms to cover the Retail Financing and Long Term Rental lines of business.
The year just ended saw the release of the new rental solutions for France, Denmark, Portugal and the retail (front-end) solutions for Portugal and Spain.

In 2020 the process began to adapt the systems of Leasys Rent S.p.A., the short-term rental company acquired by Leasys S.p.A. to meet new market needs, to stay ahead of the competition and to address the preferences of Web customers, with the creation of new and innovative products such as Car Cloud and Dream Garage, which are based on the subscription model.
The new Leasys APP (UMOVE) was implemented, introducing all the Leasys S.p.A. and Leasys Rent S.p.A.

products in a single platform to potential and existing customers.
Work continues to be performed in relation to Leasys GO! – Car Sharing, a new platform owned by Leasys S.p.A. where the shared fleet management system will be implemented, with such platform to be inaugurated with the commercial launch of the new electric 500.
Regarding the RPA (Robotic Process Automation) project, activities continued to complete process automation both within FCA Bank and within Leasys S.p.A..
The RPA project activated progressively 90 robots, to cover HQ, BU Italy and Leasys S.p.A. processes, thus confirming the strategic automation plan for the repetitive activities of many of FCA Bank's functional areas, with the ensuing reduction of personnel expenses and the reallocation of business resources to higher-value added activities.

Developments were managed in connection with the creation of the applications for the online auction sales of used cars for private individuals and brokers, in support of Clickar S.r.l., a new company.

ICT also released for JLR the new pan-European Customer Portal and Pre-Scoring System, ensuring a user experience for customers in line with the car maker's expectations.

Internal control systems

For this section please refer to the consolidated Non-Financial Statement.

INTERNAL CONTROL FUNCTIONS

For this section please refer to the consolidated Non-Financial Statement.

INTERNAL BOARD COMMITTEES

For this section please refer to the consolidated Non-Financial Statement.

COMMITTEES INVOLVED IN THE INTERNAL CONTROL SYSTEM

For this section please refer to the consolidated Non-Financial Statement.

Remarketing activity: Clickar.com

ALBERTO GRIPPO
CEO Leasys

Through to the Clickar brand, Leasys has been for years leader in the remarketing of pre-owned vehicles and one of Europe's largest operators, with over 35,000 sale transactions in 2020. The group's remarketing activities are driven by process transparency and product quality.

Process transparency is obtained by channelling sales through the Clickar online platform, where potential buyers can see the details and the appraisal of each car before submitting a bid online, with the possibility to follow the ensuing phases.
Product quality is guaranteed by the origin of the vehicles, each of which is certified and has followed properly the scheduled maintenance activity. The photos of the vehicles, with 360-degree and detailed views, are accompanied by the appraisals of accredited and independent appraisers.

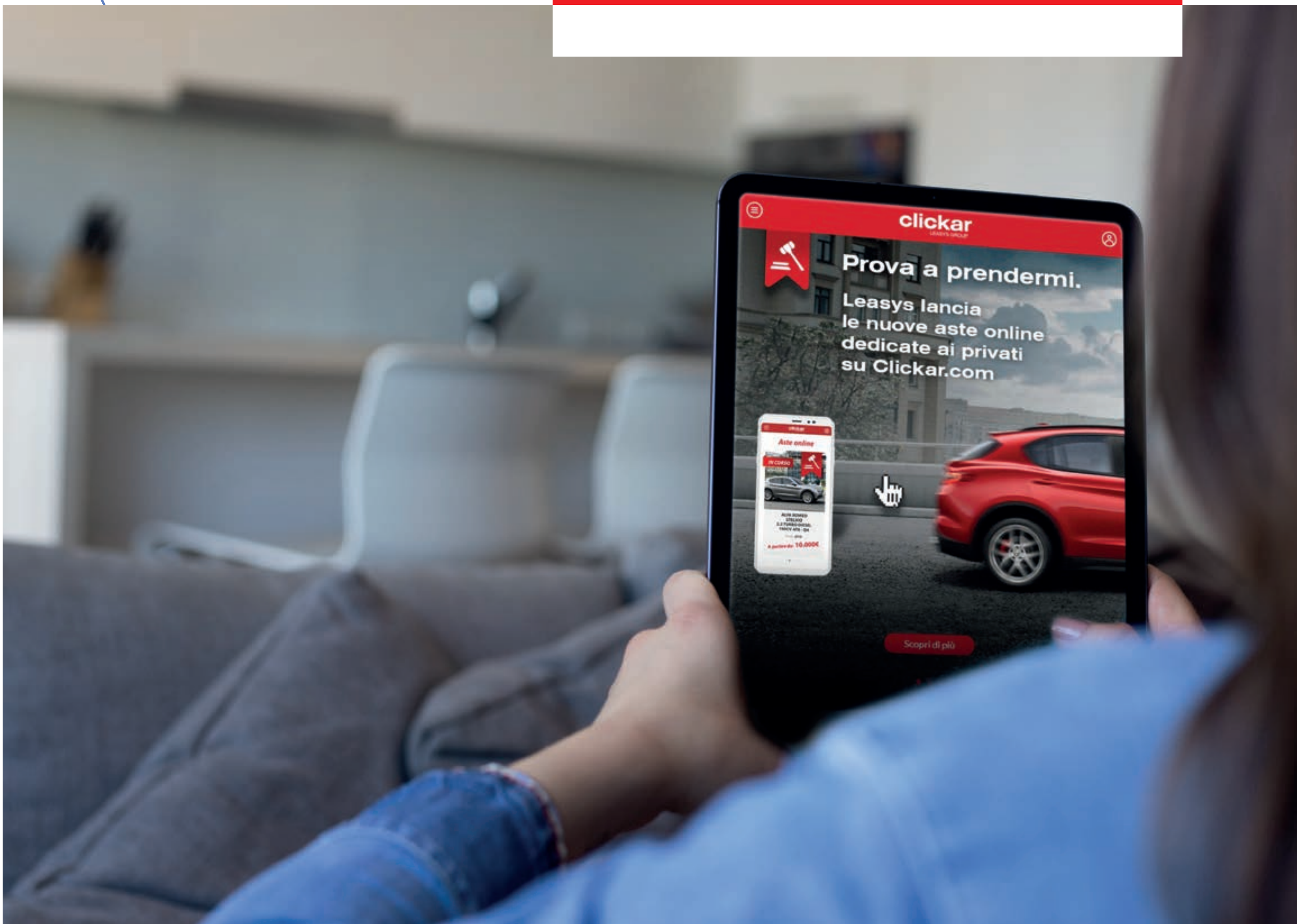
Over the year under review, this business has been internationalized to fulfil its potential and its functionalities have been digitalized, to serve better the needs of a growing retail clientele.

Thus, 2020 was the year of the international launch of the Clickar.com platform, which is now operational in 6 European countries (Spain, Belgium, France, United Kingdom, Germany and Italy), with an expansion plan for 2021 that calls for a presence in all the countries in which the group is operational.

The year just ended saw also a step change in the retail field with the introduction, starting from the domestic market, of an absolute novelty for the market of pre-owned cars dedicated to private individuals, with a product offering selected and guaranteed and a professional and transparent service that made Clickar one of the most popular brands in the sector.
All customers, particularly private individuals, have also been made available the Clickar Point network, where they can view the vehicle before completing the purchase.

In 2021, the plan to develop the Clickar.com platform will continue with the integration of new advanced digital functionalities. FCA Bank's online financing, the digital signature for contracts, the "click&pay" functionality to finalize purchase and the appraisal of the vehicle for those customers who are interested in rental and have a vehicle to sell are just some of the features that are going to make a great platform even better.

"In 2021, the plan to develop the Clickar.com platform will continue with the integration of new advanced digital functionalities."



Other information

Principal risks and uncertainties

The specific risks that can give rise to obligations for the company are evaluated when the relevant provisions are made and are reported in the notes to the financial statements, together with significant contingent liabilities. In this section, reference is made to risk and uncertainty factors related essentially to the economic, regulatory and market context which can produce effects for the company's performance.
The company's financial condition, operating performance and cash flows are affected first of all by the various factors that make up the macroeconomic picture in which it operates, including increases and decreases in gross domestic product, consumer and business confidence levels, trends in interest, exchange and unemployment rates.
The group's activity is mainly linked to the performance of the automotive sector, which is historically cyclical. Bearing in mind that it is hard to predict the breadth and length of the different economic cycles, every macroeconomic event (such as a significant drop in the main end markets, the solvency of counterparties, the volatility of financial markets and interest rates) can impact the group's prospects and its financial and operating results. The year just ended should be put in sharp relief due to the extraordinary circumstances determined by Covid-19, with the continuing uncertainty on its impact on the general economy and the company's results in relation to possible developments as a result of the pandemic.
The FCA Bank Group complies with the laws in the countries in which it operates. Most of the legal proceedings are involved in reflect disputes on payment delinquencies by customers and dealers in the course of our ordinary business activities. Our policy on provisions for loan and lease losses, and the close monitoring under way, allows us to evaluate promptly the possible effects on our accounts.

Brexit

On December 30th, 2020, following complex negotiations, agreement was reached on the future relations between the United Kingdom and the European Union. The EU will ratify the Trade and Cooperation Agreement (TCA) only after approval has been obtained by the European Parliament. The Council of the European Union authorized its application provisionally as of January 1st, 2021.

The TCA rests on three pillars:
- the creation of a free trade area with the United Kingdom;
- agreement on the security of citizens;
- agreement on governance.

With reference to FCA Bank, which operates in the UK through 3 companies that engage in the retail financing, dealer financing and rental businesses, a risk assessment process was started in 2018 in keeping with the recommendations of the EBA document dated June 25th, 2018, titled "Opinion of the European Banking Authority on preparations for the withdrawal of the United Kingdom from the European Union" (EBA/Op/2018/05).

The Company's Board of Directors had in turn considered a specific assessment of the UK market prepared by management. As of the assessment date, no significant operating and financial impacts had been identified in relation to the UK subsidiaries.

Direction and coordination activities

FCA Bank S.p.A. is not subject to direction and coordination of other companies or entities. Companies under the control (direct or indirect) of FCA Bank S.p.A. have identified it as the entity that performs direction and coordination activities, pursuant to Article 2497-bis of the Italian Civil Code. This activity involves setting the general strategic and operating guidelines for the group, which then are translated into the implementation of general policies for the management of human and financial resources, and marketing/ communication. Furthermore, coordination of the group includes centralized treasury management and internal audit services. This allows the subsidiaries, which retain full management and operational autonomy, to achieve economies of scale by availing themselves of professional and specialized services with increasing levels of quality and to concentrate their resources on the management of their core business.

Dividend and reserve distributions

No dividends were distributed in 2020. The recommendations of the European Systemic Risk Board (ESRB) dated June 8th, 2020, which required restrictions on dividend distributions, were followed by the ECB's press release dated December 15th, 2020, which invited banks not to distribute dividends or to limit dividend distribution to the lower of 15% of the cumulative 2019-2020 profits and 20 basis points of CET1.

Other regulatory disclosures

In line with Bank of Italy's instructions on the preparation of banks' financial statements, it is noted that:

a) in the period under review the group did not carry out any significant research and development activities;

b) the group does not hold and did not purchase and/or sell shares or interests of the controlling companies in the period under review.

Consolidated income statement details and reconciliation with reclassified income statement (€/mln)		31/12/2020	Reclassified Income Statements Items
10	INTEREST INCOME AND SIMILAR REVENUES	864	NBI
80	NET INCOME FINANCIAL ASSETS AND LIABILTIES HELD FOR TRADING	0	NBI
40	FEE AND COMMISSION INCOME	133	
	FEE AND COMMISSION INCOME	117	NBI
	FEE AND COMMISSION INCOME	16	NOE
	FINANCIAL REVENUE	997	
	of which insurance	236	
100	PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF FINANCIAL ASSETS AT AMORTIZED COST	(0)	NBI
160	NET PREMIUM EARNED	2	NBI
170	NET OTHER OPERATING INCOME/ CHARGES FROM INSURANCE ACTIVITIES	1	NBI
	TOTAL FINANCIAL REVENUES	**1,000**	
20	INTEREST EXPENSES AND SIMILAR CHARGES	(209)	NBI
90	FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(5)	NBI
50	FEE AND COMMISSION EXPENSES	(44)	
	Fee and commission expenses	(33)	NBI
	Insurance credit cost	(11)	COR
	TOTAL FINANCIAL COST	**(258)**	
130	IMPAIRMENT LOSSES ON LOANS	(71)	
	Impairment losses on loans	(44)	COR
	Impairment losses on loans	(26)	OTH
180	**NET PROFIT FROM FINANCIAL AND INSURANCE ACTIVITIES**	**672**	
190	ADMINISTRATIVE COSTS	(274)	
	Administrative costs	(259)	NOE
	Administrative costs	(15)	OTH
200	NET PROVISIONS FOR RISKS AND CHARGES	48	
	Net provisions for risks and charges	(11)	NBI
	Net provisions for risks and charges	(1)	NOE
	Net provisions for risks and charges	60	OTH
210	IMPAIRMENT ON TANGIBLE ASSETS	(509)	
	Depreciation of rental assets (rental business)	(496)	NBI
	Depreciation of tangibles asset	(14)	NOE
220	IMPAIRMENT ON INTANGIBLE ASSETS	(16)	NOE
230	OTHER OPERATING INCOME / CHARGES	742	
	Rental income/charges (rental business)	763	NBI
	Eexpense recoveries and credit collection expenses	(5)	NOE
	Impairment of rental receivables (rental business)	(13)	COR
	Other	(3)	OTH
240	**OPERATING COSTS**	**(10)**	
290	**TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS**	**662**	
300	TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS	(162)	TAX
330	**NET PROFIT OR LOSS**	**501**	
340	MINORITY PORTION OF NET INCOME (LOSS)	7	
350	**HOLDINGS INCOME (LOSS) OF THE YEAR**	**494**	

Reclassified Income Statements Items (€/mln)	31/12/2020	
Net Banking Income	993	NBI
Net Operating Expenses	(279)	NOE
Cost of risk	(68)	COR
Operating income	647	
Other income / (expense)	16	OTH
Profit before tax	662	
Tax expense	(162)	TAX
Net profit	**501**	

Turin, February 26th, 2021

On behalf of the Board of Directors
Chief Executive Officer and General Manager
Giacomo Carelli

"The team has shown its character and that it does not fear the future."

Resilience, leadership and project implementation

ANDREA BARCIO
Human Resources

The Covid-19 pandemic dominated the year and it took discipline and sacrifice to manage it in a balanced manner, without disrupting the growth path undertaken by the company. Projects were not suspended and in fact supported business challenges that are key for the future of the company.
These were completed thanks to the resilience of the organization and aimed to identify constantly innovative solutions to support mobility and the simplification of our banking structure.

Year 2020 marked further progress in our digital evolution.
In the automotive field, as in communication and, more generally, in sales, digitalization is a competitive factor. Dealer networks are increasingly connected with customers before, during and after the purchase experience. The unstoppable progress of electric vehicles and the new forms of mobility (car sharing, pay per use, etc.) is a reality FCA Bank has been dealing with for some time now. The offering is extended to all segments and this time the service sector is leading the manufacturing sector, instead of adapting to it, turning into a key factor for more competitive solutions in the market.
The team has shown its character and that it does not fear the future. Had it not been so, none of the rationalizations of the corporate structure (establishment of new Branches), the acquisitions of short-term rental companies in Italy, France and Spain and the launch of the new LeasysGO! car sharing service would have been possible.

Resilience, leadership and innovative business projects are what will set us apart also in 2021.
Resilience was shown in the rapid reaction to the peculiar events of the year, in adapting fast to the new methods of communication and monitoring of activities and objectives, experimenting successfully a nimbleness that has been little explored in our industry before. Generation of innovative ideas (Innovaction program), training on remote working and to improve skills and managerial leadership (approximately 5,000 hours) were the focus of HR, in a year where the strong attention to costs was a further challenge for the team as a whole.
The experience gained in 2020 lays the ground for a new balance to be defined once the emergency is over.

Nimbleness and, more generally, the work habits developed over this year – a first in our lifetime – will have to be reviewed and adapted so that they might ensure stability and effectiveness over time.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

Assets (€/000)		31/12/2020	31/12/2019
10.	Cash and cash balances	571,525	585,272
30.	Financial assets measured at fair value through other comprehensive income (FVOCI)	9,305	9,807
40.	Financial assets measured at amortized cost	24,046,459	25,903,033
	a) Loans and advances to banks	1,966,899	1,997,944
	b) Loans and advances to customers	22,079,560	23,905,089
50.	Hedging derivatives	23,333	36,930
60.	Changes in fair value of portfolio hedge items (+/-)	69,936	48,145
70.	Equity Investments	62	44
80.	Insurance reserves attributable to reinsurers	9,480	13,159
90.	Property, plant and equipment	3,461,371	3,196,737
100.	Intangible assets	296,043	262,573
	of which:		
	- Goodwill	204,206	183,183
110.	Tax assets	359,695	299,861
	a) Current	109,346	98,829
	b) Deferred	250,349	201,032
130.	Other assets	1,329,886	1,350,171
Total assets		30,177,095	31,705,732

Liabilities and Shareholders' Equity (€/000)		31/12/2020	31/12/2019
10.	Financial liabilities at amortised cost	24,909,653	26,933,628
	a) Deposits from banks	10,372,312	10,278,046
	b) Deposits from customers	2,099,562	1,798,752
	c) Debt securities in issue	12,437,778	14,856,829
20.	Financial liabilities held for trading	2,041	3,407
40.	Hedging derivatives	93,920	91,533
60.	Tax liabilities	310,552	238,205
	a) Current	73,139	55,162
	b) Deferred	237,413	183,043
80.	Other liabilities	1,039,333	1,014,431
90.	Provision for employee severance pay	10,917	11,726
100.	Provisions for risks and charges	143,974	225,504
	b) post-retirement benefit obligations	47,547	49,954
	c) other provisions for risks and charges	96,427	175,550
110.	Insurance reserves	12,621	16,127
120.	Revaluation reserves	(44,736)	(26,989)
150.	Reserves	2,250,488	1,970,072
155.	Interim dividends	-	(180,000)
160.	Share premium	192,746	192,746
170.	Share capital	700,000	700,000
190.	Minorities (+/-)	61,431	54,931
200.	Net Profit (Loss) for the year (+/-)	494,154	460,413
Total liabilities and shareholders' equity		30,177,095	31,705,732

Consolidated income statement

Item (€/000)		31/12/2020	31/12/2019
10.	Interest income and similar revenues	864,030	930,283
	of which: interest income calculated using effective interest method	844,544	921,626
20.	Interest expenses and similar charges	(209,295)	(236,835)
30.	**Net interest margin**	**654,735**	**693,448**
40.	Fee and commission income	133,368	147,780
50.	Fee and commission expenses	(43,434)	(45,893)
60.	**Net fee and commission**	**89,934**	**101,887**
80.	Net income financial assets and liabilities held for trading	249	(45)
90.	Fair Value adjustments in hedge accounting	(4,808)	(6,187)
100.	Profits (losses) on disposal or repurchase of:	(11)	1,462
	a) Financial asstets valued at amortized cost	(11)	1,462
120.	**Operating income**	**740,100**	**790,566**
130.	Net impairment/reinstatement for credit risk:	(70,588)	(47,388)
	a) Financial asstets valued at amortized cost	(70,588)	(47,388)
150.	**Net profit from financial activities**	**669,511**	**743,178**
160.	Net premium earned	2,402	1,243
170.	Net other operating income/charges from insurance activities	701	(867)
180.	**Net profit from financial and insurance activities**	**672,614**	**743,554**
190.	Administrative costs:	(274,299)	(278,443)
	a) payroll costs	(171,104)	(175,030)
	b) other administrative costs	(103,195)	(103,413)
200.	Net provisions for risks and charges	47,666	805
	b) other net provisions	47,666	805
210.	Impairment on property, plant and equipment	(509,238)	(437,816)
220.	Impairment on intangible assets	(15,921)	(13,963)
230.	Other operating income/charges	741,915	624,267
240.	**Operating costs**	**(9,876)**	**(105,149)**
250.	Profit (loss) on equity investments	0	(400)
290.	**Total profit or loss before tax from continuing operations**	**662,737**	**638,005**
300.	Tax expense related to profit or loss from continuing operations	(162,068)	(170,930)
310.	**Total profit or loss after tax continuing**	**500,670**	**467,075**
330.	**Net profit or loss**	**500,670**	**467,075**
340.	Minority portion of net income	6,515	6,663
350.	**Holding income (loss) of the year**	**494,154**	**460,413**

Consolidated statement of comprehensive income

	Items (€/000)	31/12/2020	31/12/2019
10.	Profit (loss) for the year	500,670	467,075
	Other comprehensive income after tax not reclassified to profit or loss	**919**	**(6,930)**
70.	Defined-benefit plans	919	(6,930)
	Other comprehensive income after tax reclassified to profit or loss	**(18,678)**	**13,518**
110.	Exchange rate differences	(15,344)	16,035
120.	Cash flow hedging	(3,334)	(2,517)
170.	Total other comprehensive income after tax	(17,759)	6,588
180.	**Other comprehensive income (Item 10+170)**	**482,911**	**473,663**
190.	**Total comprehensive income (loss) attributable to non - controlling interests**	**6,500**	**6,533**
200.	**Total comprehensive income (loss) attributable to owners of the parents**	**476,411**	**467,130**

Consolidated statement of changes in equity as of 31/12/2019 and 31/12/2020

EURO THOUSAND

				Allocation on profit from previus year		CHANGES DURING THE YEAR											
							Equity transactions										
	Closing balance as at 31/12/2019	Changes in opening balance	Balance as at 01/01/2020	Reserves	Dividends and other allocations	Changes in reserves	New share issues	Share buyback	Interim dividends	Special dividends paid	Changes in equity instruments	Derivatives on shares	Stock options	Consolidated comprehensive income for 2020	Equity as at 31/12/2020	Equity attributable to parent company's shareholders as at 31/12/2020	Non-controlling interests as at 31/12/2020
Share capital:																	
a) common shares	703,389		703,389												703,389	700,000	3,389
b) other shares	-		-												-		
Share premium reserve	195,623		195,623												195,623	192,746	2,877
Reserves:	-		-												-		
a) retained earnings	2,012,126		2,012,126	287,075											2,299,201	2,250,488	48,713
b) other	-		-												-		
Valutation reserve	(27,041)		(27,041)											(17,759)	(44,799)	(44,736)	(63)
Equity instruments	-		-												-		
Interim dividends	(180,000)		(180,000)		180,000										-	-	-
Treasury shares	-		-												-		
Profit (loss) for the year	467,075		467,075	(287,075)	(180,000)									500,670	500,670	494,155	6,515
Equity	3,171,172		3,171,172			-				-	-			482,911	3,654,083		
Equity attributable to parent company's shareholders	3,116,241		3,116,241							-				476,411		3,592,652	
Non-controlling interests	54,931		54,931											6,500			61,431

EURO THOUSAND

				Allocation on profit from previus year		CHANGES DURING THE YEAR										
							Equity transactions									
	Closing balance as at 31/12/2018	Changes in opening balance	Balance as at 01/01/2019	Reserves	Dividends and other allocations	Changes in reserves	New share issues	Share buyback	Interim dividends	Special dividends paid	Changes in equity instruments	Derivatives on shares	Stock options	Consolidated comprehensive income for 2019	Equity as at 31/12/2019	Equity attributable to parent company's shareholders as at 31/12/2019	Non-controlling interests as at 31/12/2019
Share capital:																	
a) common shares	703,389		703,389												703,389	700,000	3,389
b) other shares	-		-												-		
Share premium reserve	195,623		195,623												195,623	192,746	2,877
Reserves:			-												-		
a) retained earnings	1,625,784		1,625,784	388,364		(2,022)									2,012,126	1,970,072	42,053
b) other	-		-												-		
Valutation reserve	(35,651)		(35,651)			2,022								6,588	(27,041)	(26,990)	(51)
Equity instru-ments	-		-												-		
Interim divi-dends	-		-							(180,000)					(180,000)	(180,000)	-
Treasury shares	-		-												-		
Profit (loss) for the year	388,364		388,364	(388,364)										467,075	467,075	460,413	6,663
Equity	2,877,509		2,877,509			-				(180,000)	-			473,663	3,171,172		
Equity attribut-able to parent company's shareholders	2,829,111		2,829,111							(180,000)				467,130		3,116,241	
Non-controlling interests	48,397		48,397											6,533			54,931

Consolidated statement of cash flow (direct method)

Items (€/000)	31/12/2020	31/12/2019
A. OPERATING ACTIVITIES		
1. Business operations	**1,072,057**	**1,124,247**
- Interest income (+)	870,238	1,046,770
- Interest expense (-)	(229,051)	(282,470)
- Fee and commission income (expense) (+/-)	89,933	101,982
- Personnel expenses (-)	(156,566)	(160,372)
- Net earned premiums (+)	2,402	1,243
- Other insurance income/expenses (+/-)	701	(867)
- Other expenses (-)	(77,962)	(50,731)
- Other revenue (+)	730,359	606,688
- Taxes and levies (-)	(157,996)	(137,997)
2. Cash flows from increase/decrease of financial assets	**1,743,517**	**(502,530)**
- Financial assets held for trading	-	3,435
- Financial assets at fair value with impact on other comprehensive income	503	(173)
- Financial assets at amortized cost	1,754,590	(340,728)
- Other assets	(11,576)	(165,064)
3. Cash flows from increase/decrease of financial liabilities	**(2,050,297)**	**839,939**
- Financial liabilities at amortized cost	(2,004,219)	778,103
- Financial liabilities held for trading	(1,366)	(3,756)
- Other liabilities	(44,713)	65,592
Cash flows generated by/(used for) operating activities	**765,276**	**1,461,655**
B. INVESTING ACTIVITIES		
1. Cash flows generated by	**425,895**	**418,825**
- Sales of property, plant and equipment	425,895	418,825
2. Cash flows used for	**(1,204,918)**	**(1,477,745)**
- Purchases of property, plant and equipment	(1,155,752)	(1,449,225)
- Purchases of intangible assets	(49,167)	(28,520)
Cash generated by/(used for) investing activities	**(779,023)**	**(1,058,920)**
C. FINANCING ACTIVITIES		
- Dividend and other distributions	-	(180,000)
Cash generated by/(used for) financing activities	-	**(180,000)**
CASH GENERATED/(USED) DURING THE YEAR	**(13,747)**	**222,735**

Reconciliation

Items (€/000)	31/12/2020	31/12/2019
Cash and cash equivalents - opening balance	585,272	362,536
Cash generated (used) during the year	(13,747)	222,735
Cash and cash equivalents - closing balance	571,525	585,272

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS


STATE STREET

Part A - Accounting policies

A1 - GENERAL INFORMATION

SECTION 1
Statement of compliance with International Financial Reporting Standards

The Consolidated Financial Statements as of and for the year-ended December 31st, 2020 have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission with Regulation no. 1606 of July 19th, 2002 and transposed into the Italian legal system with Legislative Decree no. 38 of February 28th, 2005, up to December 31st, 2020. Bank of Italy, whose powers in relation to the accounts of banks and financial companies subject to its supervision were laid down by Legislative Decree no. 87/92 and confirmed by the above-mentioned Legislative Decree, established the formats of the accounts and the notes used to prepare these financial statements through circular no. 262 of December 22nd, 2005, as amended.

SECTION 2
Basis of preparation

The Consolidated Financial Statements consist of the Consolidated statement of financial position, the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and the Notes as well as a Board of Directors' report on group operations.

The financial statements and the notes show the amounts for the year just ended at December 31st, 2020 well as the comparative figures at December 31st, 2019.

The FCA Bank Group's Consolidated Financial Statements were prepared in accordance with IAS 1 and the guidelines of Bank of Italy's circular no. 262 of December 22nd, 2005, 6th update of November 30th, 2018. In particular:

- **Schemes of the consolidated Statement of financial position and Income statement.**
The statement of financial position and the income statement do not contain items with zero balances in the year just ended and in the previous one.

- **Consolidated statement of comprehensive income.**
The statement of comprehensive income reflects, in addition to net profit for the year, other items of income and expenses divided between those that can be reversed and those that cannot be reversed to income statement.

- **Consolidated statement of changes in equity.**
The consolidated statement of changes in equity shows the composition and changes in equity for the year under review and the comparable period. The items are allocated between the amounts attributable to the parent company's shareholders and non-controlling interests.

- **Consolidated statement of cash flows.**
The Consolidated Statement of cash flows is prepared under the direct method.

- **Unit of account.**
Amounts in the financial statements and the notes are in thousands of euro.

- **Going concern, accrual basis of accounting and consistency of presentation of financial statements.**
The group is expected to remain viable in the foreseeable future. Accordingly, the financial statements for the year-ended December 31st, 2020 were prepared on the assumption that the company is a going concern, in accordance with the accrual basis of accounting and consistent with the financial statements for the previous year.

There were no departures from the application of IAS/IFRSs.

RISKS AND UNCERTAINTIES RELATED TO THE USE OF ESTIMATES

In accordance with IFRSs, management is required to make assessments, estimates and assumptions which affect the application of IFRSs and the amounts of reported assets, liabilities, costs and revenues and the disclosure of contingent assets and liabilities. The estimates and the relevant assumptions are based on past experience and other factors considered reasonable under the circumstances and are adopted to determine the carrying amount of assets and liabilities.

In particular, estimates were made to support the carrying amounts of certain significant items of the Consolidated Financial Statements as of December 31st, 2020, in accordance with IAS/IFRSs and the above-mentioned guidelines. Such estimates concerned largely the future recoverability of the reported carrying amounts in accordance with the applicable rules and based on a going concern assumption.

Estimates and assumptions are revised regularly and updated from time to time. In case performance fails to meet expectations, carrying amounts might differ from original estimates and should, accordingly, be changed. In these cases, changes are recognized through profit or loss in the period in which they occur or in subsequent years.

The main areas where management is required to make subjective assessments include:

- recoverability of receivables and, in general, financial assets and the determination of any impairment;
- determination of the fair value of financial instruments to be used for financial reporting purposes; in particular, the use of valuation models to determine the fair value of financial instruments not traded in active markets;
- quantification of employee provisions and provisions for risks and charges;
- recoverability of deferred tax assets and goodwill.

SECTION 3
Scope and methods of consolidation

The Consolidated Financial Statements as of December 31st, 2020 include the accounts of the parent company, FCA Bank S.p.A., and its direct and indirect Italian and foreign subsidiaries, as required by IFRS 10.

They reflect also the entities, including structured entities, in relation to which the parent company has exposure or rights to variable returns and the ability to affect those returns through power over them.

To determine the existence of control, the group considers the following factors:

- the purpose and design of the investee, to identify the entity's objectives, the activities that give rise to its returns and how such activities are governed;
- the power over the investee and whether the group has contractual arrangements, which attribute it the ability to govern the relevant activities; to this end, attention is paid only to substantive rights, which provide practical governance capabilities;
- the exposure to the investee to determine whether the group has arrangements with the investee whose returns vary depending on the investee's performance.

If the relevant activities are governed through voting rights, control may be evidenced by considering potential or actual voting rights, the existence of any arrangements or shareholders' agreements giving the right to control the majority of the voting rights, to appoint the majority of the members of the Board of Directors or otherwise the power to govern the financial and operating policies of the entity.

Subsidiaries may include any structured entities, where voting rights are not paramount to determine the existence of control, including special purpose vehicles (SPVs). Structured entities are considered subsidiaries where:

- the group has the power, through contractual arrangements, to govern the relevant activities;
- the group is exposed to the variable returns deriving from their activities.

The group does not have any investments in joint ventures.
The following table shows the companies included in the scope of consolidation.

1. Investments in controlled subsidiaries

NAME	REGISTERED OFFICE	COUNTRY OF INCORPORA-TION (*)	TYPE OF RELATIONSHIP (**)	PARENT COMPANY (***)	SHARING %
FCA Bank S.p.A.	Turin - Italy				
Leasys S.p.A.	Turin - Italy	Rome - Italy	1		100,00
Clickar S.r.l.	Turin - Italy	Rome, Turin - Italy	1	Leasys S.p.A.	100,00
Leasys Rent Espana S.L.U.[1]	Alicante - Spain		1	Leasys S.p.A.	100,00
FCA Capital France SA	Trappes - France		1		100,00
Leasys France SAS	Trappes - France		1	Leasys S.p.A.	100,00
FCA Leasing France S.A.[2]	Trappes - France		1	FCA Capital France S.A.	99,99
Leasys Rent France S.A.S.	Limonest - France		1	Leasys S.p.A.	100,00
FCA Bank Deutschland GmbH	Heilbronn - Germany		1		100,00
FCA Automotive Services UK Ltd	Slough - UK		1		100,00
FCA Dealer Services UK Ltd	Slough - UK		1		100,00
Leasys UK Ltd	Slough - UK		1	Leasys S.p.A.	100,00
Leasys Rent S.p.A.	Bolzano - Italy	Rome - Italy	1	Leasys S.p.A.	100,00
FCA Capital España EFC SA	Alcala de Henares - Spain		1		100,00
FCA Dealer Services España SA	Alcala de Henares - Spain		1		100,00
FCA Capital Portugal IFIC S.A.	Lisbon - Portugal		1		100,00
Leasys Portugal S.A.	Lisbon - Portugal		1	Leasys S.p.A.	100,00
FCA Capital Suisse SA	Schlieren - Switzereland		1		100,00
Leasys Polska Sp.Zo.o.	Warsaw - Poland		1	Leasys S.p.A.	100,00
FCA Capital Netherlands BV	Lijnden - the Netherlands		1		100,00
Leasys Nederland B.V.	Lijnden - the Netherlands		1	Leasys S.p.A.	100,00
FCA Capital Danmark A/S	Glostrup - Denmark		1		100,00
FCA Bank GmbH	Vienna - Austria		2		50,00
Ferrari Financial Services GmbH	Pullach - Munchen		1		50,0001
FCA Leasing GmbH	Vienna - Austria		1	Leasys S.p.A.	100,00
Leasys Hellas SM SA[3]	Athens - Greece		1	Leasys S.p.A.	100,00
FCA Insurance Hellas SA	Athens - Greece		1		100,00
FCA Capital Re DAC	Dublin - Ireland		1		100,00
FCA Capital Sverige AB	Kista - Sweden		1	FCA Capital Danmark A/S	100,00
FCA Capital Norge AS	Oslo - Norway		1	FCA Capital Danmark A/S	100,00

(*) If different from Registered Office
(**) Relation Type:
1 = majority of voting rights at ordinary meetings
2 = dominant influence at ordinary meeting
(***) If different from FCA Bank S.p.A.
[1] Drivalia Car Rental S.L.U. changed the company name to Leasys Rent Espana S.L.U..
[2] FCA Leasing France SNC changed the company name to FCA Leasing France S.A..
[3] FCA Capital Hellas S.A. changed later the company name to Leasys Hellas SM S.A..

The structured entities related to securitization transactions, whose details are provided below, are fully consolidated:

NAME	COUNTRY
Nixes Six PLc	London - UK
Nixes Seven B.V.	Amsterdam - The Netherlands
Erasmus Finance DAC	Dublin - Ireland
A-BEST THIRTEEN FT	Madrid - Spain
A-BEST FOURTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST FIFTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST SIXTEEN UG	Frankfurt am Main - Germany
A-BEST SEVENTEEN S.r.l	Conegliano (TV) - Italy
A-BEST EIGHTEEN S.r.l	Conegliano (TV) - Italy
A-BEST NINETEEN UG	Frankfurt am Main - Germany

3. Investments in subsidiaries with significant non-controlling interests

3.1 Non-controlling interests, availability of non-controlling interests' voting rights and dividends paid to non-controlling interests

NAME	NON-CONTROLLING INTERESTS (%)	AVAILABILITY OF NON-CONTROLLING INTERESTS' VOTING RIGHTS (%)	DIVIDENDS DISTRIBUTED TO NON-CONTROLLING INTERESTS
FCA Bank GmbH (Austria)	50%	50%	-
Ferrari Financial Services GmbH (Germany)	49,99%	49,99%	-

Pursuant to IFRS 10, FCA Bank GmbH (Austria), a 50%-held subsidiary, and Ferrari Financial Services GmbH a 50.0001%-held subsidiary, are included in the consolidation area.

3.2 Investments in subsidiaries with significant non-controlling interests: accounting information

The table below provides financial and operating highlights of FCA Bank GmbH and of Ferrari Financial Services GmbH before intercompany eliminations required by IFRS 12:

AMOUNTS IN THOUSANDS OF EUROS

FCA BANK GMBH (AUSTRIA)	31/12/2020	31/12/2019
Total assets	349,473	246,994
Financial assets	337,757	244,956
Financial liabilities	279,214	195,241
Equity	65,411	51,753
Net interest income	10,238	8,644
Net fee and commission income	382	407
Banking income	10,620	9,052
Net result from investment activities	10,760	8,882
Net result from investment and insurance activities	10,760	8,882
Operating costs	(5,285)	(2,260)
Profit (loss) before taxes from continuing operations	5,475	6,622
Net profit (loss) for the period	3,976	5,242

AMOUNTS IN THOUSANDS OF EUROS

FERRARI FINANCIAL SERVICES GMBH (GERMANY)	31/12/2020	31/12/2019
Total assets	739,922	681,310
Financial assets	732,216	671,580
Financial liabilities	654,263	607,940
Equity	67,352	58,140
Net interest income	24,301	21,300
Net fee and commission income	77	329
Banking income	23,837	21,332
Net result from investment activities	22,290	20,069
Net result from investment and insurance activities	22,290	20,069
Operating costs	(9,097)	(8,973)
Profit (loss) before taxes from continuing operations	13,193	11,096
Net profit (loss) for the period	9,295	8,086

CONSOLIDATION METHODS

In preparing the Consolidated Financial Statements, the financial statements of the parent company and its subsidiaries, prepared according to IAS/IFRSs, are consolidated on a line-by-line basis by aggregating together like items of assets, liabilities, equity, income and expenses.
The carrying amount of the parent's investment in each subsidiary and the corresponding portions of the equity of each such subsidiary are eliminated.

Any difference arising during this process – after the allocation to the assets and liabilities of the subsidiary – is recognized as goodwill on first time consolidation and, subsequently, among other reserves. The share of net profit pertaining to non-controlling interests is indicated separately, so at to determine the amount of net profit attributable to the parent company's shareholders. Assets, liabilities, costs and revenues arising from intercompany transactions are eliminated.
The financial statements of the parent company and those of the subsidiaries used for the Consolidated Financial Statements are all as of the same date. For foreign subsidiaries, which prepare their accounts in currencies other than the euro, assets and liabilities are translated at the exchange rate prevailing on the balance sheet date, while revenues and costs are translated at the average exchange rate for the period.

Exchange differences arising from the conversion of costs and revenues at the average exchange rate and the conversion of assets and liabilities at the reporting date are reported in profit or loss in the period. Exchange differences arising from the equity of consolidated subsidiaries are recognized in other comprehensive income and reversed to profit and loss when loss of control over the subsidiaries' occurs.
The exchange rates used to translate the financial statements at December 31st, 2020 are as follows:

	31/12/2020	Medium 31/12/2020	31/12/2019	Medium 31/12/2019
Polish Zloty (PLN)	4.560	4.443	4.257	4.300
Danish Krone (DKK)	7.441	7.454	7.472	7.466
Swiss Franc (CHF)	1.080	1.071	1.085	1.112
GB Pound (GBP)	0.899	0.890	0.851	0.878
Norwegian Krone (NOK)	10.470	10.723	9.864	9.851
Moroccan Dirham (MAD)	10.894	10.831	10.740	10.764
Svedish Krona (SEK)	10.034	10.485	10.447	10.589

OTHER INFORMATION

To prepare the Consolidated Financial Statements use was made of the following:

- financial statements at December 31st, 2020 of the Parent Company FCA Bank S.p.A.;
- accounts as of December 31st, 2020, approved by the competent bodies and functions, of the other fully consolidated companies, as adjusted to take into account the consolidation process and, where necessary, to comply with the group's accounting policies.

SECTION 4
Subsequent events

After the reporting date, the following changes have occurred:
▪ FCA Capital Hellas S.A. changed its name to Leasys Hellas SM S.A..
▪ FCA Leasing France SNC increased its share capital to €68,954,581 and changed its name to FCA Leasing France S.A..
▪ Drivalia Car Rental S.L.U. changed its name to Leasys Rent Espana S.L.U..

No events occurred after the balance sheet date which should result in adjustments of the Consolidated Financial Statements as of December 31st, 2020.

SECTION 5
Other information

The Consolidated Financial Statements and the parent company's financial statements were audited by EY S.p.A. pursuant to Legislative Decree no. 39 of January 27th, 2010.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ENDORSED BY THE EUROPEAN UNION WITH EFFECT APPLICABLE AS OF JANUARY 1ST, 2020

As required by IAS 8, the table below shows the new international financial reporting standards, or the amendments of standards already effective, which took effect as of January 1st, 2020.

EC ENDORSEMENT REGULATION	DATE OF PUBBLICATION	DATE OF APPLICATION	DESCRIPTION OF STANDARD/AMENDMENT
2075/2019	December 6th, 2019	January 1st, 2020	**Amendments to References to the Conceptual Framework in IFRS Standards** The IASB issued on March 29th, 2018 a revised version of its Conceptual Framework for Financial Reporting that underpins IFRSs. This instrument helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, providing useful information for investors and others. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction; and it helps stakeholders more broadly to understand the Standards better. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. These changes didn't have any impact on the bank's Consolidated Financial Statements.
2104/2019	December 10th, 2019	January 1st, 2020	**Amendments to IAS 1 and IAS 8.** The IASB clarified in IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" the definition of "material" and aligned such definition with that used in the Conceptual Framework and in the IFRS. Information is material if omitting or misstating it could reasonably affect the decisions that the primary users of financial statements make on the basis of those financial statements. These changes didn't have any impact on the bank's Consolidated Financial Statements.
34/2020	January 16th, 2020	January 1st, 2020	**Amendments to IFRS 9, IAS 39 e IFRS 7: interest rate benchmark reform.** The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that modifies IFRS 9 and IAS 39 hedge accounting policies. A hedging relationship is affected if the reform generates uncertainties on the timing and/or on the extent of the cash flows based on the reference parameters of the hedged item or the hedging instrument. These changes didn't have any impact on the bank's Consolidated Financial Statements.
551/2020	April 22th, 2020	January 1st, 2020	**Amendment to IFRS 3.** The IASB, in the updated version of IFRS 3 - Business combinations, changed the definition of company. The new definition shows that the purpose of the company is to provide products and services to customers, while the previous definition focused on the purpose of producing outcome in the form of dividends, lower costs or other benefits economic for investors or others. Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business. Companies apply to business combinations the new definition starting from the operations having date of stipulation later than January 1st, 2020. These changes didn't have any impact on the bank's Consolidated Financial Statements.
1434/2020	October 12th, 2020	January 1st, 2020	**Amendments to IFRS 16.** On May 28th, 2020, the International Accounting Standard Board (the "Board") published an amendment to IFRS 16 Leases, to make it easier for lessors to account for Covid-19 related rent concessions, such as temporary rent reductions or rent holidays. The amendment exempts lessees from having to consider whether rent concessions as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. The amendment applies as of June 1st, 2020 but lessees can apply the amendment in any financial statements interim or annual not yet authorized for issue. These changes didn't have any impact on the bank's Consolidated Financial Statements, nor is any future impact expected.

ACCOUNTING STANDARDS, AMENDMENTS ANF IFRS AND IFRIC INTERPRETATIONS EDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AS AT DECEMBER 31ST, 2020

EC ENDORSEMENT REGULATION	DATE OF PUBBLICATION	DATE OF APPLICATION	DESCRIPTION OF STANDARD/AMENDMENT
2097/2020	December 16th, 2020	January 1st, 2021	**Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19.** On June 25th, 2020 the IASB jointly issued the amendments to IFRS 17 "Insurance Contracts", an amendment to the previous Standard on IFRS 4 Insurance Contracts, so that interested parties can still apply IFRS 9 (Financial instruments) together with IFRS 17. The changes come into effect from January 1st, 2021, but early application is permitted.
25/2021	January 14th, 2021	January 1st, 2021	**Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosure, IFRS 4 Insurance Contracts and IFRS 16 Leases.** The IASB published, in light of the reform on interbank interest rates (IBOR) and other interest rate benchmarks, the document Interest Rate Benchmark Reform - Phase 2 which contains amendments to the following standards: - IFRS 9 Financial Instruments; - IAS 39 Financial Instruments: Recognition and Measurement; - IFRS 7 Financial Instruments: Disclosure; - IFRS 4 Insurance Contracts; and - IFRS 16 Leases. The amendments are aimed at helping companies to provide investors with useful information about the effects of the reform on those companies' financial statements. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The amendments in this final phase relate to: - changes to contractual cash flows: company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; - hedge accounting: company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and - disclosures: company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. These amendments are effective for annual reporting periods beginning on or after January 1st, 2021, with early adoption permitted.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

STANDARD/ AMENDMENT	DATE OF PUBBLICATION	DATE OF APPLICATION	DESCRIPTION OF STANDARD/AMENDMENT
IFRS 17 Insurance Contracts; including Amendments to IFRS 17	May 18th, 2017 June 25th, 2020	January 1st, 2023	**IFRS 17 Insurance Contracts; including Amendments to IFRS 17.** On May 18th, 2017, the IASB issued IFRS 17 – Insurance Contracts which applies to annual reporting periods beginning on or after January 1st, 2021. The new standard, which deals with accounting for insurance contracts (previously known as IFRS 4), intends to improve the understanding of investors, among others, of insurers' risk exposure, operating performance and financial position. The IASB published a final version after a long consultation phase. IFRS 17 is a complex standard which will include certain key differences from the current accounting treatment regarding the measurement of liabilities and the recognition of profits. IFRS 17 applies to all insurance contracts. The accounting model of reference, the General Model, is based on the present value of expected cash flows, the identification of a risk adjustment and a contractual service margin ("CSM"), which cannot be negative and represents the present value of unearned profit, to be released to profit or loss in each period with the passage of time. On June 25th, 2020, the IASB issued amendments to IFRS 17 Insurance Contracts aimed at helping companies implement the Standard and making it easier for them to explain their financial performance. The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from stakeholders, are designed to: - reduce costs by simplifying some requirements in the Standard; - make financial performance easier to explain; and - ease transition by deferring the effective date of the Standard to 2023 and reducing the costs when applying IFRS 17 for the first time.
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	January 23rd, 2020 July 15th, 2020	January 1st, 2023	**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.** On January 23rd, 2020, the IASB issued the amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa. In response to Covid-19, the IASB proposed to defer the effective date of the amendments, initially scheduled for January 1st, 2022 to January 1st, 2023. Early application of the amendments is permitted.
Amendments to - IFRS 3 Business Combinations; - IAS 16 Property, Plant and Equipment; - IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Annual Improvements 2018-2020	May 14th, 2020	January 1st, 2022	**Amendments to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020.** On May 14th, 2020, the IASB issued several small amendments to IFRS Standards. Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making. Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. All amendments are effective January 1st, 2022.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	February 12th, 2021	January 1st, 2023	**Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies.** On February 12th, 2021, the IASB issued narrow-scope amendments to IFRS Standards. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways: - An entity is now required to disclose its material accounting policy information instead of its significant accounting policies; - several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material; - the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; - the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; - and the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1st, 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	February 12th, 2021	January 1st, 2023	**Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.** On February 12th, 2021, the IASB issued amendments to IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.. Companies sometimes struggle to distinguish between accounting policies and accounting estimates. Therefore, the Interpretations Committee received a request to clarify the distinction. The Interpretations Committee observed that it would be helpful if more clarity were given and brought the issue to the IASB's attention for future consideration. The amendments are effective for annual periods beginning on or after January 1st, 2023, with early application permitted.

A.2 - MAIN ITEMS IN THE FINANCIAL STATEMENTS

This section shows the accounting policies adopted to prepare the Consolidated Financial Statements as of December 31st, 2020. Such description is provided with reference to the recognition, classification, measurement and derecognition of the different assets and liabilities.

1. Financial assets measured at fair value through other comprehensive income (FVOCI)

This category includes the financial assets that meet both the following conditions:
- the financial asset is held under a business model whose objective is achieved both through the collection of expected contractual cash flows and through sale (Hold to Collect and Sell business model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test" passed).

This caption also includes equity instruments, not held for trading, for which the option was exercised upon initial recognition of their designation at fair value through other comprehensive income.

In particular, this caption includes:
- debt securities that can be attributed to a Hold to Collect and Sell business model and that have passed the SPPI test;
- equity interests, that do not qualify as investments in subsidiaries, associates or joint ventures and are not held for trading, for which the option has been exercised of their designation at fair value through other comprehensive income;
- loans that are attributable to a Hold to Collect and Sell business model and have passed the SPPI Test, including the portions of syndicated loans subscribed that are originally intended to be sold and are part of a Hold to Collect and Sell business model.

According to the general rules established by IFRS 9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from those measured at fair value through other comprehensive income to one of the other two categories established by IFRS 9 (Financial assets measured at amortized cost or financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. In the event of reclassification from this category to the amortized cost category, the cumulative gain (loss) recognized in the valuation reserve is allocated as an adjustment to the fair value of the financial asset at the reclassification date. In the event of reclassification to the fair value through profit or loss category, the cumulative gain (loss) previously recognized in the valuation reserve is reclassified from shareholders' equity to net income (loss).
Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments and at disbursement date for loans.
On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument.
After initial recognition, the Assets classified at fair value through other comprehensive income, other than equity instruments, are measured at fair value, with the recognition in profit or loss of the impact resulting from the application of the amortized cost, the impairment effects and any exchange rate effect, whereas the other gains and losses resulting from a change in fair value are recognized in a specific shareholders' equity reserve until the financial asset is derecognized. Upon the total or partial sale, the cumulative gain or loss in the valuation reserve is transferred, in whole or part, to the income statement.
Equity instruments, for which the choice has been made to classify them in this category, are measured at fair value and the amounts recognized in other comprehensive income cannot be subsequently transferred to profit or loss, not even if they are sold. The only component related to these equities that is recognized through profit or loss is their dividends. Fair value is determined on the basis of the criteria already described for financial assets designated at fair value through profit or loss. For the equities included in this category, which are not quoted on an active market, the cost approach is used as the estimate of fair value only on a residual basis and in a small number of circumstances, e.g., when all the measurement methods referred to above cannot be applied, or when there are a wide range of possible measurements of fair value, in which cost represents the most significant estimate.

Financial assets measured at fair value through other comprehensive income – both in the form of debt securities and loans – are subject to the verification of the significant increase in credit risk (impairment) required by IFRS 9, in the same way as Assets measured at amortized cost, with the consequent recognition through profit or loss of a value adjustment to cover the expected losses. More specifically, for instruments classified as stage 1 (e.g., financial assets at origination, when not impaired, and instruments for which there has not been a significant increase in credit risk since the initial recognition date), a 12-month expected loss is recognized on the initial recognition date and at each subsequent reporting date. For instruments classified as stage 2 (performing for which there has been a significant increase in credit risk since the initial recognition date) and as stage 3 (credit impaired exposures), a lifetime expected loss for the financial instrument is recognized. Equity instruments are not subject to the impairment process.

Financial assets are derecognized solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in financial statements, even though their title has been transferred. When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognized where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognized for the entity’s continuing involvement, measured by the exposure to changes in value of assets disposed and to variations in the relevant cash flows. Lastly, financial assets sold are derecognized if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, without significant delay to third parties.

2. Financial assets measured at amortized cost

This category includes the financial assets (in particular loans and debt securities) that meet both the following conditions:
- the financial asset is held under a business model whose objective is achieved through the collection of expected contractual cash flows (Hold to Collect business model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test" passed).

More specifically, the following are recognized in this caption:
- loans to banks in their various forms that meet the requirements referred to in the paragraph above;
- loans to customers in their various forms that meet the requirements referred to in the paragraph above;
- debt securities that meet the requirements referred to in the paragraph above.

This category also includes the operating loans and receivables connected to the provision of financial activities and services as defined by the Consolidated Law on Banking and the Consolidated Law on Finance (e.g. for the distribution of financial products and servicing activities). According to the general rules established by IFRS 9 on the reclassification of financial assets, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from the amortized cost category to one of the other two categories established by IFRS 9 (Financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. Gains and losses resulting from the difference between the amortized cost of a financial asset and its fair value are recognized through profit or loss in the event of reclassification to Financial assets measured at fair value through profit or loss and under Shareholders' equity, in the specific valuation reserve, in the event of reclassification to Financial assets measured at fair value through other comprehensive income.

Initial recognition of the financial asset occurs at settlement date for debt securities and at disbursement date for loans. On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument. In particular, for loans, the disbursement date is usually the same as the date of signing of the contract. Should this not be the case, a commitment to disburse funds is made along the subscription of the contract, which will cease to exist upon disbursement of the loan. The loan is recognized based on its fair value, equal to the amount disbursed or subscription price, inclusive of the costs/revenues directly attributable to the single loan and determinable from inception, even when settled at a later date. Costs that, even with the aforementioned characteristics, are reimbursed by the borrower or are classifiable as normal internal administrative costs are excluded.

After the initial recognition, these financial assets are measured at amortized cost, using the effective interest method. The assets are recognized in the balance sheet at an amount equal to their initial carrying amount less principal repayments, plus or minus the cumulative amortization (calculated using the effective interest rate method referred to above) of the difference between this initial amount and the amount at maturity (typically attributable to costs/income directly attributable to the individual asset) and adjusted by any provision for losses.

The effective interest rate is the rate that exactly discounts estimated future cash payments of the asset, as principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to that financial asset. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/income directly attributable to a financial asset over its expected lifetime. The amortized cost method is not used for assets, measured at historical cost, whose short duration makes the effect of discounting negligible, or for assets without a definite maturity or revocable loans. The measurement criteria are closely linked to the inclusion of these instruments in one of the

three stages of credit risk established by IFRS 9, the last of which (stage 3) consists of non-performing financial assets and the remaining (stages 1 and 2) of performing financial assets.
With regard to the accounting representation of the above measurement effects, the value adjustments for this type of asset are recognized in profit or loss:
- on initial recognition, for an amount equal to the 12-month expected credit loss;
- on subsequent measurement of the asset, when the credit risk has not increased significantly since initial recognition, in relation to changes in the amount of adjustments for the 12-month expected credit losses;
- on subsequent measurement of the asset, when the credit risk has increased significantly since initial recognition, in relation to the recognition of adjustments for expected credit losses over the contractually agreed remaining lifetime of the asset;
- on subsequent measurement of the asset, where – after a significant increase in credit risk has occurred since initial recognition – the increase is no longer "significant" due to the alignment of the cumulative value adjustments to take account of the change from a lifetime expected credit loss to a 12-month expected credit loss for the instrument.

If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset – classified as "non-performing", like all the other relationships with the same counterparty – and the present value of the estimated future cash flows, discounted using the original effective interest rate.
The amount of the loss, to be recognized through profit or loss, is established based on individual measurement or determined according to uniform categories and, then, individually allocated to each position, and, takes account of forward-looking information and possible alternative recovery scenarios. Non-performing assets include financial assets classified as bad, unlikely-to-pay or past due by over ninety days according to the rules issued by the Bank of Italy, in line with the IAS/IFRS and EU Supervisory Regulations. The expected cash flows take into account the expected recovery times and the estimated realizable value of any guarantees. The original effective rate of each asset remains unchanged over time even if the relationship has been restructured with a variation of the contractual interest rate and even if the relationship, in practice, no longer bears contractual interest.
If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement. The size of the recovery must not lead the carrying value of the financial asset to exceed the amortized cost had no impairment losses been recognized in previous periods. Recoveries on impairment with time value effects are recognized in net interest income. In certain cases, during the life of the financial assets in question and, in particular, of receivables, the original terms and conditions are subsequently amended by the parties.
In some cases, during the lifetime of these financial assets, and of loans in particular, the original contractual conditions may be subsequently modified by the parties to the contract. When the contractual clauses are subject to change during the lifetime of an instrument, it is necessary to verify whether the original asset should continue to be recognized in the balance sheet or whether, instead, the original instrument needs to be derecognized and a new financial instrument needs to be recognized.
In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial".

DERECOGNITION
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (e.g., removed from the group's consolidated statement of financial position) when:
▪ the rights to receive cash flows from the asset have expired; or
▪ the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. Hedging derivatives

Hedging derivatives are intended to offset potential losses/gains on a specific item or group of items, attributable to a specific risk, through the gains/losses generated on another instrument or group of instruments in the event that the specific risk in question materializes. The FCA Bank Group hedges its exposure to the interest rate risk associated with receivables arising from instalment loans and bonds issued at fixed interest rates with derivatives designated as fair value hedges. Derivatives entered into to hedge the variable interest rate risk associated with the debt of the companies engaged in long-term rental are designated as cash flow hedges.

Only derivatives entered into with a counterparty not belonging to the group may be treated as hedging instruments.

Hedging derivatives are stated at fair value. Specifically:
▪ in the case of cash flow hedges, derivatives are recognized a their fair value. Any change in the fair value of the effective part of the hedge is recognized through OCI, in item 120. "Valuation reserve" while any change in the fair value of the ineffective part of the hedge is recognized through profit or loss in item 90.
▪ in the case of fair value hedges, any change in the fair value of the hedging instrument is recognized through profit or loss in item 90. "Net result of hedging activity". Any change in the fair value of the hedged item, attributable to the risk hedged with the derivative instrument, is recognized through profit and loss as an offsetting entry of the change in the carrying amount of the hedged item.

The fair value of derivative instruments is calculated on the basis of interest and exchange rates quoted in the market, taking into account the counterparties' creditworthiness, and reflects the present value of the future cash flows generated by the individual contracts.

Gains or losses on derivatives hedging interest rate risk are allocated either to "Interest and similar income" or "Interest and similar expenses", as the case may be.

A derivative contract is designated for hedging activities if there is a formal document of the relationship between the hedged instrument and the hedging instrument and whether the hedge is effective since inception and, prospectively, throughout its life.

A hedge is effective (in a range between 80% and 125%) when the changes in the fair value (or cash flows) of the hedging financial instrument almost entirely offset the changes in hedged item with regard to the risk being hedged.

Effectiveness is assessed at every year-end or interim reporting date by using:
▪ prospective tests, to demonstrate an expectation of effectiveness in order to qualify for hedge accounting;
▪ retrospective tests, to ensure that the hedging relationship has been highly effective throughout the reporting period, measuring the extent to which the achieved hedge deviates from a perfect hedge.

If the tests fail to demonstrate hedge effectiveness, hedge accounting, as indicated above, is discontinued and the derivative contract is reclassified to held-for-trading financial assets or financial liabilities and is therefore measured in a manner consistent with its classification. In case of macro hedging, IAS 39 permits the establishment of a fair value hedge for the interest rate risk exposure of a designated amount of financial assets or liabilities so that a group of derivative contracts can be used to offset the changes in fair value of the hedged items as interest rates vary.

Macro hedges cannot be applied to a net position being the difference between financial assets and liabilities.

Macro hedging is considered highly effective if, like fair value hedges, at inception and in subsequent periods the changes in fair value of the hedged amount are offset by the changes in fair value of the hedging derivatives in the range of 80% to 125%.

4. Investments

Investments in joint ventures (IFRS 11) as well as in companies subject to significant influence (IAS 28) are recognized with the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost.

If there is any evidence that the value of an investment has been impaired, the recoverable value of the investment is estimated, taking account the present value of the future cash flows that it will generate, including its disposal value.

If the recovery value is lower than book value, the difference is recorded in the income statement.

In subsequent periods, if the reasons for the impairment cease to exist, the original value may be restored through the income statement.

5. Property, plant and equipment

This item includes furniture, fixtures, technical and other equipment and assets related to the leasing business.
These tangible assets are used to provide goods and services, to be leased to third parties, or for administrative purposes and are expected to be utilized for more than one period.
This item consists of:
- assets for use in the business;
- assets held for investment purposes.

Assets held for use in the business are utilized to provide goods and services as well as for administrative purposes and are expected to be used for more than one period. Typically, this category includes also assets held to be leased under leasing arrangements.

This item includes also assets provided by the group in its capacity as lessor operating lease agreements.

Assets leased out include vehicles provided under operating lease agreements by the group's long-term car rental companies. Trade receivables to be collected in connection with recovery procedures in relation to operating leases are classified as "Other assets". Operating lease agreements with a buyback clause are also included in "Other assets".

Property, plant and equipment comprise also leasehold improvements, whenever such expenses are value accretive in relation to identifiable and separable assets. In this case, classification takes place in the specific sub-items of reference in relation to the asset.
Asset held for investment purposes refer to investment property as per IAS 40, e.g. properties held (owned or under a finance lease) in order to receive rental income and/or an appreciation of the invested capital.
Property, plant and equipment are initially recognized at cost, inclusive of purchase price and all the incidental charges incurred directly to purchase and to put the asset in service. Costs incurred after purchase are only capitalized if they lead to an increase in the future economic benefits deriving from the asset to which they relate. All other costs are recorded in the income statement as incurred.

Subsequently, property, plant and equipment are recognized at cost, less accumulated depreciation and impairment losses.
Depreciation is calculated on a straight line basis considering the remaining useful life and value of the asset.
Depreciation is calculated on a straight line basis considering the remaining useful life and value of the asset.

At every reporting date, if there is any evidence that an asset might be impaired, the book value of the asset is compared with its realizable value – equal to the greater of fair value, net of any selling costs, and the value in use of the asset, defined as the net present value of future cash flows generated by the asset. Any impairment losses and adjustments are recorded in the income statement, item 210 "Impairment/ reinstatement of tangible assets".

If the reasons that gave rise to the impairment no longer apply, then the loss is reversed for the amount that would restore the asset to the value that it would have had in the absence of any impairment, less accumulated depreciation.

Initial direct costs incurred in the negotiation and execution of an operating agreement are added to the leased assets in equal instalments, based on the length of the agreement.

Property, plant and equipment are derecognized upon disposal or when they are retired from production and no further economic benefits are expected from them. Any difference between the selling price or realizable value and the carrying amount is recognized through profit or loss, item 280 "Gains (losses) from the sale of investments".

6. Intangible assets

Intangible assets are non-monetary long-term assets, identifiable even though they are intangible, controlled by the group and which are likely to generate future economic benefits.

Intangible assets include mainly goodwill, software, trademarks and patents.

Goodwill arising in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the fair value of net identifiable assets acquired and liabilities assumed.

In the case of software generated internally the costs incurred to develop the project are recognized as intangible assets provided that the following conditions are met: technical feasibility, intention to complete, future usefulness, availability of sufficient technical and financial resources and the ability to measure reliably the costs of the project.

Intangible assets are recognized if they are identifiable and originated from legal or contractual rights. Intangible assets purchased separately and/or generated internally are initially recognized a cost and, except for goodwill, are amortized on a straight line basis over their remaining useful life.

Subsequently, they are measured at cost net of accumulated amortization and any accumulated impairment losses. The useful life of intangible assets is either definite or indefinite.

Definite-life intangibles are amortized over their remaining useful life and are tested for impairment every time there is objective evidence of a possible loss of value. The amortization period of a definite-life intangible asset is reviewed at least once every year, at year-end. Changes in the useful life in which the future economic benefits related to the asset will materialize result in changes in the amortization period and are considered as changes in estimates. The amortization of definite-life intangible asset is recognized in the income statement in the cost category consistent with the function of the intangible asset.
Indefinite-life intangible assets, including goodwill, are not amortized but are tested every year for impairment both individually and at the level of cash generating units. Every year (or whenever there is evidence of impairment) goodwill is tested for impairment. To this end, the cash generating unit to which goodwill is to be attributed is identified. The amount of any impairment is calculated as the difference between the carrying amount of goodwill and its recoverable value, if lower. Recoverable value is equal to the greater of the fair value of the cash generating unit, less any selling costs, and the relevant value in use.

Any adjustments are recognized in the income statement, item 270. “Goodwill impairment”. No reversal of impairment is permitted for goodwill.

Intangible assets are derecognized upon disposal or when and no further economic benefits are expected from them. Any difference between the selling price or realizable value and the carrying amount is recognized through profit or loss, item 280. “Gains (losses) from the sale of investments”.

7. Current and deferred taxation

Tax assets and liabilities are recognized in the consolidated statement of financial position in line item 110. "Tax assets" on the asset side and line item 60. "Tax liabilities" on the liability side.

In accordance with the balance sheet method, current and deferred taxes are accounted for as follows:
- current tax assets, that is payments in excess of taxes due under applicable national tax laws;
- current tax liabilities, or taxes payable under applicable national tax laws;
- deferred tax assets, that is income taxes recoverable in future years and related to:
  - deductible timing differences;
  - unused tax loss carry-forwards; and
  - unused tax credits carried forward;
- deferred tax liabilities, that is income tax amounts payable in future years due to the excess of income over taxable income due to timing differences.

Current and deferred tax assets and liabilities are calculated by applying national tax laws in force and are accounted for as an expense (income) in accordance with the same accrual basis of accounting applicable to the costs and revenues that generated them.

Generally, deferred tax assets and liabilities arise in the cases where the deductibility of a cost or the taxability of a revenue is deferred with respect to their recognition.

Deferred tax assets and liabilities are recognized on the basis of the tax rates that, at the balance sheet date, are expected to be applicable in the year in which the asset will be realized or the liability extinguished, on the basis of the tax legislation in force, and are periodically revised to take account of any change in legislation.

Deferred tax assets are recognized, to the extent that they can be recovered against future income. In accordance with IAS 12, the probability that there is sufficient taxable income in future should be verified from time to time. If the analysis reveals that there is no sufficient future income, the deferred tax assets are reduced accordingly.

Current and deferred taxes are recognized in the income statement, item 300. "Income tax on continuing operations", with the exception of those taxes related to items recognized, in the current or in another year, directly through equity, such as those related to gains or losses on available-for-sale financial assets and those related to changes in the fair value of cash flow hedges, whose changes in value are recognized, on an after-tax basis, directly in the statement of comprehensive income in the "Valuation reserve".

Current tax assets are shown in the balance sheet net of current tax liabilities whenever the following conditions are met:
- existence of an enforceable right to offset the amounts recognized;
- the parties intend to settle the assets and liabilities in a single payment on a net basis or to realize he asset and simultaneously extinguish the liability.

Deferred tax assets are reported in the Statement of financial position net of deferred tax liabilities whenever the following conditions are met:
- existence of a right to offset the underlying current tax assets with current tax liabilities; and
- both deferred tax assets and liabilities relate to income taxes applied by the same tax jurisdiction on the same taxable entity or on different taxable entities that intend to settle the current tax assets and liabilities on net basis (typically in the presence of a tax consolidation agreement).

8. Provisions for risks and charges

POST-EMPLOYMENT BENEFITS AND SIMILAR OBLIGATIONS
Post-employment benefits are established in accordance with labor agreements and are qualified as defined-benefit plans.

Obligations associated with employee defined-benefit plans and the relevant pension costs associated to current employment are recognized based on actuarial estimates by applying the "Projected Unit Credit Method". Actuarial gains/losses resulting from the valuation of the liabilities of the defined-benefit plan are recognized through Other Comprehensive Income (OCI) in the Valuation reserve.

The discount rate used to calculate the present value of the obligations associated with post-employment benefits changes depending on the country/currency in which the liability is denominated and is set on the basis of yields, at the balance sheet date, of bonds issued by prime corporates with an average maturity consistent with that of the liability. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

OTHER PROVISIONS
Other provisions for risks and charges relate to costs and charges of a specified nature and existence certain or probable but whose amount or date of payment is uncertain on the balance sheet date.

Provisions for risks and charges are made solely whenever:
a) there is a current (legal or constructive) obligation as a result of a past event;
b) fulfilment of this obligation is likely to be onerous;
c) the amount of the liability can be reliably estimated.

When the time value of money is significant, the amount of a provision is calculated as the present value of the expenses that will supposedly be incurred to extinguish the obligation.

This item includes also long-term benefits to employees whose expenses are determined with the same actuarial criteria as those of the defined-benefit plans. Actuarial gains or losses are all recognized as incurred through profit or loss.

9. Financial liabilities at amortised cost

The items Deposits from banks, Deposits from customers and Debt securities include the financial instruments (other than financial liabilities held for trading and recognized at their fair value) issued to raise funds from external sources. In particular, Debt securities reflect bonds issued by group companies and securities issued by the SPEs in relation to receivable securitization transactions.

These financial liabilities are recognized on the date of settlement at fair value, which is normally the amount collected or the issue price, less any transaction costs directly attributable to the financial liability. Subsequently, these instruments are recognized at their amortized cost, on the basis of the effective interest method. The only exception is short-term liabilities, as the time value of money is negligible, which continue to be recognized on the basis of the amount collected.

Financial liabilities are derecognized when they reach maturity or are extinguished. Derecognition takes place also in the presence of a buyback of previously issued securities. The difference between the carrying amount of the liability and the price paid to buy it back is recognized through profit or loss, item 100.c) "Gains (Losses) on buyback of financial liabilities".

10. Financial liabilities held for trading

Financial liabilities held for trading include mainly derivative contracts that are not designated as hedging instruments.
These financial liabilities are recognized initially at their fair value initially and subsequently until they are extinguished, with the exception of derivative contracts to be settled with the delivery of an unlisted equity instrument whose fair value cannot be determined reliably and that, as such, are recognized at cost.

11. Foreign currency transactions

Foreign currency transactions are entered, upon initial recognition, in the reference currency by applying to the foreign currency amount the exchange rate prevailing on the transaction date. At every interim and year-end reporting date, items originated in a foreign currency are reported as follows:
▪ cash and monetary items are converted at the exchange rate prevailing at the reporting date;
▪ non-monetary items, recognized at historical cost, are converted at the exchange rate prevailing on the date of the transaction;
▪ non-monetary items, recognized at fair value, are converted at the exchange rate prevailing at the reporting date.

Exchange rate differences arising from the settlement of monetary items and the conversion of monetary items at exchange rates other than the initial ones, or those used to translate the previous year's accounts, are recognized in the income statement as incurred. When a gain or a loss related to a non-monetary item is recognized through OCI, the exchange rate difference related to such item is also recognized through OCI. By converse, when a gain or a loss is recognized through profit or loss, the exchange rate difference related to such item is also recognized through profit or loss.

12. Insurance assets and liabilities

IFRS 4 defines insurance contracts as contracts under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder (or a party designated by the policyholder) if a specified uncertain future event (the insured event) adversely affects the policyholder.

The group's insurance activity concerns the reinsurance of life and non-life insurance policies sold by insurance companies to customers of consumer credit companies to protect the payment of the debt.
The items described below reflect, as prescribed by paragraph 2 of IFRS 4, the operating and financial effects deriving from the reinsurance contracts issued and held.

In essence the accounting treatment of such products calls for the recognition:
▪ in items 160. "Net premiums" and 170. "Income (losses) from insurance activities" of the income statement, (i) of the premiums, which include the premiums written for the year following the issue of contracts, net of cancellations; (ii) changes in technical provisions, reflecting the variation in future obligations toward policyholders arising from insurance contracts; (iii) commissions for the year due to intermediaries; (iv) cost of claims, redemptions and expirations for the period;
▪ in item 110. "Insurance reserves", on the liability side, of the obligations toward policyholders, calculated individually for every contract with the prospective method, on the basis of demographic/financial assumptions currently used by the industry;
▪ in item 80. "Insurance reserves attributable to reinsurers", on the asset side, the obligations attributable to reinsurers.

13. Other information

EMPLOYEE SEVERANCE FUND

The FCA Bank Group has established different defined-benefit and defined-contribution pension plans, in line with the conditions and practices in the countries in which it carries out its activities.
In Italy, the Employee Severance Fund is treated as "post-employment benefits", classified as:
- "defined-contribution plan" for the severance amounts accrued to employees as of January 1st, 2007 (effective date of Legislative Decree no. 252 on the reform of supplementary pension funds), both in case the employee exercised the option to allocate the sums attributable to him/her to supplementary pension funds and in case the employee opted for the allocation of these sums to INPS's Treasury fund. For these sums, the amount accounted for as personnel expenses is determine on the basis of the contributions due without applying actuarial calculation methods;
- "defined-benefit plan", recognized on the basis of its actuarial value as determined by using the projected credit unit method, for the severance amounts accrued until December 31st, 2006. These amounts are recognized on the basis of their actuarial value as determined by using the projected credit unit method. To discount these amounts to present value, the discount rate was determined on the basis of yields of bonds issued by prime corporates taking into account the average remaining duration of the liability, as weighted by the percentage of any payment and advance payment, for each payment date, in relation to the total amount to be paid and paid in advance until the full amount of the liability is extinguished.

Costs related to the employee severance fund are recognized in the income statement, item no. 190.a) "Administrative expenses: personnel expenses" and include, for the part relating to the defined-benefit plan (i) service costs related to companies with less than 50 employees; (ii) interest cost accrued for the year, for the defined-contribution part; (iii) the severance amounts accrued in the year and credited to either the pension funds or to INPS's Treasury fund. On the Statement of financial position, item 90 "Employee severance fund" reflects the balance of the fund exiting at December 31st, 2006, minus any payment made until June 30th, 2018. Item 80 "Other liabilities" – "Due to social security institutions" shows the debt accrued at December 31st, 2020 relating to the severance amounts payable to pension funds and INPS's Treasury fund. Actuarial gains and losses, reflecting the difference between the carrying amount of the liability and the present value of the obligation at year-end, are recognized in the consolidated statement of comprehensive income without reclassification to profit or loss (that is through equity in the Valuation reserve), in accordance with IAS 19 Revised.

REVENUE RECOGNITION

Revenue from contracts with customers is recognized, when it is probable that the economic benefits associated with the transaction will flow to the company and the amount can be reliably quantified. In particular, for all financial instruments measured at amortized cost, such as loans and receivables to customers and banks, and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR) and classified under "Interest and similar income".

Commissions receivable upon execution of a significant act or upon the rendering of a service are recognized as revenue when the significant act has been completed or when the services are provided. On the other hand, commissions related to origination fees received by the entity relating to the creation or acquisition of a financial asset are deferred and recognized as an adjustment to the effective rate of interest.
Revenues from services are recognized when the services are rendered.
Dividends are recognized in the year in which their distribution is approved.

COST RECOGNITION

Costs are recognized as they are incurred. Costs attributable directly to financial instruments measured at amortized cost and determinable since inception, regardless of when the relevant outlays take place, flow to the income statement via application of the effective interest rate.
Impairment losses are recognized as incurred.

FINANCE LEASES

Lease transactions are accounted for in accordance with IFRS 16.

In particular, recognition of a lease agreement as a lease transaction is based on the substance that the agreement on the use of one or more specific assets and whether the agreement transfers the right to use such asset.

A lease is a finance lease if it transfers all the risks and benefits incidental to ownership of the leased asset; if it does not, then a lease is an operating lease.

For finance lease agreements where the FCA Bank Group acts as lessor, the assets provided under finance lease arrangements are reported as a receivable in the statement of financial position for a carrying amount equal to the net investment in the leased asset. All the interest payments are recognized as interest income (finance component in lease payments) in the income statement while the part of the lease payment relating to the return of principal reduce the value of the receivable.

USE OF ESTIMATES

Financial reporting requires use of estimates and assumptions which might determine significant effects on the amounts reported in the Statement of financial position and in the Income statement, as well as the disclosure of contingent assets and liabilities.

The preparation of these estimates implies the use of the information available and subjective assessments, based on historical experience, used to make reasonable assumptions to record the transactions. By their nature the estimates and assumptions used may vary from one year to the next and, as such, so may the carrying amounts in the following years, significantly as well, as a result of changes in the subjective assessments made. The main cases where subjective assessments are required include:

- quantification of losses on loans and receivables, investments and, in general, on financial assets;
- evaluation of the recoverability of goodwill and other intangible assets;
- quantification of employee provisions and provisions for risks and charges;
- estimates and assumptions on the recoverability of deferred tax assets.

The estimates and assumptions used are periodically and regularly updated by the group. Variations in actual circumstances could require that those estimates and assumptions are subsequently adjusted. The impacts of any changes in estimates and assumptions are recognized directly in profit or loss in the period in which the estimates are revised, if the revision impacts only that period, or also in future periods, if the revision impacts both the current and future periods. Following are the key considerations and assumptions made by management in applying IFRS and that could have a significant impact on the amounts recognized in the Consolidated Financial Statements or where there is significant risk of a material adjustment to the carrying amounts of assets and liabilities during a subsequent financial period.

RECOVERABILITY OF DEFERRED TAX ASSETS

The group had deferred tax assets on deductible temporary differences and theoretical tax benefits arising from tax loss carryforwards. The group has recorded this amount because it believes that it is likely to be recovered.

In determining this amount, management has taken into consideration figures from budgets and forecasts consistent with those used for impairment testing and discussed in the preceding paragraph on the recoverable

amount of non-current assets.
Moreover, the contra accounts that have been recognized (e.g. deferred tax assets not recognized to the extent that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized) are considered to be sufficient to protect against the risk of a further deterioration of the assumptions in these forecasts, taking account of the fact that the net deferred assets so recognized relate to temporary differences and tax losses which, to a significant extent, may be recovered over a very long period, and are therefore consistent with a situation in which the time needed to exit from the crisis and for an economic recovery to occur extends beyond the horizon implicit in the abovementioned estimates.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Employee benefit liabilities with the related assets, costs and net interest expense are measured on an actuarial basis, which requires the use of estimates and assumptions to determine the net liabilities or net assets.
The actuarial method takes into consideration parameters of a financial nature such as the discount rate and the expected long term rate of return on plan assets, the growth rate of salaries as well as the likelihood of potential future events by using demographic assumptions such as mortality rates, dismissal or retirement rates.
In particular, the discount rates selected are based on yields curves of high quality corporate bonds in the relevant market. The expected returns on plan assets are determined considering various inputs from a range of advisors concerning long-term capital market returns, inflation, current bond yields and other variables, adjusted for any specific aspects of the asset investment strategy. Salary growth rates reflect the group's long-term actual expectation in the reference market and inflation trends.
Changes in any of these assumptions may have an effect on future contributions to the plans.

CONTINGENT LIABILITIES

The group makes provisions for pending disputes and legal proceedings when it is considered probable that there will be an outflow of funds and when the amount of the losses arising therefrom can be reasonably estimated. If an outflow of funds becomes possible but the amount cannot be estimated, the matter is disclosed in the notes.
The group is the subject of legal and tax proceedings covering a range of matters which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the outflow of funds which will result from such disputes. Moreover, the cases and claims against the group often derive from complex and difficult legal issues which are subject to a different degree of uncertainty, including the facts and circumstances of each particular case, the jurisdiction and the different laws involved. In the normal course of business the group monitors the stage of pending legal procedures and consults with legal counsel and experts on legal and tax matters.
It is therefore possible that the provisions for the group's legal proceedings and litigation may vary as the result of future developments of the proceedings under way.

A.3 - INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

In 2020 no inter-portfolio transfers were made.

A.4 – INFORMATION ON FAIR VALUE

QUALITATIVE DISCLOSURES

The disclosure on the change in fair value required by IFRS 13 applies to financial instruments and non-financial assets and liabilities that are measured at fair value, on a recurring or non-recurring basis.
This standard calls for fair value to be determined in accordance with a three-level hierarchy based on the significance of the inputs used in such measurement:
▪ Level 1 (L1): quoted prices (without adjustments) in an active market – as defined by IFRS 9 – for the assets and liabilities to be measured;
▪ Level 2 (L2): inputs other than quoted market prices included within Level 1 that are observable either directly (prices) or indirectly (derived from prices) in the market;
▪ Level 3 (L3): inputs that are not based on observable market data.

Below, a description is provided of the methods adopted by the company to determine fair value.
The Financial Instruments, classified (L1), whose fair value is the same as their market value (instruments quoted in an active market) refer to:
▪ Austrian government bonds purchased by the Austrian subsidiary, quoted in regulated markets (caption: "Financial assets designated at fair value with effects on comprehensive income");
▪ bonds issued by FCA Bank and the subsidiary Switzerland under, the Euro Medium Term Notes programme and listed in regulated markets (Caption: "Financial liabilities valued at amortized cost – c) debt certificates including bonds");
▪ bonds issued in connection with securitization transactions, placed with the public or with private investors, by different group entities (Caption: "Financial liabilities valued at amortized cost – c) debt certificates including bonds").

For listed bonds issued in connection with securitization transactions, reference to prices quoted by Bloomberg.

Financial assets and liabilities classified as (L2), whose fair value is determined by using inputs other than quoted market prices that are observable either directly (prices) or indirectly (derived from prices) in the market, refer to:
▪ OTC trading derivatives to hedge securitization transactions;
▪ OTC derivatives entered into to hedge group companies' receivables;
▪ Receivables to banks.
Receivable portfolio (Caption 40: "Financial assets valued at amortized cost – b) Loans and receivables with customers"), borrowings and other issued bonds, not quoted, are classified in L3.
Derivatives are measured by discounting their cash flows at the rates plotted on the yield curves provided by Bloomberg.

In accordance with IFRS 13, to determine fair value, the FCA Bank Group considers default risk, which includes changes in the creditworthiness of the entity and its counterparties.

In particular:
▪ a CVA (Credit Value Adjustment) is a negative amount that takes into account scenarios in which the counterparty fails before the company and the company has a positive exposure to the counterparty. Under these scenarios, the company incurs a loss equal to the replacement value of the derivative;

▪ a DVA (Debt Value Adjustment) is a positive amount that takes into account scenarios in which the company fails before the counterparty and the company has a negative exposure to the counterparty. Under these scenarios, the company obtains a gain for an amount equal to the replacement cost of the derivative.

The valuation of the Debt securities in issue is taken from the prices published on Bloomberg. For listed and unlisted securities, reference is made to listed prices, taking equivalent transactions as reference.

For listed bonds issued in connection with private securitization transactions, reference is provided by prime banks active in the market taking as reference equivalent transactions, or made to the nominal value of the bonds or the fair value attributed by the banking counterparty that subscribed to them.

The group uses measurement methods (mark to model) in line with those generally accepted and used by the market. Valuation models are based on the discount of future cash flows and the estimation of volatility; they are reviewed both when they are developed and from time to time, to ensure that they are fully consistent with the objectives of the valuation.

These methods use inputs based on prices prevailing in recent transactions on the instrument being measured and/or prices/quotations of instruments with similar characteristics in terms of risk profile.

QUANTITATIVE DISCLOSURES

A.4.5 FAIR VALUE HIERARCHY

A.4.5.1 Assets and liabilities valued at fair value on a recurring basis: breakdown by fair value levels

Assets/Liabilities valued at fair value	31/12/2020			31/12/2019		
	L1	L2	L3	L1	L2	L3
1. Financial assets valued at fair value with impact on income statement of which	-	-	-	-	-	-
a) financial assets held for trading	-	-	-	-	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-
c) Other financial assets compulsorily assessed at fair value	-	-	-	-	-	-
2. Financial assets valued at fair value with impact on overall profitability	9,305	-	-	9,807	-	-
3. Cover derivatives	-	23,333	-	-	36,930	-
4. Tangible assets	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	9,305	23,333	-	9,807	36,930	-
1. Financial liabilities held for trading	-	2,041	-	-	3,407	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Cover derivatives	-	93,920	-	-	91,533	-
Total	-	95,961	-	-	94,940	-

Legend: L1 = Level 1 L2 = Level 2 L3 = Level 3

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2020				31/12/2019			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets valued at amortized cost	24,046,459	-	1,966,899	22,149,496	25,903,033	-	1,997,960	23,953,234
2. Available for sale financial assets	-	-	-	-	-	-	-	-
3. Non current assets classified as held for sale	-	-	-	-	-	-	-	-
Total	24,046,459	-	1,966,899	22,149,496	25,903,033	-	1,997,960	23,953,234
1. Financial liabilities measured at amortized cost	24,909,653	9,958,002	-	16,464,764	26,933,628	9,439,872	-	18,318,466
2. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
Total	24,909,653	9,958,002	-	16,464,764	26,933,628	9,439,872	-	18,318,466

Legend: BV=Book Value L1 = Level 1 L2 = Level 2 L3 = Level 3

A.5 INFORMATION REGARDING "DAY ONE PROFIT/LOSS"

IFRS 7, Paragraph 28 regulates the particular case in which, in the event that the purchase of a financial instrument calculated at fair value but not listed in market the transaction cost that, generally represent the best estimate at fair value in an initial basis, diverges to the fair value determined with the evaluative technics adopted by the entity.
In this case an evaluative profit/loss is realized and an adequate informative note for class of financial instrument must be provided at the purchase place.
At December 31st, 2020, in the Consolidated Financial Statement this case is not present.

Part B - Information on the consolidated balance sheet

ASSETS

SECTION 1
Cash and cash balances – Item 10

This item includes cheques, cash and cash equivalent items.

1.1 Cash and cash balances: breakdown

	Total 31/12/2020	Total 31/12/2019
a) Cash	24	26
b) Demand deposits with Central banks	571,501	585,246
Total	**571,525**	**585,272**

SECTION 3
Financial assets at fair value through other comprehensive income – Item 30

3.1 Financial assets at fair value through other comprehensive income: breakdown by product

Item/Values	Total 31/12/2020			Total 31/12/2019		
	L1	L2	L3	L1	L2	L3
1. Debts securities	9,305	-	-	9,807	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	9,305	-	-	9,807	-	-
2. Equity instruments	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-
Total	9,305	-	-	9,807	-	-

Legend: L1 = Level 1 L2 = Level 2 L3 = Level 3

The item includes a bond issued by the Austrian government and held by FCA Bank GmbH (Austria), these are mandatory deposits required by the local Central Bank.

3.2 Financial assets at fair value through other comprehensive income: breakdown by borrowers/issuers

Items/Values	Total 31/12/2020	Total 31/12/2019
1. Debt securities	9,305	9,807
a) Central Banks	-	-
b) Public sector entities	9,305	9,807
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
2. Equity instruments	-	-
a) Banks	-	-
b) Other issuers:	-	-
- Other financial companies	-	-
of which: insurance companies	-	-
- Non financial companies	-	-
- Others	-	-
3. Loans	-	-
a) Central Banks	-	-
b) Public sector entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
f) Households	-	-
Total	9,305	9,807

3.3 Financial assets at fair value through other comprehensive income: gross value and total accumulated impairments

	Gross value				Total accumulated impairments			Partial accumulated write-offs*
	First stage	of which: instruments with low credit risk	Second stage	Third stage	First stage	Second stage	Third stage	
Debt securities	9,305	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total 31/12/2020	9,305	-	-	-	-	-	-	x
Total 31/12/2019	9,807	-	-	-	-	-	-	x
of which: purchased or originated credit impaired	x	x	-	-	x	-	-	-

* Value shown for information purposes

SECTION 4
Financial assets at amortised cost – Item 40

4.1 Financial assets at amortised cost: breakdown by product of loans and advances to banks

Type of transaction/ Values	Total 31/12/2020						Total 31/12/2019					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	of which: acquired or originated credit impaired financial assets	L1	L2	L3	First and second stage	Third stage	of which: acquired or originated credit impaired financial assets	L1	L2	L3
A. Receivables to Central Banks	**745,422**	**-**	**-**	**-**	**745,422**	**-**	**566,008**	**-**	**-**	**-**	**566,008**	**-**
1. Time deposits	596	-	-	x	x	x	27,867	-	-	x	x	x
2. Compulsory reserves	24,412	-	-	x	x	x	27,884	-	-	x	x	x
3. Repos	-	-	-	x	x	x	-	-	-	x	x	x
4. Others	720,414	-	-	x	x	x	510,257	-	-	x	x	x
B. Receivables to bank	**1,221,477**	**-**	**-**	**-**	**1,221,477**	**-**	**1,431,935**	**-**	**-**	**-**	**1,431,952**	**-**
1. Loans	1,221,477	-	-	-	1,221,477	-	1,431,935	-	-	-	1,431,952	-
1.1. Current accounts and demand deposits	1,161,829	-	-	x	x	x	1,403,493	-	-	x	x	x
1.2. Time deposit	-	-	-	x	x	x	-	-	-	x	x	x
1.3. Other loans	59,648	-	-	x	x	x	28,442	-	-	x	x	x
- Repos	60,265	-	-	x	x	x	26,764	-	-	x	x	x
- Finance leases	-	-	-	x	x	x	1,490	-	-	x	x	x
- Others	(617)	-	-	x	x	x	188	-	-	x	x	x
2. Debts securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,966,899	-	-	-	1,966,899	-	1,997,944	-	-	-	1,997,960	-

Bank deposits and current accounts include funds available on current accounts or deposited by SPVs totaling €670 million (€842 million at December 31st, 2019). Liquidity is restricted as per each relevant securitization contract.
A breakdown by SPV is provided below:

SPV	31/12/2020	31/12/2019
A-Best Seventeen S.r.l.	61,045	45,579
A-Best Nineteen UG	17,096	-
A-Best Eleven UG	-	10,636
A-Best Twelve S.r.l.	-	58,112
A-Best Thirteen FT	20,011	28,504
A-Best Fourteen S.r.l.	118,447	164,241
A-Best Fifteen S.r.l.	73,273	94,461
A-Best Sixteen UG	41,043	48,633
Nixes Six Plc	41,243	61,412
Nixes Seven B.V.	47,540	42,494
Erasmus Finance DAC	230,794	263,301
A-Best Eighteen S.r.l.	19,040	-
Fast 3 S.r.l.	-	24,863
Total	669,532	842,236

The Liquidity Reserve is designed to meet any cash shortfalls for the payment of interest on senior securities and certain specific expenses.

The funds held in current accounts or as bank deposits are used for:
- acquisition of new portfolio of receivables/loans;
- repayment of notes;
- payment of interest on “senior” notes;
- SPE operating costs.

Bank deposits and current accounts also include short-term deposits held temporarily with banks and year-end current account balances resulting from ordinary operating activities.
During 2020, A-Best Eighteen S.r.l. completed the purchase of a lease financing portfolio originated from FCA Bank’s customers in relation to new and used cars. These are receivables that at the time of sale did not show any past due amounts and for which the lessee had already made at least the first payment.
The receivables were sold to the securitization company on a non-recourse basis. The portfolio sold contained solely leases, and the sale involved only the claim on the vehicle and not the insurance services associated with the contract. Moreover, it is noted that the securitization company did not provide any advance on the redemption value indicated in the lease contracts.

4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers

Type of transaction/ Values	Total 31/12/2020						Total 31/12/2019					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	of which: acquired or originated credit impaired financial assets	L1	L2	L3	First and second stage	Third stage	of which: acquired or originated credit impaired financial assets	L1	L2	L3
1. Loans	**21,956,933**	**122,627**	**-**	**-**	**-**	**22,149,496**	**23,752,511**	**152,578**	**-**	**-**	**-**	**23,953,234**
1.1. Curren accounts	77,234	-	-	x	x	x	207,986	-	-	x	x	x
1.2. Repos	-	-	-	x	x	x	-	-	-	x	x	x
1.3. Mortgages	-	-	-	x	x	x	-	-	-		x	x
1.4. Credit cards, personal loans and wage assignment	133,800	-	-	x	x	x	112,270	-	-	x	x	x
1.5. Finance leases	5,790,305	36,942	-	x	x	x	6,095,998	32,500	-	x	x	x
1.6. Factoring	5,629,942	26,987	-	x	x	x	6,267,886	82,979	-	x	x	x
1.7. Other loans	10,325,652	58,698	-	x	x	x	11,068,371	37,099	-	x	x	x
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	21,956,933	122,627	-	-	-	22,149,496	23,752,511	152,578	-	-	-	23,953,234

With reference to the table Reconciliation between outstanding and loans and receivables with customers, in the Outstanding are included the following items:
- "Deposits from customers" for €77 million;
- "Other loans" for €68 million.

FACTORING
This item includes:
- receivables arising from sales to the dealer network for €6 million factored on a non-recourse basis by the FCA Group; however, since this amount was in excess of the lines of credit available, the associated risk was not transferred to the factors;
- receivables arising from sales to the dealer network for €5.6 billion, factored on a non-recourse basis by the

commercial partners to companies of FCA Bank Group; of which, assets of SPE Erasmus for €1 billion, consolidated in accordance with IFRS 10; FCA Bank Deutschland GmbH (Germany), FCA Capital France S.A. (France) and FCA Capital Espana EFC S.A. (Spain) are the originators of Erasmus.

OTHER LOANS

This item includes credit financing mainly concerned with fixed instalment car loans and personal loans.
The receivables comprise the amount of transaction costs/fees calculated in relation to the individual loans by including the following:

- grants received in relation to promotional campaigns;
- fees received from customers;
- incentives and bonuses paid to the dealer network;
- commissions on the sale of ancillary products.

Receivables include €5.6 billion relating to SPEs for the securitization of receivables, as reported in accordance with IFRS 10.

This item includes loans granted to the FCA Bank Group dealer network to fund network development, commercial requirements in handling used vehicles and to meet specific short/medium term borrowing requirements.

The item includes as well the loans to legal entity of retail business classified in this item in accordance with the definition of Bank of Italy of consumer credit.

4.3 Financial assets at amortised cost: breakdown by borrowers/issuers of loans and advances to customers

Type of transaction/ Values	Total 31/12/2020			Total 31/12/2019		
	First and second stage	Third stage	of which: acquired or originated credit impaired financial assets	First and second stage	Third stage	of which: acquired or originated credit impaired financial assets
1. Debt securities	-	-	-	-	-	-
a) Public sector entities	-	-	-	-	-	-
b) Other financial company	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non financial companies	-	-	-	-	-	-
2. Loans to:	**21,956,933**	**122,627**	-	**23,752,511**	**152,578**	-
a) Public sector entities	17,862	49	-	21,665	129	-
b) Other financial company	277,056	902	-	267,661	524	-
of which: insurance companies	31	-	-	40	-	-
c) Non financial companies	8,598,982	53,313	-	10,124,082	113,920	-
d) Households	13,063,034	68,363	-	13,339,102	38,004	-
Total	21,956,933	122,627	-	23,752,511	152,578	-

4.4 Financial assets at amortised cost: gross value and total accumulated impairments

	Gross value				Total accumulated impairments			Partial accumulated write-offs*
	First stage	of which: instruments with low credit risk	Second stage	Third stage	First stage	First stage	Third stage	
Debt securities	-	-	-	-	-	-	-	-
Loans	23,392,412	13,903,186	672,452	268,037	103,017	38,016	145,410	1,303
Total 31/12/2020	23,392,412	13,903,186	672,452	268,037	103,017	38,016	145,410	1,303
Total 31/12/2019	24,994,198	16,643,315	880,247	299,393	76,073	47,917	146,815	344
of which: purchased or originated credit impaired	x	x	-	-	x	-	-	-

* Value shown for information purposes

4.4a Loans and advances measured at amortised cost subject to measures applied in response to the Covid-19: gross values and total accumulated impairments

	Gross value				Total accumulated impairments			Partial accumulated write-offs*
	First stage	of which: instruments with low credit risk	Second stage	Third stage	First stage	Second stage	Third stage	
1. Loans and advances subject to EBA-compliant moratoria (legislative and non-legislative)	601,184	377,043	64,353	10,950	4,619	5,408	6,184	-
2. Other loans and advances subject to Covid-19-related forbearance measures	-	-	-	-	-	-	-	-
3. Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-	-	-
Total 31/12/2020	601,184	377,043	64,353	10,950	4,619	5,408	6,184	-
Total 31/12/2019	-	-	-	-	-	-	-	-

* Value shown for information purposes.

SECTION 5
Hedging derivatives – Item 50

5.1 Hedging derivatives: breakdown by hedging type and fair value hierarchy

	FV 31/12/2020			NV 31/12/2020	FV 31/12/2019			NV 31/12/2019
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1. Fair value	-	23,325	-	7,263,198	-	35,159	-	9,834,617
2. Cash flows	-	8	-	35,000	-	1,771	-	416,439
3. Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	-	23,333	-	7,298,198	-	36,930	-	10,251,056

Legend: NV= Notional Value L1 = Level 1 L2 = Level 2 L3 = Level 3

This item reflects the fair value of the derivative contracts entered into the hedge interest rate and exchange rate risks.

The notional amount of the cash flow hedge refers to the derivatives used to hedge the exposure to interest rate risk on long-term rental activities.

5.2 Hedging derivatives: breakdown by hedged portfolios and hedging type

Transactions/ Hedging type	Fair Value							Cash-flow hedges		Net Investments on foreign subsidiaries
	Micro-hedge						Macro-hedge	Micro-hedge	Macro-hedge	
	Debt securities and interest rates risk	Equity instruments and equity indices risk	Currencies and gold	Credit	Commodities	Others				
1. Financial assets at fair through other comprehensive income	-	-	-	-	-	-	x	-	x	x
2. Financial assets at amortised cost	-	-	455	x	-	-	x	-	x	x
3. Portfolio	x	x	x	x	x	x	731	x	-	x
4. Other transactions	-	-	-	-	-	-	x	-	x	-
Total assets	-	-	455	-	-	-	731	-	x	-
1. Financial Liabilities	22,139	-	-	x	x	x	x	-	-	
2. Portfolio	x	x	x	x	x	x	-	x	-	x
Total liabilities	22,139	-	-	-	-	-	-	-	-	x
1. Expected transactions	x	x	x	x	x	x	x	-	x	x
2. Financial assets and liabilities portfolio	x	x	x	x	x	x	-	x	8	-

The value of the macro-hedge portfolio refers to the loan portfolio hedge, according to the Fair Value Hedge method (macrohedge).

The value relating to the micro-hedge refers to the coverage of the interest rate risk on bonds issued.

SECTION 6
Value adjustment of financial assets subject to macro-hedge – Item 60

6.1 Value adjustment of macro-hedged financial assets: breakdown by hedged portfolios

Value adjustment of macro-hedged financial assets/Values	Total 31/12/2020	Total 31/12/2019
1. Positive adjustment	**69,988**	**60,135**
1.1 of specific portfolios:	-	-
a) financial assets at amortised cost	-	-
b) financial assets at fair value through other comprehensive income	-	-
1.2 overall	69,988	60,135
2. Negative adjustment	**(52)**	**(11,990)**
2.1 of specific portfolios:	-	-
a) financial assets at amortised cost	-	-
b) financial assets at fair value through other comprehensive income	-	-
2.2 overall	(52)	(11,990)
Total	69,936	48,145

SECTION 7
Equity Investments – Item 70

7.1 Equity investments: information on shareholders' equity

Denominations	Legal residence	Participation relationship	
		Participating company	Share %
B. Companies under significant influence			
1. CODEFIS S.C.P.A.	Turin, Italy	FCA Bank S.p.A.	30%
C. Other companies			
2. FCA SECURITY S.C.P.A.	Turin, Italy	FCA Bank S.p.A.	0.21%
3. FCA SECURITY S.C.P.A.	Turin, Italy	Leasys S.p.A.	0.098%
4. FCA SECURITY S.C.P.A.	Turin, Italy	Leasys Rent S.p.A.	0.017%
5. OSEO S.A.	Paris, France	FCA Capital France S.A.	0.003%

SECTION 8
Insurance reserves attributable to reinsurers – Item 80

8.1 Insurance reserves attributable to reinsurers: breakdown

	Total 31/12/2020	Total 31/12/2019
A. No-life business	**3,637**	**4,635**
A1. Premiums reserves	3,145	3,993
A2. Claims reserves	492	642
A3. Other reserves	-	-
B. Life business	**5,843**	**8,524**
B1. Mathematical reserves	2,430	2,978
B2. Reserves for amounts to be disbursed	3,413	5,546
B3. Other reserves	-	-
C. Technical reserves for investment risks to be borne by the insured	**-**	**-**
C1. Reserves for contracts with performances connected to investment funds and market indices	-	-
C2. Reserves arising from pension fund management	-	-
D. Total insurance reserves attributable to reinsurers	**9,480**	**13,159**

SECTION 9
Property, plant and equipment – Item 90

9.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

Assets/Values	Total 31/12/2020	Total 31/12/2019
1. Owened assets	**3,346,207**	**3,145,075**
a) Lands	-	-
b) Buildings	428	238
c) Furniture	5,579	6,336
d) Electronic system	4,636	119
e) Other	3,335,565	3,138,382
2. Leased assets	**115,164**	**51,662**
a) Lands	-	-
b) Buildings	-	-
c) Furniture	49	86
d) Electronic system	186	215
e) Other	114,929	51,361
Total	**3,461,371**	**3,196,737**

9.6 Property, plant and equipment used in the business: annual changes

	Lands	Buildings	Furnitures	Electronic systems	Other	Total
A. Gross opening balance	**-**	**459**	**41,048**	**2,617**	**4,365,846**	**4,409,970**
A.1 Total net reduction value	-	(221)	(34,626)	(2,283)	(1,176,103)	(1,213,233)
A.2 Net opening balance	**-**	**238**	**6,422**	**334**	**3,189,743**	**3,196,737**
B. Increases:	**-**	**357**	**537**	**5,545**	**1,218,838**	**1,225,277**
B.1 Purchasing	-	-	163	4,443	1,151,146	1,155,752
- of which business combinations	-	-	58	-	54,575	54,633
B.2 Capitalised expenditure on improvements	-	-	44	-	-	44
B.3 Write-backs	-	-	-	-	1,084	1,084
B.4 Increases in fair value allocated to	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit & loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	0	-	0
B.6 Transfer from investment properties	-	-	x	x	x	-
B.7 Other changes	-	357	329	1,102	66,608	68,396
C. Decreases:	**-**	**166**	**1,331**	**1,058**	**958,088**	**960,643**
C.1 Disposals	-	12	24	-	425,858	425,895
- of which business combinations	-	-	-	-	22,039	22,039
C.2 Amorization	-	17	1,273	86	505,860	507,236
C.3 Impairment losses allocated to	-	-	-	-	3,086	3,086
a) Equity	-	-	-	-	-	-
b) Profit & loss	-	-	-	-	3,086	3,086
C.4 Decreases in fair value allocated to	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit & loss	-	-	-	-	-	-
C.5 Negative exchange difference	-	-	-	11	-	11
C.6 Transfer to:	-	-	-	-	-	-
a) Property, plant and equipment held for investment	-	-	x	x	x	-
b) Non-current assets and group of assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	137	34	961	23,283	24,414
D. Net closing balance	**-**	**428**	**5,628**	**4,821**	**3,450,494**	**3,461,371**
D.1 Total net reduction in value	-	(238)	(35,899)	(2,369)	(1,683,966)	(1,722,471)
D.2 Final gross balance	**-**	**666**	**41,527**	**7,190**	**5,134,460**	**5,183,843**
E. Carried at cost	-	-	-	-	-	-

Total amortization equal to €507 million is mainly due to tangible assets in relation to Operating lease (€496 million).

With reference to the table above, please consider that the item “Owned assets e) others” includes €3,337 million that in the table Reconciliation between outstanding and loans and receivables with customers are represented in the Outstanding.

9.6.1 Tangible assets: annual changes - Operating Lease

	Total				
	Lands	Buildings	Furnitures	Electronic systems	Other
A. Opening balance	**-**	**-**	**-**	**-**	**3,091,611**
B. Increases	**-**	**-**	**-**	**-**	**1,169,243**
B.1 Purchases	-	-	-	-	1,120,482
B.2 Capitalised expenditure on improvements	-	-	-	-	-
B.3 Increases in fair value	-	-	-	-	-
B.4 Write backs	-	-	-	-	1,084
B.5 Positive exchange differences	-	-	-	-	-
B.6 Transfer from properties used in the business	-	-	-	-	-
B.7 Other changes	-	-	-	-	47,677
C. Decreases	**-**	**-**	**-**	**-**	**923,604**
C.1 Disposals	-	-	-	-	401,490
C.2 Depreciation	-	-	-	-	495,744
C.3 Negative changes in fair value	-	-	-	-	-
C.4 Impariment losses	-	-	-	-	3,086
C.5 Negative exchange differences	-	-	-	-	-
C.6 Transfers to	-	-	-	-	-
a) Properties used in the business	-	-	-	-	-
b) Non current assets classified ad held for sale	-	-	-	-	-
C.7 Other changes	-	-	-	-	23,283
D. Closing balance	**-**	**-**	**-**	**-**	**3,337,250**
E. Measured at fair value	**-**	**-**	**-**	**-**	**-**

SECTION 10
Intangible assets – Item 100

10.1 Intangible assets: breakdown by asset type

	Total 31/12/2020		Total 31/12/2019	
Assets/Values	**Finite life**	**Indefinite life**	**Finite life**	**Indefinite life**
A.1 Goodwill	**-**	**204,206**	**-**	**183,183**
A.1.1 attributable to the group	-	204,206	-	183,183
A.1.2 attributable to minorities	-	-	-	-
A.2 Other intangible assets	**91,837**	**-**	**79,390**	**-**
A.2.1 Assets carried at cost	91,837	-	79,390	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	91,837	-	79,390	-
A.2.2 Assets measured at fair value	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	91,837	204,206	79,390	183,183

Intangible assets are recognized at cost.

The increase in goodwill for the year is due to the first-time consolidation of Leasys Rent France S.A.S. and Leasys Rent Espana S.L.U., for the details of which reference is made to note 10.3.

10.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		Finite Life	Indefinite Life	Finite Life	Indefinite Life	
A. Opening balance	**229,181**	**-**	**-**	**271,991**	**-**	**501,172**
A.1 Total net reduction in value	(45,998)	-	-	(192,601)	-	(238,599)
A.2 Net opening balance	**183,183**	**-**	**-**	**79,390**	**-**	**262,573**
B. Increases:	**21,022**	**-**	**-**	**28,436**	**-**	**49,458**
B.1 Purchases	21,022	-	-	28,143	-	49,165
- of which business combinations	21,022	-	-	-	-	21,022
B.2 Increases in intangible assets generated internally	x	-	-	-	-	-
B.3 Write-backs	x	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- to Equity	x	-	-	-	-	-
- to Profit and Loss	x	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	293	-	293
C. Decreases:	**-**	**-**	**-**	**15,988**	**-**	**15,988**
C.1 Disposals	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Write-downs	-	-	-	15,921	-	15,921
- Amortisations	x	-	-	15,611	-	15,611
- Depreciations	-	-	-	310	-	310
- to Equity	x	-	-	-	-	-
+ to Profit and Loss	-	-	-	310	-	310
C.3 Decreases in fair value	-	-	-	-	-	-
- to Equity	x	-	-	-	-	-
- to Profit and Loss	x	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differrences	-	-	-	-	-	-
C.6 Other changes	-	-	-	67	-	67
D. Net closing balance	**204,206**	**-**	**-**	**91,837**	**-**	**296,043**
D.1 Total net write-down	(45,998)	-	-	(208,522)	-	(254,520)
E. Gross closing balance	**250,204**	**-**	**-**	**300,359**	**-**	**550,563**
F. Carried at cost	-	-	-	-	-	-

10.3 Other information

The item "Goodwill" includes:
▪ €78.4 million relating to the Italian subsidiary Leasys S.p.A.;
▪ €101.9 million of goodwill relating to Wholesale Financing business and arising on the reorganization of the FCA Bank Group which occurred in 2006 and 2007; in particular:
- €50.1 million related to the recognition - by the subsidiary Fidis Servizi Finanziari S.p.A., which merged into the Holding FCA Bank on March 1st, 2008 - of goodwill arising on the transfer of the "Network finance and other financing" business and the acquisition of the "Holding Division" from Fidis S.p.A.;
- €15 million related to the acquisition of the Fidis Servizi Finanziari S.p.A. Group, which was eventually merged into the parent company;
- €36.8 million related to the acquisition of certain European companies engaged in Wholesale Financing;
▪ €1.5 million of goodwill as a result of the first consolidation of the company Ferrari Financial Services GmbH; on November 7th, 2016 FCA Bank S.p.A. acquired a majority stake in Ferrari Financial Services GmbH ("FFS GmbH") for a total purchase price of €18.6 million upon consummation of the share purchase agreement entered into by the parties;
▪ €1.4 million of goodwill as a result of the first consolidation of the company Leasys Rent S.p.A. in the Fca Bank Group, on October 1st, 2018;
▪ €13.7 million of goodwill as a result of the first consolidation of the company Leasys Rent France S.A.S. in the Fca Bank Group, on May 15th,2020;
▪ €7.3 million of goodwill as a result of the first consolidation of the company Leasys Rent Espana S.L.U. in the FCA Bank Group, on November 5th, 2020.

The item "Other intangible assets" mainly refers to:
▪ licenses and software of FCA Bank for €35 million;
▪ royalties of Leasys S.p.A. for €22 million.

IMPAIRMENT TEST OF GOODWILL
According to IAS 36 – Impairment of Assets, goodwill must be tested for impairment every year to determine its recoverable amount. Therefore, on every reporting date the group tests goodwill for impairment, estimating the relevant recoverable amount and comparing it with its carrying amount to determine whether the asset is impaired.

DEFINITION OF CGUS
To test goodwill for impairment – considering that goodwill generates cash flows only in combination with other assets – it is necessary first of all to attribute it to an organizational unit that enjoys relative operational autonomy and is capable of generating cash flows. Such cash flows must be independent of other areas of activity but interdependent within the organizational unit, which is aptly defined as cash generating unit (CGU).
IAS 36 suggests that it is necessary to correlate the level at which goodwill is tested with the level of internal reporting at which management monitors the entity's operations. The definition of this level depends solely on the organizational models and the attribution of management responsibilities over the direction of the operational activity and the relevant monitoring.
For FCA Bank Group, the CGU relevant for goodwill allocation are identified in Wholesale Financing business unit, in Leasys S.p.A. and in Ferrari Financial Services GmbH business.

THE CGU'S CARRYING AMOUNT
The carrying amount of a CGU must be determined consistently with the criteria guiding the estimation of its recoverable amount.
From the standpoint of a banking firm, the cash flows generated by a CGU cannot be identified without considering the cash flows of financial assets/liabilities, given that these result the firm's core business. Following this approach (e.g. "equity valuation"), the carrying amount of the CGU can be determined in terms of free cash flow to consolidated equity, including non-controlling interests.

CRITERIA TO ESTIMATE THE VALUE IN USE OF A CGU
The value in use of the CGUs was determined by discounting to present value their expected cash flows over a five-year forecast period. The cash flow of the fifth year was assumed to grow in perpetuity (at a rate indicated with the notation "g", to determine terminal value. The growth rate "g" was set on the basis of a consistent medium-term rate of inflation in the euro zone).
From the standpoint of a banking/financial company, the cash flows generated by a CGU cannot be identified without considering the cash flows of financial assets/liabilities, given that these arise from the company's core business. In other words, the recoverable amount of the CGUs is affected by the above cash flows and, as such, must include also financial assets/liabilities.

Accordingly, these assets and liabilities must be allocated to the CGU of reference.
In light of the above, it would be rather fair to say that the cash flows of the individual CGUs are equivalent to the earnings generated by the individual CGUs. Accordingly, it was assumed that the free cash flow (FCF) corresponds to the Net Profit of a CGU under valuation.

DETERMINING THE DISCOUNT RATE TO CALCULATE THE PRESENT VALUE OF CASH FLOWS
In determining value in use, cash flows were discounted to present value at a rate that reflects current considerations on market trends, the time value of money and the risks specific to the business. The discount rate used – given that it was a financial firm – was estimated solely in terms of equity valuation that is considering only the cost of capital (Ke), in keeping with the criteria to determine cash flows that, as already shown, include also the inflows and outflows associated with financial assets and liabilities.

The cost of capital was then calculated by using the Capital Asset Pricing Model (CAPM). Based on this model, cost of capital is calculated as the sum of a risk-free return and a risk premium, which in turn, depends on the risk specific to the business (such risk reflecting both industry risk and country risk).

RESULTS OF THE IMPAIRMENT TEST
Goodwill was tested for impairment on the reporting date, without any impairment loss.
The underlying assumptions to calculate the recoverable amounts of the CGUs reflect past experience and earnings forecasts approved by the competent corporate bodies and officers and are consistent with external sources of information, particularly:
- the discount rate of 7.01% was calculated as cost of capital, considering a risk-free interest rate of -0.57%, a risk premium for the company of 6% and a beta of 1.27;
- the estimated growth rate was 1.3%.

The following table shows the recoverable and market amounts of the CGUs:

CGU – €/mln	Goodwill	Market value	Recoverable value	Excess over carrying amount
Wholesale financing	86.9	569.0	1,657.9	1,088.9
Leasys S.p.A.	93.5	266.1	2,795.2	2,529.1
Ferrari Financial Services GmbH	1.5	35.2	52.1	17.0
Leasys Rent S.p.A.	1.4	19.1	74.3	55.3
Leasys Rent France S.A.S.	13.7	22.2	76.9	54.7
Leasys Rent Espana S.L.U.	7.3	13.6		
Total	**204.3**	**925.2**	**4,656.5**	**3,744.9**

A sensitivity analysis was performed by simulating a change in significant parameters such as an increase in the discount rate up to 1% or a decrease in the growth rate "g".
After such analysis the recoverable amount is confirmed to be higher than the carrying amount.

SECTION 11
Tax Assets and Tax Liabilities – Assets Item 110 and Liabilities Item 60

11.1 Assets for anticipated levy: breakdown

	Total 31/12/2020	Total 31/12/2019
- Balancing P&L	233,411	185,863
- Balancing Net Equit	16,938	15,170
Total	250,349	201,032

11.2 Deferred tax liabilities: breakdown

	Total 31/12/2020	Total 31/12/2019
- Balancing P&L	236,287	181,917
- Balancing Net Equit	1,126	1,126
Total	237,413	183,043

11.3 Variation of deferred tax assets (balancing P&L)

	Total 31/12/2020	Total 31/12/2019
1. Opening balance	**185,863**	**176,660**
2. Increases	**82,092**	**40,057**
2.1 Deferred tax assets arisen during the year	81,396	40,057
a) Related to previous fiscal year	36,694	748
b) Due to change in accounting criteria	-	-
c) Write-backs	-	-
d) Others	44,702	39,310
2.2 New taxes or increases in tax rates	598	-
2.3 Other increases	98	-
3. Decreases	**34,544**	**30,854**
3.1 Deferred tax assets derecognised during the year	32,448	25,847
a) Reversals of temporary differences	29,673	23,334
b) Write-downs of non-recoverable items	-	-
c) Due to change in accounting criteria	-	-
d) Others	2,775	2,513
3.2 Reduction in tax rates	171	252
3.3 Other decreases:	1,925	4,755
a) Conversion into tax credit under Italian Law 214/2011	-	-
b) Others	1,925	4,755
4. Closing balance	**233,411**	**185,863**

The deferred tax assets on previous tax losses, booked by the susbsidiary Leasys S.p.A., amount to €53 million as at December 31st, 2020.

11.5 Deferred tax liabilities: annual changes (balancing P&L)

	Total 31/12/2020	Total 31/12/2019
1. Opening balance	**181,917**	**139,931**
2. Increases	**80,370**	**59,050**
2.1 Deferred tax liabilities arisen during the year	80,255	58,986
a) Related to precedent fiscal year	38,106	17,067
b) Due to change in accounting criteria	-	-
c) Others	42,149	41,918
2.2 New taxes or increases in tax rates	9	-
2.3 Other increases	106	65
3. Decreases	**25,999**	**17,065**
3.1 Deferred tax liabilities derecognised during the year	22,429	11,194
a) Reversals of temporary differences	20,688	11,170
b) Due to change in accounting criteria	-	-
c) Others	1,741	24
3.2 Reduction in tax rates	648	1,118
3.3 Other decreases	2,922	4,753
4. Closing balance	**236,287**	**181,917**

11.6 Variation of the anticipated levy (in exchange of Balance Sheet)

	Total 31/12/2020	Total 31/12/2019
1. Opening balance	**15,170**	**13,059**
2. Increases	**1,953**	**2,111**
2.1 Deferred tax assets arisen during the year	1,362	2,111
a) Related to previous fiscal years	-	-
b) Due to change in accounting criteria	-	-
c) Others	1,362	2,111
2.2 New taxes or increases in tax rates	263	-
2.3 Other increases	328	-
3. Decreases	**184**	**-**
3.1 Deferred tax liabilities derecognised during the year	34	-
a) Reversals of temporary differences	-	-
b) Write-downs of non-recoverable items	-	-
c) Due to change in accounting criteria	-	-
d) Others	34	-
3.2 Reduction in tax rates	16	-
3.3 Other decreases	134	-
4. Closing balance	**16,938**	**15,170**

The item includes deferred tax assets recognized through equity as calculated on the cash flow hedge reserve relating to the future cash flows of hedging derivatives and the fiscal effect on the AOCI reserve.

11.7 Deferred tax liabilities: annual changes (balancing Net Equity)

	Total 31/12/2020	Total 31/12/2019
1. Opening balance	**1,126**	**1,126**
2. Increases	**-**	**-**
2.1 Deferred tax liabilities arisen during the year	-	-
a) Related to previous fiscal year	-	-
b) Due to change in accounting criteria	-	-
c) Others	-	-
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-**	**-**
3.1 Deferred tax liabilities derecognised during the year	-	-
a) Reversals of temporary differences	-	-
b) Due to change in accounting criteria	-	-
c) Others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**1,126**	**1,126**

SECTION 13
Other Assets – Item 130

13.1 Other assets: breakdown

Breakdown	Total 31/12/2020	Total 31/12/2019
1. Due from employees	3,147	3,175
2. Receivables arising from sales and services	86,378	153,369
3. Sundry receivables	377,937	502,215
Receivables arising from insurance services	23,789	25,093
Receivables in the process of collection	2,093	1,370
Security deposits	1,996	1,811
Reinsurance assets	12,083	13,973
Other	337,976	459,968
4. Operating lease receivables	592,932	527,056
5. Consignment Stock	120,244	147,315
6. Accrued income	149,248	17,041
Total	1,329,886	1,350,171

With reference to the above representation, please consider that items “Consignment stock” and “Operating lease receivables” are represented net of provision (€36 million) in the table Reconciliation between outstanding and loans and receivables with customers.

The item “Receivables arising from sales and services” includes receivables from incentives and services.

The item “Receivables arising from insurance services” relates mainly to the parent company and the subsidiary Leasys S.p.A. and includes sums due from insurance companies for the payment of commissions.

“Reinsurance activities” relate to the Irish subsidiary.

“Receivables arising from operating leases” amount to €593 million and the value of the vehicles purchased by the leasing companies under buyback arrangements with the seller – thus not accounted for as non-current assets – for a total of €265 million.

The item “Goods on consignment” reflects the value of the vehicles owned by FCA Dealer Services UK Ltd, FCA Dealer Services Espana (Branch Morocco), FCA Capital Norge and FCA Capital Danmark (Branch Finland). These vehicles are held by FCA dealers awaiting their sale.

LIABILITIES

SECTION 1
Financial liabilities at amortised cost – Item 10

1.1 Deposits from banks: product breakdown

Type of transaction/ Values	Total 31/12/2020				Total 31/12/2019			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Loans from central banks	**2,190,823**	**x**	**x**	**x**	**1,313,243**	**x**	**x**	**x**
2. Loans from banks	**8,181,489**	**x**	**x**	**x**	**8,964,804**	**x**	**x**	**x**
2.1 Other current accounts and demand deposits	94,459	x	x	x	33,888	x	x	x
2.2 Time deposits	-	x	x	x	-	x	x	x
2.3 Loans	8,079,085	x	x	x	8,930,316	x	x	x
2.3.1 Repurchase agreement	53,678	x	x	x	119,270	x	x	x
2.3.2 Other	8,025,407	x	x	x	8,811,046	x	x	x
2.4 Liabilities in respect of commitments to repurchase own equity instruments	-	x	x	x	-	x	x	x
2.5 Lease payables	-	x	x	x	-	x	x	x
2.6 Other liabilities	7,945	x	x	x	600	x	x	x
Total	**10,372,312**	**-**	**-**	**11.843.047**	**10,278,046**	**-**	**-**	**10,989,736**

Legend: BV= Book Value L1 = Level 1 L2 = Level 2 L3 = Level 3

This item includes mainly borrowings from banks, of which €4,061 million from the Crédit Agricole Group at arm's length.

1.2 Financial liabilities at amortised cost: breakdown by product of deposits from customers

Type of transactions/ Values	Total 31/12/2020				Total 31/12/2019			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	371,170	x	x	x	259,955	x	x	x
2. Time deposits	1,145,809	x	x	x	843,600	x	x	x
3. Loans	396,788	x	x	x	403,342	x	x	x
3.1 Reverse repos	-	x	x	x	-	x	x	x
3.2 Other	396,788	x	x	x	403,342	x	x	x
4. Liabilities relating to commitments to repurchase own equity instrument	-	x	x	x	-	x	x	x
5. Lease payables	50,463	x	x	x	51,681	x	x	x
6. Other liabilities	135,332	x	x	x	240,173	x	x	x
Total	2,099,562	-	-	2,013,269	1,798,752	-	-	1,793,965

Legend: BV= Book Value L1 = Level 1 L2 = Level 2 L3 = Level 3

Other payables include:
- security deposits by dealers for €1 million and €348 million advances related to factoring.
- Retail liabilities and security deposits made by private individuals in relation to finance leases.

With reference to the above representation, please consider that a portion of the item “Others” (€1 million) is included in the item “Outstanding” in the table Reconciliation between outstanding and loans and receivables with customers.

1.3 Financial liabilities at amortised cost: breakdown by product of debt securities in issue

Type of securities/ Values	Total 31/12/2020				Total 31/12/2019			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
A. Debts securities								
1. Bonds	12,437,201	9,958,002	-	2,067,870	14,856,252	9,439,872	-	5,534,187
1.1 Structured	-	-	-	-	-	-	-	-
1.2 Other	12,437,201	9,958,002	-	2,067,870	14,856,252	9,439,872	-	5,534,187
2. Other securities	578	-	-	578	578	-	-	578
2.1 Structured	-	-	-	-	-	-	-	-
2.2 Other	578	-	-	578	578	-	-	578
Total	12,437,778	9,958,002	-	2,068,448	14,856,829	9,439,872	-	5,534,765

Legend: BV= Book Value L1 = Level 1 L2 = Level 2 L3 = Level 3

The item "Other bonds" reflects:
i) bonds issued by SPEs in connection with securitization transactions, for a nominal amount of €3,435 million;
ii) bonds issued by FCA Bank – Irish Branch for a nominal amount of €8,325 million and GBP 400 million and by FCA Capital Suisse for a nominal amount of CHF 225 million.

1.4 Breakdown of subordinated debts/deposits

	Total 31/12/2020	Total 31/12/2019
A.1 Subordinated debts	**330,474**	**330,485**
- Banks	330,474	330,485
- Customers	-	-
A.2 Non subordinated debts	**12,141,400**	**11,746,313**
- Banks	10,041,838	9,947,561
- Customers	2,099,562	1,798,752
B.1 Subordinated deposits	**-**	**-**
- Banks	-	-
- Customers	-	-
B.2 Non subordinated deposits	**12,437,789**	**14,856,830**
- Banks	1,827,247	3,302,792
- Customers	10,610,532	11,554,038
Total	24,909,653	26,933,628

SECTION 2
Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by product

Type of transactions /Values	Total 31/12/2020					Total 31/12/2019				
	NV	Fair value			Fair value*	NV	Fair value			Fair value*
		L1	L2	L3			L1	L2	L3	
A. Financial liabilities										
1. Deposits from banks	-	-	-	-	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	x	-	-	-	-	x
3.1 Bonds	-	-	-	-	x	-	-	-	-	x
3.1.1 Structured	-	-	-	-	x	-	-	-	-	x
3.1.2 Other bonds	-	-	-	-	x	-	-	-	-	x
3.2 Other securities	-	-	-	-	x	-	-	-	-	x
3.2.1 Structured	-	-	-	-	x	-	-	-	-	x
3.2.2 Other	-	-	-	-	x	-	-	-	-	x
Total A	-	-	-	-	-	-	-	-	-	-
B. Derivative instruments										
1. Financial derivatives	x	-	2,041	-	x	x	-	3,407	-	x
1.1 Trading	x	-	-	-	x	x	-	-	-	x
1.2 Linked to fair value option	x	-	-	-	x	x	-	-	-	x
1.3 Other	x	-	2,041	-	x	x	-	3,407	-	x
2. Credit derivatives	x	-	-	-	x	x	-	-	-	x
2.1 Trading	x	-	-	-	x	x	-	-	-	x
2.2 Linked to fair value option	x	-	-	-	x	x	-	-	-	x
2.3 Other	x	-	-	-	x	x	-	-	-	x
Total B	x	-	2,041	-	x	x	-	3,407	-	x
Total (A+B)	x	-	2,041	-	x	x	-	3,407	-	x

Legend: NV= Nominal Value L1 = Level 1 L2 = Level 2 L3 = Level 3
*Fair value calculated excluding changes in credit worthiness of the issuer after issue date

This item reflects the negative change in the derivative financial instruments hedging the securitization transactions entered into with the same banks as those involved in such transactions.

SECTION 4
Hedging derivatives – Item 40

4.1 Hedging derivatives: breakdown by hedging type and by levels

	Fair value 31/12/2020			NV 31/12/2020	Fair value 31/12/2019			NV 31/12/2019
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	**-**	**93,920**	**-**	**16,566,968**	**-**	**91,533**	**-**	**13,432,019**
1) Fair value	-	78,231	-	13,825,238	-	79,131	-	11,185,900
2) Financial flows	-	15,689	-	2,741,730	-	12,402	-	2,246,119
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
Total	-	93,920	-	16,566,968	-	91,533	-	13,432,019

Legend: NV= Notional Value L1 = Level 1 L2 = Level 2 L3 = Level 3

This item reflects the fair value of the derivative contracts entered into to hedge interest rate risks. Changes in value in these contracts, according to the fair value method, are reported through profit and loss, in item 70 "Gains (losses) on hedging activities" of the income statement.

4.2 Hedging derivatives: breakdown by hedged portfolios and type of hedging

Transactions/ Type of hedge	Fair Value							Cash flow		Foreign invest.
	Micro-hedge						Macro-hedge	Micro-hedge	Macro-hedge	
	Debt securities and interest rates	Equitiy instruments and equity indces	Currencies and gold	Credit	Commodoties	Others				
1. Financial assets at fair value through other comprehensive income	-	-	-	-	x	x	x	-	x	x
2. Financial assets at amortised cost	-	x	4,214	-	x	x	x	-	x	x
3. Portfolio	x	x	x	x	x	x	71,286	x	-	x
4. Other operations	-	-	-	-	-	-	x	-	x	-
Total assets	-	-	4,214	-	-	-	71,286	-	-	-
1. Financial liabilities	2,730	x	-	x	-	-	x	40	x	x
2. Portfolio	x	x	x	x	x	x	-	x	-	x
Total liabilities	2,730	-	-	-	-	-	-	40	-	-
1. Expected transactions	x	x	x	x	x	x	x	-	x	x
2. Portfolio of financial assets and liabilities	x	x	x	x	x	x	-	x	15,650	-

The generic column shows the amount of derivative contracts hedging the retail receivable portfolio. Such contracts have been accounted for with the fair value hedge (macro hedge).

The cash flow hedges refer to derivative contracts hedging interest rate risk. Such contracts, which are used for long-term rental activities, are recognized in accordance with the cash flow hedge method.

SECTION 6
Tax Liabilities - Item 60

For information on this section, see section 11 of the assets.

SECTION 8
Other Liabilities – Item 80

8.1 Other liabilities: breakdown

	Total 31/12/2020	Total 31/12/2019
1. Due to employees	5,650	6,183
2. Operating lease payables	511,885	536,346
3. Due to social security institutions	6,482	4,924
4. Sundry payables	515,316	466,978
- Payables for goods and services	77,224	147,923
- Due to insurance companies	54,288	62,798
- Due to customers	6,525	11,885
- Reinsurance activities	-	-
- Others	274,728	187,352
- Accrued expenses and deferred income	102,551	57,020
Total	1,039,333	1,014,431

The item "Operating lease payables" mainly includes payables for the purchase of cars and for services rendered to the group's long-term-rental companies. With reference to the above representation, please consider that €165 million are represented in the item "Outstanding" of the table Reconciliation between outstanding and loans and receivables with customers.

Line item "Payables for goods and services" includes:
- the provision of administrative, tax and payment services at arm's length by companies of the FCA Group;
- incentives payable to the FCA Group's dealer network;
- charges payable to dealers and banks, mainly in connection with the parent company's operations.

The item "Due to insurance companies" mainly relates to sums due by the parent company and the subsidiary Leasys.

SECTION 9
Provision for employee severance pay – Item 90

9.1 Provision for employee severance pay: annual changes

	Total 31/12/2020	Total 31/12/2019
A. Opening balance	**11,726**	**11,626**
B. Increases	**408**	**275**
B.1 Provision of the year	46	5
B.2 Other increases	362	270
C. Decreases	**1,218**	**175**
C.1 Severance payments	98	134
C.2 Other decreases	1,119	41
D. Closing balance	**10,917**	**11,726**
Total	10,917	11,726

This item reflects the residual obligation for severance indemnities, which was required until December 31st, 2006 under Italian legislation to be paid to employees of Italian companies with more than 50 employees upon termination of employment. This severance can be paid in part to employees during their working lives, if certain conditions are met.

Post-employment benefits, as reported in the statement of financial position, represent the present value of this defined benefit obligation, as adjusted for actuarial gains and losses and for costs relating to labor services not previously recorded.

Provisions for defined benefit pension plans and the annual cost recorded in the income statement are determined by independent actuaries using the projected unit credit method.

9.2 Other information

Changes in defined benefit obligations (IAS 19, paragraphs 140 and 141)

Defined benefit obligation as of 01/01/2020	11,726
a. Service cost	-
b. Interest cost	(13)
c. Curtailment	-
d. Other costs	-
e. Employer's contribution	-
f. Interest income on plan assets	-
g.1 Return on plan assets greater/(less) than discount rate	(68)
g.2 Return on plan assets greater/(less) than demographic assumptions	40
g.3 Net actuarial (gain)/loss: others	(75)
h. Plan participants' contributions	(640)
i. Past service costs/(income) and curtailment (gains) and losses	-
l. Intercompany transactions	(53)
m. Other changes	-
Total defined benefit obligations as of 31/12/2020	10,917

Description of the main actuarial assumptions (IAS 19, paragraph 144)

In order to complete the required assessments it is necessary to adopt the appropriate demographic and economic assumptions referred to:

- mortality rates;
- disability;
- employees leaving the company (resignation or layoff);
- applications for anticipation;
- future employees career (hypothetical promotions to higher categories included);
- purchasing power evolution.

Particularly, based on the FCA Bank S.p.A., following assumptions have been adopted:

Main actuarial Assumptions	ITALY
	TFR
Discount rates	0.39%
Estimated future salary increases rate (inflation included)	0.83%
Expected inflation	0.75%
Mortality rate	SI2018 (modified on the basis of historical data)
Yearly employees outflow average	5.56%

SECTION 10
Provisions for risks and charges – Item 100

10.1 Provisions risk and charges: breakdown

Items/Components	Total 31/12/2020	Total 31/12/2019
1. Funds for credit risk related to financial obligations and warranties	-	-
2. Funds on other obligations and warranties release	-	-
3. Funds of business retirement	47,547	49,954
4. Other funds for risks and obligations	96,427	175,550
4.1 Legal and fiscal controversies	1,114	5,677
4.2 Obligations for employees	14,262	22,791
4.3 Others	81,051	147,082
Total	143,974	225,504

10.2 Provisions for risks and charges: annual changes

	Provisions for other commitments and other guarantees given	Pensions and other post-retirement benefit obligations	Other provisions for risks and charges	Total
A. Opening balance	**-**	**49,954**	**175,550**	**225,504**
B. Increases	**-**	**4,067**	**17,397**	**21,464**
B.1 Provisions for the year	-	3,323	14,526	17,848
B.2 Changes due to pass of time	-	51	-	51
B.3 Changes due to discount-rate changes	-	-	-	-
B.4 Other changes	-	694	2,871	3,565
- of which business aggregation operations	-	-	-	-
C. Decreases	**-**	**6,479**	**96,519**	**102,998**
C.1 Use during the year	-	4,545	31,142	35,687
C.2 Changes due to discount-rate changes	-	358	-	358
C.3 Other changes	-	1,576	65,377	66,953
- of which business aggregation operations	-	-	-	-
D. Closing balance	**-**	**47,547**	**96,427**	**143,974**

10.5 Provisions for retirement benefits and similar obligations

2. Changes in the year of net liabilities (assets) with defined benefits and redemption rights

Changes in defined benefit obligation	31/12/2020
Defined benefit obligation as of the prior period end date	92,554
a. Service cost	2,257
b. Interest cost	960
c. Curtailment	-
d. Other costs	53
e. Employer's contribution	-
f. Interest income on plan assets	-
g.1 Return on plan assets greater/(less) than discount rate	2,527
g.2 Return on plan assets greater/(less) than demographic assumptions	(223)
g.3 Net actuarial (gain)/loss: others	(503)
h. Plan participants' contributions	(2,579)
i. Past service costs/(income) and curtailment (gains) and losses	308
l. Intercompany transactions	(35)
m. Other changes	(365)
Total defined benefit obligations as of 31/12/2020	94,954

3. Information on the fair value of plan assets

Changes in plan assets	31/12/2020
Fair value of plan assets as of the prior period end date	42,601
a. Interest income on plan assets	604
b. Employers contribution	1,789
c. Disbursements from plan assets	623
d. Return on plan assets greater/(less) than discount rate	2,693
e. Other changes	341
Total defined benefit obligations as of 31/12/2020	47,406

Referring to provision for retirement benefits, the actuarial amounts of provisions for defined benefit pension plans, required according to IAS 19, are determined by independent actuaries using the projected unit credit method, as described in Part A – Accounting Policies.

This item includes provisions for pension plans set up by foreign subsidiaries for €48 million (mainly Germany and UK, for €28 million and €11 million, respectively).
The following table shows the main actuarial assumptions used for pension plans, distinguished by country (Italy and “Other countries”).
The table also includes actuarial assumptions for the Italian post-employment benefits (“Trattamento di Fine rapporto – TFR”).

4. Description of the main actuarial assumptions

	ITALY		OTHER COUNTRIES		
Main actuarial Assumptions	**Other post-employment benefit plans**	**Other long-term employee benefits**	**Pension plans**	**Other post-employment benefit plans**	**Other long-term employee benefits**
Discount rates	0.39%	0.39%	0.63%	0.85%	0.74%
Estimated future salary increases rate (inflation included)	0.83%	0.83%	2.22%	1.88%	2.45%
Expected inflation	0.75%	0.75%	1.68%	1.77%	2.50%
Mortality tables	SI2018 (modified on the basis of historical data)		AVÖ 2018-P "Angestellte" MR/FR; BVG 2015 / GT; RT 2018 G; TH/TF 2000-2002; AG Prognosetafel 2020; S2PxA tables / CMI 2017 1.25% pa LTR	AVÖ 2018-P "Angestellte"; MR/FR; TH/TF 2000-2002; EAE21012p; GUS 2019	RT 2018 G; GUS 2019
Yearly employees outflow average	5.56%	5.56%	8.02%	5.45%	7.01%

10.6 Provisions for risks and charges: other provisions

	Total 31/12/2020	Total 31/12/2019
1. Provisions for retirement benefits and similar obligations	14,262	18,139
2. Other provisions for employees	-	-
3. Provisions for tax risks	132	326
4. Reserves for legal disputes	983	847
5. Provisions for risks and charges related to operating leases	11,765	23,732
6. Provisions for sundry risks	69,287	132,506
Total	96,427	175,550

Provisions for risks and charges related to operating leases

This provision mainly consists of provisions for future maintenance and insurance costs for cars provided under operating lease contracts.

Provisions for tax risks

This item refers to provisions in connection with tax ligation and related charges.

Provisions for sundry risks

This item reflects:

- provisions of €26 million for risks related, in the UK market, to the remaining value of the vehicles purchased with PCP (Personal Contract Purchase) loans and the customers' option to terminate voluntarily their contract, under local laws;
- other provisions in the amount of €43 million made mainly by FCA Bank S.p.A. and the subsidiaries in Switzerland, France and Germany.

SECTION 11
Insurance reserves – Item 110

11.1 Insurance provisions: breakdown

	Direct business	Indirect business	Total 31/12/2020	Total 31/12/2019
A. No-life business	**6,129**	**-**	**6,129**	**6,656**
A.1 Premiums reserves	5,161	-	5,161	5,691
A2. Claims reserves	968	-	968	965
A3. Other insurance reserves	-	-	-	-
B. Life business	**6,492**	**-**	**6,492**	**9,471**
B1. Mathematical reserves	2,700	-	2,700	3,308
B2. Reserves for amounts to be disbursed	3,792	-	3,792	6,163
B3. Other reserves	-	-	-	-
C. Technical reserves for investment risks to be borne by the insured	**-**	**-**	**-**	**-**
C1. Reserves for contracts with performances connected to investment funds and market indices	-	-	-	-
C2. Reserves arising from pension fund management	-	-	-	-
D. Total technical reserves	**12,621**	**-**	**12,621**	**16,127**

SECTION 13
Group Shareholders' Equity - Items 120, 130, 140, 150, 160, 170 and 180

13.1 "Share capital" and "Treasury shares": breakdown

	Total 31/12/2020	Total 31/12/2019
A. Share Capital		
A.1 Ordinary shares	700,000	700,000
A.2 Savings shares	-	-
A.3 Preferred shares	-	-
A.4 Other shares	-	-
B. Own shares		
B.1 Ordinary shares	-	-
B.2 Saving shares	-	-
B.3 Preferred shares	-	-
B.4 Other shares	-	-

13.2 Share capital - number of shares owned by the parent company: annual changes

Items/Types	Ordinaries	Others
A. Issued shares as at the beginning of the year	**700,000**	**-**
- fully paid-up	700,000	-
- not fully paid-up	-	-
A.1 Treasury shares (-)	-	-
A.2 Shares outstanding: opening balance	700,000	-
B. Increases	**-**	**-**
B.1 New issues	-	-
- against payment:	-	-
- business combination transaction	-	-
- bonds converted	-	-
- warrants exercised	-	-
- others	-	-
- free:	-	-
- to employees	-	-
- to directors	-	-
- others	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Business tranferred	-	-
C.4 Other changes	-	-
D. Shares outstanding:closing balance	**700,000**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares outstanding as at the end of the year	700,000	-
- fully paid-up	700,000	-
- not fully paid-up	-	-

Share capital is fully paid in. It consists of 700,000,000 shares with a nominal value of €1 each and, at year-end 2020, was unchanged from the previous year.

13.4 Net profit reserve: other information

Group reserves amount to €2,254 million and include: legal reserve, statutory reserve, valuation reserves and other reserves.

The valuation reserves amount to negative €45 million and include reserves of cash flow hedge derivatives for -€10 million, exchange rate valuation reserves (relating to fully consolidated investments) for -€12 million as well as legally required revaluation reserves deriving from the revaluation of property and equipment for +€454 thousand and the negative reserve on actuarial profits (losses) from defined benefit pension plans for -€24 million.

SECTION 14
Minorities – Items 190

Non-controlling interests is attributable to FCA Bank GmbH, Ferrari Financial Services GmbH and other minorities.

14.1 Breakdown of item 210 "Shareholders' equity: minorities"

Companies name	Total 31/12/2020	Total 31/12/2019
Equity investments in consolidated companies with minority interests		
1. Ferrari Financial Services GmbH	33,677	29,024
2. FCA Bank GmbH	27,728	25,876
Others investments	26	31
Total	61,431	54,931

14.2 Minorities: breakdown and annual changes

	Total 31/12/2020	Total 31/12/2019
1. Minority equity - Ordinary shares	3,389	3,389
2. Minority equity - Shares - Parent Company (-)	-	-
3. Minority equity - Equity instruments	-	-
4. Minority equity - Share premium reserve	2,877	2,877
5. Reserves	48,713	42,053
6. Valuation reserves	(63)	(51)
7. Minority equity - Net income (loss)	6,515	6,663
Total	61,431	54,931

Other information

1. Commitments and financial guarantees issued

	Nominal value on financial release obligations and guarantees			Total 31/12/2020	Total 31/12/2019
	First stage	Second stage	Third stage		
Commitment to supply funds	**6,034,719**	**-**	**-**	**6,034,719**	**4,962,089**
a) Central banks	-	-	-	-	-
b) Public Administration	-	-	-	-	-
c) Banks	-	-	-	-	-
d) Other financial companies	-	-	-	-	-
e) Non-financial companies	6,030,249	-	-	6,030,249	4,960,091
f) Households	4,470	-	-	4,470	1,998
Financial guarantees issued	**78,048**	**-**	**-**	**78,048**	**120,224**
a) Central banks	-	-	-	-	-
b) Public Administration	-	-	-	-	-
c) Banks	78,048	-	-	78,048	120,224
d) Other financial companies	-	-	-	-	-
e) Non-financial companies	-	-	-	-	-
f) Households	-	-	-	-	-

The item refers to:
- revocable commitments subblied by the group to dealers – item e) Non financial companies;
- revocable commitments supplied by the group to credit card owners – item f) Households.

3. Assets used to guarantee own liabilities and commitments

Portfolios	Amount 31/12/2020	Amount 31/12/2019
1. Financial assets at fair value through profit and loss	-	-
2. Financial assets at fair value through other comprehensive income	-	-
3. Financial assets at amortised cost	6,536,335	7,961,997
4. Property, plant and equipment	-	-
of which: inventories of property, plant and equipment	-	-

It should be noted that item 3 "Financial asset valued at amortised cost" includes assets encumbrance deriving from securitization operations.
It should be noted that, in relation to the loans received from BCE following the involvement to the TLTRO refinancing program, were pledged as guarantees:
- collateral senior notes for €1.7 billion – arising from FCA Bank securitization operations whose notes were not included in the balance sheet;
- receivables from factoring transactions relating to the A.BA.CO. program for a total of €1.1 billion.

6. Financial assets subject to offsetting in the financial statements or subject to netting framework arrangements or similar agreements

Instrument type	Gross amount of financial assets (a)	Amount of financial liabilities offset in balance sheet (b)	Net amount of financial assets reported in balance sheet (c=a-b)	Related amounts not subject to accounting offsetting		Net amount (f=c-d-e)	Net amount (f=c-d-e)
				Financial instruments (d)	Cash deposit received in guarantee (e)	31/12/2020	31/12/2019
1. Derivatives	-	-	-	-	-	-	-
2. Repos	60,265	-	60,265	59,203	-	1,062	26,764
3. Securities lending	-	-	-	-	-	-	-
4. Others	1,170,000	1,170,000	-	-	-	-	-
Total 31/12/2020	1,230,265	1,170,000	60,265	59,203	-	1,062	x
Total 31/12/2019	1,229,779	1,200,000	29,779	29,640	139	x	-

Netting refers to loans and deposits regulated under specific netting agreements which as such were presented net according to IAS 32.

7. Financial liabilities subject to accounting offsetting or under master netting agreements and similar agreements

Instrument type	Gross amount of the financial liabilities (a)	Financial assets offset in balance sheet (b)	Net amount of the financial liabilities reportes in balance sheet (c=a-b)	Related amounts not subjectto accounting offsetting		Net amount (f=c-d-e)	Net amount (f=c-d-e)
				Financial instruments (d)	Cash collateral received (e)	31/12/2020	31/12/2019
1. Derivatives	67,812	-	67,812	22,972	44,840	-	-
2. Repos	53,678	-	53,678	53,678	-	-	119,270
3. Securities lending	-	-	-	-	-	-	-
4. Other operations	1,170,000	1,170,000	-	-	-	-	-
Total 31/12/2020	1,291,490	1,170,000	121,490	76,650	44,840	-	x
Total 31/12/2019	1,322,266	1,200,000	122,266	120,566	1,700	-	-

Part C - Information on the consolidated income statement

SECTION 1
Interests – Items 10 and 20

1.1 Interest income and similar revenue: breakdown

Items/Technical forms	Debts securities	Loans	Other operations	Total 31/12/2020	Total 31/12/2019
1. Financial assets at fair value through profit and loss	**-**	**-**	**-**	**-**	**-**
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily at fair value	-	-	-	-	-
2. Financial assets at fair value through other comprehensive income	**-**	**-**	**x**	**-**	**162**
3. Financial assets at amortised cost	**-**	**844,544**	**x**	**844,544**	**921,626**
3.1 Credits to banks	-	67,482	x	67,482	33,226
3.2 Credits to customers	-	777,062	x	777,062	888,400
4. Hedging derivatives	**x**	**x**	**(16,552)**	**(16,552)**	**(16,838)**
5. Other assets	**x**	**x**	**25,791**	**25,791**	**23,259**
6. Financial liabilities	**x**	**x**	**x**	**10,247**	**2,075**
Total	-	844,544	9,239	864,030	930,283
of which: interest income on credit impaired	-	-	-	-	-
of which: interest income on financial lease	-	-	-	-	-

1.2 Interest and similar income: other information

1.2.1 Interest income from financial assets denominated in currency

Items	Total 31/12/2020	Total 31/12/2019
Interest income from currency assets	157,852	160,540

1.2.2 Interest income from financial lease

Items	Total 31/12/2020	Total 31/12/2019
Interest income from financial lease	542,031	509,148

1.3 Interest expense and similar charges: breakdown

Items/Technical forms	Debts	Securities	Other transactions	Total 31/12/2020	Total 31/12/2019
1. Financial liabilities at amortised cost	99,103	92,601	x	191,704	234,646
1.1 Debts to central banks	-	x	x	-	-
1.2 Debts to banks	73,156	x	x	73,156	83,899
1.3 Debts to customers	25,946	x	x	25,946	37,252
1.4 Debt securities in issue	x	92,601	x	92,601	113,496
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and funds	x	x	3,369	3,369	2,774
5. Hedging derivatives	x	x	9,105	9,105	(585)
6. Financial assets	x	x	x	5,117	-
Total	99,103	92,601	12,474	209,295	236,835

1.4 Interest expense and similar charges: other information

1.4.1 Interest expenses on liabilities denominated in currency

Items	Total 31/12/2020	Total 31/12/2019
Interest expense on liabilities held in foreign currency	(18,001)	(42,238)

1.4.2 Interest expenses on financial lease

Items	Total 31/12/2020	Total 31/12/2019
Interest expense on finance lease transactions	(1,230)	(1)

1.5 Differentials related to hedging operations

Items	Total 31/12/2020	Total 31/12/2019
A. Positive differentials related to hedging operations:	-	585
B. Negative differentials related to hedging operations:	(25,659)	(16,838)
C. Net differential (A-B)	**(25,659)**	**(16,254)**

SECTION 2
Commissions – Items 40 e 50

2.1 Fees and commissions income: breakdown

Type of services/Values	Total 31/12/2020	Total 31/12/2019
a) Guarantees given	-	-
b) Credit derivatives	-	-
c) Management, brokerage and consultancy services:	53,769	58,159
1. Securities trading	-	-
2. Currency trading	-	-
3. Portfolio management	-	-
3.1. Individuals	-	-
3.2. Collectives	-	-
4. Custody and administration of securities	-	-
5. Custodian bank	-	-
6. Placement of securities	-	-
7. Reception and transmission of orders	-	-
8. Advisory services	-	-
8.1. Relating to investments	-	-
8.2. Relating to financial structure	-	-
9. Distribution of third party services	53,769	58,159
9.1. Porfolios management	-	-
9.1.1. Individuals	-	-
9.1.2. Collectives	-	-
9.2. Insurance products	52,708	56,939
9.3. Other products	1,061	1,220
d) Collection and payment services	1,956	1,499
e) Securitisation servicing	358	2,728
f) Services for factoring operations	16,165	15,986
g) Tax collection services	-	-
h) Management of multilateral Trading facilities	-	-
i) Holding and management of current account	-	-
j) Other services	61,120	69,408
Total	133,368	147,780

2.2 Fees and commissions expenses: breakdown

Services/Values	Total 31/12/2020	Total 31/12/2019
a) Guarantees received	(558)	(2,138)
b) Credit derivatives	-	-
c) Management and brokerage services	-	-
1. Trading financial instruments	-	-
2. Currency trading	-	-
3. Portfolios management	-	-
3.1 Own portfolio	-	-
3.2 Third party portfolio	-	-
4. Custody and administration securities	-	-
5. Placement of financial instruments	-	-
6. Off-site distribution of financial instruments, products and services	-	-
d) Collection and payment services	(14,793)	(15,013)
e) Other services	(28,083)	(28,742)
Total	(43,434)	(45,893)

With reference to the "Reconciliation between reported income statement and reclassified income statement" please see that the total of the item 50 equal to €43 millions is broken down, coherent with the mentioned managerial representation, in the following groups:

- "guarantees received" in the present table also include insurance costs referred to the credit risk coverage on part of Wholesale Financing portfolio for a total of €11 million classified as "risk cost" at the managerial representation scope;
- residual €33 million are included in "Net banking income".

The item "payment and collection services" mainly represents cost for the collection of finance lease payments and retail loan instalments.

SECTION 4
Gains (Losses) on financial assets and liabilities held for trading– Item 80

4.1 Gains and losses on financial assets and liabilities held for trading: breakdown

Transactions / P&L items	Capital gains (A)	Incomes from negotiation (B)	Capital losses (C)	Losses from negotiation (D)	Net result [(A+B)-(C+D)]
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Others	-	-	-	-	-
Financial assets and liabilities: exchange differences	**x**	**x**	**x**	**x**	**(82)**
3. Derivatives	**1,708**	**(8)**	**(414)**	**(956)**	**331**
3.1 Financial derivatives:	1,708	(8)	(414)	(956)	331
- On debt securities and interest rates	1,708	(8)	(414)	(2,718)	(1,431)
- On equity securities and share indices	-	-	-	1,762	1,762
- On currency and gold	x	x	x	x	-
- Others	-	-	-	-	-
3.2 Credit derivatives	-	-	-	-	-
of which: economic hedges linked to the fair value option	x	x	x	x	-
Total	1,708	(8)	(414)	(956)	249

The items reflect changes in the fair value of assets and liabilities held for trading.

SECTION 5
Fair value adjustments in hedge accounting– Item 90

5.1 Fair value adjustments in hedge accounting: breakdown

P&L items/Values	Total 31/12/2020	Total 31/12/2019
A. Incomes from:		
A.1 Fair value hedging instruments	39,633	38,033
A.2 Hedged financial assets (fair value)	33,048	33,807
A.3 Hedged financial liabilities (fair value)	7,947	26,124
A.4 Cash-flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	427	3,094
Total incomes on hedging activities (A)	81,055	101,058
B. Charges on:		
B.1 Fair value hedging instruments	(46,605)	(69,271)
B.2 Hedged financial assets (fair value)	(11,265)	(13,089)
B.3 Hedged financial liabilities (fair value)	(27,493)	(19,134)
B.4 Cash-flow hedging derivatives	-	-
B.5 Assets and liabilities denominated in currency	(500)	(5,751)
Total charges in hedge accounting (B)	(85,863)	(107,245)
C. Net hedging result (A-B)	**(4,808)**	**(6,187)**
of which: result of hedges on net exposures (IFRS 7 24C, lett. b) vi); IFRS9 6.6.4)	-	-

This item reflects the changes in fair value of derivative contracts recognized as Fair Value Hedge.

SECTION 6
Gains and losses on disposals/repurchases – Item 100

6.1 Gains and losses on disposals/repurchases: breakdown

Items / P&L items	Total 31/12/2020			Total 31/12/2019		
	Gains	Losses	Net profit	Gains	Losses	Net profit
Financial assets						
1. Financial assets at amortised cost	358	(369)	(11)	1,462	-	1,462
1.1 Loans and receivables with banks	-	-	-	-	-	-
1.2 Loans and receivables with customers	358	(369)	(11)	1,462	-	1,462
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-	-
2.2 Loans	-	-	-	-	-	-
Total assets	358	(369)	(11)	1,462	-	1,462
Financial liabilities at amortised cost	-	-	-	-	-	-
1. Deposits from banks	-	-	-	-	-	-
2. Depositsfrom customers	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-

SECTION 8
Net impairment / reinstatement for credit risk – Item 130

8.1 Net impairment for credit risk relating to financial assets at amortised cost: breakdown

Transactions/P&L items	Write-downs (1)			Write - backs (2)		Total 31/12/2020	Total 31/12/2019
	First and second stage	Third stage		First and second stage	Third stage		
		Write-off	Others				
A. Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Loans	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-
of which: acquired or originated impaired loans	-	-	-	-	-	-	-
B. Loans and advances to customers	**(52,163)**	**(2,233)**	**(35,977)**	**6,603**	**13,181**	**(70,588)**	**(47,388)**
- Loans	(50,402)	(2,233)	(36,926)	6,603	13,181	(69,777)	(47,388)
- Debt securities	(1,760)	-	949	-	-	(811)	-
of which: acquired or originated impaired loans	-	-	-	-	-	-	-
Total	(52,163)	(2,233)	(35,977)	6,603	13,181	(70,588)	(47,388)

With reference to the "Reconciliation between reported income statement and reclassified income statement" please see that the total of the item 130 equal to €71 millions is broken down, coherent with the mentioned managerial representation, in the following groups:

- in the €39 million is included in the "cost of risk";
- in the "other operating expenses and icome" for €32 million.

8.1a Net impairment for credit risk related to loans and advances at amortized cost subject to measures applied in response to the Covid-19: breakdown

Operation/P&L item	Net adjustments			Total 31/12/2020	Total 31/12/2019
	First and second stage	Third stage			
		Write-off	Others		
1. Loans and advances subject to EBA-compliant moratoria (legislative and non-legislative)	(5,660)	-	(2,584)	(8,244)	-
2. Other loans and advances subject to Covid-19-related forbearance measures	-	-	-	-	-
3. Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-
Total	(5,660)	-	(2,584)	(8,244)	-

SECTION 10
Net premiums – Item 160

10.1 Net premiums: breakdown

Premiums from insurance	Direct business	Indirect business	Total 31/12/2020	Total 31/12/2019
A. Life business				
A.1 Gross premiums accounted (+)	2,251	-	2,251	3,618
A.2 Reinsurance premiums ceded (-)	(2,026)	x	(2,026)	(3,256)
A.3 Total	225	-	225	362
B. Non-life business				
B.1 Gross premiums accounted (+)	3,093	-	3,093	3,463
B.2 Reinsurance premiums ceded (-)	(658)	x	(658)	(1,389)
B.3 Change in gross value of premiums reserves (+/-)	2,804	-	2,804	(649)
B.4 Change in premium reserve ceded to reinsures (+/-)	(3,062)	-	(3,062)	(544)
B.5 Total	2,177	-	2,177	881
C. Total net premiums	**2,402**	**-**	**2,402**	**1,243**

SECTION 11
Other net insurance income and expenses – Item 170

11.1 Other net insurance income and expenses: breakdown

Items	Total 31/12/2020	Total 31/12/2019
1. Net change in insurance provisions	84	(736)
2. Claims accrued and paid during the year	(253)	(184)
3. Other income and expenses from insurance	870	53
Total	701	(867)

11.2 Breakdown of "Net change in technical reserves"

Net change in insurance reserves	Total 31/12/2020	Total 31/12/2019
1. Life business		
A. Mathematical reserves	237	(515)
A.1 Gross annual amount	2,371	(5,151)
A.2 (-) Amount attributable to reinsurers	(2,134)	4,636
B. Other insurance reserves	-	-
B.1 Gross annual amount	-	-
B.2 (-) Amount attributable to reinsurers	-	-
C. Insurance reserves for investment risks to be borne by the insured	-	-
C.1 Gross annual amount	-	-
C.2 (-) Amount attributable to reinsurers	-	-
Total "life business reserves"	237	(515)
2. Non-life business		
Change in provisions for non-life business other than claims provisions, net of amounts ceded to reinsurers	(153)	(221)

11.3 Breakdown of "Claims accrued and paid during the year"

Charges for claims	Total 31/12/2020	Total 31/12/2019
Life business: charges relating to claims, net of reinsurance ceded		
A. Amounts paid	(147)	(152)
A.1 Gross annual amount	(1,466)	(1,519)
A.2 (-) Amount attributable to reinsurers	1,319	1,367
B. Change in reserve for amounts payable	-	-
B.1 Gross annual amount	-	-
B.2 (-) Amount attributable to reinsurers	-	-
Total life business claims	(147)	(152)
Non-life business: charges relating to claims, net of recoveries and reinsurance ceded		
C. Amounts paid	(106)	(32)
C.1 Gross annual amount	(416)	(320)
C.2 (-) Amount attributable to reinsurers	310	288
D. Change in recoveries net of amount ceded to reinsures	-	-
E. Change in claims reserves	-	-
E.1 Gross annual amount	-	-
E.2 (-) Amount attributable to reinsurers	-	-
Total non-life business claims	(106)	(32)

11.4 Breakdown of “Other income and expenses arising from insurance business”

11.4.1 Breakdown of "Other income and expense (net) from insurance activities" - Life business

	Total 31/12/2020	Total 31/12/2019
Life insurance		
A. Revenues	239	28
- Other technical revenues net of reinsurance ceded	-	-
- Revenues and unrealized capital gains related to investments in favour of insured parties who bear the risk	-	-
- Change in commissions and Other acquisition costs to be amortized	-	-
- Commissions and profit-sharing received from reinsurers	-	-
- Other revenues	239	28
B. Expenses	-	-
- Other technical expenses net of reinsurance ceded	-	-
- Expenses and unrealized capital losses related to investments in favour of insured parties who bear the risk	-	-
- Acquisition commissions	-	-
- Other acquisition expenses	-	-
- Collection commissions	-	-
- Other expenses	-	-
Total Life insurance (A - B)	239	28

11.4.2 Breakdown of "Other income and expense (net) from insurance activities" – Non life business

	Total 31/12/2020	Total 31/12/2019
Non-life insurance		
A. Revenues	640	25
- Other technical revenues net of reinsurance ceded	-	-
- Revenues and unrealized capital gains related to investments in favor of insured parties who bear the risk	-	-
- Change in commissions and Other acquisition costs to be amortized	-	-
- Other revenues	640	25
B. Expenses	-	-
- Other technical expenses net of reinsurance ceded	-	-
- Acquisition commissions	-	-
- Other acquisition expenses	-	-
- Collection commissions	-	-
- Other expenses	-	-
Total Non-life insurance (A - B)	640	25

SECTION 12
Administrative expenses – Item 190

12.1 Staff expenses: breakdown

Type of expense/Sectors	Total 31/12/2020	Total 31/12/2019
1) Employees	**(163,969)**	**(154,730)**
a) Wages and salaries	(113,876)	(103,677)
b) Social obligation	(25,494)	(27,078)
c) Severance pay	(2,761)	(3,143)
d) Social security costs	-	(244)
e) Allocation to employee severance pay provision	(209)	(18)
f) Provision for retirements and similar provisions	(1,283)	(4,536)
- Defined contribution	(570)	(1,524)
- Defined benefit	(713)	(3,012)
g) Payments to external pension funds:	(2,588)	(2,264)
- Defined contribution	(2,134)	(2,259)
- Defined benefit	(454)	(5)
h) Costs arising from share-based payments	-	-
i) Other employee benefits	(17,757)	(13,770)
2) Other staffs in activity	**(6,059)**	**(19,203)**
3) Managers and statutory auditors	**(1,076)**	**(1,096)**
4) Staffs collocated to retirement	**-**	**-**
Total	(171,104)	(175,030)

12.2 Average number of employees by category

	Total 31/12/2020	Total 31/12/2019
1) Employees	**2,415**	**2,280**
a) Senior managers	69	72
b) Managers	471	443
c) Remaining employees staff	1,875	1,765
2) Other staffs	**-**	**-**
Total	2,415	2,280

12.3 Defined benefit company retirement funds: costs and revenues

With reference to pension funds, please refer to the movement shown in item 120. “Provisions for risks and charges of Liabilities”.

12.4 Other employee benefits

The balance of other benefits to employees as at December 31st, 2020 amounted to €17,757 thousand.

12.5 Other administrative expense: breakdown

Item/Sector	Total 31/12/2020	Total 31/12/2019
1. Consulting and professional services	(20,788)	(17,560)
2. EDP costs	(37,303)	(35,491)
3. Rents and utilities	(10,380)	(10,294)
4. Indirect and other taxes	(11,617)	(10,613)
5. Advertising and promotion expenses	(8,902)	(7,839)
6. Other expenses	(14,205)	(21,616)
Total	(103,195)	(103,413)

With reference to the “Reconciliation between reported income statement and reclassified income statement” please see that the total of the item 190 equal to €274 millions is broken down, coherent with the mentioned managerial representation, in the following groups:

- €259 million are included in the net operating expense;
- €15 million are included in the other operating expenses and income.

The item "Other expenses" includes leasing contracts falling within the scope of IFRS16. For details of this component, reference is made to "Part M – Leasing Information".

SECTION 13
Net provisions for risks and charges– Item 200

13.3 Net provisions for risks and charges: breakdown

	Total 31/12/2020		Total 31/12/2019	
	Write-downs	Wtite-backs	Write-downs	Wtite-backs
1. Provisions for risks and charges related to operating leases	(10,882)	649	(13,998)	14,191
1.1 Future maintenance provision	(10,376)	1	(12,579)	14,191
1.2 Self-insurance provision	(507)	647	(1,419)	-
2. Provisions to other risks and charges	(3,255)	61,488	(6,047)	6,690
3. Technical insurance reserve	-	-	-	-
4. Legal risks	(388)	55	(272)	241
Total	(14,526)	62,192	(20,317)	21,122

On December 31st, 2020 the value of provisions for risks and charges is +€48 million, for managerial scope these provisions are aggregated as follow:

- write-downs are included in Net banking income for a total of €11 million;
- in net operating costs are included €1 million of write-backs;
- write-backs are included in other operating expenses and income for a total of €60 million.

SECTION 14
Impairment on property, plant and equipment - Item 210

14.1 Net value adjustments/write-backs on property, plant and equipment: breakdown

Asset/P&L items	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Property, plant and equipment				
1. Owned	(507,236)	(3,086)	1,084	(509,238)
- Used in the business	(496,847)	(3,086)	1,084	(498,849)
- Rights of use acquired through lease	(10,389)	-	-	(10,389)
2. Acquired through finance lease	-	-	-	-
- Used in the business	-	-	-	-
- Rights of use acquired through lease	-	-	-	-
3. Inventories	x	-	-	-
Total	(507,236)	(3,086)	1,084	(509,238)

With reference to "Reconciliation between reported income statement and reclassified income statement"
▪ in the item "net banking income" are included Rental amortized costs for 496 million;
▪ in "net operating expenses" are included amortizing amortized costs referred to other fixed assets for 14 million (office furniture and fitting, electronic system and others).

SECTION 15
Impairment on intangible assets – Item 220

15.1 Net value adjustments/write-backs on intangible assets: breakdown

Asset/P&L items	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Intangible assets				
A.1 Owned	(15,611)	(310)	-	(15,921)
- Generated internally by the company	-	-	-	-
- Other	(15,611)	(310)	-	(15,921)
A.2 Rights of use acquired through lease	-	-	-	-
Total	(15,611)	(310)	-	(15,921)

With reference to "Reconciliation between reported income statement and reclassified income statement", please see intangible amortized costs are included in "net operating expenses".

SECTION 16
Other operating expenses/income – Item 230

16.1 Other operating expenses: breakdown

Items	Total 31/12/2020	Total 31/12/2019
1. Credit collection expenses	(8,236)	(8,142)
2. Information charges	(3,411)	(1,482)
3. Other expenses:	(472,982)	(468,693)
3.1 Operating lease charges	(395,720)	(388,163)
3.2 Finance lease charges	(22,195)	(15,614)
3.3 Contract expenses	(7,272)	(6,911)
3.4 Sundry charges	(47,795)	(58,104)
Total	(484,630)	(478,417)

16.2 Other operating incomes: breakdown

Items	Total 31/12/2020	Total 31/12/2019
1. Expense recoveries	35,784	36,720
2. Income from operating leases	1,151,178	1,046,603
3. Income from finance lease	10	712
4. Sundry income	39,574	18,649
Total	1,226,545	1,102,684

With reference to "Reconciliation between reported income statement and reclassified income statement" of the report on operations please see the item 230 amount "other operating income/charges" equal to €742 million is allocated as follow:

▪ other operating income for €763 million are allocated in the "net banking income" and other operating charges;

▪ other operating charges are included for €5 million in "net operating expenses";

▪ other operating charges for €13 million are included in "cost of risk";

▪ other operating charges related to retail are included for €3 million in "other operating income/charges".

SECTION 21

Tax expenses (income) for the period from continuing operations – Item 300

21.1 Tax expense (income) relating to profit or loss from continuing operations: breakdown

P&L items/Sectors	Total 31/12/2020	Total 31/12/2019
1. Current taxes (-)	(153,061)	(150,935)
2. Change of current taxes of previous years (+/-)	(2,184)	12,722
3. Reduction of current taxes for the year (+)	-	-
3. bis Reduction of current taxes for the year due tax credit under Law 214/2011 (+)	-	-
4. Change of deferred tax assets (+/-)	47,548	13,958
5. Change of deferred tax liabilities (+/-)	(54,371)	(46,674)
6. Tax expenses for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5)	(162,068)	(170,930)

This item reflects taxes for the year and the change in deferred tax assets and liabilities occurred during the same period.

21.2 Reconciliation of theoretical tax charge to actual tax charge

	31/12/2020
Profit for the year before taxes	**662,737**
Theoretical tax liability	**182,253**
Increase effect of permanent differences	531
Decrease effect of permanent differences	(89,056)
Consolidation effect	41,199
Actual tax liability (A)	**134,927**
IRAP - Theoretical tax liability	**39,914**
Increase effect of permanent differences	1,198
Decrease effect of permanent differences	(13,178)
Consolidation effect	195
IRAP - Actual tax liability (B)	**25,129**
Prior years tax adjustments (C)	**2,012**
Actual tax liability recognized A+B+C	**162,068**

SECTION 23
Minority profit (loss) of the year - Item 340

23.1 Breakdown of item 340 “Minority gains (losses)”

Companies name	Total 31/12/2020	Total 31/12/2019
FCA Bank GmbH	1,868	2,109
Ferrari Financial Services GmbH	4,647	4,041
Others minorities	-	513
Total	6,515	6,663

The profit attributable to minority interests amounted to €6,515 thousand, attributable to FCA Bank GmbH and Ferrari Financial Services GmbH.

SECTION 25
Earnings per share

25.1 Average number of ordinary shares

The holding capital consists of 700,000,000 share with a nominal value of euro 1 each.

Part D - Consolidated comprehensive income

OTHER COMPREHENSIVE DETAILED CONSOLIDATED INCOME STATEMENTS

Items	Total 31/12/2020	Total 31/12/2019
10. Net Profit (Loss) for the year	**500,670**	**467,075**
Other comprehensive income after tax not to be recycled to income statement	**919**	**(6,930)**
70. Defined benefit plans	783	(7,796)
100. Income taxes relating to other income components without reversal to the income statement	136	866
Other comprehensive income after tax to be recycled to income statement	**(18,678)**	**13,518**
120. Exchange differrences:	(15,344)	16,035
a) Value change	-	-
b) Transfer to the income statement	-	-
c) Other changes	(15,344)	16,035
130. Cash flow hedges:	(4,966)	(3,761)
a) Changes in fair value	(4,966)	(3,761)
b) Transfer to the income statement	-	-
c) Other changes	-	-
of which: result of net positions	-	-
180. Income taxes relating to other income components with reversal to the income statement	1,632	1,244
190. Total of other comprehensive income after tax	**(17,759)**	**6,588**
200. Comprehensive income (Items 10+190)	**482,911**	**473,663**
210. Consolidated comprehensive income attributable to minorities	6,500	6,533
220. Consolidated comprehensive income attributable to parent company	**476,411**	**467,130**

Part E - Information on risk and related risk management policies

The FCA Bank Group attributes significant importance to risk measurement, management and control as key conditions to ensure sustainable growth in such a highly complex and dynamic economic context as the current one.

Risk monitoring and control, which is designed to ensure the sound and prudent management of the group, are carried out through a three-level internal control system. For the organization and management activities as well as the processes and key functions devoted to risk prevention, monitoring and assessment, reference is made to the Report on Operations, where, in the section on "The internal control system", a description is provided of the operations, areas and controls related to the bank's risk management.

The identification and mapping of risks is an ongoing process, to improve risk management and to update the map of risks to which the group is exposed.
The FCA Bank Group, in its capacity as a group 2 bank uses standardized methods to measure all its risks.

FCA Bank places emphasis on risk management, as a condition to ensure the generation of reliable and sustainable value in a risk-controlled environment.
The risk management strategy aims to attain a global and coherent overview of risks, considering both the macroeconomic scenario and the group's risk profile, fostering the development of a risk culture and enhancing a transparent and accurate representation of risk.

The group's risk underwriting strategies are summarized in its Risk Appetite Framework (RAF), approved by the Board of Directors. The RAF is designed to ensure that the risks taken are in line with the shareholders' expectations, taking into account the group's risk position and the current economic and business conditions. The framework sets out risk propensity limits and the controls established for the overall risk profile and the main specific risks.

The RAF is an organic and structured approach, which extends from the Risk Management function to the group as a whole to:
▪ ensure that the Board of Directors and management are properly involved in the group's risk management;
▪ combine strategic policies and business choices with risk propensity;
▪ ensure that shareholder value and returns are generated;
▪ comply with all regulatory requirements;
▪ activate a structured approach for the management, implementation and monitoring of the Risk Appetite Framework at all group levels;
▪ define precisely roles and responsibilities in case of breaches of risk propensity and to foster dialogue among the areas concerned at both parent and subsidiary level.

The above principles are applicable both at group level and at business unit or company level. In case of external growth, these general principles will be applied considering the specific characteristics of the market and the competitive context in which growth takes place. Thus, the Risk Appetite Framework is the backdrop against which the group manages its risks, with the definition of general risk appetite and the ensuing structure of the risk management process, the overall risk profile, and the principal specific risks of the group. Management of the overall risk profile derives from the definition of general principles and is structured on the basis of limits, to ensure that the group is always compliant with the minimum solvency, liquidity and profitability levels, including under severe stress conditions. In addition, the group aims to maintain the desired operational, reputational and compliance risk profiles.

The definition of the Risk Appetite Framework is a comprehensive process driven by the Chief Risk Officer, which calls for close cooperation with the Chief Financial Officers and the heads of the various Business Units. It is developed in keeping with the ICAAP and ILAAP processes and is the key reference for the development of the budget and the business plan. In this way, consistency is established between the strategy and the risk underwriting policy, on one side, and the planning and budgeting process, on the other. The definition of the Risk Appetite Framework and the consequent operational limits on the main specific risks, the use of risk measurement tools in the context of credit management processes and operational risk control, the use of capital-at-risk measures to report company performance and the internal capital adequacy assessment are key steps in the operational process to implement risk management strategies, defined by the Board of Directors, along the group's entire decision-making chain.

Current and prospective Total Internal Capital is calculated on an annual basis for regulatory purposes - with "event-based" redeterminations, in case of significant organizational and/or strategic changes – and is otherwise monitored constantly through reviews of capital plans by Risk and Permanent Control, with the support of the Finance department.

Impacts deriving from the Covid-19 pandemic

Following the Covid-19 health emergency and its impacts on the social and economic context, the Bank's risk measurement and control system has shown its effectiveness, highlighting the actions necessary for correct and prudent risk management, with the actions taken shared from time to time with the Bank of Italy.

SECTION 1
Risk of the accounting consolidated perimeter

QUANTITATIVE DISCLOSURES

A. Credit quality

A.1 Performing and non-performing credit exposures: amounts, adjustments, changes, and economic breakdown

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

Portfolios/Quality	Bad exposures	Unlikely to pay	Non performing past due exposures	Performing past due exposures	Other performing past due exposures	Total
1. Financial assets at amortised cost	42,291	50,867	29,469	315,435	23,608,396	24,046,459
2. Financial assets at fair value through other comprehensive income	-	-	-	-	9,305	9,305
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily at fair value	-	-	-	-	-	-
5. Financial assets as held for sale	-	-	-	-	-	-
Total 31/12/2020	42,291	50,867	29,469	315,435	23,617,701	24,055,763
Total 31/12/2019	40,546	67,415	44,679	388,497	25,371,702	25,912,840

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

Portfolios/ quality	Impaired				Not impaired			
	Gross exposure	Overall writedowns of value	Net exposure	Overall partial write-off*	Gross exposure	Overall writedowns of value	Net exposure	Total (net exposition)
1. Financial assets at amortised cost	268,037	(145,410)	122,627	1,237	24,064,704	(140,872)	23,923,832	24,046,459
2. Financial assets at fair value through other comprehensive income	-	-	-	-	9,305	-	9,305	9,305
3. Financial assets designated at fair value	-	-	-	-	x	x	-	-
4. Other financial assets mandatorily at fair value	-	-	-	-	x	x	-	-
5. Financial assets as held for sale	-	-	-	-	-	-	-	-
Total 31/12/2020	268,037	(145,410)	122,627	1,237	24,074.008	(140,872)	23,933,137	24,055,764
Total 31/12/2019	299,704	(147,064)	152,640	269	25,883,667	(123,468)	25,760,199	25,912,840

Portfolios/quality	Low credit quality assets		Other assets
	Cumulated losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	-
2. Hedging derivatives	-	-	23,333
Total 31/12/2020	-	-	23,333
Total 31/12/2019	-	-	36,930

* Value shown for information purposes.

SECTION 2
Risk of the prudential consolidated perimeter

1.1 Credit risk

QUALITATIVE DISCLOSURES

1. Overview

Credit risk is the risk that unexpected changes in creditworthiness cause a borrower's default, producing unforeseen losses in on- and off-balance-sheet exposures. Credit risk includes also counterparty risk, that is the risk that a counterparty in a transaction involving specific instruments (financial and credit derivatives, repurchase agreements, securities/commodities borrowing, margin loans) defaults before the cash flows of the transaction are finally settled.
For the group, this risk arises in its core operations, that is:
- loans and leases to buyers of vehicles of its manufacturing partners (Retail Financing business line);
- loans to the dealers of the manufacturing partners (Wholesale Financing business);
- holding and control of equity interest in commercial firms that are not part of the Banking Group in Italy and in Europe. Moreover, the bank provides funding support to its subsidiaries through lines of credit and guarantees to external lenders.

To calculate the internal capital required for credit risk, the group, in agreement with Circular 285 of the Bank of Italy for class 2 banks, uses the standard methodology for the calculation of capital requirements under Pillar I.
Exposures are classified in keeping with the regulatory framework of reference.
To calculate the internal capital required for counterparty risk, in the same vein as the credit risk calculated with the standard methodology, the group applies the current value method to determine the exposure at default in relation to counterparty risk.
To calculate capital requirements for CVA (Credit Valuation Adjustment) risk, the group adopts the standardized method as per article 384 of Regulation (EU) no. 575/2013 (CRR).

With regard to the reporting provided by the EBA "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis", reference is made to the public disclosure ("Third Pillar") provided at the consolidated level.

Impacts deriving from the Covid-19 pandemic

Reference is made to the information provided in the Report on operations, section "Cost of risk and credit quality".

2. Credit risk management policies

2.1 Organizational aspects

The FCA Bank Group's credit policies are designed in essence to foster the assumption of risks that must be:
- controlled;
- reasonable;
- contained within certain limits.

The FCA Bank Group has a specific Credit Manual intended to:
- support the analysis of the parties responsible for credit approvals;
- set and maintain the quality of credit standards;
- meet the customers' credit requirements;
- take the commercial opportunities provided by the possibility to develop new financing products in Markets/BU/Branches and limit losses.

The combination of the criteria listed must ensure the profitability of financing transactions.

2.2 Management, measurement and control systems

ROLES AND RESPONSABILITIES

In this context, the FCA Bank Group manages credit risk through a specific allocation of roles and responsibilities involving:
- the Board of Directors;
- the Board Executive Credit Committee;
- the JV Credit Committee;
- the HQ Internal Credit Committee;
- the Local Credit Committees.

Regarding credit, the Board of Directors is responsible for:
- approving credit policies;
- adopting and approving the power delegation system and any amendment thereof;
- vesting the JV Credit Committee with the authority to approve the new decision-making grids and related cut-off of the scorecard, monitoring the relevant performance;
- making decisions on the credit approval requests coming from the Market/BU/Branch in keeping with its powers and authority.

The Board Executive Credit Committee is responsible, pursuant to the authority vested in it by the Board of Director, for approving matters falling within the Board's purview that need to be addressed urgently, before the next scheduled Board meeting.

The JV Credit Committee is responsible for:
- proposing Credit Policies to the Board of Directors (and possible variations thereof);
- defining signatory powers within the scope of the range set periodically by the Board of Directors for each business of FCA Bank;
- approving the new decision-making grids and related cut -off of the scorecards, as delegated by the Board of Directors;
- reviewing and analysing risk performance;
- analysing any other matter delegated to it by the Board of Directors;
- making decisions, in keeping with its powers and authority, on the credit approval requests coming from the Market/BU/Branch and analysing the requests that must be submitted to the Board of Directors.

The HQ Internal Credit Committee is responsible for:
- making decisions, in keeping with its powers and authority, on the credit approval requests coming from the Market/BU/Branch and analysing the requests that must be submitted to the JV Credit Committee; and for evaluating any changes to group credit policies;
- evaluating, approving or submitting to the competent bodies the requests coming from the Market/BU/Branches on single credit policy themes, as per the Governance of the FCAB Group Credit Guidelines.

The Local Credit Committees are responsible for:
- implementing locally general policies and guidelines for credit approval, control and collection, formalizing and updating local credit procedures in accordance with the group Credit Guidelines;
- analysing and monitoring credit performances;
- analysing credit exposures and credit limits;

▪ setting, within the scope of its powers, the limits and the process to evaluate and approve the lines of credit;
▪ allocating powers within its own organizational structure;
▪ approving credit applications within the authorized limits.

2.3 Measurement methods for expected losses

With the introduction of IFRS 9 in the Wholesale Financing and Retail businesses and with a simplified approach in the rental business line, the Bank currently makes provisions for losses in view of expected credit losses in a forward-looking perspective, as well as in a historical perspective.
Expected credit losses (ECL) are measured as follows:

$$ECL = PD \times LGD \times EAD$$

▪ Probability of default. Likelihood of a default by a counterparty or of a contract in a pre-established time horizon;
▪ Loss given default. Loss that the Bank would incur determined by the likelihood of a default by a counterparty or of a contract in a pre-established time horizon;
▪ Exposure at default. Exposure at the time of default.

In order to include a forward looking impact on ECL, two satellite models have been developed, one for retail (Italy and rest of Europe) and one for Wholesale Financing.
The forward looking models output is a "calibrated PD" taking into account the forward looking aspects based on the two macroeconomic scenarios, baseline and adverse. In order to develop the two scenarios, following a significant analysis, some macroeconomic variables (e.g. GDP, euribor), have been used both for retail and Wholesale Financing models. Furthermore, for retail model, also some "business" variables have been considered (e.g. car registrations, market share). The weight to be assigned to each scenario is approved by the Provisioning Committee together with the forward looking models. The weight to be assigned to each scenario is approved by the "Provisioning Committee", together with the forward-looking models. Regarding the year-end closing date at December 31st, 2020, the weight for the baseline scenario is 60% while the weight of the adverse scenario is 40% for both Retail Financing and Wholesale Financing.

The table below shows the main prospective macroeconomic indicators used by the forward-looking model by product:

	Base scenario			Adverse scenario		
Retail Financing	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Annual GDP growth rate Italy	5.5%	2.6%	0.0%	-10.7%	0.0%	0.0%
Annual change of Brent crude oil price	8.1%	3.7%	2.6%	-110.1%	0.0%	0.0%
Annual 3-month Euribor change (1-year observation time lag)	-0.07%	-0.07%	-0.03%	-0.05%	-0.05%	-0.02%

	Base scenario		Adverse scenario	
Wholesale Financing	3Q 2020	3Q 2021	3Q 2020	3Q 2021
Quarterly GDP growth rate Italy	-13.0%	0.0%	-13.0%	-11.8%
Unemployment rate in Italy	9.9%	10.8%	10.1%	-11.0%

The forward-looking impact is updated at least every six months.

2.4 Credit risk mitigation techniques

The FCA Bank Group has developed its own model for managing and mitigating risks in keeping with the guidelines of the group Credit Manual, with reference to:
- monitoring of specific KRIs (Key Risk Indicators) within the Risk Appetite Framework;
- continuous monitoring of second- and third-level control activities by the Risk & Permanent Control and Internal Audit departments, respectively;
- Credit Risk Mitigation (CRM) policy;
- stress test on credit risk.

DEFINITION OF SPECIFIC KRIS
FCA Bank's Risk Appetite Framework set the following metrics as significant for credit risk management and control:
- Non Performing Loans (NPL) Ratio, which is calculated as the ratio of non-performing exposures to total exposures at the end of the month;
- Cost of Risk (CoR) Ratio, which is calculated as the ratio of total provisions to the average exposure calculated at the end of the month.

With specific reference to the Retail business, the R&PC – GRM department monitors also the performance of:
- SIR n, calculated as the number of contracts of a given generation (n) with two or more instalments overdue as a share of total production for the same generation;
- collection indicators, expressed as a % of the total outstanding in collection;
- litigation indicators, expressed as a % of the total outstanding in litigation.

MONITORING OF SPECIFIC KRIS
The first line of defence monitors, on a monthly basis and with specific focuses where useful/necessary, the credit risk indicators.
The Risk & Permanent Control department monitors constantly developments in the credit portfolio of each business line (Retail and Wholesale Financing), trends in specific KRIs and adherence to the risk limits set within the Risk Appetite Framework, with escalation systems in cases of breach.

SECOND-LEVEL CONTROL ACTIVITIES CARRIED OUT BY THE R&PC – GRM DEPARTMENT
In relation to second-level controls, the R&PC – PC department is responsible for the following activities:
1. Credit and collection Reviews, which entail a number of controls over the activities of the underwriting departments:
- verifying compliance with group credit policies and the existing procedures;
- considering any training requirements;
- identifying potential unemployment risks and GDP by country, estimated with the ARIMA models through a dedicated tool. The impact on the stress is updated periodically and included in the calculation of Pillar II capital.

THIRD-LEVEL CONTROL ACTIVITIES CARRIED OUT BY THE INTERNAL AUDIT DEPARTMENT
The third line of defence (Internal Audit), which is the group's last control level, must evaluate regularly whether policies, methods and procedures are adequate and to ensure their effective implementation.

STRESS TEST
The stress test on credit risk concerns the portfolio and related developments in the IFRS9 parameters (Retail and Corporate lines of business). The starting point of the stress test is the projection of the main banking metrics and the external variables.

GUARANTEES
In analysing a credit application, the bank and the other group companies may indicate that approval of the financing is subject to the posting of collateral by the customer. Risk mitigation techniques are used mainly in the Wholesale Financing business.
Below, a summary is provided of the guarantees allowed by the credit policies in place:
- guarantees in rem: pledges, deposits, mortgages;
- guarantees in personam: bank and insurance

guarantees, sureties;
▪ other types: third-party funds, comfort letters, retention of title, bank guarantees, buyback obligations.

In the event that guarantees other than those allowed are offered, or guarantees are offered with characteristics other than those contemplated in the bank's procedures, the single subsidiaries must request authorization (or ratification) from the parent company to set the credit limit.
To ensure that guarantees are fully effective, the parent company has put in place specific checks to ensure that they all contain the following elements:
▪ certainty of the issue date, which is obtained by adding a date and by complying and executing the necessary formalities;
▪ simultaneousness with the financing;
▪ reference to the underlying contract.

Every Market/BU/Branch is responsible for managing guarantees and collateral (setting of adequate coverage, validity checks, check or renewals and maturities).

CREDIT RISK MITIGATION (CRM) POLICY
Based on guidance from the Supervision Authority on the implementation, for prudential purposes, of Credit Risk Mitigation (CRM) techniques, the parent company, FCA Bank, designed a policy to govern such techniques. Specifically, such policy calls for contracts ancillary to the exposure or other tools and techniques that reduce credit risk in ways that affect positively the calculation of capital requirements.
Currently, FCA Bank S.p.A. adopts, for prudential purposes, credit risk mitigation techniques that include the use of the following tools:
▪ Cash collateral for derivative arrangements;
▪ Repurchase agreements – REPO;
▪ Offset accounting.

The policy is intended to define:
▪ the general nature of credit risk mitigation (CRM) techniques;
▪ the requirements that guarantees have to meet to be considered for credit risk mitigation purposes;
▪ the credit risk mitigation tools used by FCA Bank.

In this case, the policy sets out the general and specific principles of credit risk mitigation as provided for by the CRR, chapter 4, section 1, articles 192 et seq. Anything not specifically provided for by the policy is governed by the CRR.
The CRM techniques recognized in the calculation of capital requirements fall under two general categories:
▪ "funded credit protection", where the reduction of the credit risk on the exposure of an institution derives from the right of that institution, in the event of default of the counterparty or on the occurrence of other specified credit events relating to the counterparty, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the exposure to, or to replace it with, the amount of the difference between the amount of the exposure and the amount of a claim on the institution (Ref. article 4 of CRR, paragraph 58);
▪ "unfunded credit protection" where the reduction of the credit risk on the exposure of an institution derives from the obligation of a third party to pay an amount in the event of the default of the borrower or the occurrence of other specified credit events (Ref. article 4 of CRR, paragraph 59).

3. Non-performing credit exposures

3.1 Management strategies and policies

Historically, FCA Bank has low non-performing loan (NPL) levels, significantly lower than the average for the european banking sector.

FCA Bank, as a holding of a group engaged in multiple Markets/BU/Branch:
▪ sets the NPL strategies within the RAF, the Risk Strategy, the consolidated budget, with a subsequent allocation at the level of le Market/BU/Branch;
▪ defines the portfolio's performance indicators and early warning indicators;
▪ issues guidelines in the area of NPL collection within the FCA Bank Group Credit Guidelines, with reference to the various phases and possible actions for recovery. These guidelines are then implemented by the single group companies, based on their size, local rules and regulations, their organization and their NPL levels;
▪ defines, in keeping with domestic and European regulations, the credit classification rules for the business lines for the proper reporting and management of non-performing exposures.

3.2 Write off

In the group Credit Guidelines, FCA Bank laid down the principle whereby exposures considered uncollectible must be promptly written off or otherwise offset by provisions equal to 100% of their amount.

3.3 Acquired or originated impaired financial assets

This section is not applicable for the group.

4. Commercial renegotiation financial assets and forborne exposures

Forbearance policies set out:
▪ in keeping with the provisions of the applicable regulations, the criteria to identify forborne exposures;
▪ eligible forbearance measures;
▪ the rules for the implementation of forbearance measures, such as agreement with the customer, the assessment of the measures that best fit the customers, in light of their specific characteristics, counterparty analysis;
▪ the limits for the implementation of forbearance measures;
▪ monitoring and actions to be taken in case of unpaid sums;
▪ the classification of these exposures as forborne and non-performing exposures.

QUANTITATIVE DISCLOSURES

A. Credit quality

A.1 Non-Performing and performing credit exposure: amounts, writedowns, changes, distribution by business activity

A.1.1 Prudential consolidation - Distribution of financial assets by past-due buckets (book values)

Portfolios/Risk stages	First stage			Second stage			Third stage		
	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days
1. Financial assets at amortized cost	566,818	5,440	150,055	222,612	81,839	14,591	22,168	1,817	95,477
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-
Total 31/12/2020	566,818	5,440	150,055	222,612	81,839	14,591	22,168	1,817	95,477
Total 31/12/2019	236,485	600	923	250,146	94,992	38,105	2,727	2,317	90,221

A.1.2 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and total provisions - p.1

	Total value adjustments									
	First stage activities					Second stage activities				
Causal/Risk stages	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns
Total opening adjustments	**75,573**	**-**	**-**	**11**	**75,562**	**47,839**	**-**	**-**	**336**	**47,504**
Changes in increase from financial assets acquired or originated	-	-	-	-	-	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-
Net value adjustments/write-backs for credit risk	33,097	-	-	-	33,097	1,427	-	-	338	1,089
Gross opening variation	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	(47)	-	-	-	(47)	333	-	-	-	333
Write-offs non recorded directly in the income statement	(52)	-	-	-	(52)	-	-	-	-	-
Other variations	(6,125)	-	-	70	(6,195)	(11,673)	-	-	78	(11,751)
Total closing adjustments	**102,446**	**-**	**-**	**81**	**102,365**	**37,926**	**-**	**-**	**752**	**37,174**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	-

A.1.2 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and total provisions - p.2

	Total value adjustments						Total provisions on commitments to disburse funds and financial guarantees issued			
	Activities included in the third stage									
Causal/Risk stages	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Of which: impaired financial assets acquired or originated	First stage	Second stage	Third stage	Total
Total opening adjustments	**141,341**	**-**	**-**	**35,427**	**105,914**	**-**	**-**	**-**	**-**	**264,753**
Changes in increase from financial assets acquired or originated	-	-	-	-	-	-	-	-	-	-
Cancellations other than write-offs	(10,894)	-	-	-	(10,894)	-	-	-	-	(10,894)
Net value adjustments / write-backs for credit risk	20,851	-	-	40	20,812	-	-	-	-	55,375
Gross opening variation	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	(159)	-	-	(159)	-	-	-	-	-	126
Write-offs non recorded directly in the income statement	(30,347)	-	(30,347)	-	-	(1,350)	(28,997)	-	-	(30,399)
Other variations	23,113	-	-	(2,173)	25,285	-	-	-	-	5,314
Total closing adjustments	**143,905**	**-**	**-**	**31,784**	**112,121**	**-**	**-**	**-**	**-**	**284,277**
Recoveries from financial assets subject to write-off	330	-	-	147	183	-	-	-	-	-
Write-offs recorded directly in the income statement	(302)	-	-	(302)	(775)	-	-	-	-	(302)

A.1.3 Prudential Consolidation - Financial assets, commitments to provide funds and guarantees as long as they are issued: transfers between different credit risk stages (gross and nominal values)

	Gross exposure / Nominal value					
	Transfers between first stage and second stage		Transfers between second stage to thirth stage		Transfer between first stage and thirth stage	
Portofolios/Risk stages	From first to second stage	From second stage to first stage	From second to third stage	From thirth to second stage	From first to thirth stage	From thirth to first stage
1. Financial assets valued at amortized cost	249,465	216,904	37,503	2,047	43,308	5,663
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to provide funds and financial guarantees issued	-	-	-	-	-	-
Total 31/12/2020	249,465	216,904	37,503	2,047	43,308	5,663
Total 31/12/2019	444,162	284,402	36,455	11,603	70,100	15,241

A.1.3a Loans and advances subject to measures applied in response to the Covid-19: transfers between different stages of credit risk (gross values)

Portfolio/Quality	Gross values/Nominal value					
	Transfers between first stage and second stage		Transfers between second stage to thirth stage		Transfer between first stage and thirth stage	
	From first to second stage	From first to second stage	From second to third stage	From thirth to second stage	From first to thirth stage	From thirth to first stage
A. Loans and advances at amortized cost	**34,167**	**11,525**	**1,437**	**74**	**5,219**	**2,306**
A.1 Subject to EBA-compliant moratoria (legislative and non-legislative)	34,167	11,525	1,437	74	5,219	2,306
A.2 Subject to Covid-19-related forbearance measures	-	-	-	-	-	-
A.3 Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-
B. Loans and advances at fair value through other comprehensive income	-	-	-	-	-	-
B.1 Subject to EBA-compliant moratoria (legislative and non-legislative)	-	-	-	-	-	-
B.2 Subject to Covid-19-related forbearance measures	-	-	-	-	-	-
B.3 Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-
Total 31/12/2020	34,167	11,525	1,437	74	5,219	2,306
Total 31/12/2019	-	-	-	-	-	-

A.1.4 Prudential Consolidation - On-balance and off-balance sheet credit exposures with banks: gross and net values

Exposure types/Values	Gross exposure		Overall write-downs and provisions	Net exposure	Overall partial write-off*
	Non performing	Performing			
A. On-balance sheet credit exposures					
a) Bad exposures	-	x	-	-	-
- of which: forborne exposures	-	x	-	-	-
b) Unlikely to pay	-	x	-	-	-
- of which: forborne exposures	-	x	-	-	-
c) Non-performing past due	-	x	-	-	-
- of which: forborne exposures	-	x	-	-	-
d) Performing past due	x	-	-	-	-
- of which: forborne exposures	x	-	-	-	-
e) Other performing exposures	x	1,870,114	-	1,870,114	-
- of which: forborne exposures	x	-	-	-	-
Total (A)	-	1,870,114	-	1,870,114	-
B. Off-balance sheet credit exposures					
a) Non-performing	-	x	-	-	-
b) Performing	x	81,077	-	81,077	-
Total (B)	-	81,077	-	81,077	-
Total (A+B)	-	1,951,191	-	1,951,191	-

* Value shown for information purposes

A.1.5 Prudential Consolidation - On-balance and off-balance sheet credit exposures with customers: gross and net values

Type of exposure/Amounts	Gross exposures		Total value adjustments and total provisions	Not impaired	Overall partial write-off*
	Impaired	Not impaired			
A. On-balance sheet credits exposures					
a) Non performing loans	134,147	x	(93,302)	40,845	1,130
- of which: forborne exposures	1,489	x	(1,327)	162	1,102
b) Probable defaults	78,925	x	(28,168)	50,757	-
- of which: forborne exposures	19,043	x	(3,130)	15,913	-
c) Impaired expired exposures	51,891	x	(22,435)	29,456	-
- of which: forborne exposures	639	x	(145)	495	-
d) Expired exposures not impaired	x	344,129	(29,541)	314,588	-
- of which: forborne exposures	x	69	(18)	51	-
e) Other non-impaired exposures	x	21,689,475	(110,830)	21,578,644	-
- of which: forborne exposures	x	13,973	(276)	13,697	-
Total (A)	264,963	22,033,604	(284,277)	22,014,290	1,130
B. Off-balance sheet credits exposures					
a) Impaired	-	x	-	-	-
b) Not impaired exposures	x	-	-	-	-
Total (B)	-	-	-	-	-
Total (A+B)	264,963	22,033,604	(284,277)	22,014,290	1,130

* Value shown for information purposes.

A.1.5a On-balance credit exposures to customers subject to measures applied in response to the Covid-19: gross and net values

Exposure types/Amounts	Gross exposure	Total value adjustments and total provisions	Net exposure	Write-off partial total*
A. Bad credit exposures	**378**	**(214)**	**164**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	378	(214)	164	-
b) Subject to Covid-19-related forbearance measures	-	-	-	-
c) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-
B. Unlikely to pay credit exposures	**6,678**	**(2,935)**	**3,743**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	6,678	(2,935)	3,743	-
b) Subject to Covid-19-related forbearance measures	-	-	-	-
c) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-
C. Non-performing past due credit exposures	**3,894**	**(3,035)**	**859**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	3,894	(3,035)	859	-
b) Subject to Covid-19-related forbearance measures	-	-	-	-
c) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-
D. Performing past due exposures	**63,813**	**(2,910)**	**60,903**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	63,813	(2,910)	60,903	-
b) Subject to Covid-19-related forbearance measures	-	-	-	-
c) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-
E. Other performing exposures	**601,724**	**(7,117)**	**594,607**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	601,724	(7,117)	594,607	-
b) Subject to Covid-19-related forbearance measures	-	-	-	-
c) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-
Total (A+B+C+D+E)	676,487	(16,211)	660,276	-

* Value shown for information purposes

A.1.7 Prudential Consolidated – On-balance sheet credit exposures per case to customers: the dynamics of gross deteriorated exposures

Sources/Categories	Bad Exposures	Unlikely to pay	Impaired past due exposures
A. Opening balance (gross amount)	**117,962**	**102,832**	**71,534**
- of which sold non-cancelled exposures	20,634	12,753	8,664
B. Increases	**97,611**	**50,532**	**19,876**
B.1 Transfers from performing loans	24,502	19,222	14,673
B.2 Entry from impaired financial assets acquired or originated	-	-	-
B.3 Transfers from other impaired exposures	19,299	3,522	80
B.4 Contractual changes without cancellations	-	-	-
B.5 Other increases	53,810	27,788	5,123
C. Decreases	**81,426**	**74,438**	**39,518**
C.1 Transfers to perfomorming loans	1,157	2,132	17,195
C.2 Write-offs	31,947	-	-
C.3 Recoveries	30,564	59,826	6,950
C.4 Sales proceeds	2,404	-	-
C.5 Losses on disposals	10,894	-	-
C.6 Transfers to other impaired exposures	12	11,507	11,382
C.7 Contractual changes without cancellations	-	-	-
C.8 Other decreases	4,449	973	3,991
D. Closing balance (gross amounts)	**134,147**	**78,926**	**51,892**
- of which sold non-cancelled exposures	23,400	12,441	3,839

Detail statement on impaired credit exposures (Non-performing loans, Unlike to pay, impaired past due) and not impaired is provided in the tables of "credit quality" contained in part E of the notes to the Consolidated Financial Statements. In this area, in line with the regulations of the Bank of Italy, specific information is also provided on the so-called exposures with measures of "forbearance". For forbearance means those concessions in terms of modification and/or refinancing of an existing credit, against a debtor solely by reason of, or to prevent, a State of financial distress that could adversely affect its ability to fulfil contractual obligations originally assumed, and that would not have been granted to other debtor with similar risk profile not in financial distress. Concessions must be identified at the level of the individual line of credit and may cover exposures of debtors classified as performing that in non-performing status. In any case, exposures renegotiated should not be considered forborne when the debtor is not a situation of financial distress.

A.1.7bis Prudential Consolidation - On-balance sheet exposures with customers: changes by credit quality in gross forborne

Sources/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening balance (gross amount)	**18,132**	**3,854**
- of which sold non-cancelled exposures	4,596	-
B. Increases	**12,632**	**14,723**
B.1 Transfers from performing non-forborne exposures	216	3,689
B.2 Transfers from performing forbone exposures	505	x
B.3 Transfers from non-performing forborne exposures	x	57
B.4 Transfers from non-performing non-forborne exposures	40	-
B.5 Other increases	11,871	10,977
C. Decreases	**9,592**	**4,536**
C.1 Transfers to performing non-forborne exposures	-	1,222
C.2 Transfers to performing forbone exposures	x	-
C.3 Transfers to non-performing forborne exposures	-	x
C.4 Write-offs	x	-
C.5 Collections	8,039	2,287
C.6 Sales proceeds	-	-
C.7 Losses on disposals	-	-
C.8 Other decreases	1,496	521
D. Closing balance (gross amounts)	**21,172**	**14,042**
- of which sold non-cancelled exposures	737	-

A.1.9 Prudential Consolidation - On-balance sheet non-performing credit exposures with customers: changes in overall write-downs

Sources/Categories	Bad exposures		Unlikely to pay		Non-performing past due	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening balance overall amount of writedowns	**79,333**	**2,733**	**35,403**	**6,042**	**26,854**	**86**
- of which sold non-cancelled exposures	15,971	244	6,342	923	2,547	-
B. Increases	**65,292**	**199**	**11,759**	**1,934**	**6,479**	**163**
B.1 Write-downs of acquired or originated impaired financial assets	-	x	-	x	-	x
B.2 Other write-downs	11,105	11	5,176	68	1,327	136
B.3 Losses on disposal	369	-	-	-	-	-
B.4 Transfers from other categories of non-performing exposures	13,720	52	1,203	9	103	-
B.5 Contractual changes without cancellations	-	-	-	-	-	-
B.6 Other increases	40,098	136	5,381	1,856	5,048	27
C. Reductions	**51,323**	**1,606**	**18,994**	**4,846**	**10,898**	**104**
C.1 Write-backs from valuation	16,347	1,503	1,931	4,527	973	60
C.2 Write-backs from collection	485	-	10	10	155	-
C.3 Gains on disposal	358	-	-	-	-	-
C.4 Write-offs	31,947	-	-	-	-	-
C.5 Transfers to other categories of non-performing exposures	76	-	8,694	26	6,256	36
C.6 Contractual changes without cancellations	-	-	-	-	-	-
C.7 Other decreases	2,109	103	8,359	283	3,514	8
D. Closing balance overall amount of writedowns	**93,302**	**1,327**	**28,168**	**3,130**	**22,435**	**145**
- of which sold non-cancelled exposures	16,790	229	5,168	1,573	2,203	-

A.2 Classification of credit exposure based on external and internal ratings

A.2.1 Prudential Consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees issued: by external rating classes (gross values)

Exposures	External rating classes							
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Without rating	Total
A. Financial assets at amortized cost	**-**	**-**	**-**	**-**	**-**	**-**	**24,133,072**	**24,133,072**
- First stage	-	-	-	-	-	-	23,197,653	23,197,653
- Second stage	-	-	-	-	-	-	670,456	670,456
- Third stage	-	-	-	-	-	-	264,963	264,963
B. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**9,305**	**9,305**
- First stage	-	-	-	-	-	-	9,305	9,305
- First stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
D. Commitments and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
Total (A+B+C)	-	-	-	-	-	-	24,142,377	24,142,377
of which: impaired financial assets acquired or originated	-	-	-	-	-	-	-	-
D. Commitments and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
Total (D)	-	-	-	-	-	-	-	-
Total (A+B+C+D)	-	-	-	-	-	-	24,142,377	24,142,377

A.3. Breakdown of guaranteed credit exposures by type of guarantee

A.3.1 Prudential Consolidation - Secured on-balance and off-balance sheet credit exposures with banks - p.1

			Collaterals (1)				Personal Guarantees (2) - Credit derivatives	
	Gross exposure	Net exposure	Property - mortgages	Property - Financial leases	Securities	Other collaterals	CLN	Other derivatives - Central counterparties
1. Secured on-balance sheet credit exposures:	**59,471**	**59,471**	**-**	**-**	**59,203**	**-**	**-**	**-**
1.1. Totally secured	59,471	59,471	-	-	59,203	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2. Partially secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2. Secured off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1. Totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. Partially secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

A.3.1 Prudential Consolidation - Secured on-balance and off-balance sheet credit exposures with banks - p.2

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	Public sector entities	Banks	Other financial companies	Other entities	
1. Secured on-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**59,203**
1.1 Totally secured	-	-	-	-	-	-	-	59,203
- of which non-performing	-	-	-	-	-	-	-	-
1.2 Partially secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. Secured off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2 Partially secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

A.3.2 Prudential consolidation - Secured on-balance and off-balance sheet credit exposures with customers - p.1

			Collaterals (1)				Personal Guarantees (2) - Credit derivatives	
	Gross exposure	Net exposure	Property - mortgages	Property - Financial leases	Securities	Other collaterals	CLN	Other derivatives - Central counterparties
1. Secured on-balance sheet credit exposures:	**10,092,948**	**9,972,054**	**39,105**	**-**	**27,861**	**5,826,657**	**-**	**-**
1.1. Totally secured	5,897,931	5,826,657	-	-	-	5,826,657	-	-
- of which non-performing	79,981	36,921	-	-	-	36,921	-	-
1.2. Partially secured	4,195,017	4,145,397	39,105	-	27,861	-	-	-
- of which non-performing	35,903	18,318	175	-	106	-	-	-
2. Secured off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1. Totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. Partially guaranteed	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

A.3.2 Prudential consolidation - Secured on-balance and off-balance sheet credit exposures with customers - p.2

	Personal Guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	Public sector entities	Banks	Other financial companies	Other entities	
1. Secured on-balance sheet credit exposures:	**453,049**	**312,293**	**855,064**	**-**	**-**	**-**	**-**	**7,514,030**
1.1. Totally secured	-	-	-	-	-	-	-	5,826,657
- of which non-performing	-	-	-	-	-	-	-	36,921
1.2 partially secured	453,049	312,293	855,064	-	-	-	-	1,687,373
- of which non-performing	2,002	1,380	3,778	-	-	-	-	7,439
2. Secured off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

B. Distribution and concentration of credit exposures

B.1 Prudential consolidation - Sectoral distribution on-balance and off-balance sheet exposures to customers - p.1

Exposures/Counterparties	Public administration		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet credit exposures						
A.1 Non-performing loans	47	(7)	4,503	(10,160)	-	-
- of wich: forborne exposures	-	-	-	-	-	-
A.2 Unlikely to payi	2	-	1,747	(332)	-	-
- of wich: forborne exposures	-	-	1,729	(273)	-	-
A.3 Impaired past due exposures	-	-	3,874	(5,022)	-	-
- of wich: forborne exposures	-	-	-	-	-	-
A.4 Not impaired exposures	27,166	(74)	1,684,315	(12,030)	-	-
- of wich: forborne exposures	-	-	30	-	-	-
Total (A)	27,215	(81)	1,694,439	(27,544)	-	-
B. Off-balance sheet credit exposures						
B.1 Deteriorated exposures	-	-	-	-	-	-
B.2 Non-deteriored exposures	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-
Total (A+B) 31/12/2020	27,215	(81)	1,694,439	(27,544)	-	-
Total (A+B) 31/12/2019	22,297	(228)	242,711	(4,417)	-	-

B.1 Prudential consolidation - Sectoral distribution on-balance and off-balance sheet exposures to customers - p.2

Exposures/Counterparties	Non-financial companies		Households	
	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet credit exposures				
A.1 Non-performing loans	10,873	(37,584)	25,423	(45,550)
- of wich: forborne exposures	48	(1,198)	114	(129)
A.2 Unlikely to pay	27,201	(11,454)	21,807	(16,382)
- of wich: forborne exposures	6,155	(1,430)	8,028	(1,427)
A.3 Impaired past due exposures	10,552	(4,822)	15,030	(12,591)
- of wich: forborne exposures	161	(34)	334	(110)
A.4 Not impaired exposures	7,843,115	(54,283)	12,338,635	(73,985)
- of wich: forborne exposures	12,402	(260)	1,316	(33)
Total (A)	7,891,741	(108,144)	12,400,895	(148,508)
B. Off-balance sheet credit exposures				
B.1 Deteriorated exposures	-	-	-	-
B.2 Non-deteriored exposures	-	-	-	-
Total (B)	-	-	-	-
Total (A+B) 31/12/2020	7,891,741	(108,144)	12,400,895	(148,508)
Total (A+B) 31/12/2019	10,921,827	(146,516)	12,638,664	(113,866)

B.2 Prudential consolidation - Distribution of on-balance and off-balance sheet credit exposures to customers - p.1

Exposures/Geographical areas	Italy		Other european countries		United States
	Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures
A. On-balance sheet credit exposures					
A.1 Non-performing loans	9,028	(43,759)	31,817	(49,543)	-
A.2 Unlikely to pay	21,668	(18,622)	29,089	(9,546)	-
A.3 Impaired past due exposures	9,808	(5,532)	19,648	(16,903)	-
A.4 Not impaired exposures	10,044,362	(66,955)	11,848,870	(73,417)	-
Total (A)	10,084,865	(134,867)	11,929,425	(149,410)	-
B. Off-balance sheet credit exposures					
B.1 Deteriorated exposures	-	-	-	-	-
B.2 Non-deteriored exposures	-	-	-	-	-
Total (B)	-	-	-	-	-
Total (A+B) 31/12/2020	10,084,865	(134,867)	11,929,425	(149,410)	-
Total (A+B) 31/12/2019	11,568,843	(120,505)	12,256,655	(144,521)	-

B.2 Prudential consolidation - Distribution of on-balance and off-balance sheet credit exposures to customers - p.2

Exposures/Geographical areas	United States	Asia		Rest of the world	
	Total write-downs	Net exposures	Total write-downs	Net exposures	Total write-downs
A. On-balance sheet credit exposures					
A.1 Non-performing loans	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Impaired past due exposures	-	-	-	-	-
A.4 Not impaired exposures	-	-	-	-	-
Total (A)	-	-	-	-	-
B. Off-balance sheet credit exposures					
B.1 Deteriorated exposures	-	-	-	-	-
B.2 Non-deteriored exposures	-	-	-	-	-
Total (B)	-	-	-	-	-
Total (A+B) 31/12/2020	-	-	-	-	-
Total (A+B) 31/12/2019	-	-	-	-	-

B.3 Prudential Consolidation - Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area - p.1

Exposures/Geographical areas	Italy		Other european countries		United States
	Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures
A. On-balance sheet credit exposures					
A.1 Bad exposures	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-
A.4 Performing exposures	984,543	-	885,570	-	-
Total (A)	984,543	-	885,570	-	-
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	81,077	-	-
Total (B)	-	-	81,077	-	-
Total (A+B) 31/12/2020	984,543	-	966,647	-	-
Total (A+B) 31/12/2019	912,631	-	1,040,847	-	-

B.3 Prudential Consolidation - Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area - p.2

Exposures/Geographical areas	United States	Asia		Rest of the world	
	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet credit exposures					
A.1 Bad exposures	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-
A.4 Performing exposures	-	-	-	-	-
Total (A)	-	-	-	-	-
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	-	-	-	-	-
Total (A+B) 31/12/2020	-	-	-	-	-
Total (A+B) 31/12/2019	-	-	-	-	-

B.4 Large exposures

Based on regulatory provisions, the number large exposures was determined by the reference to unweighted exposures in excess of 10% of eligible capital as defined by EU Regulation 575/2013 (CRR). The 'exposures' are defined as the sum of on-balance sheet assets at risk and and off-balance transactions (excluding those deducted from eligible capital) with a customer or a group of related customers, without applying weighting factors.

Such presentation criteria result in the inclusion in the financial statement table for large exposures of entities that – though with a 0% weight under article 400 of the CRR - present an unweighted exposure in excess of 10% of eligible capital, for the purpose of large risk.

(€/000)	Total 31/12/2020
A. Amount (book value)	1,189,658
B. Amount (weighted value)	-
C. Number	1

C. Securitization transactions

QUALITATIVE DISCLOSURES

Strategies and processes underlying the securitization of loans and leases

Securitization transactions, undertaken pursuant to Law no. 130/1999 "as amended by Law no. 8 February 28th, 2020" are carried out by FCA Bank to achieve three objectives:
▪ diversification of funding sources: securitizations are a significant alternative source of funding to customer deposits for the company;
▪ improvement of liquidity position: the company's potential ability to securitize its receivables provides significant support to its liquidity position. The excellent results of the transactions carried out so far, together with the operating companies' reputation in the role of servicers, guarantee in fact immediate access to this instrument, in case of difficulties in the other financial markets of reference;
▪ optimization of the cost of funds: the structures used to carry out the securitizations and the quality of the receivables assigned make it possible, by receiving higher ratings, to obtain competitive funding costs;
▪ improved efficiency of the risk-weighted assets associated with the securitized portfolio.
The securitization transactions carried out by FCA Bank pursuant to Law no. 130/1999 involve the purchase of receivable portfolios with proceeds from the placement of Asset-Backed Securities (ABSs) issued in different classes: Senior, Mezzanine and Junior.
Where permitted by market conditions, Senior but also Mezzanine and Junior Securities can be offered to European professional investors or can be placed privately, in whole or in part.
Since FCA Bank obtained its banking license, Senior Securities can be used also for refinancing operations with the European Central Bank, in which case the Securities are subscribed, and therefore retained, by the Originator (e.g. "self-securitization" or "retained" operations).
When Senior and Mezzanine Securities are listed in a regulated market, such Securities are assigned a rating by at least two rating agencies. On the other hand, private placements do not entail the assignment of a rating to the Securities.
Mezzanine and Junior Securities are placed with a view to improving the efficiency of the risk-weighted assets associated with the securitized portfolio, as mentioned above.
Securitization transactions can be either revolving – where the Originator can assign from time to time additional receivables in accordance with the restrictions outlined in the securitization contract, for a pre-established period of time, so as to keep the existing portfolio at the same level as that at the time of issue – or amortizing, where the originator cannot assign additional receivables and the portfolio starts amortizing from the moment the ABSs are issued.
At the end of the revolving period, or from the time the ABSs are issued in case the transaction is amortizing, ABSs are repaid in the pre-determined order as the portfolio amortizes.

Revolving structure

Transactions with a revolving structure, as described above, can call for the SPV to purchase, for a pre-established period of time, additional receivable portfolios with the same legal and financial structure and a similar risk profile, funding the purchase both with the proceeds from the collection of receivables in the portfolio existing at the time of issue of the ABSs, and assigned previously by the Originator, and with proceeds from the placement of additional ABSs issued within the limits of the program.
At the end of the revolving phase, the ABSs issued are repaid as the underlying receivables are collected.
The revolving structure allows the fixed costs of the transaction to be amortized over a longer period of time,

Liquidity management

The Originator may be required in every transaction, and in ways that can differ formally from one another, to make available a liquidity line or a cash deposit to the SPV.
The amount is established by contract and is such as to allow the vehicle to meet temporary liquidity shortfalls (typically, at payment dates) that could occur in applying the waterfall payment structure described below.

Waterfall structure

The payment waterfall identifies priorities in the allocation of the cash available within the SPV.
Typically, securitization transactions have a similar waterfall structure, which calls for a pre-established payment order to be followed.
In the case of transactions originated from retail receivables, where there is typically a distinction between income (e.g. the discount deriving from the receivable assignment) and principal of the receivables collected by the SPV, the waterfall provides - in a simplified way - for the following types of payment:

INCOME
a) vehicle expenses (mainly expenses related to the service providers of the transaction);
b) swap (required by contract to hedge the SPV against interest rate risk);
c) servicer compensation;
d) interest on the ABSs;
e) liquidity line repayment/interest;
f) provisions for past due receivables;
g) other items.

PRINCIPAL
a) any payments required but not made in relation to the above income waterfall;
b) purchase of receivables (during the revolving period);
c) repayment of ABS issued (at the end of any revolving period);
d) other items.

In the case of transactions originated from Wholesale Financing receivables, given the different portfolio characteristics, cash management arrangements are in place so that upon receipt of the following:
a) current account balance;
b) release of funds from structure on the cash reserve;
c) receivable collections;
d) issue of new senior ABS, if any;
e) issue of new junior ABS, if any.

The following payments are made:
a) vehicle expenses;
b) interest on senior ABSs;
c) provision of funds in the structure on the cash reserve;
d) purchase of receivables (during the revolving period);
e) repayment of senior ABSs;
f) interest on junior ABSs;
g) any repayment of junior ABS.

Servicing activity

The Servicer of securitization transactions is always the Originator.
The role of servicer of the transactions requires compliance with several qualitative standards related to the proper management of the assets underlying the notes issued by the SPV and an adequate organizational structure in terms of management and specialized personnel.
From an operational point of view, the Servicer:
▪ manages existing contracts according to its own credit and collection policies and the law, in agreement with the SPV and the trustee/representative of noteholders of the transaction, with reporting obligations also to the rating agencies in case of significant events;
▪ records collections and recoveries, transferring the relevant amounts. Collections by the servicer of the various transactions are transferred to the SPV

according to a pre-established schedule in each transaction (typically every day) and are kept in interest-paying current accounts until the next payment date. The funds are then used to make payments in accordance with the waterfall structure or, alternatively, in case of transactions in Warehouse Phase or in ABS Revolving Phase, until when they can be used to pay for the purchase of additional receivables;

- monitors, reports on and checks the transaction (the roles of Paying Agent/Calculation Agent/Agent Bank are assigned to a different bank).

The Servicer receives compensation on an arm's length basis.

Rating agencies

The securitization transactions have been structured in such a way as to obtain, in case of public placements, the highest rating for the Senior ABSs issued by the SPV. For all the existing publicly traded senior and mezzanine ABSs (excluding junior ones), ratings were obtained from at least two of the four main rating agencies eligible in the Eurosystem (Standard&Poor's, Moody's Investor Service, DBRS and Fitch Ratings). The ABSs placed privately may or may not receive a (private) rating, depending on the needs of the investor. Junior ABS are not assigned a rating.

Performance of securitizations

The assigned receivable portfolios delivered excellent performances, as indicated in the reports produced by the Servicer and in the reports prepared by the Calculation Agent (for the benefit of investors, in the case of publicly traded ABSs).
This is attested also, in some cases, by the upgrade of the ratings assigned by the agencies to certain ABSs.

The portfolios are well within the limits and fully compliant with the restrictions set within the different transactions and no event took place which made the portfolio non-compliant in terms of the triggers monitored.
The triggers related to the portfolio are monitored, regarding the transactions originated from retail receivables, on every date of assignment (no monitoring is carried out for amortizing transactions because their portfolios are static, e.g. they are not subject to changes due to revolving assignments, and receive a rating from the rating agencies only at the beginning of the transaction. Accordingly, the monitoring of the performance is for information purposes only).
Regarding transactions originated from Wholesale Financing receivables, triggers and portfolio performances are monitored at least once a month and the assigned receivables show a regular performance.

QUANTITATIVE DISCLOSURES

The attached tables summarize the information related to the main securitization transactions existing at December 31st, 2020.
It is worthy of note that these transactions, which had group companies as originators, were completed in the year just ended or in previous years. In every case, at the end of the amortization period, the Originator exercised the clean-up option, as provided for by the relevant contracts, whereby the Originator reserves the right - upon reaching a minimum portfolio amount provided for by contract - to buy back the remaining portfolio to complete the transaction:

SPV	Clean-up date
FIRST Italian Auto Transaction S.p.A.	28/07/2006
SECOND Italian Auto Transaction S.p.A.	29/09/2006
ABSOLUTE FUNDING S.r.l.	22/02/2008
FCC FAST	27/11/2008
A-BEST THREE Plc	10/07/2009
NIXES/A-BEST	21/04/2011
QUASAR	13/05/2011
NIXES TWO/A-BEST TWO	01/10/2011
A-BEST SIX	15/07/2013
STAR	15/01/2014
A-BEST FIVE	20/05/2014
A-BEST EIGHT	16/03/2015
NIXES THREE	31/03/2015
NIXES FOUR	01/06/2015
FCT FAST 2	30/07/2015
A-BEST SEVEN	15/11/2016
A-BEST FOUR	22/11/2016
NIXES FIVE	21/09/2017
A-BEST NINE	24/04/2018
A-BEST TEN	23/02/2019
A-BEST TWELVE	24/11/2020
FAST 3	02/11/2020

Characteristics of securitization transactions

EUR /000	A-BEST SIXTEEN UG			A-BEST FIFTEEN S.r.l.		
Start date	December-18			May-17		
Transaction type	Public			Public		
Originator	FCA Bank Deutschland GmbH			FCA Bank S.p.A.		
Servicer	FCA Bank Deutschland GmbH			FCA Bank S.p.A.		
Arranger	BAML / Crédit Agricole-CIB / LBBW			Banca IMI / Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	BAML / Crédit Agricole-CIB / LBBW			Banca IMI / Unicredit / Crédit Agricole - CIB		
Underlying assets	German AutoLoans			Italian AutoLoans		
Currency (CCY)	EUR			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	NA			NA		
Notes outstanding	**Amount**	**%**	**Coupon (bps)**	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	306,914	77.0%	1M E+40	301,582	74.4%	1M E+40
Class B (Mezzanine)	18,000	4.5%	1M E+80	5,000	1.2%	1M E+75
Class C (Mezzanine)	20,000	5.0%	1M E+150	43,000	10.6%	1M E+250
Class D (Mezzanine)	16,000	4.0%	1M E+250	15,000	3.7%	1M E+343
Class E (Mezzanine)	11,000	2.8%	1M E+350	10,000	2.5%	1M E+464
Class M/M1/Junior (Subordinated)	26,600	6.7%	VR	30,900	7.6%	1M E+717
Class M2 (Subordinated)				100	0.0%	VR
ABS Tranches at issue	**Amount**	**%**	**Tranche**	**Amount**	**%**	**Tranche**
Class A (Senior)	540,000	85.5%	5% RETAINED	911,000	89.8%	5% RETAINED
Class B (Mezzanine)	18,000	2.8%	100% RETAINED	5,000	0.5%	100% RETAINED
Class C (Mezzanine)	20,000	3.2%	100% RETAINED	43,000	4.2%	5% RETAINED
Class D (Mezzanine)	16,000	2.5%	100% RETAINED	15,000	1.5%	5% RETAINED
Class E (Mezzanine)	11,000	1.7%	100% RETAINED	10,000	1.0%	5% RETAINED
Class M/M1/Junior (Subordinated)	26,600	4.2%	100% RETAINED	30,900	3.0%	5,18% RETAINED
Class M2 (Subordinated)				100	0.0%	100% RETAINED
Current rating	**S&P**	**Moody's**		**Moody's**	**DBRS**	
Class A (Senior)	AAA	Aaa		Aa3	AAA	
Class B (Mezzanine)	AA	Aaa		A1	AAA	
Class C (Mezzanine)	A	Aa1		A1	AA	
Class D (Mezzanine)	BBB	A2		A3	AH	
Class E (Mezzanine)	BB+	Baa2		Baa2	AL	
M/M1/Junior/M2 (Subordinated)	Unrated			Unrated		

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return

1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + margin

EUR /000	A-BEST FOURTEEN S.r.l.			A-BEST THIRTEEN FT		
Start date	May-16			December-15		
Transaction type	Public			Public		
Originator	FCA Bank S.p.A.			FCA Capital España E.F.C. S.A.		
Servicer	FCA Bank S.p.A.			FCA Capital España E.F.C. S.A.		
Arranger	Banca IMI / Unicredit / Crédit Agricole - CIB			Unicredit / Citibank		
Joint Lead Manager	NA			Unicredit / Citibank / Crédit Agricole - CIB		
Underlying assets	Italian AutoLoans			Spanish AutoLoans		
Currency (CCY)	EUR			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	NA			NA		
Notes outstanding	**Amount**	**%**	**Coupon (bps)**	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	1,487,000	88.7%	40	40,900	27.6%	1M E+40
Class B (Mezzanine)	50,000	3.0%	75	43,700	29.5%	1M E+140
Class C (Mezzanine)	33,300	2.0%	250	-	0.0%	-
Class D (Mezzanine)	43,000	2.6%	343	-	0.0%	-
Class E (Mezzanine)	18,200	0.0%	464	-	0.0%	-
Class M/M1/Junior (Subordinated)	44,500	2.7%	717	63,500	42.9%	VR
Class M2 (Subordinated)	100	0.0%	VR	-	0.0%	-
ABS Tranches at issue	**Amount**	**%**	**Tranche**	**Amount**	**%**	**Tranche**
Class A (Senior)	1,487,000	88.7%	100% RETAINED	222,500	71.3%	PUBLIC
Class B (Mezzanine)	50,000	3.0%	100% RETAINED	36,500	11.7%	100% RETAINED
Class C (Mezzanine)	33,300	2.0%	100% RETAINED	-	0.0%	-
Class D (Mezzanine)	43,000	2.6%	100% RETAINED	-	0.0%	-
Class E (Mezzanine)	18,200	1.1%	100% RETAINED	-	0.0%	-
Class M/M1/Junior (Subordinated)	44,500	2.7%	100% RETAINED	53,000	17.0%	100% RETAINED
Class M2 (Subordinated)	100	0.0%	100% RETAINED	-	0.0%	-
Current rating	**Fitch**	**DBRS**		**Fitch**	**DBRS**	
Class A (Senior)	AA-	AA		AAA	AAA	
Class B (Mezzanine)	A+	A		AAA	AAA	
Class C (Mezzanine)	A-	BBB (high)			NA	
Class D (Mezzanine)	BB+	BBH			NA	
Class E (Mezzanine)	BB	BBL			NA	
M/M1/Junior/M2 (Subordinated)		Unrated			Unrated	

NOTE
[1] Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return

1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + margin

EUR /000	A-BEST SEVENTEEN S.r.l.			A-BEST EIGHTEEN S.r.l.		
Start date	November-19			November-20		
Transaction type	Public			Public		
Originator	FCA Bank S.p.A.			FCA Bank S.p.A.		
Servicer	FCA Bank S.p.A.			FCA Bank S.p.A.		
Arranger	Banca IMI/Unicredit/Crédit Agricole - CIB			BNP/Unicredit/Crédit Agricole - CIB/Natixis		
Joint Lead Manager	Banca IMI/Unicredit/Crédit Agricole-CIB/SANTANDER			NA		
Underlying assets	Italian AutoLoans			Italian AutoLoans		
Currency (CCY)	EUR			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	NA			NA		
Notes outstanding	**Amount**	**%**	**Coupon (bps)**	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	810,000	88.8%	1M E+70	201,000	88.1%	1M E+35
Class B (Mezzanine)	27,000	3.0%	1M E+125	7,200	3.2%	1M E+115
Class C (Mezzanine)	18,000	2.0%	1M E+180	8,000	3.5%	1M E+170
Class D (Mezzanine)	23,400	2.6%	1M E+285	-	0.0%	-
Class E (Mezzanine)	9,900	0.0%	1M E+385	-	0.0%	-
Class M/M1/Junior (Subordinated)	24,300	2.7%	6.875	12,000	5.3%	7,50
Class M2 (Subordinated)	-	0.0%	-	-	0.0%	-
ABS Tranches at issue	**Amount**	**%**	**Tranche**	**Amount**	**%**	**Tranche**
Class A (Senior)	810,000	88.8%	5% RETAINED	201,000	88.1%	100% RETAINED
Class B (Mezzanine)	27,000	3.0%	5% RETAINED	7,200	3.2%	100% RETAINED
Class C (Mezzanine)	18,000	2.0%	5% RETAINED	8,000	3.5%	100% RETAINED
Class D (Mezzanine)	23,400	2.6%	5% RETAINED	-	0.0%	-
Class E (Mezzanine)	9,900	1.1%	5% RETAINED	-	0.0%	-
Class M/M1/Junior (Subordinated)	24,300	2.7%	5% RETAINED	12,000	5.3%	100% RETAINED
Class M2 (Subordinated)	-	0.0%	-	-	0.0%	-
Current rating	**Fitch**	**DBRS**		**Fitch**	**DBRS**	
Class A (Senior)	AA-	AAA		AA-	AA	
Class B (Mezzanine)	A+	AAH		AH	AA-	
Class C (Mezzanine)	A-	AAL		A	BBBH	
Class D (Mezzanine)	BBB-	BBBL				
Class E (Mezzanine)	BBB-	BH				
M/M1/Junior/M2 (Subordinated)	Unrated			Unrated		

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return

1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + margin

EUR /000	A-BEST NINETEEN UG		
Start date	November-20		
Transaction type	Public		
Originator	FCA Bank Deutschland GmbH		
Servicer	FCA Bank Deutschland GmbH		
Arranger	BAML / Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	BAML / Unicredit / Crédit Agricole - CIB		
Underlying assets	German AutoLoans		
Currency (CCY)	EUR		
Transfer of collections (frequency)	daily		
Programme Amount CCY/000	NA		
Titoli in essere	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	483,500	86.1%	1M E+70
Class B (Mezzanine)	19,500	3.5%	1M E+65
Class C (Mezzanine)	18,200	3.2%	1M E+125
Class D (Mezzanine)	10,300	1.8%	1M E+198
Class E (Mezzanine)	10,700	0.0%	1M E+350
Class M/M1/Junior (Subordinated)	19,600	3.5%	6,50
Class M2 (Subordinated)	-	0.0%	-
ABS Tranches at issue	**Amount**	**%**	**Tranche**
Class A (Senior)	483,500	86.1%	100% RETAINED
Class B (Mezzanine)	19,500	3.5%	100% RETAINED
Class C (Mezzanine)	18,200	3.2%	100% RETAINED
Class D (Mezzanine)	10,300	1.8%	100% RETAINED
Class E (Mezzanine)	10,700	1.9%	100% RETAINED
Class M/M1/Junior (Subordinated)	19,600	3.5%	100% RETAINED
Class M2 (Subordinated)	-	0.0%	-
Current rating	**Fitch**	**Moody's**	
Class A (Senior)	AAA	Aaa	
Class B (Mezzanine)	AA	Aa1	
Class C (Mezzanine)	A	A1	
Class D (Mezzanine)	BBB	Baa2	
Class E (Mezzanine)	BB+	Ba2	
M/M1/Junior/M2 (Subordinated)		Unrated	

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return

1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + margin

Data expressed in thousand	NIXES SEVEN B.V.			NIXES SIX PLc		
Start date	September-17			December-13		
Transaction type	Private			Private		
Originator	FCA Bank Deutschland GmbH			FCA Automotive Services UK Ltd		
Servicer	FCA Bank Deutschland GmbH			FCA Automotive Services UK Ltd		
Arranger	Citibank / BAML/Crédit Agricole-CIB/Unicredit			Citibank /Crédit Agricole-CIB/ HSBC / NATWEST		
Underlying assets	German AutoLoans and Leasing			UK AutoLoans		
Currency (CCY)	EUR			GBP		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	540,000,000 (1)			670,000,000 (1)		
Notes outstanding	**Amount**	**%**	**Coupon (bps)**	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	416,157	86.5%	NA	498,354	62.6%	NA
Class B (Mezzanine)	NA	0.0%	NA	NA	0.0%	NA
Class C (Mezzanine)	NA	0.0%	NA	NA	0.0%	NA
Class D (Mezzanine)	NA	0.0%	NA	NA	0.0%	NA
Junior Tranche (Subordinated)	65,015	13.5%	VR	297,965	37.4%	VR
Current rating (private)						
Class A (Senior)	Unrated			Unrated		
Class B (Mezzanine)	NA			NA		
Class C (Mezzanine)	NA			NA		
Class D (Mezzanine)	NA			NA		
Class E (Mezzanine)						
Junior Tranche (Subordinated)	Unrated			Unrated		

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return

1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + margin

EUR /000	ERASMUS FINANCE DAC		
Start date	June-06		
Transaction type	Private		
Originator	FCA Bank Deutschland GmbH		
	FCA Capital France S.A.		
	FCA Dealer Services España S.A.		
Servicer	FCA Bank Deutschland GmbH		
	FCA Capital France S.A.		
	FCA Dealer Services España S.A.		
Arranger	Crédit Agricole-CIB / BAML		
Underlying assets	German/Spanish/French Dealers' Payables		
Currency (CCY)	EUR		
Transfer of collections (frequency)	daily		
Programme Amount CCY/000	1,290,000,000 (1)		
Notes outstanding	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	879,216	69.6%	NA
Class B (Mezzanine)	NA	0.0%	NA
Class C (Mezzanine)	NA	0.0%	NA
Class D (Mezzanine)	NA	0.0%	NA
Junior Tranche (Subordinated)	384,670	30.4%	VR
Current rating (private)			
Class A (Senior)	Unrated		
Class B (Mezzanine)	NA		
Class C (Mezzanine)	NA		
Class D (Mezzanine)	NA		
Class E (Mezzanine)			
Junior Tranche (Subordinated)	Unrated		

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return

1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + margin

C.1 Prudential Consolidation - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset - p.1

Type of securitised assets/ Exposures	On Balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book Value	Write-downs/ write-backs	Book Value	Write-downs/ write-backs	Book Value	Write-downs/ write-backs
A. Totally derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
B. Partially derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
C. Not derecognised from balance sheet						
Factoring	-	-	334,670	-	50,000	-
of which non-performing	-	-	-	-	-	-
Other loans	71,074	-	121,015	-	371,036	-
of which non-performing	-	-	-	-	-	-

C.1 Prudential Consolidation - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset - p.2

Type of securitised assets/ Exposures	Guarantees given					
	Senior		Mezzanine		Junior	
	Net exposure	Write-downs/ write-backs	Net exposure	Write-downs/ write-backs	Net exposure	Write-downs/ write-backs
A. Totally derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
B. Partially derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
C. Not derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-

C.3 Prudential Consolidation - Special Purpose Vehicles for securitisations

Name of securitization/ Name of vehicle	Country of incorporation	Consolidation	Assets			Liabilities		
			Credits	Debt securities	Others	Senior	Mezzanine	Junior
A-BEST THIRTEEN FT	Madrid - Spain	Line-by-line	144,346	-	-	40,900	43,700	63,500
A-BEST FIFTEEN S.r.l.	Conegliano (TV) - Italy	Line-by-line	356,675	-	78,329	301,582	73,000	31,000
Nixes Six PLc	London - UK	Line-by-line	707,704	-	37,079	554,324	-	274,534
Nixes Seven B.V.	Amsterdam - Netherlands	Line-by-line	441,786	-	48,030	416,157	-	56,127
Erasmus Finance Limited	Dublin - Ireland	Line-by-line	1,012,042	-	245,747	879,216	334,670	50,000
A-BEST SIXTEEN UG	Frankfurt am Main - Germany	Line-by-line	375,788	-	41,490	306,914	65,000	26,600
A-BEST SEVENTEEN S.r.l.	Conegliano (TV) - Italy	Line-by-line	858,875	-	62,780	810,000	78,300	24,300

C.4 Prudential Consolidation - Special Purpose Vehicles for securitisation not included in the consolidation

Not applicable to the group.

C.5 Prudential Consolidation - Servicer activities - "In-house" securitisations: collections of securitised loans and redemptions of securities issued by the securitisation's vehicle"

Servicer	Vehicle entity	Securitised assets (end of period)		Loans collected during the year		Percentage of securities redeemed (end of period)					
						Senior		Mezzanine		Junior	
		Non-performing	Performing	Non-performing	Performing	Impaired	In bonis	Impaired	In bonis	Impaired	In bonis
A-BEST TWELVE S.r.l.	FCA Bank S.p.A.	-	-	-	100,496	-	-	-	-	-	-
Fast 3 S.r.l.	FCA Bank S.p.A.	-	-	-	1,600,211	-	-	-	-	-	-
A-BEST FIFTEEN S.r.l.	FCA Bank S.p.A.	1,393	355,282	1,487	348,574	-	-	-	-	-	-
A-BEST SIXTEEN UG	FCA Bank Deutschland GmbH	6,456	369,333	-	229,974	-	-	-	-	-	-
Nixes Seven B.V.	FCA Bank Deutschland GmbH	6,472	435,315	-	320,059	-	-	-	-	-	-
A-BEST THIRTEEN FT	FCA Capital Espana E.F.C.	5,922	241,699	-	-	-	-	-	-	-	-
Erasmus Finance Limited	FCA Dealer Services Espana S.A.	2,256	166,048	1,087	851,955	-	-	-	-	-	-
Erasmus Finance Limited	FCA Capital France S.A.	-	264,356	-	264	-	-	-	-	-	-
Erasmus Finance Limited	FCA Bank Deutschland GmbH	943	586,079	-	-	-	-	-	-	-	-
Nixes Six Plc	FCA Automotive Services UK	-	707,704	-	484,432						
A-BEST FOURTEEN S.r.l.	FCA Bank S.p.A.	827	858,048	234	352,057	-	-	-	-	-	-

C.6 Prudential Consolidation - Consolidated securitisation vehicles

Name	Country
Nixes Six PLc	London - UK
Nixes Seven B.V.	Amsterdam - The Netherlands
Erasmus Finance DAC	Dublin - Ireland
A-BEST THIRTEEN FT	Madrid - Spain
A-BEST FOURTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST FIFTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST SIXTEEN UG	Frankfurt am Main - Germany
A-BEST SEVENTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST EIGHTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST NINETEEN UG	Frankfurt am Main - Germany

D. Sales transactions

A. Financial assets sold and not fully derecognised

QUANTITATIVE DISCLOSURES

D.1 Prudential Consolidation - Financial assets sold and fully recognised and associated financial liabilities: book value

	Financial assets sold and fully recognised				Associated financial liabilities		
	Book value	of which: subject to securitization transactions	of which: subject to sale sgreements with repurchase obligation	of which non-performing	Book value	of which: subject to securitization transactions	of which: subject to sale sgreements with repurchase obligation
A. Financial assets held for trading	**-**	**-**	**-**	**x**	**-**	**-**	**-**
1. Debt securities	-	-	-	x	-	-	-
2. Equity instruments	-	-	-	x	-	-	-
3. Loans	-	-	-	x	-	-	-
4. Derivatives	-	-	-	x	-	-	-
B. Other financial assets mandatorily at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	x	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	-	-	-	-
D. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	x	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets at amortised cost	**1,292,722**	**1,215,550**	**77,172**	**2,220**	**1,175,424**	**1,121,746**	**53,678**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	1,292,722	1,215,550	77,172	2,220	1,175,424	1,121,746	53,678
Total 31/12/2020	1,292,722	1,215,550	77,172	2,220	1,175,424	1,121,746	53,678
Total 31/12/2019	7,413,053	7,067,078	143,711	17,092	5,674,261	5,639,858	119,270

B. Financial assets sold and fully deleted with recognition of continuous involvement

QUALITATIVE DISCLOSURES

In addition to what has already been outlines in "C. Securitization Transactions", to which reference is made, FCA Bank engages in sales pursuant to Law no. 52/1991 (Factoring) which are carried out to achieve two results:
- improvement of liquidity position;
- deconsolidation of certain assets, in the event that the sale is on a non-recourse basis.

Types of transactions

Transactions are mainly of two types:
- revolving factoring transactions;
- non-revolving factoring transactions.

Revolving factoring transactions

In these transactions, the buyer (Factor) purchases receivables at a specified frequency, over a pre-defined time period. The Originator can sell, periodically, new receivables in accordance with the terms and conditions of the sale agreement. The purchase of such receivable portfolios is financed by the Factor. At the end of the sale period, the portfolio begins to amortize and the funds borrowed are repaid.

Non-revolving factoring transactions

In these transactions the Factor purchases the receivables offered by the seller. The purchase of these receivables is financed by the Factor, on the basis of the loans provided to the single borrowers sold.

E. Prudential consolidation – Credit risk measurement models

1.2 Market Risks

A. General aspects

Market risk is the risk of loss from trading in financial instruments (held-for-trading portfolio), currencies and commodities due to market trends and the issuer's situation. The types of market risk to which the FCA Bank Group is exposed are exchange rate risk and position risk.
Exchange risk is related to financial transactions towards subsidiaries adopting currency different from euro. At December 31st, 2020 the impact of this kind of risk is not relevant as net balance amount in foreign currency is below the minimum threshold.

The position risk is related to derivatives transactions. This kind of risk is entirely linked to derivatives finalized at reducing interest rate risk, as the company doesn't hold securities for other aims.

FCA Bank doesn't perform trading activities and, as a consequence, is not exposed to market risks.

In accordance with the definition of "Trading Book" of EU Regulation no. 575/2013 (CRR), derivative instruments held by the group should not be classified as "held for trading" as there is no trading intent in connection with them. In fact, these derivatives were entered into to hedge the interest rate risk of collateral posted for securitization transactions. In addition, the rating agencies require the use of hedging derivatives to assign investment grade ratings.
That is the reason why derivatives do not attract capital charges for market risk (Pillar I), pursuant to the rules on supervisory returns, and are instead entered in the banking book, the portfolio which contains financial instruments that attract capital charges for credit and counterparty risks, as defined by the cited supervisory rules.

Impacts deriving from the Covid-19 pandemic

In view of the Covid-19 emergency situation, the interest rate risk has been monitored periodically and stress tested, confirming the overall good financial risk profile of the bank.

1.2.1 Interest rate risk and price risk - Regulatory trading book

QUALITATIVE DISCLOSURES

A. General aspects

Main management process of position risk consist in keeping exposure towards each counterparty below the threshold in coherence with a minimum credit rating as defined in 'Asset and Liability policy' and measured by rating stated by main rating agencies. As stated in Section A. General Aspects, the group at the year-end closing doesn't hold any financial instruments classified in the Regulatory Trading Portfolio.

1.2.2 Interest rate and price risk - Banking Book

QUALITATIVE DISCLOSURES

A. General aspects, operational processes and methods for measuring interest rate risk and price risk

The FCA Bank Group's has an exposure to interest rate risk to the extent that changes in interest rates affect its interest spreads. More specifically, the risk lies in the mismatch or gap between the reset dates (date when the interest rate is set: for fixed-rate instruments this is the maturity date while for floating-rate instruments this is the end of the interest period) for assets and liabilities.

Regarding interest rate risk management, Treasury, which does not act in a profit center capacity, executes solely risk hedging activities, thereby minimizing the impact deriving from the volatility of interest rates.

This activity is carried out also for the group's subsidiaries. Risk mitigation occurs through derivative transactions entered into on the basis of standard contracts (ISDA, International Swaps and Derivatives Association).

To calculate interest rate risk exposure, the following methodologies have been used:

- Reset Gap Analysis: this methodology is designed to determine the difference between the amount of assets and liabilities with a reset date in the same time bucket. Maturity gap is the difference between the total value of the assets and liabilities maturing/showing a reset date in a specific bucket. Maturity gaps are grouped in buckets and totaled within each such bucket. This difference is called Gap Mismatch Index. Management processes of financial risks, as defined by group policy, establish that Gap Mismatch can't exceed ±10% for each temporal phase;
- Duration Analysis: this methodology is designed to determine the difference between the duration of assets and that of liabilities analyzed by reset date. In particular, the assets maturing/resetting in a given month are totaled and discounted to present value at the appropriate rate, as calculated on the basis of the interest rates prevailing in the market at the end of the month under analysis. The sum of all the assets so discounted, as weighted by their effective term to maturity in months, divided by the total of all discounted assets, is called asset duration. The liabilities maturing/resetting in a given month are totaled and discounted to present value at the appropriate rate, as calculated on the basis of the interest rates prevailing in the market. The sum of all the liabilities so discounted, as weighted by their effective term to maturity in months, divided by the total of all discounted assets, is called liabilities duration. The difference between asset duration and liabilities duration as a percentage share of asset duration is called duration gap index. Financial risk management sets maximum limits for the duration gap index, which cannot deviate for more than ± 5%. To ensure compliance with the limits set at the consolidated level by the Asset & Liability Policy, Treasury uses derivative instruments, such as interest rate swaps, to remedy any mismatches by aligning the reset date profiles of assets and liabilities.

Organizational structure

To manage interest rate risk in an accurate and balanced manner, the group has established a specific corporate governance structure.
To this end, certain Committees/Meetings are mainly for information purposes and are also intended to set out general strategies to hedge the financial and market risks to which the group is exposed, particularly:

- **Board of Directors** is responsible for managing, setting policies and reviewing the compliance, and appropriateness, of the risk management structure;
- **Advisory Board** is responsible for monitoring the company's and the group's position on interest rate risk and liquidity risk;
- **Finance & Control Committee** is responsible for monitoring the company's and the group's position on market risk and to define strategies to hedge significant risks;
- **Group Internal Risk Committee** is responsible for setting policies on, and monitoring the proper working

of, the group's internal control system and is convened whenever there is a crisis situation;
▪ **ALM Internal Committee (I.C)** is responsible for:
▪ monitoring the consistency between the interest rate risk hedging transactions approved and those executed every month;
▪ approving the risk hedging transactions to be carried out every month;
▪ evaluating extraordinary financial transactions, liabilities and financial expenses;
▪ evaluating and monitoring capitalization level.
▪ **Treasury** is responsible for:
▪ carrying out hedging transactions;
▪ controlling the trading process;
▪ defining the hedging strategy within the limits set by ALM Internal Committee.
▪ carrying out on an ongoing basis, through its own staff, first-level controls on interest rate risk, exchange risk and position risk.
▪ **ALM** is responsible for:
▪ monitoring the interest rate risk and exchange risk for the currencies in which the company's and the group operates;
▪ monitoring the position risk and liquidity risks (LCR and NSFR);
▪ preparing reports for the ALM Internal Committee;
▪ performing the required stress tests;
▪ carrying out B/O activities on the Treasury department's transactions;
▪ carrying out on an ongoing basis, through its own staff, first-level controls on interest rate hedging exchange risk and position risk.
▪ **Risk & Permanent Control** is responsible for performs systematic controls on the proper application of Treasury/ALM & FR procedures.

Interest rate risk measurement method

Interest rate risk in banking portfolio (IRRBB) refers to the risk current or perspective related to the assets and profits deriving from hostile interest rates trends. As a fact, interest rates fluctuation, implicates an actual value variation and, in future cash flows, change as a consequence the collateral of the assets, liabilities and off-balances, in addition to profits. Furthermore, interest rates variations influence the connected profits and losses elements.

Interest rate risk stress tests are enclosed in the "Integrated Stress Testing Framework", whom structure provides a quantification model of figure influenced by primitive variables, both exogenous and endogenous, on selected meters and indicators. In particular, meters identified for the interest rate stress are "Interest Rate Risk Internal Capital" and the "Interest Rate Risk Indicator".
Compliant with the Circular 285/2013 of the Bank of Italy (Title III, section I, enclosed C), FCA Bank Group measure the interest rate risk through the simplified method.
The object of the test is to evaluate interest rate impact on the sensitive portfolio as a result of a ±200 rate basis point shock. Calculation method splits risky positions in temporal bands on the basis of the applied rate (fix or floating). Capital requirement is obtained adopting a series of compensation procedures through short and long positions belonging to different ageing bands.
To achieve if the risk indicator, calculated as correlation between the sum of the net positive weighted expositions and the Own Funds (Tier 1), is within the attention threshold, 20%, (in line with requirements of the Circular 285/2013 of the Bank of Italy), following activities are performed:
▪ portfolio assets and liabilities are classified in 14 temporal bands taking in consideration their composition. In particular fix rate assets and liabilities are classified for residual maturity while floatings are connected to different temporal bands on the basis of the rate negotiation date;
▪ each temporal band includes assets and liabilities, obtaining the net position;
▪ the net position of every band is multiplied per weighting factors, obtained as product between an

theoretical rates variation and an estimate of the modified duration in relation to each bands. The result is equivalent to a parallel shock for 200 bps on rates. To calculate these elements the group makes assumptions defined in "Attachment C – Banking portfolio tax interest rate" of the Circular 285/2013;

- in view of the assumed interest-rate shocks, the maximum amount of the sum of the weighted net positions, relating to the different bands, for each relevant currency (EUR and GBP), and the maximum amount of the sum of the weighted net positions in a non-relevant currency, relating to the different bands, of each shock scenario are added algebraically to each other, obtaining an approximation of the change in the present value of the items to be used in the ratios with Tier 1 Capital and Own Funds.

Stress tests to evaluate interest rate risk are performed on a quarter basis.

QUANTITATIVE DISCLOSURES

1. Banking portfolio: distribution by maturity (by repricing date) of financial assets and liabilities

Type/Residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Unspecified maturity
1. Cash assets	**2,814,059**	**2,760,661**	**2,076,680**	**4,588,764**	**10,621,521**	**1,012,465**	**3,115**	**7,137**
1.1 Debt securities	-	-	-	-	9,305	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- others	-	-	-	-	9,305	-	-	-
1.2 Loans to bank	1,779,558	46,012	34,303	26	3,591	-	-	6,624
1.3 Loans to customers	1,034,501	2,714,649	2,042,377	4,588,738	10,608,626	1,012,465	3,115	513
- c/c	43,112	21,290	20,806	54,929	155,954	38,805	-	-
- others loans	991,389	2,693,359	2,021,571	4,533,810	10,452,672	973,661	3,115	513
- with early repayment option	-	-	-	-	-	-	-	-
- others	991,389	2,693,359	2,021,571	4,533,810	10,452,672	973,661	3,115	513
2. Cash liabilities	**1,448,416**	**10,132,934**	**659,114**	**2,467,186**	**6,346,357**	**76,217**	**578**	**30,470**
2.1 Debts to customers	168,655	425,463	258,282	485,941	277,517	76,217	-	30,470
- c/c	168,655	31,304	-	-	-	-	-	-
- others debts	-	394,159	258,282	485,941	277,517	76,217	-	30,470
- with early repayment option	-	-	-	-	-	-	-	-
- others	-	394,159	258,282	485,941	277,517	76,217	-	30,470
2.2 Debt to bank	1,250,000	4,478,082	315,860	403,886	553,121	-	-	-
- c/c	-	84,285	-	-	-	-	-	-
- others debts	1,250,000	4,393,797	315,860	403,886	553,121	-	-	-
2.3 Debt securities	29,760	5,229,390	84,972	1,577,359	5,515,719	-	578	-
- with early repayment option	-	-	-	-	3,747,444	-	-	-
- others	29,760	5,229,390	84,972	1,577,359	1,768,276	-	578	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
3. Financial derivatives	**-**	**26,552,528**	**1,320,050**	**3,788,171**	**16,169,203**	**284,423**	**-**	**-**
3.1 With underlying title	-	1,723,211	8,609	144,114	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	1,723,211	8,609	144,114	-	-	-	-
+ Long positions	-	861,605	4,305	72,057	-	-	-	-
+ Short positions	-	861,605	4,305	72,057	-	-	-	-
3.2 Without underlying title	-	24,829,318	1,311,441	3,644,056	16,169,203	284,423	-	-
- Options	-	6	-	-	-	-	-	-
+ Long positions	-	6	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Others derivatives	-	24,829,312	1,311,441	3,644,056	16,169,203	284,423	-	-
+ Long positions	-	15,791,534	91,817	1,437,441	5,798,434	-	-	-
+ Short positions	-	9,037,778	1,219,624	2,206,615	10,370,769	284,423	-	-
4. Other off-balance sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

1.2.3 Exchange risk

QUALITATIVE DISCLOSURES

A. Overview, management processes and exchange risk measurement methods

The company's policy doesn't allow to detain amount in foreign currency. As a consequence, financial operations in foreign currencies are exchanged in Euro and, sometimes, made by derivatives (Foreign Exchange Swap) according to ISDA standard.

Exposure to counterparty risk is low thanks to high rating of bank counterparties. Exchange risk at the year-end is not relevant as net balance amount in foreign currency is below the minimum threshold (2% of Regulatory Capital).

1.3 Derivative instruments and hedging policies

1.3.1 Trading derivative instruments

As indicated in paragraph "A. Overview", the Group does not engage in securities trading and, as such, it is not exposed to market risk per se. However, the financial derivatives reported as held for trading refer to contracts entered into solely for hedging purposes, in accordance with the criteria applied by the rating agencies, which require the use these instruments to assign a rating to the securities issued by the company.

A. Financial derivatives

A.1 Trading financial derivatives: end-of-period notional amounts

Underlying assets/ Type of derivatives	Total 31/12/2020				Total 31/12/2019			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**-**	**-**	**3,173,377**	**-**	**-**	**-**	**3,810,043**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	3,173,377	-	-	-	3,810,043	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equity instruments and stock indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	-	-	3,173,377	-	-	-	3,810,043	-

A.2 Trading financial derivatives: positive and negative fair value - regulatory trading portfolio

Types of derivatives	Total 31/12/2020				Total 31/12/2019			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	-	-	-	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
2. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	2,041	-	-	-	3,407	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	-	-	2,041	-	-	-	3,407	-

A.3 OTC trading financial derivatives - notional values, positive and negative fair value by counterparty

Underlyings	Central Counterparties	Banks	Other financial companies	Other entities
Contracts not included in clearing agreement				
1) Debt securities and interest rate				
- notional value	x	3,173,377	-	-
- positive fair value	x	-	-	-
- negative fair value	x	2,041	-	-
2) Equities and stock indexes				
- notional value	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
3) Currencies and gold				
- notional value	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
4) Commodities				
- notional value	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
5) Others				
- notional value	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
Contracts included in clearing arrangements				
1) Debt securities and interest rate				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equities and stock indexes				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial derivatives: notional values

Underlying/Residual	Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A.1 Financial derivative contracts on debt securities and interest rates	-	459,183	2,714,195	3,173,377
A.2 Financial derivative contracts on equity securities and stock indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on goods	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2020	-	459,183	2,714,195	3,173,377
Total 31/12/2019	337,559	3,472,558	-	3,810,118

1.3.2 Accounting hedging policies

QUALITATIVE DISCLOSURES

Fair value hedging activities

The group's risk management policies only allow use of plain vanilla derivatives. The FCA Bank Group hedges its interest rate risk on instalment loans provided and bonds issued through interes rate hedging instruments designated as fair value hedges. In particular, the group hedges the interest rate risk on the outstanding portfolio with the fair value macro hedging methodology.

Hedge effectiveness

The group tests the effectiveness of the fair value macro hedge at the end of every reporting period, whether annual or interim, by using:
▪ prospective tests, which justifies hedge accounting, to the extent that they show hedge effectiveness;
▪ retrospective tests, which show the degree of effectiveness of the hedge in the period of reference. In other words, they measure the extent to which the hedge relationship deviates from perfect hedge.

The prospective tests compares:
▪ the run-off of the fixed-rate Retail portfolio outstanding at the observation date (hedged instrument);
▪ the run-off of swaps outstanding at the observation date (notional value).
Both run-offs are compared by maturity range. The effectiveness test is met if, for every maturity range, the average value of the portfolio is greater than the average value of the derivative instruments.

The retrospective test compares:
▪ the notional value of the portfolio and the notional value of the derivatives outstanding, whose starting date precedes the date of the last observation period (September 30th, 2020);
▪ the notional amount of the portfolio and the notional value of the derivative projected from the last observation date (September 30th, 2020) to the reporting date (December 31st, 2020).

The retrospective effective test is met is the changes in notional value of the derivative instrument are highly effective in offsetting the changes in nominal value of the hedged instruments since the last observation date (September 30th, 2020).

Cash flow hedges, hedged instruments

The group uses IRS designated as cash flow micro hedges to manage the interest rate risk on its financial liabilities. Effectiveness is measured by comparing the change in fair value of the interest rate swaps and the change in fair value of the hedged instrument.
The effectiveness test is met if the result of the hedge (percentage difference between the change in fair value of the interest rate swaps and the change in fair value of the hedged instrument) ranges from 80%-125%. The effectiveness test is met also when the value of the hedged instrument is greater than the value of the derivative instrument (in absolute terms) at the observation date.

QUANTITATIVE DISCLOSURES

A. Hedging financial derivatives

A.1 Hedging financial derivatives: notional values at the end of the period

Underlying assets/ Type of derivatives	Total 31/12/2020				Total 31/12/2019			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**19,404,746**	**-**	**3,522,454**	**-**	**20,421,938**	**-**	**533,685**	
a) Options	-	-	-	-	-	-	-	
b) Swap	19,404,746	-	3,522,454	-	20,421,938	-	533,685	
c) Forward	-	-	-	-	-	-	-	
d) Futures	-	-	-	-	-	-	-	
e) Others	-	-	-	-	-	-	-	
2. Equity instruments and stock indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
a) Options	-	-	-	-	-	-	-	
b) Swap	-	-	-	-	-	-	-	
c) Forward	-	-	-	-	-	-	-	
d) Futures	-	-	-	-	-	-	-	
e) Others	-	-	-	-	-	-	-	
3. Currencies and gold	**-**	**-**	**937,967**	**-**	**-**	**-**	**1,044,332**	
a) Options	-	-	-	-	-	-	-	
b) Swap	-	-	-	-	-	-	-	
c) Forward	-	-	937,967	-	-	-	1,044,332	
d) Futures	-	-	-	-	-	-	-	
e) Others	-	-	-	-	-	-	-	
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Total	19,404,746	-	4,460,421	-	20,421,938	-	1,578,017	

A.2 Hedging financial derivatives: positive and negative fair value - breakdown by product

Types of derivatives	Positive and negative fair value								Changes in value used to assess hedge ineffectiveness	
	Total 31/12/2020				Total 31/12/2019				Total 31/12/2020	Total 31/12/2019
	Over the counter			Organized markets	Over the counter			Organized markets		
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties				
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements			
Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swap	22,878	-	-	-	32,318	-	-	-	22,878	32,318
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	455	-	-	-	3,016	-	455	3,016
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	22,878	-	455	-	32,318	-	3,016	-	23,333	35,334
Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swap	77,017	-	12,689	-	78,337	-	361	-	89,706	78,698
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	4,214	-	-	-	2,635	-	4,214	2,635
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	77,017	-	16,903	-	78,337	-	2,996	-	93,920	81,333

A.3 OTC hedging financial derivatives - notional values, positive and negative fair value by counterparty

Underlyings assets	Central Counterparties	Banks	Other financial companies	Other entities
Contracts included in netting agreement				
1) Debt securities and interest rates				
- notional value	x	2,285,645	-	-
- positive fair value	x	-	-	-
- negative fair value	x	12,689	-	-
2) Equity instruments and stock indexes				
- notional value	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
3) Currencies and gold				
- notional value	x	937,967	-	-
- positive fair value	x	455	-	-
- negative fair value	x	4,214	-	-
4) Commodities				
- notional value	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
5) Others				
- notional value	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
Contracts included in netting agreement				
1) Debt securities and interest rates				
- notional value	19,404,746	-	-	-
- positive fair value	22,877	-	-	-
- negative fair value	77,017	-	-	-
2) Equity instruments and stock indexes				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging credit derivatives: notional values

Underlying/Residual maturity	Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A.1 Financial derivative contracts on debt securities and interest rates	3,892,948	16,047,290	1,750,152	21,690,390
A.2 Financial derivative contracts on equity securities and stock indexes	-	-	-	-
A.3 Financial derivative contracts on currencies and gold	937,967	-	-	937,967
A.3 Financial derivative on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2020	4,830,915	16,047,290	1,750,152	22,628,357
Total 31/12/2019	7,832,893	14,114,642	53,683	22,001,218

1.3.3 Other information on derivatives instruments (trading and hedging)

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparties

	Central counterparties	Banks	Other financial companies	Other entities
A. Financial derivatives				
1) Debt securities and interest rates				
- notional amount	19,404,746	5,459,022	-	-
- positive fair value	22,878	-	-	-
- negative fair value	77,017	14,730	-	-
2) Equity instruments and stock indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	937,967	-	-
- positive fair value	-	455	-	-
- negative fair value	-	4,214	-	-
4) Commodities	-	-	-	-
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value				
5) Other	-	-	-	-
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value				
B. Credit derivatives				
1) Hedge purchase	-	-	-	-
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value				
2) Hedge sale	-	-	-	-
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

1.4 Liquidity Risk

QUALITATIVE DISCLOSURES

A. Overview, management processes and methods for measuring liquidity risk

Liquidity risk reflects the company's inability to meet its obligations as they come due. Specifically, liquidity risk involves the company's inability to renew, extend, refinance, in whole or in part, its borrowings in its various forms, whether structured or unstructured.

To facilitate the proper identification and management of liquidity risk, it is worthy of note that:
- the group's financial management activities are centralized at parent company level, where the Treasury department is responsible for the proper financial management of all the subsidiaries. Moreover, all structured finance transactions are negotiated and managed at the central level;
- the Parent is the only group company with a rating assigned by Fitch Ratings, Moody's e Standard&Poor's. In this sense, all bank accounts and lines of credit are managed at the central level;
- all of the group companies refer to the parent company for their borrowing requirements through negotiations for the most appropriate financing instruments.

The group manages this risk by matching assets and liabilities in terms of amounts and maturities. This management activity, together with the availability of substantial lines of credit (including those by Crédit Agricole, the banking shareholder), allows the company and its subsidiaries to reduce to a minimum their liquidity risk. Liquidity conditions are measured monthly by currency (Euro, British pound, Swiss franc, Danish krone, Swedish Krona, Norwegian Krone, Polish zloty and Moroccan Dirham).

The liquidity risk management model hinges around such key activities as:
- management of operating liquidity and structural liquidity, including the use of regularly revised and updated cash flow schedules;
- constant monitoring of cash flows and adoption of metrics to measure and control exposure to liquidity risk (maturity mismatch approach);
- setting limits to the exposure and concentration regarding liquidity risk;
- stress tests to evaluate risk exposure under stressful conditions;
- preparation of the Contingency Funding Plan intended to define the roles and responsibilities, the processes, actions to undertake and the identification of risk mitigation techniques to be adopted in case a sudden liquidity crisis.

The methodological approach adopted by the FCA Bank Group to measure risk requires – with reference to both operating liquidity and structural liquidity - the calculation of the:
- Maturity Ladder, which is used to calculate, monitor and control any liquidity shortfall by maturity bucket; and
- Cumulative Liquidity Gap, which is used to calculate progressive cash flows and identifies the presence of any negative cash flows that would require hedging.

The group, consistent with the Basel III framework, calculates:
- the Liquidity Coverage Ratio (LCR) every month;
- the Net Stable Funding Ratio (NSFR) every quarter.

With reference to the liquidity coverage ratio, the group manages any requirements through instruments that comply with the FCA Bank Group's liquidity policy. The high-quality liquidity assets (HQLA) necessary to meet the liquidity coverage ratio are managed, at the consolidated level, by the Treasury department of the parent company, the only exception being the foreign subsidiaries, which are subject to similar LCR requirements set by local supervision authorities.

To this end, it is noted that, starting November 16th, 2018, FCA Bank S.p.A. opened a direct account with the Bank of Italy. As such, the level of HQLA necessary to meet the pre-established objectives is achieved through deposits with the Central Bank and through open market transactions.

Liquidity ratios

Liquidity ratios, provided by Basilea III return at the individual level of FCA Bank S.p.A. the following at December 31st, 2020:
- Liquidity Coverage Ratio (LCR) 214% above the regulatory threshold;
- Net Stable Funding Ratio (NSFR) 121%.

Regulatory threshold have been exceeded at the year-end but also in interim reporting.

Impacts deriving from the Covid-19 pandemic

In view of the pressure generated by the Covid-19 emergency situation, the bank has intensified liquidity monitoring. Moreover, the analyses carried out allowed adequate monitoring and regular updates to the relevant governance and management bodies, and timely funding optimization actions without detecting any critical issues on the liquidity position.

QUANTITATIVE DISCLOSURES

1. Time breakdown by contractual residual maturity of financial assets and liabilities

Items/Time	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1year	1 to 5 years	Over 5 years	Unspecified maturity
On-balance sheet assets	**2,852,495**	**177,295**	**169,450**	**625,971**	**2,279,242**	**2,449,127**	**5,472,625**	**10,511,089**	**524,710**	**33,348**
A.1 Government securities	-	-	-	-	9,305	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	2,852,495	177,295	169,450	625,971	2,269,937	2,449,127	5,472,625	10,511,089	524,710	33,348
- Banks	1,536,272	27,724	425	398,001	356,337	350,810	100,030	256	-	31,036
- Customers	1,316,223	149,571	169,025	227,970	1,913,600	2,098,317	5,372,596	10,510,833	524,710	2,312
On-balance sheet liabilities	**408,835**	**204,031**	**571,373**	**1,602,616**	**1,431,356**	**2,196,326**	**3,947,448**	**15,057,693**	**417,435**	**3**
B.1 Deposits and current accounts	390,771	84,285	-	26,178	95,759	258,282	485,941	221,368	56,149	3
- Banks	-	84,285	-	-	-	-	-	-	-	3
- Customers	390,771	-	-	26,178	95,759	258,282	485,941	221,368	56,149	-
B.2 Debt securities	-	-	40,000	569,912	146,104	1,327,146	2,107,181	8,217,265	578	-
B.3 Other liabilities	18,064	119,746	531,373	1,006,525	1,189,493	610,898	1,354,326	6,619,061	360,708	-
Off-balance sheet transactions										
C.1 Physically settled fin. derivatives										
- Long positions	-	-	154,851	671,054	1,938	33,763	72,057	-	-	-
- Short positions	-	-	154,851	671,054	1,938	33,763	72,057	-	-	-
C.2 Cash settled Fin. derivatives										
- Long positions	-	-	-	3,732	12,473	15,873	32,627	86,653	1,015	-
- Short positions	-	-	32	7,988	14,089	18,106	47,505	116,762	762	-
C.3 Deposit to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	209,402	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Written guarantees	174,053	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Physically settled cred. derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled Cred. derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Self-Securitization Transactions and European Central Bank Refinancing Operations

As of the reporting date, in addition to the securitizations described previously, FCA Bank had three self-securitizations in place - A-Best Fourteen S.r.l., A-Best Eighteen S.r.l. and A-Best Nineteen UG – for which it took up all the notes issued.
The financial assets securing the notes refer – in relation to A-Best Fourteen S.r.l. and A-Best Nineteen UG – to a portfolio of auto loans provided to retail customers, and – in relation to A-Best Eighteen S.r.l. – to a lease portfolio.
At December 31st, 2020 these portfolios amount to €1.6 billion for A-Best Fourteen S.r.l, to €479 million for A-Best Eighteen S.r.l., and to €547 million for A-Best Nineteen UG.
Regarding the notes issued and their ratings, reference is made to section "C. Securitization transactions" hereunder.

1.5 Operational Risks

QUALITATIVE DISCLOSURES

A. Overview, management processes and methods for measuring operational risk

Operational risk is the risk of incurring losses for inadequate or failed internal processes, people or systems or from external events, including legal risk. Operational risk covers also, among others, losses deriving from frauds, human errors, disruptions from external events, breakdowns of systems, contractual defaults, natural catastrophes. Operational risk includes legal risk (which includes money-laundering risk) but not strategic and reputational risks.
With that in mind, the bank's most significant risk is associated with the losses deriving from external frauds.
To calculate the internal capital required for operational risk, FCA Bank, in keeping with the provisions of Circular 285/2013 of the Bank of Italy for class 2 banks, uses the Basic Indicator Approach (BIA) to calculate capital requirements under Pillar I.
The Organizational Model to manage operational risk implemented at group level calls for the presence of the following players:
- an Operational Risk Management function: which defines and develops the methodologies, the policies and the procedures to detect, evaluate, monitor, measure and mitigate operational risks;
- single organizational units within the bank and the group companies that participate actively, with different levels of responsibility and involvement, in operational risk management processes through the identification of the principal (effective and potential) risks that might arise in day-to-day operations and ongoing risk monitoring within the scope of their duties and responsibilities.

The Organizational Model to manage operational risk unfolds in the following processes:
- mapping of operational risks by company process, in their expected and unexpected nature (annual update or following structural process changes);
- quarterly survey of loss events;
- analysis and classification of risk and loss events and definition, where necessary, of risk management and mitigation actions.

Classification of operational risk events
Operational risk events have been classified over the years on the basis of FCA Bank's specific experience as follows:
- internal fraud;
- external fraud;
- employment relationship and safety at work;
- customers, products and professional practices;
- damage to tangible assets;
- operation disruptions and information systems breakdowns;
- process execution and management.

Operational risk relates to all products, activities, processes and systems and it is generated in every business and support area.
Therefore, all employees are responsible for managing and controlling the operational risks arising from their areas of responsibility. The staff of each organizational unit of the group is responsible also for the operational risk arising in such units. As such, adequate dedication and training levels should be ensured in this field while incentive plans should be designed to avoid possible conflicts of interest.
The organizational structure of the units should be adapted to the risk profile maintained, as well as to the size, strategy and business model of the department, applying, where necessary, the principle of proportionality.
Operational risk must be managed and controlled throughout its cycle, which includes: planning, risk identification and assessment processes, risk monitoring and application of mitigation measures, availability of information, reporting and communication of relevant aspects.

It is therefore necessary to:
- use and document the necessary policies, procedures and tools appropriate to the nature and type of risks, identifying the participants, controls and evidence necessary;
- ensure adequate lines of communication and

governance between the personnel responsible for the processes, the control functions specialized in the management of operational risks and the party in charge of control;

- events that may constitute Operational Risks, regardless of whether or not they result in a loss for the company, according to the guidelines established from time to time.

Impacts deriving from the Covid-19 pandemic

The onset of the health emergency prompted the bank to adopt different approach to the management of operating activities: remote work, greater the use of digital channels, in addition to a changed social context with relative impacts on customer habits.
The bank implemented dedicated risk mitigants and periodic monitoring to ensure the safety of employees, business continuity and the monitoring of operational risks deriving from Covid-19.

SECTION 3
Insurance companies risks

3.1 Insurance Risks

QUALITATIVE DISCLOSURES

This sub-section outlines the disclosure required by IFRS 4, paragraphs 38, 39 a), 39 b) and 39A.

Risk management framework

The company has developed and implemented a risk management framework to identify and monitor areas of risk to the company. A review of the risk management framework is undertaken at least on an annual basis.

Currency risk

All significant transactions of the company are denominated in Euro with the exception of a small amount of business written in Poland. All bank accounts are held in Euro and Polish Zloty. The company is not exposed to any significant currency risk.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument fluctuate due to changes in interest rates. The company manages its interest rate risk by investing in short-term deposits. Thus, interest rate risk is very low.

Counterparty risk

The company's principal financial assets are insurance and other receivables, reinsurance assets and cash and cash equivalents.
Counterparty risk related to the cash and cash equivalent balances is controlled through the setting of minimum credit rating requirements for counterparties, and by diversification requirements, set out in the investment policy of the Board.

Liquidity risk

The company is exposed to monthly calls on its available cash resources mainly from claims arising from reinsurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The company manages its funds to ensure that an adequate amount of funds is available to meet such calls. Accordingly, cash and instruments with banks and counterparties with good ratings.

Insurance risk

The risk attached to the reinsurance policies written by the company is the possibility that an insured event occurs and the uncertainty of the amount of the resulting claim.

The company has developed its reinsurance underwriting strategy to diversify the type of insurance risks and within each of the types of risk, to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Risks covered include Life and Non-Life events with policy terms ranging from 1 month to 120 months.
The company engages an independent actuarial firm to review the technical provisions at the year-end.

SECTION 4
Other companies' risks

4.1 Securitization Risks

QUALITATIVE DISCLOSURES

The risk deriving from securitization transactions is that the economic substance of the transaction is not fully incorporated in risk assessment and management decisions.

The company feels that the risk associated with securitizations might materialize only in the event that the bank calculates its capital requirements in relation to the position in the securitization instead of the underlying assets. Only in this case can there be a risk that the capital requirements in question do not reflect in full the actual risk of the transaction.

However, the accounting treatment of securitizations is irrelevant for their recognition for prudential purposes. In keeping with IAS 39, securitized assets continue to be reported in the accounts based on the following considerations:
a) the risks and benefits related to the portfolio sold have not been fully transferred to third parties;
b) the seller continues to exercise control over the portfolio sold;
c) the seller acts also as servicer.

In the case of traditional securitizations, where the company subscribes the first loss tranche (junior notes), the quantification of this risk is incorporated in the internal capital set aside to face credit risk.

In this case, considering the dual role of receivable seller and investor in the subordinated note tranche, and considering the fact that (in line with supervisory instructions on securitizations, which establish that the risk-weighted amount of all investments in the same securitization cannot exceed the risk-weighted amount of the securitized assets calculated as though these had not been securitized) capital requirements are calculated on the underlying assets and pursuant to Regulation (EU) no. 575/2013 (CRR), the quantification of this risk is included in internal capital facing credit risk.

Thus, there is no uncertainty in the assessment of the economic nature of straight-forward securitizations in terms of calculation of capital requirements. On the other hand, in the event that securitization transactions are undertaken with the derecognition of receivables, FCA Bank performs a specific assessment of securitization risk in relation to the actual transfer of the credit risk associated with the securitized assets.

Therefore, the company will not carry out a quantitative assessment (internal capital) to face this risk but will consider the methodologies and processes implemented to oversee and mitigate such risk.

In that respect, the company's securitizations show either capital charges equal to the charges related to the assets sold (in line with supervisory instructions on securitizations which provide that the risk-weighted amount of all the positions in a securitization cannot exceed the risk-weighted amount of all the securitized assets calculated as if such assets had not been securitized) or, as in the case of A-Best Fifteen S.r.l. and A-Best Seventeen S.r.l., capital charges equal to those calculated on the basis of the bank's positions in these securitizations.
As to the risk deriving from securitization transactions - that is that the economic substance of the transaction is not fully incorporated in risk assessment and management decisions, given that the cited A-Best Fifteen S.r.l. and A-Best Seventeen S.r.l. transactions involved a substantial transfer of risk pursuant to article 243(2) of the Regulation (EU) no. 575/2013 (CRR), performing a specific assessment of the risk deriving from securitizations as well as methodologies and processes to oversee and mitigate this risk – no securitization risk is deemed to exist.

Thus, the company feels that there is no doubt as to the economic nature of the securitizations indicated clearly as such for the calculation of capital requirements.

Organizational structure

To manage securitization risks, FCA Bank has implemented:
- a comprehensive organizational model;
- a process to identify, monitor and mitigate securitization risks, formalized in specific internal procedures.

Every new securitization transaction structured by the Securitization and Risk Transfer unit of the Treasury department is validated by the CFO & Deputy General Manager, and is submitted for approval to the NPA Committee, chaired by the CEO & General Manager, by its first lines and the second-level internal control functions.
The approval minutes and any opinions rendered by the second-level control functions of the company are submitted, together with the product concept, to the Board of Directors for final approval.

Securitization and Risk Transfer, a unit of the Treasury department, is responsible for:
- structuring all of the group's transactions and the direct management (in Italy) and monitoring (abroad) of the servicing activities performed in connection with the securitization transactions as well as the management of relationships with rating agencies and investors;
- performing 2.1-level controls. Level-1 controls are performed instead directly by the foreign markets.

Risk & Permanent Control defines and develops the methods and procedures to identify, evaluate, monitor, measure and mitigate second-level securitization risks. It also renders its opinion in the context of the NPA Committee.

Internal Audit reviews, at least every three years, the degree of adequacy of the internal control system and compliance with the legislation with reference to the management of securitization operations and servicing activities carried out by FCA Bank S.p.A..

The company's control instruments include the following processes:
- review of all the documents and contracts of the transaction by the Treasury - Securitization and Risk Transfer department, in cooperation with internal and external counsel;
- review of the fairness and financial attractiveness of the transaction overall by the Treasury - Securitization and Risk Transfer department;
- second-level controls over securitization transactions fall also under the responsibility of Risk & Permanent Control.

All the transactions carried out so far have performed in line with expectations, both in terms of alignment of the cash flows with the forecasts made when the transaction was launched and in terms of compliance with the main triggers related to the portfolio. Furthermore, no implicit support techniques were applied to the transactions, no clean-up call clauses for amounts greater than 10% of the initial issue were introduced and there are no accelerated repayment provisions linked to excess spread levels.

Part F – Information on consolidated equity

SECTION 1
Consolidated equity

A. QUALITATIVE DISCLOSURES

The "Banking Group" differs, for the consolidation scope, from the financial statements prepared according to IAS/IFRS. The differences are largely attributable to the line-by-line consolidation, in the IAS/IFRS financial statements, of non-banking companies (mainly companies operating in the long-term rental business) that are not included in the "Banking Group".

The Own Funds, the minimum capital requirements and the resulting banking regulatory ratios were determined in accordance with the provisions contained in the Bank of Italy Circular No. 285 of December 17th, 2013 (and subsequent updates) "Supervisory provisions for banks" and n. 286 of December 17th, 2013 (and subsequent updates) "Instructions for completing the prudential reporting by banks".

B. QUANTITATIVE DISCLOSURES

B.1 Consolidated Shareholders' Equity: breakdown by type of company

Equity items	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Share capital	703,389	1,000	108,001	(109,001)	703,389
2. Share premium reserve	195,623	-	21,026	(21,026)	195,623
3. Reserves	2,299,201	9,656	214,971	(224,627)	2,299,201
4. Equity instruments	-	-	-	-	-
5. (Treasury shares)	-	-	-	-	-
6. Revaluation reserves:	(44,799)	-	(3,376)	3,376	(44,799)
- Equity instruments designated at fair value through other comprehensive income	-	-	-	-	-
- Hedge accounting of equity instruments designated at fair value through other comprehrensive income	-	-	-	-	-
- Financial assets at fair value through other comprehensive income	-	-	-	-	-
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Foreign investment hedges	-	-	-	-	-
- Cash flow hedges	(10,005)	-	-	-	(10,005)
- Hedging instruments [elements not designated]	-	-	-	-	-
- Exchange differences	(13,448)	-	-	-	(13,448)
- Non-current assets and disposal groups held for sale	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	-	-	-	-	-
- Actuarial gains (losses) on defined-benefit pension plan	(22,237)	-	(3,812)	3,812	(22,237)
- Portion of measurement reserves relating to investments carried at equity	-	-	-	-	-
- Special revaluation laws	890	-	436	(436)	890
7. Profit (Loss) of the year (+/-) Minority interests	500,670	2,098	91,268	(93,366)	500,670
Total	3,654,083	12,754	431,890	(444,645)	3,654,083

B.4 Revaluation reserves related to defined benefit plans: annual changes

	Changes in 2020				
	Banking Group	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Opening balance	**25,606**	**-**	**(4,103)**	**4,103**	**25,606**
2. Increases	**919**	**-**	**175**	**(175)**	**919**
2.1 Increases in fair value	919	-	175	(175)	919
2.2 Other changes	-	-	-	-	-
3. Decreases	**-**	**-**	**-**	**-**	**-**
3.1 Decreases in fair value	-	-	-	-	-
2.2 Other changes	-	-	-	-	-
4. Closing balance	**26,525**	**-**	**(3,928)**	**3,928**	**26,525**

SECTION 2
Own Funds and Capital Ratios

For this section please refer to the information about own funds and capital adequacy disclosed in "Pillar III".

Part G - Business combinations

SECTION 1
Business combinations completed in the year

The cross-border merger of FCA Group Bank Polska with and into FCA Bank S.p.A. took effect on January 1st, 2020, also for tax and accounting purposes.
As of the same date, FCA Bank S.p.A. has been operating in Poland through a branch.

On May 15th, 2020 Leasys S.p.A. acquired full ownership of Aixia Developpement S.A.S., a company engaged in short-term rental in France, for €18 million. Upon first time consolidation, a goodwill of €13.7 million was identified on a provisional basis.
The three-way merger via TUP (Transmission Universelle de Patrimoine) of AIXIA LOCATION S.A.S., RENT ALL S.A.S. and AIXIA SYSTEM S.A.S. and Leasys Rent France S.A.S. (formerly AIXIA DEVELOPPEMENT S.A.S.) took effect on October 1st, 2020. As of the same date, the three above mentioned companies ceased to exist.

On November 5th, 2020 Leasys S.p.A. acquired all the 430 shares outstanding of Drivalia Car Rental S.L.U., a limited liability company headquartered in Carretera Murcia – Alicante, Spain, which engages in short-term rental. As of the same date, Leasys is the sole shareholder of Drivalia Car Rental S.L.U..

Effective December 1st, 2020, following the acquisition of the Bluetorino S.r.l. business, represented by the electric car sharing activities carried out in Turin, Leasys Rent S.p.A. commenced operations in the Turin office located in corso Orbassano 367.

SECTION 2
Business combinations completed after year-end

No business combination have been completed after year-end.

Part H - Related-party transactions

1. Information on key executive compensations

Emoluments paid as of December 31st, 2020 to the parent company's directors amounted to €816 thousand.

Compensation paid to parent company's statutory auditors as of December 31st, 2020 amounted to €218 thousand.

No credits were granted to directors and statutory auditors and no guarantees were given.

2. Information on related-party transactions

Typically, related-party transactions take place at arm's length. Intercompany transactions are carried out only after the mutual benefits of the parties involved are considered. Intercompany transactions are carried out only after the mutual benefits of the parties involved are considered.
In preparing the Consolidated Financial Statements, balances arising from intercompany transactions are eliminated.

The table below shows assets, liabilities, costs and revenues at December 31st, 2020 by type of related party.

Related-party transactions: balance sheet

	Amounts at 31/12/2020			
	Shareholders	Key executive directors	Other related parties	Total
Financial assets	-	-	-	-
Financial assets held for trading	-	-	-	-
Financial assets at amortized cost	3,982	-	99,168	103,151
- Loans and receivables with banks	3,143	-	5,294	8,437
- Loans and receivables with customers	839	-	93,874	94,714
Hedging derivatives	-	-	7,494	7,494
Other assets	283,069	-	52,523	335,592
Total assets	287,052	-	159,185	446,237
Financial liabilities at amortized cost	2,808,616	-	1,294,890	4,103,506
- Deposit from banks	2,808,616	-	1,255,616	4,064,232
- Deposit from customers	-	-	39,274	39,274
Financial liabilities held for trading	-	-	1,805	1,805
Derivatives	-	-	4,948	4,948
Other liabilities	104,448	-	136,135	240,583
Total liabilities	2,913,064	-	1,437,778	4,350,842

Related-party transactions: income statement

	Amounts at 31/12/2020			
	Shareholders	Key executive directors	Other related parties	Total
Interests and similar income	75,306	-	67,467	142,773
Interests and similar expenses	(21,745)	-	(26,044)	(47,789)
Fee and commission income	-	-	27,247	27,247
Fee and commission income	(4,943)	-	(11,196)	(16,138)
Administrative expenses	(5,678)	(1,034)	(10,526)	(17,238)
Other operating income/expenses	27,144	-	82,180	109,324

Disclosure of auditing fees and fees for services other than auditing pursuant to article 2427 paragraph 16 bis of the Italian Civil Code

Services	Servicer provider	31/12/2020
Audit	EY S.p.A.	2,704
Audit	PricewaterhouseCoopers S.p.A.	52
Audit related	EY S.p.A.	308
Other services	EY S.p.A.	158
Total		3,222

Part L - Segment reporting

ASSETS AND PERFORMANCE BY SEGMENT

Asset and performance figures by segment are shown in accordance with IFRS 8 – Operating Segments, with the adoption of the “full management approach”.
The FCA Bank Group operates through three operating segments: Retail, Wholesale Financing and Rental.

Segment assets (accurate amounts) consist solely of receivables due from customers. At the end of 2020, the Retail segment had total assets of €16,6 billion, down 1.5% on December 31st, 2019 while the Wholesale Financing segment assets were down 20.2% on the comparable amount at December 31st, 2019, settling at €5.7 billion. Rental assets, for their part, increased by 9.1 % on December 31st, 2019, reaching €3.8 billion.

As required by IFRS 8, it is noted that the group’s business is carried out in Europe. However, no management report is prepared which breaks down performance by foreign geographical area.

Segment reporting (€/mln)	Retail 31/12/2020	Wholesale Financing 31/12/2020	Rental 31/12/2020	Other 31/12/2020	Total 31/12/2020
Net banking income and rental margin	652	153	189	-	994
Net operating expenses	(177)	(16)	(86)	-	(279)
Total cost of risk	(81)	-	(13)	-	(94)
Other net operating income	47	(5)	-	-	42
Profit before tax	**441**	**132**	**90**	**-**	**663**
Unallocated taxes	-	-	-	(161)	(161)
Net profit	**441**	**132**	**90**	**(161)**	**502**
Data as at 31/12/2020					
Assets					
End of year segment assets	16,642	5,699	3,828	-	26,169
Average segment assets	16,383	5,841	3,310	-	25,534
Unallocated assets	-	-	-	-	-

Segment reporting (€/mln)	Retail 31/12/2019	Wholesale Financing 31/12/2019	Rental 31/12/2019	Other 31/12/2019	Total 31/12/2019
Net banking income and rental margin	655	201	169	-	1,025
Net operating expenses	(179)	(38)	(76)	-	(293)
Total cost of risk	(57)	(1)	(9)	-	(66)
Other net operating income	(27)	(2)	1	-	(28)
Profit before tax	**393**	**160**	**85**	**-**	**638**
Unallocated taxes	-	-	-	(171)	(171)
Net profit	**393**	**160**	**85**	**(171)**	**467**
Data as at 31/12/2019					
Assets					
End of year segment assets	16,889	7,142	3,508	-	27,539
Average segment assets	16,247	7,162	2,939	-	26,348
Unallocated assets	-	-	-	-	-

Part M - Leasing reporting

SECTION 1
Lessee

QUALITATIVE DISCLOSURES

In agreement with paragraphs 51-59 of IFRS 16, in the following notes additional information is provided on the ease contracts entered into by the FCA Bank Group as a lessee. Based on the analysis of the lease contracts falling within the scope of IFRS 16, the group identified as the most significant the property lease contracts that it had signed as a lessee, mainly for office space.

QUANTITATIVE DISCLOSURES

The group noted that at December 31st, 2020 the rights to use assets under the lease contracts amounted to €50.7 million, including €21.3 million in accumulated depreciation. Lease debts as of the same date amounted to €50.6 million while interest expense on lease debts for 2020 amounted to €0.7 million.

The following table shows the maturities of the lease debts:

€/000	12 months	12 - 18 months	18 - 24 months	24 - 36 months	36 - 48 months	48 - 60 months	60 - 84 months	84 - 120 months	120 - 180 months	> 180 months
Debt for leasing	8,453	2,911	2,663	4,822	4,243	4,062	7,228	7,981	8,211	-

There are no sub-lease contracts.

In keeping with the exemptions granted from the start, the FCA Bank Group elected not to apply IFRS 16 to contracts of up to 12 months and to contracts with the value of the underlying asset, when such asset is new, of up to €5,000. In this case the payments related to these leases are treated as expenses, in line with the past.

SECTION 2
Lessor

QUALITATIVE DISCLOSURES

The FCA Bank Group provides finance and operating leases in the markets in which it operates, to support the automotive business of the FCA Group and the manufacturing partners. The FCA Bank Group engages in the car rental industry through its Leasys subsidiary, with an offering designed for large, medium and small companies as well as self-employed professionals and private individuals.
As lessor, the risk associated with the rights that FCA Bank retains on the underlying assets is managed through:
- buyback agreements;
- collateral: security deposits;
- personal guarantees: banking and insurance guarantees and securities.

In the case of contracts which call for FCA Bank to bear directly the residual value risk, as there is no buyback agreement in place with the dealer or the manufacturer, quarterly monitoring is performed to make provisions for such risk.

QUANTITATIVE DISCLOSURES

1. Balance sheet and income statement information

Reference is made to the tables in the sections on the statement of financial position and the income statement.

2. Financial leasing

2.1 Classification by time bucket of the payments to be received and reconciliation with the finance leases reported as assets

Maturity ranges	Total 31/12/2020 Lease payments receivables
Up to 1 year	2,285,046
Over 1 year up to 2 years	1,830,714
Over 2 years up to 3 years	1,443,203
Over 3 years up to 4 years	799,646
Over 4 years up to 5 years	117,305
For over 5 years	22,025
Amount of the lease payments receivables	**6,497,939**
Reconciliation of the undiscounted lease payments	**789,614**
Not accrued gains (-)	162,121
Not guarantee residual value (-)	627,494
Lease payments	**5,708,325**

3. Operating leasing

3.1 Maturity analysis of the lease payments receivables

Maturity ranges	Total 31/12/2020 Lease payments receivables
Up to1 year	1,725,516
Over 1 year up to 2 years	934,159
Over 2 years up to 3 years	716,338
Over 3 years up to 4 years	407,742
Over 4 years up to 5 years	113,600
For over 5 years	38,071
Total	3,935,425

Turin, February 26th, 2021

On behalf of the Board of Directors
Chief Executive Officer and General Manager
Giacomo Carelli

Country by country reporting - Data as at 31/12/2020

FCA Bank Group companies by country and business

COUNTRY	COMPANY	BUSINESS
AUSTRIA	FCA Bank GmbH (AT)	BANK
	FCA Leasing GmbH (AT)	FINANCIAL COMPANY
BELGIUM	FCA Bank S.p.A. (Belgian Branch)	BANK
	Leasys S.p.A. (Belgian Branch)	NON-FINANCIAL COMPANY
DENMARK	FCA Capital Danmark A/S (DK)	FINANCIAL COMPANY
	Leasys S.p.A. (Danish Branch)	NON-FINANCIAL COMPANY
FINLAND	FCA Capital Danmark A/S (Finland Branch)	FINANCIAL COMPANY
FRANCE	FCA Capital France S.A.	FINANCIAL COMPANY
	Leasys Rent France S.A.S.	NON-FINANCIAL COMPANY
	Leasys France S.A.S.	NON-FINANCIAL COMPANY
GERMANY	FCA Bank Deutschland GmbH	BANK
	Ferrari Financial Services GmbH	FINANCIAL COMPANY
	Leasys S.p.A. (German Branch)	NON-FINANCIAL COMPANY
GREECE	Leasys Hellas SM S.A.	FINANCIAL COMPANY
	FCA Insurance Hellas S.A.	FINANCIAL COMPANY
	FCA Bank GmbH (Hellenic Branch)	BANK
IRELAND	FCA Capital RE DAC	NON-FINANCIAL COMPANY
	FCA Bank S.p.A. (Irish Branch)	BANK
ITALY	FCA Bank S.p.A.	BANK
	Leasys S.p.A.	NON-FINANCIAL COMPANY
	Leasys Rent S.p.A.	NON-FINANCIAL COMPANY
	Clickar S.r.l.	NON-FINANCIAL COMPANY
MOROCCO	FCA Dealer Services España (Morocco Branch)	FINANCIAL COMPANY
NORWAY	FCA Capital Norge AS	FINANCIAL COMPANY
THE NETHERLAND	FCA Capital Nederland B.V.	FINANCIAL COMPANY
	Leasys Nederland B.V.	NON-FINANCIAL COMPANY
POLAND	FCA Bank S.p.A. S.A. Oddzial w Polsce (Polska Branch)	BANK
	Leasys Polska Sp.Zo.o.	NON-FINANCIAL COMPANY
PORTUGAL	Leasys Portugal S.A.	NON-FINANCIAL COMPANY
	FCA Capital Portugal IFIC S.A.	FINANCIAL COMPANY
UNITED KINGDOM	Ferrari Financial Services GmbH (UK Branch)	FINANCIAL COMPANY
	FCA Automotive Services UK Ltd	FINANCIAL COMPANY
	FCA Dealer Services UK Ltd	FINANCIAL COMPANY
	Leasys UK Ltd	NON-FINANCIAL COMPANY
SPAIN	FCA Capital España EFC S.A.	FINANCIAL COMPANY
	Leasys Rent Espana S.L.U.	NON-FINANCIAL COMPANY
	FCA Dealer Services España S.A.	FINANCIAL COMPANY
	Leasys S.p.A. (Spanish Branch)	NON-FINANCIAL COMPANY
SWEDEN	FCA Capital Sverige AB	FINANCIAL COMPANY
SWITZERLAND	FCA Capital Suisse S.A.	FINANCIAL COMPANY

Pursuant to Art. 89 of Directive 2013/36/EU of European parliament and the Council (CRD IV):

COUNTRY	BUSINESS	OPERATING INCOME (FIGURES IN THOUSANDS OF EURO)	FULL TIME EQUIVALENT EMPLOYEES	INCOME OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS (FIGURES IN THOUSANDS OF EURO)	TAX ON INCOME OR LOSS (FIGURES IN THOUSANDS OF EURO)
AUSTRIA	BANK	5,547	25	3,849	(1,134)
	FINANCIAL COMPANY	5,073		1,626	(364)
BELGIUM	BANK	10,485	33	5,229	(1,529)
	NON-FINANCIAL COMPANY	(174)	9	(1,232)	1,027
DENMARK	FINANCIAL COMPANY	9,465	35	4,332	(953)
	NON-FINANCIAL COMPANY	0	4	(419)	0
FINLAND	FINANCIAL COMPANY	89	1	(38,514)	(10,894)
FRANCE	FINANCIAL COMPANY	52,190	156	22,356	(220)
	NON-FINANCIAL COMPANY	(2,330)	70	14,276	(3,766)
GERMANY	FINANCIAL COMPANY	91,525	294	75,234	(23,952)
	NON-FINANCIAL COMPANY	(202)	10	(1,291)	1,811
GREECE	FINANCIAL COMPANY	4,335	27	4,055	(1,095)
	BANK	1,492	19	1,319	(297)
IRELAND	NON-FINANCIAL COMPANY	110	3	2,375	(277)
	BANK	418	4	(75)	(11)
ITALY	BANK	601,428	658	599,492	(97,783)
	NON-FINANCIAL COMPANY	(62,981)	521	75,896	(4,415)
MOROCCO	FINANCIAL COMPANY	1,333	4	950	(256)
NORWAY	FINANCIAL COMPANY	964	2	724	(174)
THE NETHERLAND	FINANCIAL COMPANY	9,560	31	4,337	(969)
	NON-FINANCIAL COMPANY	(211)	6	11	(2)
POLAND	BANK	8,112	56	4,504	(933)
	NON-FINANCIAL COMPANY	4,412	20	1,712	(452)
PORTUGAL	NON-FINANCIAL COMPANY	2,479	4	1,578	(387)
	FINANCIAL COMPANY	8,850	46	4,498	(2,033)
UNITED KINGDOM	FINANCIAL COMPANY	88,773	124	55,454	(11,979)
	NON-FINANCIAL COMPANY	(4,495)	21	2,661	(191)
SPAIN	FINANCIAL COMPANY	74,003	94	58,936	(14,875)
	NON-FINANCIAL COMPANY	(1,495)	84	3,189	(858)
SWEDEN	FINANCIAL COMPANY	1,844	1	608	(135)
SWITZERLAND	FINANCIAL COMPANY	22,419	53	14,227	(3,200)
Total group companies		933,020	2,415	960,372	(169,411)
Consolidation adjustments		(192,920)		(297,635)	7,343
Group consolidated		740,100		662,737	(162,068)

STATUTORY'S AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT

as at December 31st, 2020

FCA BANK S.p.A.

Registered offices in Turin, Corso Agnelli n. 200
Corporate capital Euro 700.000.000 p.i.
Commercial Register of Turin n. 08349560014 – Economic Administrative Repertory n. 965910
Enrolled with the Banks register at no. 5764

Statutory Auditors' report on the fiscal year as of 31.12.2020 in accordance with art. 2429 par. 2 of the Civil Code

Messrs. Shareholders,

The Board of Statutory Auditors has been appointed on 30.3.2018 with a three-year term, that is up until the approval of the statutory financial statement to which this report refers to.

The surveillance duties of the Board of Auditors are governed mainly by the By-Laws, the Civil Code, Legislative Decree n. 39 of 27.1.2010, Legislative Decree no. 385 of 1.9.1993 and by the Instructions and Regulations issued by the Bank of Italy, with particular reference to Circular 285 of 17.12.2013 title IV on set-up and corporate governance of banks. During fiscal year 2020 we therefore carried out the supervision activity provided by the aforementioned rules, taking also into account the standards of conduct recommended by the National Council of *Dottori Commercialisti* and *Esperti Contabili*.

We performed the surveillance activity on the compliance with the Law and By-Laws, on the observance of the correct administration principles, the adequacy of the organizational structure, as regards the issues falling within the competence of the internal control system, of the administrative and accounting system adopted by the Company, as well as the reliability of the latter in correctly reflecting the business activity.

1. Fiscal year result

The balance sheet for fiscal year as of 31.12.2020 shows an intermediation margin of Euro 624.600 million, a pre-tax operating result equal to Euro 608.793 million and an after tax fiscal year result equal to Euro 508.364 million. The Net Equity equals to Euro 2.380 million; Own Funds equal to Euro 2.087 million with a surplus on the minimum regulatory capital higher than Euro 700 million, to which corresponds a total capital ratio higher than 16,03%, as opposed to a regulatory minimum, buffers included, equal to 10,50% of the Risk Weighted Assets.

2. The activity of the Board of Statutory Auditors

With respect to the methods used to carry out the institutional activity for which the Board of Statutory Auditors is responsible, and taking into consideration also the indications set forth with the Consob report no. DEM -1025564 of April 6, 2001 as updated with notice 6031329 of 7.4.2006, though issued with respect to publicly listed company but still valid as a benchmark also for non-listed ones, the indications issued by the Surveillance Authority and the Board of Statutory Auditors Conduct Provisions issued by the National Council of the *Dottori Commercialisti* ed *Esperti Contabili* (document issued in January 2021 for non-listed companies and April 2018 for listed companies), we set forth the following considerations.

2.1 Considerations on the transactions with higher economic, financial and capital impact carried out by the Company and on their compliance with the law and the by-laws

The information gathered with respect to the transactions with higher economic, financial and capital impact carried out by the Company let us ascertain the compliance with the law and the by-laws and the conformity to the corporate interest of same: we believe that such transactions do not require specific observations from this Board.

During the fiscal year the Bank engaged in extraordinary transactions, adequately mentioned in the explanatory note; among those, we highlight, specifically the finalization of the cross-border upstream merger of the controlled company FCA-Group Bank Polska and consequent transformation into branch, effective starting from 1.1.2020.

2.2 Indications of possible existence of non typical or unusual transactions, including intercompany or between related parties ones

We gathered, during the fiscal year, adequate information on the intercompany transactions and on transactions between related parties. Such transactions are adequately described in the management report and in the explanatory note, in accordance to art. 2428 par. 3 of the civil code. On our side, we acknowledge their compliance with the law and the by-laws, their conformity to the corporate interest as well as the lack of situations which may require additional considerations and comments by this Board.

We are not aware of any non-typical or unusual transactions entered into with related or third parties.

2.3 Observations and proposals on remarks or information notices contained in the report by the Audit Company

The Audit Company reported on the legal audit activity performed and the absence of uncertainty situations o any limitations of the audits.
We examined the report drawn up by the Audit Company on 12.3.2021 and with this respect we notice that the same does not include remarks and indicates as key audit matters the classification of receivables towards customers reported under Part A and Part E of the Explanatory Note.

2.4 Indications of any filing of charges pursuant to art. 2408 civil code, any initiatives taken and relevant outcome

We acknowledge that during the fiscal year no charges pursuant to art. 2408 of the Civil Code were brought to the Board of Statutory Auditors.

2.5 Indications of any filing of complaint, any initiatives taken and relevant outcome

We acknowledge that during the fiscal year no complaints were received against anyone.

2.6 Indication of any assignment of additional tasks to the Audit Company

We acknowledge that tasks additional to those of the legal audit of the individual and consolidated balance sheet as at 31.12.2020 were assigned to the Audit Company, mostly in relation to agreed upon procedures regarding attestation services connected to the audit activity, in addition to other consulting services. Information on such activities is given in the Explanatory Note.

2.7 Indication on the existence of opinion issued pursuant to law during the fiscal year

During the fiscal year the Board of Statutory Auditors issued opinions for the appointment by the Board of Directors of the Chairman of the Board of Directors, whose appointment has been lately confirmed by Shareholders' Meeting, as well as opinions issued for the assignment to the Audit Company of mandates different than the audit ones, pursuant to art. 19 par. 1 of mentioned Legislative Decree 39/2010 as well as for the appointment of the new Legal Auditor for the nine-year term 2021-2029 issued to the Shareholders' meeting on March 18, 2020.

2.8 Frequency and number of meetings of the Board of Directors and of the Board of Statutory Auditors

We participated to all of the 13 meetings of the Board of Directors, gathering, in accordance to art. 2381 par. 5 c.c. and the by-laws, timely and adequate information on the general course of the business and on its foreseeable evolution, as well as on the most remarkable transactions, with respect to their size or characteristics, carried out by the Company. Specifically the decisional process of the Board of Directors seemed to us as correctly inspired to the observance to informed action principle.

We participated to the two Shareholders' meetings held during the fiscal year.

We carried out assessments and checks, performing the surveillance activity provided by Law, through 16 meetings of the Board of Statutory Auditors, keeping constant and adequate liaison with the *Internal Audit* and *Risk & Permanent Control* and *Compliance & Supervisory Relations* functions and meeting periodically the responsible officers of the various organizational Units.

As a member with no voting right, the Chairman of the Board of Statutory Auditors, or, as a replacement, a member of the Board, participated to 11 meetings of the Risk & Audit Committee.

2.9 About the compliance with the correct administration principles

We gathered knowledge and supervised, as far as our mandate is concerned, on the compliance with the fundamental criteria of the wise and careful management of the Bank and of the more general diligence principle, all on the basis of the participations to the meeting of the Board of Directors, of the documentation and the timely information received from the various management bodies, in relation to the transactions carried out by the Company, as well as meetings with the Top Management and specific checks and analysis. The information gathered let us acknowledge the compliance with law and the by-laws of the actions resolved upon and carried out and that the same were not plainly incautious or hazardous.

We acknowledged that the Bank adopted an adequate risk management policy, of which risks accurate representation is reflected in the Management Report.

We noticed, taking advantage also of the *Compliance* Function, and of periodical meetings with the various company functions involved, the substantial adequateness of the formation activity carried out in the fields of anti money-laundering and financial contrast to terrorism and of the procedures in place for the detection of suspicious transactions in compliance with provisions set forth in Legislative Decree 231/2007.

We supervised on the attention points highlighted by the *Internal Audit*, *Risk & Permanent Control* and *Compliance* functions, within the framework of the activities carried out by same functions, and on the relevant actions forecasted for the overcoming of the anomalies discovered.

We acknowledged that the periodical communications provided for banks were drafted and timely sent to the Bank of Italy.

We expressed to the best of our ability, an assessment of the overall adequacy of the procedure put in place by the Company in order to meet regulatory requirements for the ICAAP, as reflected in our report of 28 April 2020.

With a view of continuous improvement of its own processes, during the fiscal year the action plans activated in 2018 relating to the inspection activities carried out by Bank of Italy on Transparency of banking operations and services pursuant to art. 115 and following of Legislative Decree 385/93, were further refined.

Moreover, during the fiscal year the Lazio Administrative Court ruled, with decision dated October 21, 2020, for the cancellation of the sanction issued on January 9, 2019 by the Competition Authority against the Bank and the main captives acting on the market of car financing and the main shareholders' of same. Such decision has been appealed by the losing party in the first degree of judgement and the Bank timely joined the appeal litigation in order to get confirmation of the correctness of its behaviour.

Finally, in accordance with the provisions issued by the Bank of Italy on March 10, 2011, in force since September 2011, which grants the Board of Statutory Auditors function of monitoring compliance with the rules and the completeness, functionality and adequacy of anti-money laundering controls, We inform you that the Board of Auditors was heard on the appointment of the current head of the anti-money laundering function, effective from December 13, 2019 and the definition of the elements of the overall system of management and control of the risks of money laundering and terrorist financing. In this context, we evaluated the adequacy of the procedures adopted by the Company for customer due diligence, record and store information and the reporting of suspicious transactions.

2.10 Observations on the adequacy of the organizational structure

We supervised on the appropriate definition of the delegated powers and carefully followed the evolution of the organizational set-up of the Company, aimed at guaranteeing the adequacy of same.

We noticed the effectiveness of the monitoring activity, carried out by the Surveillance Body, with respect to the adequacy, the observance and the update of the Organizational models aimed at the prevention of crimes as per Legislative Decree n. 231/2001, recently subject to update.

2.11 Observations on the adequacy of the internal control system

We supervised on the internal control system.

As far as this Board is concerned, we believe that the *Internal Audit*, *Risk & Permanent Control* and *Compliance & Supervisory Relations* functions satisfy the autonomy and independence requirements and that, together with the other bodies and functions to which a control function is attributed, cooperate with each other, exchanging any useful information for carrying out the respective tasks.

We believe that the internal control system is substantially adequate to the business characteristics of the Bank.

2.12 Observations on the adequacy of the administration/accounting system and on the reliability of the same in correctly representing the management's business

We assessed, as far as our tasks are concerned, the reliability of the administrative and accounting system in gathering and correctly representing the business actions either through direct investigations on the business documents or through the gathering of information from the responsible managers of the various functions, the periodical meetings with the Audit Company and the analysis of the work done by same.

2.13 Final assessments with respect to the supervising activity carried out, as well as with respect to any omission, reprehensible fact or irregularity noted in the context of such activity

We acknowledge that our activity was carried out, within the fiscal year, with normal character and that no material facts such to require being pointed out in this report came out.

3. **INTERNAL CONTROL AND ACCOUNTING AUDIT COMMITTEE PURSUANT TO ART. 19 LEG. DEC. 39/2010**

As far as the role of committee for internal control and accounting audit, attributed to the Board of Statutory Auditors by art. 19 of Legislative Decree 39/2010, we confirm that the audit company:

- produced to the committee the report pursuant to art. 11 of the European Regulations no. 537/2014, which concluded without showing criticalities of significant deficiencies;
- published on its website the transparency report pursuant to par. 1 of art. 13 of the European Regulations no. 537/2014 as at June 30, 2020;

As members of the committee, we:

- monitored the financial information process;
- checked the effectiveness of the internal control, internal audit and risk management systems as far as the financial information is concerned;
- monitored the audit of the individual and consolidated accounts;
- checked the independence of the Audit company, specifically as concerns the provision of non-audit services.

We acknowledge that no material facts such to require being pointed out in this report came out of our supervising activity.

4. OBSERVATIONS AND PROPOSALS WITH RESPECT TO THE FINANCIAL STATEMENT AND ITS APPROVAL

As far as the control on the regular keeping of the accounts and the correct detection of the management's businesses in the accounting records, as well as the checks of the correspondence between the financial statement information and the results of the accounting records and the conformity of the stand alone financial statement to the provisions of law, we remind you that these tasks are assigned to the Audit Company. On our side, we supervised on the general layout given to the same.
Specifically, having realized on a preliminary basis, through meetings with the responsible officers of the functions involved, and with the Audit Company, the adequacy of the administrative and accounting system to gather and correctly represent the management's businesses and to translate the same in reliable data systems for the production of the external information:

- we acknowledge that the financial statement was drawn up in accordance to the schemes provided by Leg. Dec. n. 38 of February 28, 2005, relating to the adoption of the international accounting standards IAS/IFRS and in compliance with the Bank of Italy circular letter n. 262 of 22.12.2005, VI update of 30.11.2018.
- we assessed the correspondence of the financial statement to the facts and information which we came to know as a result of our attendance to the meetings of the Corporate Bodies, which allowed us to gather adequate information on the transaction having major economic, financial and capital impact for the Company;
- we acknowledge having given our consent to the booking among the assets of the financial statement of the goodwill and other capitalized cost.

We acknowledge that no derogations to the evaluation criteria for exception circumstances occurred.

We ascertained that the management report is in compliance with the laws in force, as well as coherent with the resolutions of the Board of Directors and with the information available to this Board; we believe that the information contained is in compliance with the pertinent provisions and contain a reliable, well-balanced and exhaustive analysis of the situation of the Bank, on the management trend and result, as well as the indication on the main risks to which the Bank is exposed to.

5. Non Financial Discloure

Pursuant to art. 3 par. 7 of Legislative Decree 254/2016, the Board of Statutory Auditors acknowledges that it has supervised compliance with the provisions relating to the non-financial disclosure, prepared on the consolidated perimeter, as required by law, receiving from the Legal Auditor the report issued pursuant to art. 3 par. 10 of the aforementioned Legislative Decree 254/2016 and art. 5 Consob regulation 20267/2018, which highlights the attention paid by the Bank to the issues envisaged by this legislation, not detecting any critical issues.

* * * * *

Due to the changes occurred by Law to art. 41 of Legislative Decree 127/91, which made non mandatory the drafting of the Statutory Auditors' report on the consolidated financial statement, differently from the report of the Audit company, to the extent of providing to the Shareholders and third parties more extensive information, we acknowledge that the Bank drafted the consolidated financial statement in compliance with Bank of Italy regulations reflected in Circular letter n. 262 of 22.12.2005, VI update of 30.11.2018, which dictate the format and the regulations for companies and financial institutions and in accordance with International Accounting Principles (IAS/IFRS) as mentioned in the Explanatory Note.

We verified the identification of the consolidation perimeter and the correspondence of the reference dates of the balance sheets of the companies included within the consolidation perimeter.

All information used for the purposes of the consolidation referred to the whole fiscal year 2020; the accounting principles and the evaluation criteria resulted as consistent with those used in the preceding fiscal year.

The balance sheets provided to the Controlling Company by the subsidiaries, for purposes of drafting the consolidated Balance Sheet, were subject to examination by the administrative bodies and/or parties in charge of examining each single Company, as per their respective law provisions, and by the Audit Company on the basis of the procedures followed for the auditing of consolidated Balance Sheets.

As a consequence of the adoption of the international accounting principles (IAS/IFRS – in particular IFRS 10 and IFRS 12) and, as per the preceding fiscal year, the credit securitization corporate vehicles were included in the consolidation perimeter, which, though FCA Bank S.p.A. does not have a direct shareholding in same, result as being effectively controlled.

The consolidation perimeter reflected in the Explanatory Note contains the list of the companies included, as of 31.12.2020. The companies that were included in the consolidation were 40 altogether (including the consolidating entity and 10 corporate vehicles for securitization transactions), including FCA Bank GmbH (Austria) and Ferrari Financial Services GmbH, owned at 50% of the stated capital.

The amount of the net equity and the consolidated result attributable to third party shares or quotas were reported in the consolidated Balance Sheet under the items *third party assets* and *third party operating income (losses)* respectively: more specifically, the amount of the aggregate net equity is 3.654 million Euro, with a consolidated operating profit of 500.670 thousand Euro.

The responsibility for the drafting of the consolidated balance sheet, as known, is that of the administrative body of the company, and it is the duty of the Audit firm, EY S.p.A., to give a professional opinion on same, based on the audit activity.

Such opinion was issued on 12.3.2021 date, without remarks and indicating as key audit matters those mentioned under par. 2.3 above, by way of the report in accordance with articles 14 of Legislative Decree no. 39 of 1/27/2010 and 10 of EU Regulations no. 537/2014, which states that the consolidated balance sheet was drafted in a clear manner and truthfully and correctly represents the asset and financial situation, the economic result and the cash flow of the company and its subsidiaries.

On the basis of the examinations directly carried out, as well as the information provided by the Audit company, EY S.p.A., we believe that the definition of the consolidation perimeter, the choice of the consolidation methods and the procedure followed for their application allowed the asset and financial structure and the significant income bracket values to be represented with adequate clarity, respecting the statement of assets and liabilities and financial report outlines provided for by law in this regard.

In the Management Report the information concerning the consolidated companies as a whole, the economic and financial results, the necessary clarifications of the asset and liability items and a complete and clear picture of the situation are provided. The information requested with respect to the main risks and challenges to which the company is exposed to, as well as that requested by the so-called *Basel II 3rd Pillar* relating to the capital adequacy.

The Explanatory Note clearly reflects the evaluation criteria adopted for the calculation of the asset and profit results; adequately indicates the composition and the variations which occurred in the consistency of the assets and liabilities entered in the balance sheet as well as the items of the financial report and all else required by the regulations in force. It also reports non financial information as provided by Legislative Decree 254/2016.

The application of said criteria, without grounds for derogation having emerged, allowed the financial position and the consolidated profit and loss results to be represented truthfully in their entirety.

* * * * *

We do not have observations or proposals to put forward with respect to the financial statement and state, as far as our competence is concerned, positive opinion on the approval of the same and the acceptance of the proposal presented by the Board of Directors for the allocation of the fiscal year profit.

* * * * *

Turin, March 13, 2021

Chairman (dr. Francesco PISCIOTTA)

Statutory Auditor (Prof. Giovanni OSSOLA)

Statutory Auditor (dr. Vittorio SANSONETTI)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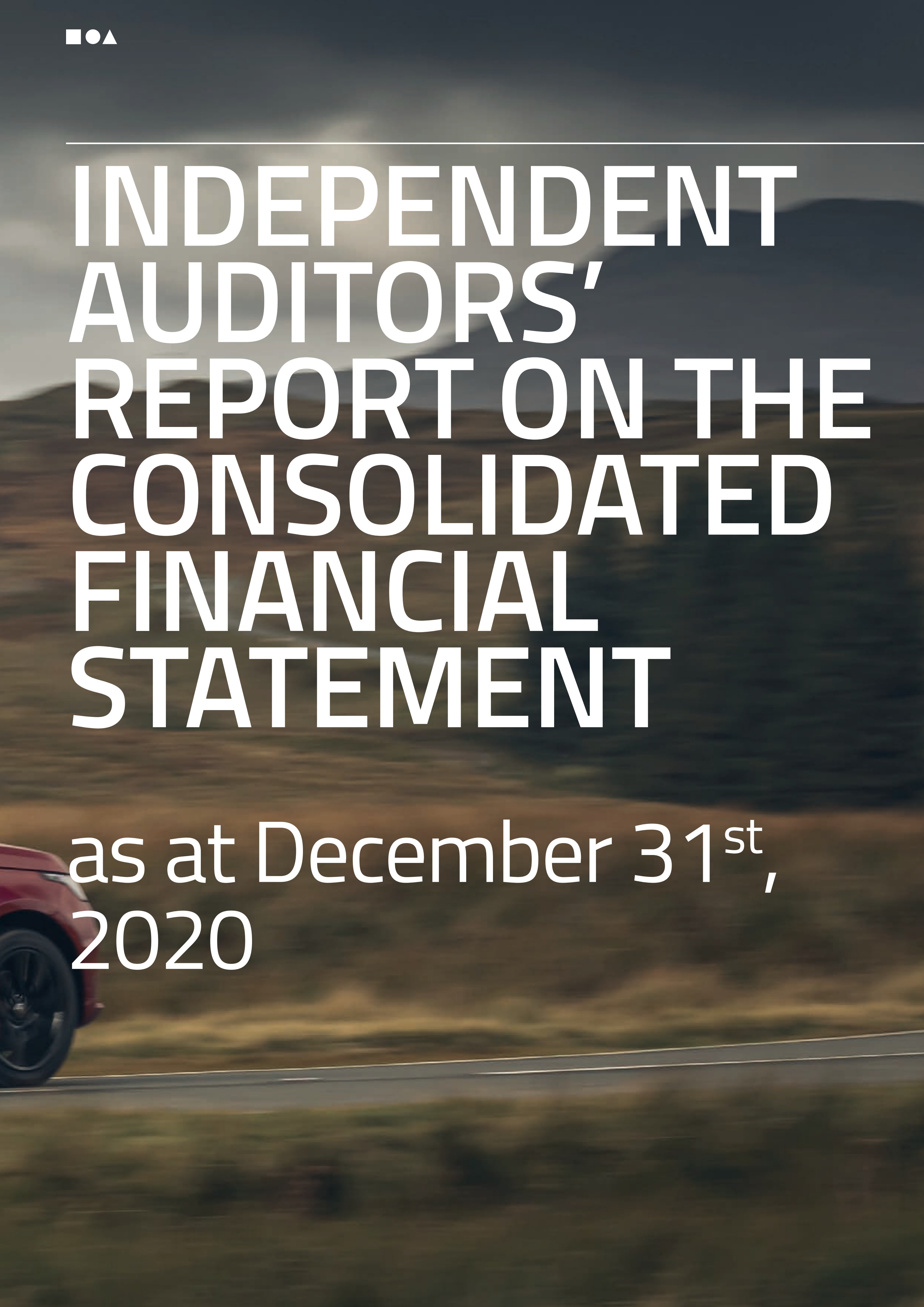

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT

as at December 31st, 2020

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FCA Bank S.p.A.

Consolidated financial statements as at December 31, 2020

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
FCA Bank S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of FCA Bank Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005 and article 43 of Legislative Decree August 18, 2015, n. 136.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the FCA Bank S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matters	Audit Response
Classification and valuation of loans and receivables with customers Loans and receivables with customers amounted to Euro 22.080 million, net of specific and collective provisions for a total of Euro 286 million and represent 73% of total assets as at December 31, 2020. The process for classifying loans and receivables with customers in the different risk categories, and the related calculation of provisions for doubtful accounts, are of most significance in the audit due to the materiality of such receivables to the financial statements as a whole, and the use of estimates in the calculation of the related provisions that present a high degree of complexity and subjectivity. In such context, the identification and calibration of the parameters relating to the significant increase in the credit risk for the purposes of *stage allocation* for outstanding amounts not impaired (*Stage 1* and *Stage 2*), the identification of impairment evidences for the classification of impaired outstanding amounts (*Stage 3*), as well as the estimate of the values attributed to the PD (*Probability of Default*), LGD (*Loss Given Default*) and EAD (*Exposure at Default*) inputs to the *forward looking* model of the *Expected Credit Loss*, are of a particular importance. The disclosures on the classification and measurement of loans and receivables with customers are included in Part A and Part E of the notes to the financial statements.	Our audit procedures in response to the key audit matter included, among others: • the understanding and analysis of the key policies and processes adopted by the Group with reference to the classification and valuation of loans and receivables with customers in connection with the requirements of IFRS9; • the understanding and assessment, also with the support of our experts in risk management and information technology (IT), of the processes and controls implemented in connection with IFRS9 and the related compliance procedures on key controls, including IT controls; • the understanding and assessment of the design of key controls implemented for the classification and valuation of receivables, including IT controls; • the assessment of portfolio analysis aimed at understanding, also through discussion with management, the key variances and the related levels of coverage by risk category; • the understanding, also through the support of our experts in risk management and IT, of the methodology adopted for the estimate of expected losses on exposures assessed collectively, as well as the completion of substantive procedures aimed at testing the completeness of the supporting data and the related calculation; • the testing, on a sample basis, of the correct application of company policies for estimating expected losses on exposures individually valued; • the assessment of the adequacy of the information provided in the explanatory notes to the financial statements.

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Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005 and with Article 43 of Legislative Decree N. 136, dated 18 August 2015, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company FCA Bank S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements

or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of FCA Bank S.p.A., in the general meeting held on March 21, 2012, engaged us to perform the audits of the statutory and consolidated financial statements for each of the years ending December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of FCA Bank S.p.A. are responsible for the preparation of the Report on Operations of Group FCA Bank as at December 31, 2020, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of FCA Bank Group as at December 31, 2020 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of FCA Bank Group as at December 31, 2020 and is compliant with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of FCA Bank S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information is subject to a separate compliance report signed by us.

Turin, March 12, 2021

EY S.p.A.
Signed by: Stefania Boschetti, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of 18 January 2018

(Translation from the original Italian text)

To the Board of Directors of
FCA Bank S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution n. 20267/2018, on the consolidated disclosure of non-financial information of FCA Bank S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on 31 December 2020 in accordance with article 4 of the Decree approved by the Board of Directors on 26 February 2021 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Standards" updated in 2018 by GRI - *Global Reporting Initiative* ("GRI Standards"), with reference to the selected GRI Standards illustrated in the "Introduction" of the DNF, identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

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Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the *International Standard on Quality Control 1* (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the selected GRI Standards illustrated in the "Introduction" of the DNF. Our work has been performed in accordance with the principle of "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;

2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;

3. comparison of the economic and financial data and information included in the DNF with those included in the FCA Bank Group's consolidated financial statements;

4. understanding of the following aspects:
   - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
   - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
   - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

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With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
   In particular, we have conducted interviews and discussions with the management of FCA Bank S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

   Furthermore, for significant information, considering the Group activities and characteristics:

   - at Group level (FCA Bank S.p.A. and its subsidiaries),

     a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;

     b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.

   - For the company FCA Bank S.p.A., that we have selected based on its activities and relevance to the consolidated performance indicators, we have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the FCA Bank Group for the year ended on 31 December 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the selected GRI Standards illustrated in the "Introduction" of the DNF.

Torino, 12 March, 2021

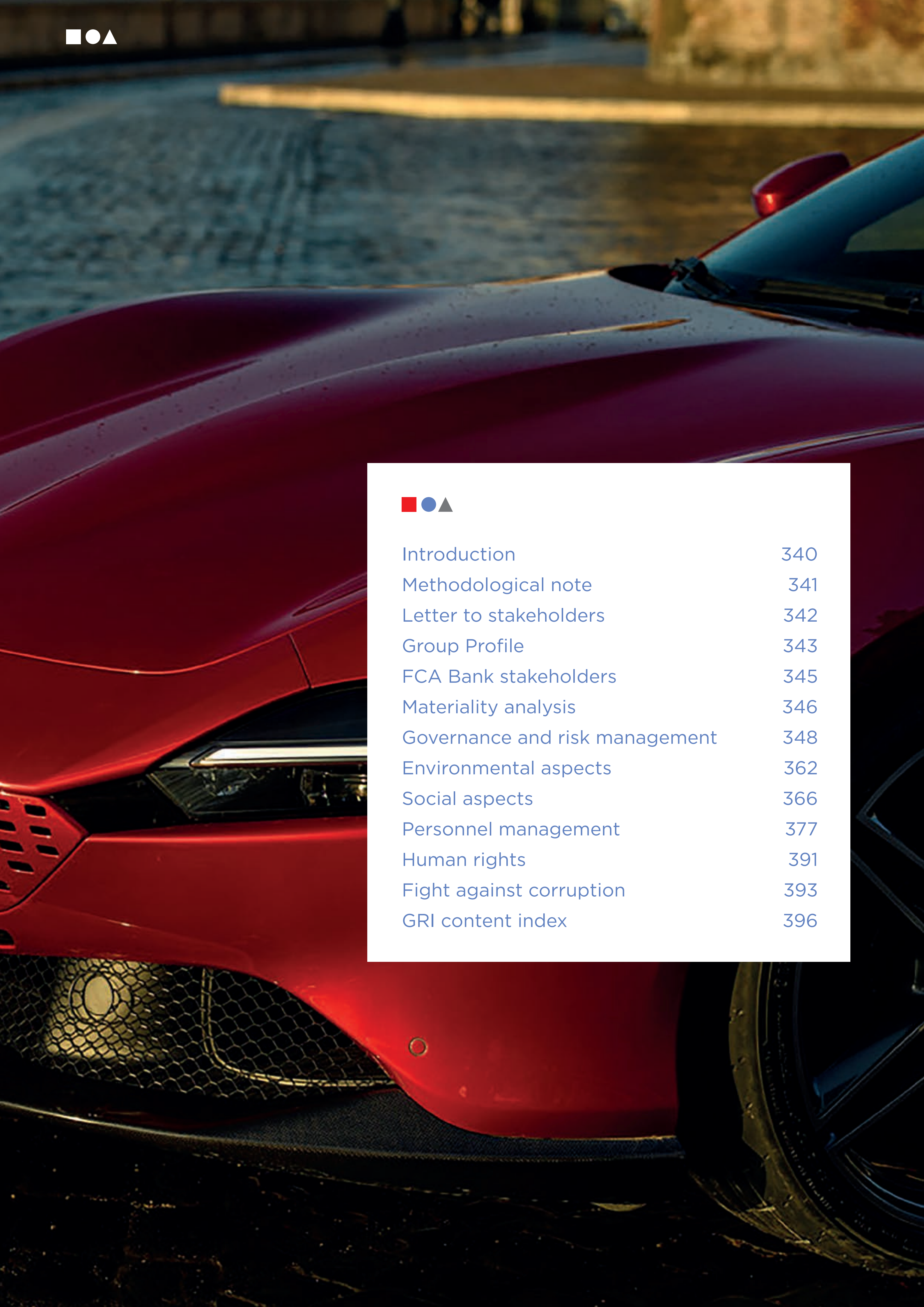
EY S.p.A.
Signed by: Stefania Boschetti
(Statutory Auditor)

This report has been translated into the English language solely for the convenience of international readers.

ANNEX – CONSOLIDATED NON-FINANCIAL STATEMENT

as at December 31st, 2020

Prepared in accordance with Legislative Decree 254/16



Introduction

Legislative Decree no. 254 of December 30th, 2016, which implemented Directive 2014/95/EU, requires large companies and public interest entities to report non-financial information for the financial years starting on or after January 1st, 2017.
In its capacity as a public interest entity with employees, financial position and net revenues in excess of the thresholds set by article 2 del D. Lgs. no. 254, FCA Bank Group publishes every year, as Annex to the Consolidated Financial Statements, the consolidated Non-Financial Statement.
The FCA Bank Group's Non-Financial Statement is prepared in accordance with article 4 of the foregoing Legislative Decree and the Referenced option of the Global Reporting Initiative Sustainability Reporting Standard (GRI Standard) updated in 2018 by the Global Reporting Initiative (GRI), which constitute the most common and internationally recognized model in the area of non-financial disclosure.
FCA Bank Group, in accordance with the foregoing Decree, provides communication to its stakeholders on the non financial issues identified as relevant in light of a materiality analysis of the group's activities and characteristics, to prepared in accordance with Legislative Decree no. 254/16 ensure an understanding of the organizational model, the policies, the main risks and the performance indicators. The significant material topics for the FCA Bank Group are pointed out in the materiality matrix in the specific section and concern Governance and the following theme areas identified by Legislative Decree no. 254/2016:

- Environment
- Employees
- Social
- Fight against active and passive corruption and bribery
- Respect for Human Rights

As required by Legislative Decree no. 254/16, the contents of this Statement were identified and chosen to provide a full understanding of the group's activities, performance and results and their impact also in view of the GRI Standards of relevance, inclusiveness, sustainability and completeness.

The FCA Bank Group reports every year on the materiality analysis performed to identify themes considered material by the group and its stakeholders, in accordance with Legislative Decree no. 254/2016 and the reporting standards set by the Global Reporting Initiative[1] (GRI).
The positioning of themes in the materiality matrix is the result of the importance attributed to them, in connection with the bank's business or the impact on the stakeholders. The impacts are the positive or negative, actual or potential, direct or indirect, short/long-term effects that the group has on the economy, the environment and society.
The result of the analysis conducted in 2020 confirmed continuity with the previous year with respect to the most significant themes for both the group and its stakeholders.
Reporting on relevant topics is guided, where possible, by the principles outlined by the Global Reporting Initiative (GRI), which represents the international reporting standard of reference.
In order to easily find information in this report, the GRI Content Index is in the end of the document.
The Non-Financial Statement is subject to a limited audit by EY S.p.A..

[1]Global Reporting Initiative (GRI) is a non-profit organization based on a network involving thousands of professionals and organizations engaging in many sectors. The GRI Reporting Framework is a universally accepted model to report the economic, environmental and social performance of an organization. GRI's mission is to turn the sustainability report into standard practice and to allow all companies and organizations to prepare a report on their performance and their economic, environmental, social and governance impacts. GRI publishes the sustainability reporting guidelines on its web site: www.globalreporting.org

Methodological note

Reporting process

All the company's departments contributed to prepare the contents of the consolidated Non-Financial Statement 2020 and to the interaction with stakeholders. Data gathering is centralized and the procedure to prepare the Statement was established in 2018 to govern process, activities, roles and responsibilities of the group's departments and bodies involved in the preparation, approval and publication of the document.

Reporting perimeter

The scope of the consolidated Non-Financial Statement is the same as the scope of the Consolidated Financial Statements as of and for the year ended December 31st, 2020, as specified in Part A - Accounting policies, A.1 - General information, Section 3 - Scope and methods of consolidation in the notes to the Consolidated Financial Statement.
In the reporting period, did not occur any significant changes in organizational aspects, participation and supply chain.
Regarding the qualitative and quantitative data on social and environmental aspects, the scope of reporting corresponds to FCA Bank Group and its subsidiaries consolidated on a line-by-line basis. Any exceptions, with regard to the scope of this data, are clearly indicated throughout the Non Financial Disclosure.
Non directly measurable quantitative data have been reported by making use of estimates, where necessary.
The formulas and assumptions used to calculate quantitative indicators not expressly provided for by the GRI Standards are described in the following paragraph.

Assumptions and formulas not directly covered by GRI Standards

Following are reported main definitions, assumptions and calculations not yet covered with GRI.
- Customer Satisfaction Index
- Dealer Satisfaction Index
- Complaints

Customer and Dealer satisfaction indices are calculated as weighted average in respect of the answers received to the question related to the customer satisfaction in the questionnaire in a 1 to 5 range.
With reference to complaints FCA Bank Group conforms to the CRD, enclosed I – Capital Requirements Directive (Legislation 2013/36/UE).
With reference to staff, the data reflect the headcount at December 31st, 2020. Injuries frequency index is calculated using injuries number multiplied 1,000,000, divided per worked hours.

Letter to stakeholders

The 2020 results confirmed the soundness of the bank's strategic choices and its ability to be profitable with a responsible business model. The company feels that only sustainable growth can foster long-term development and reduce social and environmental risks.
The year just ended was marked by the Covid-19 pandemic, which cast further light on sustainability issues. Against this backdrop, the company launched a plan of activities to make its contribution to the health emergency.
In March, through its Leasys subsidiary, FCA Bank made available to ANPAS (Associazione Nazionale Pubbliche Assistenze), a volunteer organization, 130 vehicles to tackle the pandemic at the national level. This action was eventually followed by further support to the Italian Red Cross, in the context of a series of initiatives activated by Crédit Agricole Italia, with the provision of 300 vehicles and 5 ambulances.

Another line of action concerned mobility for the environment. The company's effort has always focused on the environmental impact of its activities, in close cooperation also wth the automotive partners. Against this background, the "tree on board" initiative was developed, whereby customers who picked financial solutions designed for hybrid cars were given a gift in the form of a Treedom tree to be planted in FCA Bank's forest, thus contributing to the reduction of CO_2 emissions.
Worthy of note, in the environmental context is also the "artelectric" initiative, a project by Leasys that combines the promotion of art with the creation of tourist itineraries based on electric mobility, in a context of growing electrification, with 1,200 EV charging points available in the mobility stores.
The keystone of the company's business plan is the creation of long-term value, as well as high capitalization levels and the reduction of business risk, with a focus on people and innovation.

Chief Executive Officer and General Manager
Giacomo Carelli

Group profile

SHAREHOLDER STRUCTURE

FCA Bank is a joint venture between FCA Italy S.p.A. and CA Consumer Finance S.A., two leaders in their respective sectors.
FCA Bank provides its financing products and services in 17 European countries and in Morocco to dealers and end customers of the brands of the FCA Group and other automotive partners.
It is noted that at the reporting date the 50% shareholder was Fiat Chrysler Automobiles (FCA).

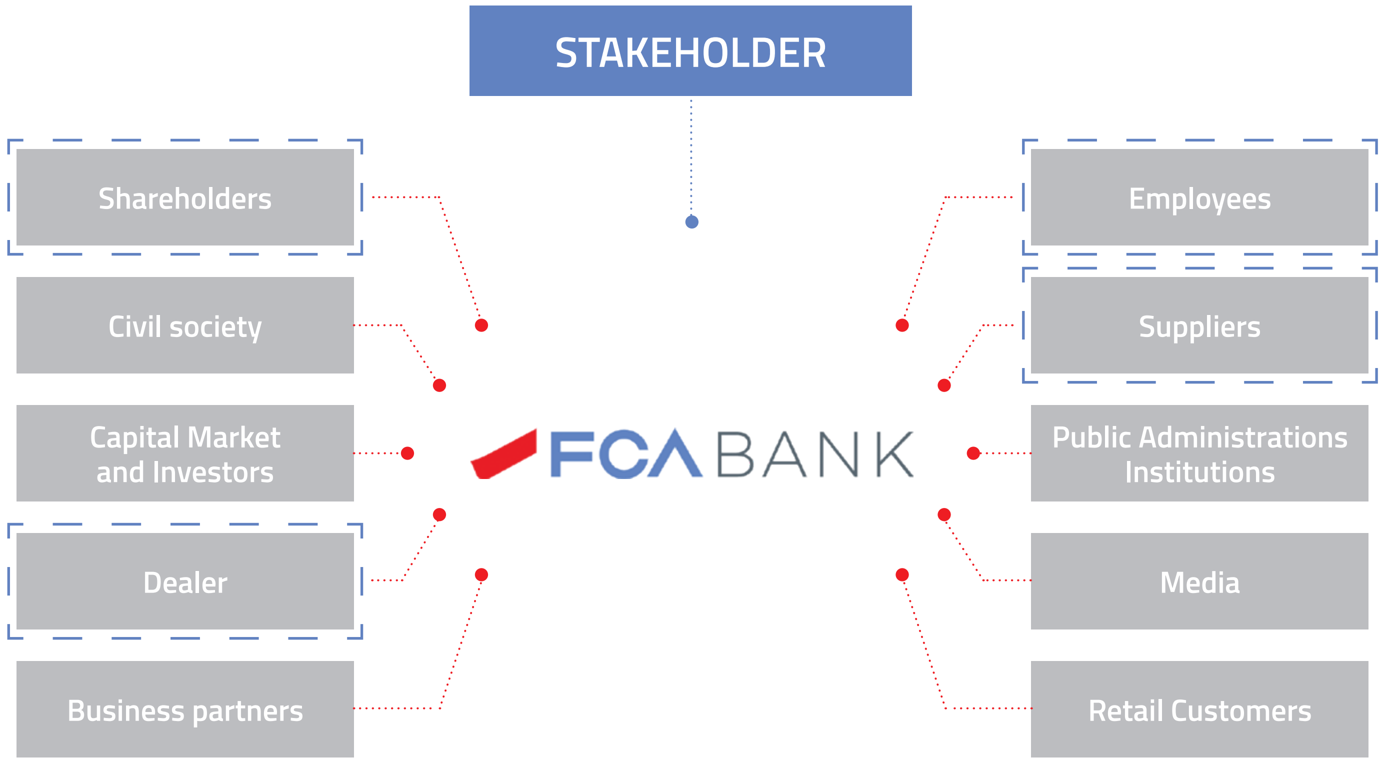
GROUP STRUCTURE AND INTERNATIONAL PRESENCE

FCA Bank S.p.A., with registered office in Corso Giovanni Agnelli 200, Turin, Italy, is the parent company of the FCA Bank Group with operations in 18 countries.

COUNTRY	COMPANY
AUSTRIA	FCA Bank GmbH FCA Leasing GmbH
BELGIUM	FCA Bank S.p.A. (Belgian Branch) Leasys S.p.A. (Belgian Branch)
DENMARK	FCA Capital Danmark A/S Leasys S.p.A. (Danish Branch)
FRANCE	FCA Capital France S.A. FCA Leasing France S.A. Leasys France S.A.S. Leasys Rent France S.A.S.
GERMANY	FCA Bank Deutschland GmbH Ferrari Financial Services GmbH Leasys S.p.A. (German Branch)
GREECE	FCA Insurance Hellas S.A. FCA Bank GmbH (Hellenic Branch) Leasys Hellas SM S.A
FINLAND	FCA Capital Danmark A/S (Branch Finland)
IRELAND	FCA Capital RE DAC FCA Bank S.p.A. (Irish Branch)
ITALY	FCA Bank S.p.A. Leasys S.p.A. Leasys Rent S.p.A. Clickar S.r.l.
NORWAY	FCA Capital Norge AS
THE NETHERLAND	FCA Capital Nederland B.V. Leasys Nederland B.V.
POLAND	FCA Bank S.p.A. S.A. Oddział w Polsce (Polska Branch) Leasys Polska Sp.Zo.o.
PORTUGAL	FCA Capital Portugal IFIC S.A. Leasys Portugal S.A.
UNITED KINGDOM	FCA Automotive Services UK Ltd FCA Dealer Services UK Ltd Leasys UK Ltd Ferrari Financial Services GmbH (UK Branch)
SPAIN	FCA Capital España EFC S.A. FCA Dealer Services España S.A. Leasys S.p.A. (Spanish Branch) Leasys Rent Espana S.L.U.
MOROCCO	FCA Dealer Services España (Morocco Branch)
SWEDEN	FCA Capital Sverige AB
SWITZERLAND	FCA Capital Suisse S.A.

FCA Bank stakeholders

FCA Bank Group mapped its stakeholders to promote different engagement activities, on the basis of selected stakeholder categories.
The group has implemented a multi-year plan of stakeholder engagement, so as to involve gradually all the categories, in keeping with the GRI principle of Stakeholder Inclusiveness.
Below, a map is provided of the FCA Bank Group's stakeholders, as prepared in 2020:



Materiality analysis

In order to identify topics considered relevant by both its stakeholders and the group itself, based on the recommendations of the GRI Standards, a structured process was implemented that took into account the perspectives of parties internal and external to the group, in accordance with the following phases and activities:
- identification of topics potentially relevant for the company and the stakeholders;
- selection and prioritization of topics and construction of the materiality matrix;
- validation of the materiality matrix by top management.

The materiality analysis took into account the effects of risks and opportunities related to the bank's business.
To identify the topics potentially relevant for the FCA Bank Group and its stakeholders, consideration was given to the following documents:
- Sustainability reports of institutional entities;
- Consolidated Non-Financial Statements of other domestic and international financial groups, to be used as benchmarks among the FCA Bank Group's main peers;
- the FCA Bank Group's Code of Conduct for the commitments expressed and formalized therein;
- the 2019 materiality matrix;
- internal interviews to the contact persons of the FCA Bank Group, who share the views of each function on topics, making it possible to focus on the key aspects and the main projects consistent with such aspects developed during the year.

The selection and prioritization of the relevant topics consists of two activities:
- direct involvement of the group's external stakeholders;
- internal assessment by Top Management, taking into consideration the relevance of the topics in relation to corporate activities and strategies.

In 2020 the FCA Bank Group analysed last year' materiality matrix, as described in the section on the methodological note, in order to update it. This analysis revealed continuity with the themes of 2019, except for the material theme on "Employee health and safety", which took on a relevance equal to 5 for the group.

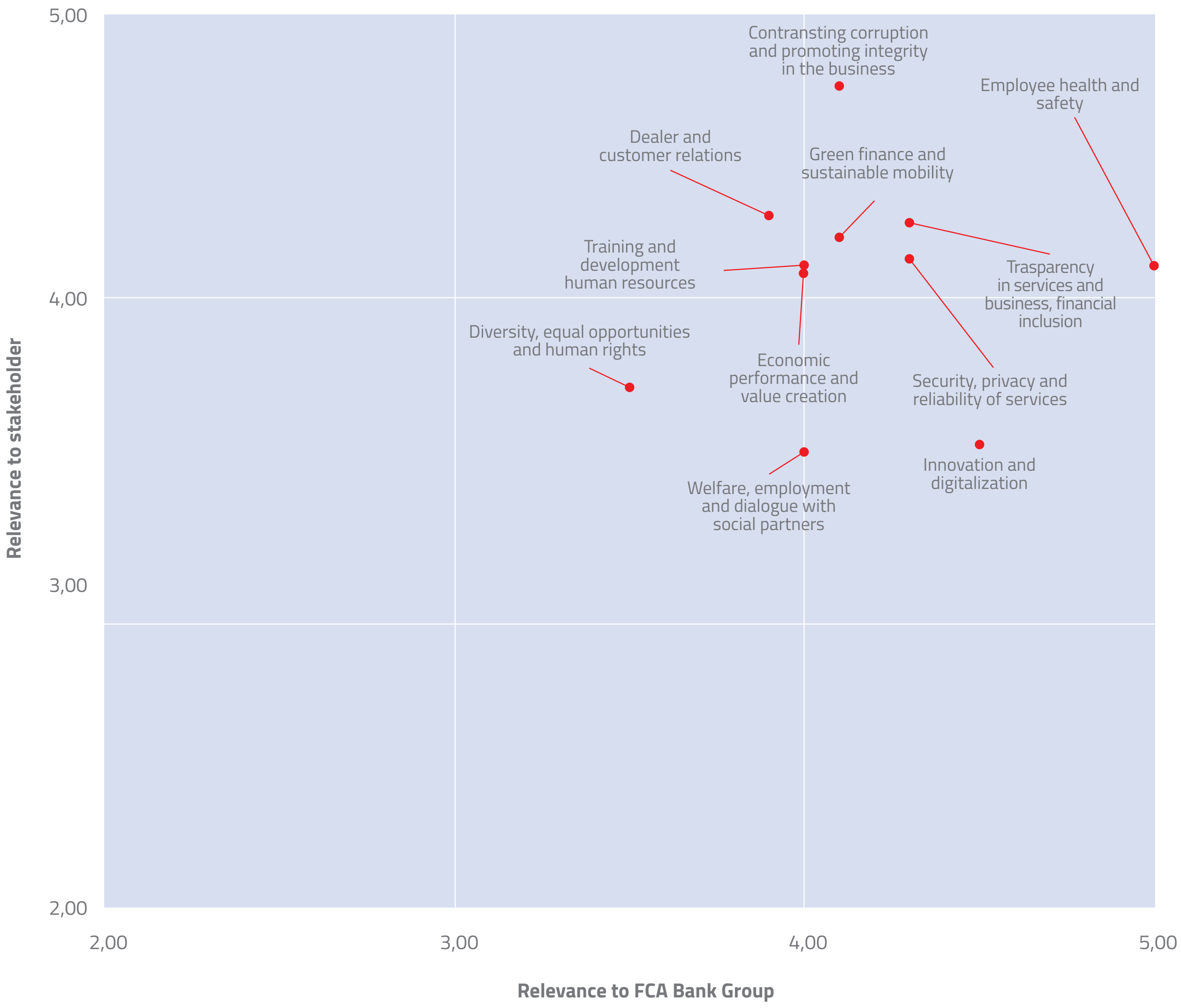
Following the update of the materiality matrix for 2020, eleven topics were identified as relevant for the FCA Bank Group:
- Contrasting corruption and promoting integrity in the business
- Transparency in services and business, financial inclusion
- Security, privacy and reliability of services
- Green finance and sustainable mobility
- Dealer and customer relations
- Training and development of human resources
- Economic performance and value creation
- Innovation and digitalization
- Employee health and safety
- Welfare, employment and dialogue with social partners
- Diversity, equal opportunities and human rights

In the following sections these topics are associated with each area of interest expressed by Legislative Decree no. 254/2016 (environmental aspects, social aspects, personnel management, human rights and fight against corruption).

Materiality matrix 2020

The results of the materiality analysis are depicted graphically through a cartesian coordinate plane called Materiality matrix, which shows the interest for the company on the abscissa and the interest for the stakeholders on the ordinate.

This depiction makes it possible to evaluate the significance (e.g. the "materiality") of every topic on the basis of its position with respect to both axes.



Governance and risk managment

CORPORATE GOVERNANCE

The FCA Bank adopted a comprehensive set of rules and procedures that establish the responsibilities and inspire the conduct of our company boards and officers, in order to ensure sound, prudent management that achieves profitability while taking on risk in an informed manner and doing business with integrity.

CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE

The Corporate Governance system and Organisational Structure adopted by FCA Bank Group work to ensure the healthy and prudent management of the group, in compliance with existing regulations and the development trajectories that characterise them as well as the corporate targets for business development.
The Corporate Governance structure comprises an administration and control system founded on the existence of an administrative body (the Board of Directors) and of the Board of Auditors.

STÉPHANE PRIAMI*
Chairman

GIACOMO CARELLI
CEO &
General Manager

DAVIDE MELE Director	**PAOLA DE VINCENTIIS** Indipendent director
ANDREA FAINA Director	**ANDREA GIORIO** Indipendent director
VALÉRIE WANQUET Director	**OLIVIER GUILHAMON** Director
RICHARD BOULIGNY ** Director	**RICHARD K. PALMER** Director

* appointed on January 31st, 2020
** appointed on June 26th, 2020

SUSTAINABILITY GOVERNANCE

In 2020 the FCA Bank Group continued the actions undertaken in 2019 to strengthen its effort in the area of sustainability. The preparation of the FCA Bank Group's consolidated Non-Financial Statement for the year-ended December 31st, 2020 is based on the following structured process:

- the Board of Directors approves the consolidated Non-Financial Statement together with the 2020 Consolidated Financial Statements. Moreover, the Board of Directors oversees sustainability activities

with top management's support;
- the staff meeting, gathering the CEO and top management, supervises the sustainability aspects (e.g. the reporting process, the materiality analysis, the interaction with the stakeholders) and supports the Board of Directors in defining the governance of sustainability;
- the Consolidated Financial Reporting department reports to top management to define the sustainability reporting process and is responsible for coordinating the preparation of the consolidated Non-Financial Statement. The working group monitors the specific initiatives and gathers the data and information necessary for the statement.

The consolidated Non-Financial Statement, submitted to EY S.p.A., is published in the group's Consolidated Annual Financial Statements on the corporate website and submitted to Consob by certified e-mail.

The internal control system

To ensure sound and prudent management, the FCA Bank Group combines business profitability with informed risk-taking, adopting a fair conduct in operational activities. As such, the group has established an internal control system designed to detect, measure and constantly monitor the risks associated with its activity, involving directors and statutory auditors, control committees and functions, the Supervisory Board, the independent audit firm, senior management and the staff as a whole.
Responsibility for the group's internal control system rests with Internal Audit, Risk & Permanent Control, Compliance & Supervisory Relations. These functions – which are independent of one another in organizational terms – operate across the company and the group and liaise with the corresponding functions of the subsidiaries. In particular, Compliance & Supervisory Relations and Risk & Permanent Control report to the CEO & General Manager while Internal Audit reports to the Board of Directors. From an operational point of view there are three types of control in place:
- first-level controls, which are carried out by the operational departments or are incorporated into the IT procedures to ensure the proper performance of day-to-day operations and the single transactions;
- second-level controls, which are designed to contribute to the definition of risk measurement methods and to check the consistency of operational activities with risk objectives. Such controls are performed by non-operational departments, particularly Risk & Permanent Control and Compliance & Supervisory Relations;
- third-level controls, which are performed by Internal Audit to identify unusual patterns, procedure and regulation breaches as well as to evaluate the functioning of the overall internal control system.

THE CONTROL FUNCTIONS

Internal Audit

The Internal Audit department reports directly to the Board of Directors and is responsible for third-level controls, reviewing, based on the annual audit plan approved by the Board of Directors, the adequacy of the system of internal control and providing the Board of Directors and management with a professional and impartial opinion on the effectiveness of internal controls. The head of Internal Audit is responsible for:

- preparing the audit plan, on the basis of a periodic risk assessment, and coordinates the audit missions;
- reporting on the findings and progress of the audit plan from time to time to the Board of Directors, the Risk and Audit Committee, the Internal Control Committee and the Board of Statutory Auditors;
- the internal review, at least once a year, of the ICAAP - to ensure that it functions properly and is compliant with the applicable rules – and the periodic examination of the process to evaluate individual risks.

The internal audit process calls for each company to map its own risks on an annual basis, by using a common methodology issued by the parent company. For those subsidiaries that do not have an internal audit function locally, risk mapping is performed by the parent company.

Monitoring of the individual companies' internal audit activities takes place through a system of quarterly reports on:

- the progress of the audit plan and explanation of any deviations;
- all the audits carried out during the quarter under review;
- the status of implementation of the recommendations issued.

The Board of Directors is apprised regularly of the audit findings, the action plans undertaken, the progress of the plan and the level of implementation of the recommendations to the individual companies.

In 2020, following approval by the Board of Directors, the Internal Audit function adapted its audit plan to take into account the Covid-19 emergency and its impacts on the bank's operations.

Risk and Permanent Control

The function's mission is to map and measure risks, as well as to supervise Risk Management processes, managing directly also second-level controls.

The main objectives of Risk & Permanent Control (R&PC) are to:

- set out the group's guidelines in risk management and permanent control;
- ensure the dissemination of a risk culture across the organization;
- map all types of risk with the exception of Compliance risks (for which there is a dedicated Control function);
- monitor the group's exposure to the different types of risk (RAF and Risk Strategy);
- manage the ICAAP and ILAAP in cooperation with the other functions involved in the process;
- ensure information flows to the other functions, to corporate bodies and to senior management;
- cooperate with the other group Control Functions (Compliance and Internal Audit), to ensure constant monitoring of the area covered by internal control;
- issue opinions on material transactions
- coordinate the group's Risk Strategy, issue its own opinion and check its implementation.

Moreover, the head of R&PC is responsible for the business continuity plan.

The R&PC function has a local staff member in every group company.

Oversight of the group companies unfolds through the:

- provision of group guidelines on risk management and second-level controls;
- monitoring of the effectiveness of local control plans and the Risk Appetite Framework;
- supervision of annual Budgets and their consistent with the group's Risk Appetite.

The findings of the second-level controls performed by Risk & Permanent Control are reported on a quarterly basis to the Internal Control Committee (ICC) and annually in the Internal Control Report (ICR).

Compliance, Supervisory Relations and Data Protection

Compliance, Supervisory Relations & Data Protection (CSR&DP) is a second-level control function responsible for the following areas:

- Compliance, with the objective of monitoring non-compliance risk, e.g. the risk of incurring in judicial or administrative sanctions, financial losses or reputational damage as a result of breaches of imperative or self-regulatory provisions. The function contributes to mitigate risks linked to misconduct, money laundering and other non-compliance cases;
- Supervisory Relations, with the objective of managing relations with Italian and supranational Supervision Authorities through periodic meetings and reports on the group's various projects and initiatives, as well as liaising with local Supervision Authorities through monitoring and reports on audits and any required action plans;
- Data Protection, with the objective of ensuring an adequate protection of personal data, defining roles and responsibilities for proper data management on the basis of specific corporate requirements and peculiarities.

The head of the function is also in charge of Anti-money-laundering, Whistleblowing and Antitrust Compliance and has been appointed Data Protection Officer (DPO) on September 25th, 2020. He is also responsible for reporting suspicious transactions and is a member of the Company's Supervisory Board.
CSR&DP identifies non-compliance risks through an Annual Compliance Risk Mapping process and monitors such risks on the basis of an activity and control plan that includes:

- controls intended to verify the effectiveness of existing processes and procedures;
- the activities designed to identify and plan the involvement of the function in every project, activity or initiative, new or already under way;
- the training courses aimed at spreading the culture of compliance and at developing an understanding and improving the knowledge of non-compliance risk (e.g. Anti-money-laundering, Legislative Decree 231/01, etc.).

The findings of controls are adequately documented and shared with the heads of the areas under analysis, with the objective of defining an action plan intended to strengthen monitoring of the non-compliance risks to which the company is exposed.

CSR&DP's duties and responsibilities extend over the parent company and, in terms of coordination and supervision, Leasys and the foreign markets.

BOARD COMMITTEES

Risk and Audit Committee

Pursuant to the supervisory provisions on corporate governance, the Risk and Audit Committee (RAC) provides support to the Board of Directors on risks and the internal control system as well as the proper use of accounting standards for the preparation of the separate and Consolidated Financial Statements.
With reference to risk management and control, the Committee supports the Board of Directors in:

- defining and approving risk management strategies and policies; in connection with the Risk Appetite Framework (RAF), the Committee evaluates and makes recommendations for the Board of Directors to define and approve the risk objectives ("Risk Appetite") and the risk tolerance threshold ("Risk Tolerance");
- verifying the proper implementation of risk management strategies, policies and RAF;
- defining the policies and processes to evaluate corporate activities;
- the preliminary review of the audit plan, the activity plans of second-level control functions and the periodic reports of the control functions to the Board of Directors;
- assessing the adequacy of corporate risk control functions, the internal control procedures and the reports necessary to ensure that the Board of Directors is properly and exhaustively informed.

The Committee consists of two Independent Directors, each acting as chairperson on a rotation basis, and a non-executive Director. Its meetings are attended permanently by another non-executive Director.
The meetings of the Committee are attended by the chairman of the board of statutory auditors and the head of Internal Audit, who acts as secretary.
Meetings of the Committee can also be attended by two other directors and by the heads of the second-level control functions.

Nomination Committee

Pursuant to the supervisory provisions on corporate governance, the Nomination Committee supports the Board of Directors in the process for the nomination and co-optation of directors, in the Board's self-assessment and in the CEO & General Manager succession process.
In accordance with the Articles of Association, the Committee makes recommendations and provides opinions to the Board of Directors, which in turn makes available to it the resources necessary to perform its tasks with the help of external consultants, within the limits set by the budget and through the company's departments.
The Committee was established on March 23rd, 2016, pursuant to a resolution of the Board of Directors, is made up since June 30th, 2017 of 3 non-executive directors, including 2 independent members.
The Committee is chaired by an independent director or, in his absence, by the other independent director.
Meetings of the Committee can be attended, depending on the topics covered, without voting rights, by the Chairman of the Board of Statutory Auditors or by a Statutory Auditor, the CEO & General Manager, the heads of the control functions or other key management functions, and other single directors.

Remuneration Committee

Pursuant to the supervisory provisions on corporate governance, the Remuneration Committee acts in a consultative and advisory capacity for the Board of Directors on remuneration and incentive practices and policies of the FCA Bank Group.
Specifically, the Committee submits to the Board of Directors, after consultation with the CEO & General Manager, proposals on incentives, the document on remuneration policies and a report on their application (ex-post disclosure) for the annual approval by the shareholders at the general meeting.
The Committee provides regularly to the Board of Directors and the shareholders adequate information on the activity performed.
The Board of Directors makes available to it the resources necessary to perform its tasks with the help of external consultants, within the limits set by the budget and through the company's departments.
The Committee, established on March 23rd, 2016, pursuant to a resolution of the Board of Directors, is made up since June 30th, 2017 of 3 non-executive directors, including 2 independent members.
The Committee is chaired by an independent director or, in his absence, by the other independent director.
Meetings of the Committee can be attended, without voting rights, by the Chairman of the Board of Statutory Auditors (or by a Statutory Auditor designated by him), the CEO & General Manager, the heads of the control functions and the members of the Board of Directors.

OTHER COMMITTEES INVOLVED IN THE INTERNAL CONTROL SYSTEM

To strengthen the Internal Control System, the group established, in addition to the above functions, the following committees.

Internal Control Committee

The Internal Control Committee (ICC) acts as liaison between the JV and the shareholders on the internal control system and provides support to the CEO, the Board of Statutory Auditors, and the Risk and Audit Committee in their respective roles in relation to the internal control system.

The ICC aims at:
▪ monitoring the findings and action plans resulting from internal control activities;
▪ analysing any problems or situations related to the internal control system;
▪ monitoring fraud events and the effectiveness of prevention devices.

The ICC meets on a quarterly basis, and is attended, periodically, also by representatives from the internal control functions of both shareholders.
It is the institutional time when also findings and recommendations after audits by local supervision authorities are presented.
The involvement of the CEO & General Manager guarantees the high degree of effectiveness of the internal control system, given that he has a full and integrated overview of the findings of the audits performed, which permits implementation of the necessary corrective or remedial actions in case of flaws or anomalies.

Group Internal Risk Committee

The Group Internal Risk Committee (GIRC) engages in policy-setting and monitoring to ensure that the group's internal control system prevents and manages risks effectively.
The activity carried out is more analytical than that of the other control committees, as it explores in great detail, among others, the RAF and the Risk Strategy that every head of the group companies develops and submits to the GIRC every year, pursuant to the group Risk Management policy approved by the Board of Directors.

In addition, the GIRC is convened whenever the market or the company faces a liquidity crisis and - in its restricted form, which is referred to as NPA committee – evaluates and approves proposals of new products and activities coming from the markets; Meetings of the GIRC - which are chaired by the Managing Director and General Manager – are open to senior managers and, when called upon, to the heads of the group companies.
Attendance is also open to the heads of the three internal control functions, as observers without voting rights; in particular, Risk & Permanent Control provides an opinion on risk levels in the various areas and any hedging and mitigation thereof.
In addition, in case of approval of new products and activities, Compliance may exercise veto rights in relation to aspects falling within its purview.
Participation of the control functions in this committee fosters critical interaction with the business units; accordingly such participation is both necessary and appropriate, so as to prevent the creation of an excessive distance between the control functions and the operational context, without prejudice to the indispensable professional autonomy of the control functions.
The absence of voting rights for the control functions within the GIRC is further evidence, among others, to the separation between operational and control functions.

Supervisory Board

With reference to the prevention of administrative liability pursuant to Legislative Decree 231/01, the Supervisory Board has been established for the parent company and the Italian Subsidiary Leasys S.p.A., to oversee the proper application of the Compliance Program and the Code of Conduct.
The Supervisory Board:
▪ meets at least once a quarter and reports periodically to the CEO & General Manager, the Board of Directors and the Board of Statutory Auditors;
▪ performs periodic reviews on the ability of the Compliance Program to prevent the perpetration of offenses, relying usually on FCA Bank's Compliance, Internal Audit and Risk & Permanent Control functions as well as the other functions as necessary from time to time.

The parent company's Supervisory Board is made up of the Head of Compliance and Supervisory Relations, the Head of Internal Audit and an external legal and penal expert who acts as Chair.

Board Executive Credit Committee

The Board of Directors has delegated to the Board Executive Credit Committee (BECC) the credit approval decisions with which it is concerned, which, according to the current delegation of powers model, are not entrusted to the corporate bodies. This delegation is given in all cases where the date of the first scheduled Board meeting is not compatible with the urgency of the credit decisions to be made.

Board of Statutory Auditors

The Board of Statutory Auditors is composed of three members and two alternates appointed for a period of three terms.
To the Board of Statutory Auditors are assigned the tasks referred to in the first paragraph of art. 2403 of the Italian Civil Code and the rules governing banking activity.
The Board of Statutory Auditors currently in office has been appointed by the Ordinary Shareholders Meeting held on March 30th, 2018 for the financial years 2018 - 2020 and will expire with the approval of the financial statements of this last financial year.

FRANCESCO PISCIOTTA
President

VITTORIO SANSONETTI
Auditor

GIOVANNI OSSOLA
Auditor

VALTER CANTINO
Alternate Auditor

DAVIDE CHIESA
Alternate Auditor

Internal control and risk management

The internal control system

FCA Bank has provided itself with an internal control system directed towards continuously detecting, measuring and checking the risks connected to the performance of its own activity which involves the Corporate Bodies, the control functions and committees, the Supervisory Body, the Auditing Companies, Top Management and all staff.

The internal control system comprises the sum of rules, functions, structures, resources, processes and procedures that aim to ensure the achievement of the following aims:

- checking the implementation of corporate strategy and policies;
- the containment of risk within the limits indicated in the reference framework for determining the intermediary's propensity to risk - Risk Appetite Framework "RAF";
- safeguarding the value of the assets and protection against losses;
- effectiveness and efficiency of corporate processes;
- reliability and security of corporate information and IT procedures;
- averting the risk that the intermediary is involved, even involuntarily, in illegal activities – with particular reference to those connected with money laundering, usury and the financing of terrorism;
- compliance of operations with the law and supervisory regulations, as well as with internal policy, regulations and procedures.

Management objectives and policies

FCA Bank attaches great importance to the measurement, management and control of risks.
In this particular case, the parent company plays a role of guidance, management and control of risks at group level, activating operational plans of action that allow a reliable coverage of all risk contexts.

The guiding principles of the risk management and control system are:
- a clear identification of responsibilities in taking risks;
- measurement and control systems in line with Supervisory provisions and with the most widely adopted solutions at the international level;
- organizational separation between operational functions and control functions.

FCA Bank updates every year its risk strategy, setting the risk levels that the group considers adequate to its growth strategy. Through this strategy, which is submitted for approval to the group Internal Risk Committee, the overall limits (alert thresholds) are set, together with the limits attributable to each group entity. This limit and/or alert threshold system is submitted for approval to the Board of Directors of the Parent Company FCA Bank.

This framework is designed to ensure consistency among the business model, the strategic and budget plan, the ICAAP and ILAAP and the internal control system, setting maximum risk levels for the different areas.

In light of the above, it is noted that the risk management processes are based on such key factors as the defined governance profiles, the stated risk propensity and the identification of risk takers and are structured in keeping with the phases required by rules and regulations and contemplated by professional practice (identification, measurement/valuation, monitoring, reporting, criticality management).

For this reason, the risk management processes are considered adequate to ensure that company operations are carried out in keeping with sound and prudent principles, operational limits, timely reporting to pre-established hierarchical levels and that appropriate corrective actions are taken to address any criticalities.

Furthermore, the adequacy of risk management is guaranteed by the active participation of Risk and Permanent Control in specific committees:
- the Internal Control Committee (ICC), which coordinates the control functions (IA, C&SR, Risk And Permanent Control), and the set of internal control mechanisms;
- the Group Internal Risk Committee (GIRC), which performs analyses and assessments, drives the risk strategy in managing and monitoring global and operational credit limits;
- the ALM Meeting, which monitors and controls all financial risks (market and counterparty in liquidity management transactions) as well as interest rate and currency risks;
- the New Product and Activity Committee (NPA), with the task of improving the management of risks specific to new activities and products that might change the company's risk profile;
- the Risk and Audit Committee (RAC), established by the Board of Directors on September 17th, 2014 in view of the transformation into a bank and in accordance with Bank of Italy's instructions on corporate governance. The Risk and Audit Committee supports the Board of Directors on risks and the internal control system and the assessment for the proper use of accounting standards in consolidated and separate financial reports. In particular, it is responsible for all instrumental and necessary activities for the Board of Director to determine properly and effectively the Risk Appetite Framework (RAF) and risk management policies.

Every foreign company ensures a suitable level of risk management in proportion to its size and activities and in accordance with the guidelines set out every year by the parent company.

Such effectiveness is preserved over time thanks to maintenance and upgrading activities as well as the development of methodologies, organisational arrangements, processes, procedures, software applications and tools.
Risk & Permanent Control monitors risks through its annual control and activity plan, which includes:
- the creation and upgrade of risk management procedures;
- analysis and issuance of opinions on credit, financial and operational risk (e.g. NPA, Scoring, etc.);

▪ support to Human Resources in the development of training activities to disseminate an integrated risk culture (Claroline web platform).

FCA Bank's risk management framework features the following aspects:
▪ verification that company policies and strategies are implemented;
▪ curbing of risk within the limits set out in the Bank's Risk Appetite Framework (RAF);
▪ protection of value of assets and against losses.

The foremost safeguard of the internal control system is the professionalism of the employees who, within the framework of the corporate organisational rules and references, are tasked with the duty of performing control activities, reviewing the relevant findings and assessing risk factors and related exposure levels prospectively. The employees assigned to Risk & Permanent Control, who are adequate in qualitative terms, have generally university level education in economics, mathematics and statistics and have a good knowledge of the regulatory and methodological aspects, suitable technical skills and professional expertise suited for the task.

The methodologies, models and software applications utilised are common in the banking industry and are adequately tested and validated within the company.

Non-financial risks

In addition to risks typical of the banking sector, the FCA Bank Group is also aware of the importance of monitoring non-financial risks:

- **strategic risk**: it is the risk of incurring operating or capital losses due to inadequate company decisions, the wrong implementation of such decisions, an inappropriate allocation of resources or a lack of response to changes in the overall company context;
- **reputational risk**: it is the current or prospective risk of operating or capital losses due to the negative perception of the bank's image by customers, counterparts, shareholders, investors, authorities. The group considers this as an "indirect risk" in that it derives from other risk categories that can have also consequences for the bank's image, including operational risk and compliance risk;
- **compliance risk**: it is the risk of incurring judicial or administrative sanctions, significant financial losses or damage to the reputation after the violation of imperative norms (laws, rules, regulations) or self-regulation (e.g. articles of association, codes of conduct, codes of ethics). Thus, this risk can give rise to a reputational risk;
- **conduct risk**: defined as the current or potential risk of losses deriving from the inadequate management of the financial services provided, including fraud or gross negligence. FCA Bank developed a method to monitor this risk, involving the survey of different indicators associated with the main dimensions related to conduct.

Specifically, Risk Management is responsible for the ongoing maintenance and upgrade of this tool and the assessment of the relevant findings. The other corporate functions involved in the process to share the necessary data to upgrade the metrics currently used in the tool are Compliance, Internal Audit, Legal, Human Resources, Frauds Governance.

The key factors driven by the tool are as follows:

- conduct, related to any case of inappropriate behavior by the bank (e.g. dissemination of asymmetric information, conflict of interests, fraudulent actions, unfair sale approach);
- governance and strategy, that is lack of a risk culture, murky compensation and incentive system, inadequate definition of the code of conduct, lack of clarity for roles and responsibilities;
- process, related to the performance of commercial activities, that is inadequate product development, poor accident management, inefficient back office operations;
- external environment, related to the bank's ability to adapt promptly to change, mainly regulatory and technological (that is lack/late learning of findings of supervision authorities, sketchy knowledge of regulatory amendments).

Monitoring these risks is a necessary condition to generate and protect sustainable value over time. This activity reflects on aspects that the group considers as a priority - such as maintenance of a high service quality and customer satisfaction, transparency of the information on products and services, innovation, multichannel engagement, digitalization and data security - to guarantee the ethics and integrity of the business and to protect the brand.

Correlation material topics, potential risks and risk controls

Scope of Legislative Decree 254/2016	Material topic	Potential risks	Risk management
Environmental aspects	**Green finance and sustainable mobility**	Financing transactions and activities associated with negative impacts in environmental and climate change terms	This risk is mitigated by FCA Bank's focus on the development and promotion of financing products and services with positive environmental impacts, characterized by alternatives to traditional fuels and sustainable and shared mobility solutions.
Social aspects	**Transparency in services and business, financial inclusion**	Provision of products unfit to meet customer needs and non-compliant with transparency rules and responsible credit principles	An important pan-European project was started to have all the group companies operate their own portal, to provide customers with a new communication channel and to manage better the information on retail financing contracts. At the end of 2020, the foreign markets that had implemented the new customer portal were, in chronological order, France, Poland, Belgium, Netherlands, Greece, Denmark, and Switzerland. Germany and Austria will activate the portal in 2021 while Portugal and Spain will activate it in conjunction with the introduction of the CRFS system.
		Customer complaints on financing products and services provided	The group has a policy to manage pointedly and promptly any customer complaint.
	Security, privacy and reliability of services	Customer data loss or theft	FCA Bank designed and implemented a solid system of IT security policies and procedures.
		Risk of non-compliance with the rules and regulations on personal data protection and transparency in banking and financial product distribution	The group embraces the "Privacy by Design" principle, by integrating in the design and development of new products and services the data protection principle.
		Cyber attacks through e.g. malware and phishing, loss of critical assets, delays in managing IT incidents	In-depth analyses of new threats are carried out regularly by applying the sector's best practices to curb the risks detected; in addition, employees receive training on IT security.
	Dealer and customer relations	Erroneous management of commercial offerings	On the web sites in the markets in which it operates, the FCA Bank Group makes available financial tools that allow customers to calculate their monthly payments and to structure autonomously the financing plans that best fit their requirements.
		Customer complaints, inadequate functioning of Customer Relationship Management processes	The FCA Bank Group distributed a digital Lead Management platform in all the countries in which it operates, integrated with the CRM processes of the Brands served.
	Economic performance and value creation	Reputational risk due to non-compliance with applicable regulations	Business sustainability and long-term value creation for all the group's stakeholders are the drivers of the group's economic sustainability. Economic performance is monitored within the group RAF through different key indicators that allow Risk Management to check how value is created.
		Service disruption and ensuing loss of business	

Social aspects	**Innovation and digitalization**	Service disruption and ensuing loss of business	Digital solutions for customers are secure and protected by IT security systems (e.g. one-time password to confirm actions on the group's portal). Other safeguards include: - at contractual level, specific SLAs designed to ensure the availability of digital signature services 99.9% of the time. In addition, SLAs are in place to ensure that specific platform problems (for every market in scope) are addressed and solved; - detailed monthly analysis of the report sent by the supplier on contract-based SLAs; - summoning and manning of war rooms in case of problems affecting the entire market.
		Failure to upgrade information technologies for internal operations and to meet regulatory requirements and customer expectations	In all the markets in scope a contact was identified for the digital onboarding project. During the year, through surveys or specific assessments, the single markets shared with HQ proposals to improve/add the new digital signature functionality. These requests are evaluated by the digital steering committee and, if approved, they will be included in the provider's development plans. In 2020, analyses were conducted on the future developments of the digital signature platform regarding the remote management of the signature process and related recognition of the signing party (starting from the pilot market of Italy).
		Decrease or slump in the flow of technological projects within the bank	In 2020 R&D activities on new technologies to support the Bank's processes continued. With respect to this activity: - a partnership was entered into with I3p, a start-up incubator promoted by the Polytechnic of Turin, within the context of the launch of the "digital Factory" project; - with the support of I3P, a call for startups was launched to identify start-ups and SMEs in the fintech and insurtech areas.
Personnel management	**Training and development of human resources**	Loss of knowledge and critical experiences for the business development; failure to upgrade skills	This risk is mitigated by continuing managerial and technical training of the target population, by coaching and by the leadership exercised by managers with their subordinates and by the professional family with its members.
		Loss of key staff, negative impact of turnover on business continuity, failure to attract talent	This risk is mitigated through the annual Performance & Leadership Management, Talent Review and Succession Plan processes.
	Welfare, employment and dialogue with social partners	Enhanced conflict among social partners	On this topic, FCA Bank engages trade unions constantly, particularly through the implementation of the commissions provided for by the Labour Agreement.
		Diminished sense of belonging and brand image	FCA Bank adopts various initiatives of company engagement (e.g. web conference, convention, open door).
	Employee health and safety	Prevention and Protection service disruption	This risk is mitigated through: - the parties in charge of prevention and protection (RSPP and ASPP) can always be reached by telephone; - Fire prevention service active 24/7; - CA Security staff active whenever employees are at work; - implementation of First Aid procedure in case of emergency on Saturdays, Sundays, and holidays.

Personnel management		Risk of non-compliance with rules and regulations on employee health and safety and with labour laws	On this topic FCA Bank prepared, and constantly updates, the procedures on the prevention and protection service. These procedures are saved and updated in an internal repository (sharepoint) and can be consulted by all of the group's employees.
		Failure to provide training in health and safety	The risk of non-compliance related to the failure to provide training in health and safety is managed by monitoring the training activities recorded in the excel file, in the attendance register archives, final tests and participation certificates.
		Biological risk	To deal with the effects of the Covid-19 emergency, FCA Bank acted rapidly to protect the health of its employees and to keep the business running. EHS and HR implemented immediately specific precautionary measures to protect the health of employees through specific remote working, office sanitization and cleaning, distancing, DPI and training activities as well as the systematic monitoring of all the cases of employees either infected or who had contacts with positive persons, until every single case was resolved with the result of a test or at the end of an observation period or a quarantine.
		Failure to manage work-related stress	The assessment of work-related stress is updated every two years, unless there are significant changes in the production process and the organization of work, with an impact on the health and safety of employees. The last assessment was in December 2018, placing the level of risk in a green area (immaterial risk). A new assessment was started which is expected to be completed in the first half of 2021.
Human rights	**Diversity, equal opportunities and human rights**	Risk of violation of equal opportunity, through discriminatory statements or behaviours	A training plan has been established based on the Code of Conduct and the whistleblowing system.
Fight against corruption	**Contrasting corruption and promoting integrity in the business**	Non-compliance of the group with the rules and regulations on anti-corruption and any ineffectiveness of the Ethics Platform	This risk is mitigated by the periodic training program and the set of Internal Controls (e.g. the Code of Conduct and the Compliance Program under Legislative Decree 231/2001 for the Italian market and the group-wide anti-corruption program).
		Inadequate employee training and failure to upgrade company integrity skills	This risk is mitigated through the Mandatory Training Procedure, which entails an annual training program for FCA Bank's employees and internal and external sale network, to disseminate a corporate culture inspired to the principles of honesty, fairness and respect for the spirit of the rules. The procedure is saved and updated in an internal repository (sharepoint) and can be consulted by all of the group's employees.

Environmental aspects

RELEVANT TOPICS

▪ Green finance and sustainable mobility

Why the topics are relevant

In its role as bank of the FCA Group, the FCA Bank Group shares the objective of building a sustainable and eco-friendly mobility, promoting the initiatives of car manufacturers. In fact, in 2020 the FCA Group introduced a broad range of hybrid and electric models, sharing the sensitivity shown by its French partner on sustainability. Even though it does not have a formal environmental policy in place, introducing environmentally sustainable solutions is a key factor in the group's strategies.
Mindful that electric mobility can be a reliable and competitive solution only if it is supported by a financing, distribution and access system, the FCA Bank Group started to play its supporting role to the automotive group with its financing, leasing and sharing solutions, as well as through the dealer infrastructure and network.

Green finance and sustainable mobility

FCA Bank and Leasys carry out their environmental effort through services and products intended to develop an electric and sustainable mobility.

FCA Bank introduced a number of Be-Hybrid financing solutions. In fact, customers who purchase a hybrid or an electric car receive as a gift a tree from Treedom, a platform that makes it possible to adopt a tree and follow its story online, thus contributing to reduce CO_2 emissions. Created as a project only for the Italian market, "Tree on board" is a project with a European reach, with a forest with over 14,000 trees planted by FCA Bank's customers. Thanks to this project, FCA Bank contributed to reduce CO_2 emissions by 4,104,100 kg.

Leasys, for its part, launched a number of electric mobility services and worked on the development of the infrastructure. Leasys's mobility solutions are available both online and in the Leasys Mobility Stores distributed throughout Italy, in France and soon in the main European countries. These stores are physical locations where customers can pick up or return the vehicles booked through the dedicated apps, and can charge their hybrid or electric cars at no cost. At the end of 2020, the Leasys Mobility Stores totalled 468, with 1,200 charging points in Italy alone, located in the main cities, airports and railway stations. An additional development plan calls for the establishment, both in Italy and in Europe, of 1,500 stores and 3,500 charging columns by 2022.
Moreover, Leasys started a project called *Artelectric*, designed to support and enhance art and culture through the creation of tourist itineraries to visit royal palaces, artistic houses and historic houses in Italy, with the creation and installation of an extensive network of Leasys charging stations supportive of green mobility on the electric and hybrid vehicles of the FCA Group.
On the service front, it launched mobility solutions that would advance electric models, such as the first pay per use for hybrid models, with Leasys Miles Hybrid, which allows customers to pay only for the actual kilometres travelled; Be Free Hybrid, a long-term rental solution that enables customers to drive an electric car without purchasing it; the first car subscription that makes it possible to choose between two electric vehicles: CarCloud Plug-In Hybrid with Jeep, or CarCloud with electric 500 or Hybrid with all the Mild Hybrid range of the FCA Group. CarCloud not only allows customers to choose the electric car to be used but also to use such car in the city where it is needed, encouraging long-distance travel through shared line services such as airplanes and trains.
The year just ended also saw the creation of LeasysGO!, the first electric car sharing service, developed with a fleet of just Fiat 500 where customers – first the employees, in the pre-launch phase, and, eventually, in January 2021 all city users – were able to use 120 minutes per month of car sharing services in Turin, with the purchase of a voucher on Amazon. In 2021/2022, the service will be extended to Rome and Milan, with customers still purchasing the subscription voucher on Amazon.
Thus, shared mobility and electric mobility will be the pivot around which the environmental sustainability strategy of the FCA Bank Group, and its shareholders, will revolve. In fact, starting from October, thanks to a partnership with Crédit Agricole Italia, Leasys turned sustainable mobility into a banking service, by opening

of a Mobility Store in the credit Agricole branch of Parma and installing 5 electric charging stations in the adjacent parking lot. The Mobility Store opened in the CA branch is only the first of the many that will open in different cities, including Milan, and reflects the coming to life of a larger sustainability project carried on by Crédit Agricole called: *the green way*.

CO_2 emissions for FCA Bank Group

Retail Financing	31/12/2020	31/12/2019
Production (units)	316,350	392,688
of which < 95g CO_2/km (units)	27,711	841
of which < 60g CO_2/km (units)	2,290	558
Production (million euro)	5,647	6,915
of which < 95g CO_2/km (million euro)	356	36
of which < 60g CO_2/km (million euro)	75	33
% production < 95g CO_2/km (million euro)	6.3%	0.5%
% production < 60g CO_2/km (million euro)	1.3%	0.5%
Average production CO_2 emission level	124	127

Rental	31/12/2020	31/12/2019
Production (units)	80,535	108,791
of which < 95g CO_2/km (units)	7,194	3,367
of which < 60g CO_2/km (units)	1,168	461
Production (million euro)	1,483	1,830
of which < 95g CO_2/km (million euro)	102	65
of which < 60g CO_2/km (million euro)	31	25
% production < 95g CO_2/km (million euro)	6.9%	3.5%
% production < 60g CO_2/km (million euro)	2.1%	1.4%
Average production CO_2 emission level	124	126

The above tables show total financing provided through the retail and the car rental businesses for 2019 and 2020. Regarding these amounts, calculations were made to determine:
- the share of financing for vehicles with <95g CO_2/km emissions (2020/2021 target for the average emissions of passenger cars);
- the share of financing for vehicles with <60g CO_2/km emissions (2030 target for the reduction of CO_2 emissions);
- average CO_2 emissions produced.

GHG Tailpipe emissions for long-term rental vehicles are particularly significant for the company, as they are directly related to the business model and represent one of the most significant impacts in environmental terms.
With specific reference to the rental business, total emissions for 2020 were 252,942.29 tCO_2e, compared to 376,337.00 tCO_2e in 2019.
The calculation was made by using the levels of emissions based on the New European Driving Cycle (NEDC), which were eventually multiplied by the average annual distance travelled by each vehicle and weighted for the share of the value of the vehicle financed by the FCA Bank Group.
The calculation concerned 96% of the fleet for 2020 and the entire fleet for 2019.

THE ACTIONS TAKEN BY THE FCA BANK GROUP DURING THE COVID-19 EMERGENCY

Moreover, FCA Bank and Leasys did their best to deal with the crisis caused by the pandemic and implemented many projects to support their customers, the business and the employees, to ensure business continuity in all the countries in which they operate.

To help customers experiencing difficulties, FCA Bank decided to defer the payment of instalments of about 50,000 loans, so as to meet customers' needs. Relief was provided also to the dealers of FCA and the other manufacturing partners. In addition, new financing structures were devised, with the first instalment payable in 2021 and, for certain models, with zero down-payment and interest.
FCA Bank wanted to make the purchase of a new car as accessible as possible by helping consumers and the automotive sector, one of the worst hit by the crisis. FCA Bank's digitalization process accelerated substantially, after the development, in the preceding few years, of the Finance Calculators, which enables customers to calculate in real time their monthly instalment, and Prescoring, to allow customers to view from the comfort of their home before the purchase a pre-evaluation of their creditworthiness. During the lockdown period both FCA Bank and FCA remained close to dealers and customers, activating a dedicated service to communicate without leaving home and provide, through a virtual process, an estimate that would be used as a basis of future negotiations, as is normally the case in the showroom.

FCA Bank e Leasys took action also by implementing Corporate Social Responsibility projects. The Group donated the rental of about 500 vehicles of its fleet and 5 biocontainment ambulances on a Fiat Ducato chassis to the Italian Red Cross and ANPAS, to allow healthcare professionals to carry out such activities as medicine, food and necessity good deliveries to citizens experiencing difficulties, and to facilitate the movement of volunteers who dealt with the emergency on the frontline. In addition, FCA Bank joined the fund-raising effort launched by Crédit Agricole together with its entities, which resulted in a donation of €1 million to the Italian Red Cross.

Vehicles were made available to healthcare professionals also in other countries. In the UK, Leasys donated the rental of 9 Jeep Renegades to two "Ambulance Trust" associations serving the NHS hospital. In the Netherlands, FCA Capital Netherlands and Leasys launched a charitable effort by donating 10 Fiat vehicles to healthcare professionals. Vehicles were made available also in Spain and Belgium. In France FCA Capital France donated 4,000 masks to ARS.

In addition, starting from June 2020, Leasys entered into a partnership with the association "I Borghi più belli d'Italia" to give impetus to tourism through the #ionoleggioitaliano campaign. Leasys wanted to give a boost to tourism in Italy by renting the cars of its fleet at an affordable price to travel to the most fascinating places in Italy, including the less well-known ones. This initiative wanted to encourage tourism in total safety, through high standards of cleanliness and sanitization of the vehicles before and after the rental, in keeping with the guidelines of the WHO and the Ministry of Health.

Lastly, FCA Bank and Leasys met also their employees' requirements, with the use of remote work, which made it possible to fulfil one's duties also from home, in total safety thanks to digital and technological tools made available to employees.

Social aspects

RELEVANT TOPICS

- Transparency in services and business, financial inclusion
- Security, privacy and reliability of services
- Dealer and customer relations
- Economic performance and value creation
- Innovation and digitalization

Why the topics are relevant

Banks and financial intermediaries are required to act in a fair and transparent manner with customers. Rules and regulations on transparency in banking, financial and insurance services are designed, in keeping with the freedom of contract, to disclose to customers the key features of the contract and their changes, thus fostering competition in the financial and banking market.
The FCA Bank Group attributes a central role to projects intended to foster the economic, social and civil growth of the markets in which it operates. The group's effort aims to improve on an ongoing basis the quality of the service to, and relations with, customers so as to establish mutual trust in a context of transparency and ability to listen, which is considered paramount to monitor customer needs and their satisfaction, to adapt the services offered.
In addition to improving the group's services and performance, innovation and digitalization are used to pursue customer-centricity, to ensure utmost accessibility and transparency for the bank's services. Digital tools have been introduced to facilitate an understanding of the financial instruments offered and their management, to enable customers to monitor their position by managing their contracts in an informed and responsible manner and to ensure a balance among digitalization, automation and privacy, so that customers can have a knowledge of and manage the personal data transferred to the bank.

Transparency in services and business, financial inclusion

The first principle laid down in the FCA Bank Group's Code of Conduct concerns "Customer relations", as the trust and satisfaction of its customers and shareholders are the focus of the group's actions. In fact, FCA Bank is committed to providing its customers clear, complete and transparent information at any time; this is why the principles and regulation on transparency have been adopted through a comprehensive set of internal rules and policies. The procedures and policies implemented by the group govern all those aspects that can affect transparency with customers. Such aspects include, among others, the information to be provided to customers before establishing the business relationship, and after; the approval process, including credit checks, communications related to costs charged to customers; the advertising process; complaint management; the governance of the product supervision. In addition, also the distribution network should be inspired by, and based on, the transparency principles and practices, given its role as first contact point between potential customers and FCA Bank. For this reason, the relevant activities are monitored and adequate and regular training is provided.

For the FCA Bank Group "Transparency" is not just a set of rules to be observed but a tool intended to protect the interests of its customers, through a conduct driven by the principles of openness and fairness, to establish a relationship based on trust, on one side, and to protect the company and its shareholders, on the other, reducing any fine imposed and curbing reputational risk.

A business model is considered virtuous only when every phase of it is focused on the interests of its customers and is sensitive to their needs and demands, starting from the design of the product, in the marketing stage, until it is implemented, including also attention to post-sale customer needs.

The FCA Bank Group bases its conduct on the customer's perception of the company, its products and processes, so as to separate what works properly from that which should be further improved. To that end, it is paramount to survey customer satisfaction through periodic surveys, ensuring a careful and proactive customer relation service and constantly analysing with a critical approach the complaints received. In view of this objective, in 2020 several surveys on customer satisfaction were carried out, together with a Mystery Shopping campaign focused on the duty of the dealer network to be transparent.

Transparency means also to raise customers' awareness regarding their rights and obligations. These objectives can be achieved only through a clear explanation of the characteristics of the product offered during the negotiation process, the delivery of a clear and exhaustive information package in the pre-contractual and in the contractual phases through the availability of different contact points: digitalization and the New Portal for customers concretely pursue this objective.

The initiative of New Customer Portal launched in 2019 on a pan-European scale, is still on going and aims at equipping each company with a new Customer Portal in order to give the customer a new communication channel to manage information related to Retail financing contracts and to interact with FCA Bank's back office, including in a self-service mode.

As at the end of October 2020, 9 FCA Bank Portals and 7 APPs are released to customers along with 6 JLR Portals.
As an example, the new Italian Customer Portal enables customers to check their Conto Deposito and to perform calculations and requests for early termination of financing contracts.

The strategy to upgrade the information and accounting systems based on the approach by cluster was firmed up and the projects that started in 2015, to implement the IT platforms to cover the Retail and Long - Term Rental lines of business, continued: the project of implementation of the CRFS system to manage the retail processes started in Italy, Spain and Portugal in 2020.

The continuous search for innovative tools aimed at supporting the customer in his purchase phase and during the life of the contract led FCA Bank, as captive bank, to support the FCA e-commerce project. The project aims at enabling the customer to buy a car during the emergency period of Covid-19 and to get a loan as well without the need to visit the dealership.

Transparency subject has a core role into the company, also considering the rising attention of Italian and EU authorities: indeed in the recent years the subject has been strengthened by reinforcing the laws applied to different sectors as banking and financial services, insurance, financing products. The main principle at the basis of such wide normative framework is a sound and clear information to the customers in order to guarantee their choices awareness combined to a suitable product. These two principles are and will be more in the future as driver for being competitive and leader in the market: for such reasons the company will continue to perform its best effort for duly manage and guarantee transparency item.

Reference is made to the paragraph on "Significant events and strategic transactions" in the Report on Operations, in relation to the ruling of the Regional Administrative Court (TAR) of the Lazio region on the exchange of information in the car financing industry.

With regards to the Covid-19 situation, FCA Bank put a strong effort in the management of the relationship with the customer. The Italian Market FCA Bank, with the aim of supporting Customers for the liquidity difficulties arising from the crisis, adopted specific measures stated in the legislative Moratoria, by offering a postponement of the payments for the category of "Non Consumer"; equally, same conditions have been extended to the category of "Consumers", by the adoption of the criteria and the conditions stated in the non-legislative Moratoria defined by Associations of Financial Institutions. The measures have been achieved also by improving the effort of dedicated offices, such as Customer Care Department and Complaints Department, in order to face the high number of suspension requests since the beginning of the crisis and of all the related issues. The effectiveness of legislative Moratoria have been extended until 2021, instead the non-legislative ones have no longer been effective since September.

The monitoring of the numbers of the moratoria has been guaranteed also by providing to the Supervisory Authority a weekly report, and the effort of the bank is still aimed to assure Customers a dedicated relationship on an ongoing basis, also to avoid or to reduce all the related reasons of complaints.

A central monitoring on the moratoria actions in all European market was put in place in order to assure that customers were able to access to the postponement of payments needed to face the emergency phase. On the other hand a continuous monitoring on customers complaints has been implemented in order to detect in time any deficiency or anomaly and to provide the customer with a good service level.

TRANSPARENCY IN COMMERCIAL COMMUNICATION AND IN CUSTOMER RELATIONSHIPS

Adherence to transparency and fairness rules and principles in customer relations reduces legal and reputation risks and contributes to the sound and prudent management of the bank.
FCA Bank considers this a primary objective and, to provide customers with clear and transparent information, the bank provides this information in plain language, taking also concrete actions in the internal procedures that define the bank's processes.
This also to allow our counterparties to make autonomous and informed decisions.

TRANSPARENCY IN FCA BANK S.P.A.

To be as close as possible with customers, the Transparency section of FCA Bank Italia's web site makes available, for the single Brands and products, the main information document relating to the products and services offered.
In addition to the documents related to the products and services offered the Transparency section of FCA Bank Italia's web site published also:

- "Consumer credit in plain language", a guide prepared by the Bank of Italy to provide practical tips on how to select a loan and calculate its costs, illustrating also the main customer rights;
- "The Central Credit Register in plain language", a guide prepared by the Bank of Italy;
- guide to the Ombudsman in plain language;
- guide to the use of the ABF Portal;
- the table containing the average Annual Percentage Rates (APR), a key measure for anti-usury regulations; and
- information on Privacy ad banking transparency collected by the bank.

Moreover, the bank updated and improved the process to deliver pre-contract forms to clarify to the customer the details of the commercial offer made on the basis of the specific customer requirements and to provide in a timely fashion to the customer the main documents of the offer, prepared in a clear and comprehensible manner.

TRANSPARENCY WITH THE MARKET AND THE AUTHORITIES

FCA Bank is committed to implementing the organizational and technological adjustments necessary in light of changes in the regulatory framework of reference. The group guarantees both utmost transparency and customer protection in keeping with the expectations of the authorities supervising banking intermediaries and markets.

COMPLAINTS

In accordance with the EBA guidelines, FCA Bank S.p.A. has adopted an internal policy for the management of complaints that aims to guarantee prompt and exhaustive responses to customers who file a complaint. Generally, a complaint means an expression of dissatisfaction presented by a natural or legal person with reference to the banking services listed in annex I of the CRD (Capital Requirements Directive - Directive 2013/36/EU).

Complaints by geographical area

	Complaints by geographical area	31/12/2020	31/12/2019
N,	ITALY	7,105	3,349
%	complaints out of active contracts	0.82%	0.29%
N,	AUSTRIA	108	17
%	complaints out of active contracts	0.74%	0.10%
N,	BELGIUM	4	0
%	complaints out of active contracts	0.01%	0.00%
N,	DENMARK	6	6
%	complaints out of active contracts	0.05%	0.03%
N,	FRANCE	93	32
%	complaints out of active contracts	0.12%	0.02%
N,	GERMANY	563	159
%	complaints out of active contracts	0.09%	0.05%
N,	GREECE	9	14
%	complaints out of active contracts	0.07%	0.07%
N,	THE NETHERLANDS	5	16
%	complaints out of active contracts	0.07%	0.13%
N,	POLAND	7	8
%	complaints out of active contracts	0.06%	0.03%
N,	PORTUGAL	75	7
%	complaints out of active contracts	1.04%	0.03%
N,	UNITED KINGDOM	587	613
%	complaints out of active contracts	0.40%	0.33%
N,	SPAIN	25	22
%	complaints out of active contracts	0.01%	0.02%
N,	SWITZERLAND	6	9
%	complaints out of active contracts	0.13%	0.03%
	TOTAL COMPLAINTS	8,593	4,252

All complaints have been sent to the competent departments and solved within the terms set by local rules and regulations in every country (for example, local rules call for 30 days in Italy, 56 days in the UK, 60 days in France).

Security, privacy and reliability of services

DATA PROTECTION AND CYBER SECURITY

In line with the results for the previous years, FCA Bank continues to pay special attention to the issues on the protection of the personal data processed within its organization and information systems, to ensure an adequate level of security for the confidentiality, integrity and availability of information and to protect the rights and interests of its customers and employees.

In keeping with the requirements of the General Data Protection Regulation 679/2016, the corporate governance model calls for:

- a regulation that defines the organizational model, describing roles and responsibilities; in accordance with the Regulation, each employee is given a specific role in the area of personal data protection to strengthen and ensure the proper management o personal data according to specific corporate needs and peculiarities;
- a solid system of policies and procedures:
  - a group policy designed to illustrate the general principles, the responsibilities and the main processes in the area of personal data protection to which FCA Bank S.p.A. and its subsidiaries have to adhere to ensure an adequate level of compliance with data protection laws, considering also local laws and regulations;
  - special attention is paid to breaches of personal data to prevent, hamper or avoid any such breaches, indicating the relevant activities, roles and responsibilities for a proper;
- a specific and innovative training program to disseminate, improve and enhance employee awareness of data protection issues. This helps to understand such issues and allows employees to fir their key aspects in their daily routine. Training and awareness are two closely related key concepts. If people are not aware of what they are doing, they are also unaware of the consequences and responsibilities associated with improper data management;
- tools available to the parties concerned to to enable them to exercise their rights.

The company is increasingly oriented to the proper implementation of the “Privacy by Design” principle, integrating in the design and development of new products and services the principles of data protection, including where necessary an impact assessment, in keeping with article 35, GDPR.

Moreover, to attract wide attention to personal data protection and to mitigate risks related to data confidentiality, integrity, availability and traceability, FCA Bank designed and implemented a solid system of IT security policies and procedures. The main corporate policies include the following:

- security of internet paymnt services;
- classification of information;
- control of logic accesses;
- management of ICT oprations and communications;
- physical and environmental security;
- managemnt of security mishaps;
- use of e-mail and internet;
- use of hardware and software;
- management of ICT assets;
- management of information system change.

In 2020 a process was started to develop a platform to handle Data Protection processes, from the implementation and keeping of a data processing register to data breach management.

In-depth analyses of new threats are performed regularly by applying the industry’s best practices to manage the risks detected. To this end, the company has improved employee awareness of these issues through specific training on IT security. Furthermore, in 2020 the Threat Inteligence tools were strengthened to monitor any cyber threat coming in the web, also in light of the growing risks detected in research papers by international security analysts.

Following extension of the use of remote working as a measure to mitigate the risks arising from the Coronavirus pandemic, the related security measures were strengthened further, not only at the technical level but also in terms of employee awareness.

The group as a whole received and handled a very limited number of events recorded as potential incidents related to personal data. In particular, compared to the 13 reports received in 2019, during 2020 10 reports were received from external sources and investigated by the organization; exhaustive information was provided to the ICO (Information Commissioner’s Office – the UK data protection authority) regarding one complaint by a customer. The procedures nd monitoring systems also led to the identification of 27 additional events that determined a potential loss of confidentiality regarding an equal number of people. However, even though they

did not have any effects on the people involved, such events were addressed to eliminate the causes that had given rise to them.
To identify and prevent breaches of procedures and internal and sector rules, the architecture of the IT system and the internal control system undergo constant improvement.

Dealer and customer relations

SERVICE QUALITY AND CUSTOMER SATISFACTION

FCA Bank has an information system highly comprehensive and present throughout Europe. The tools used make it possible to understand the single contexts of activity, to monitor the sales processes and to check relationships with dealers and end customers. The objective is the constant improvement of the commercial offer and partnership relations.
One such market research is the Customer Satisfaction Survey, one of the oldest tools used by FCA Bank to check on an ongoing basis its customers' satisfaction. The survey explores different issues relating to the purchasing process, experience in the dealership, and the specificity of the products and services provided by FCA Bank.
This survey is carried out every year and the areas researched are the same in every country involved. The questionnaires is updated every year. These characteristics allow FCA Bank to identify prevailing trends and yo have the flexibility necessary to measure any new need.
Regarding Customer Satisfaction in 2020, approximately 1,000 JLR customers were iterviewed (+4% on 2019) and the findings were positive fin all the markets under analysis, with an average 4.1 rate in a scale from 1 to 5 with a positive threshold at 3.7.
FCA's customer survey was postponed until the first half of 2021.

SUSTAINABILITY FOR FCA BANK GROUP

On the websites in the markets in which it operates, FCA Bank makes available financial instruments that allow customers to calculate loan instalments and to work out independently repayment schedules more in keeping with one's circumstances, in relation also the vehicle selected.
FCA Bank is aware that, to be highly competitive and to build long-term relationships with customers, a financial company must run its business taking into account the economic, environmental and social impact deriving from it.
In view of sustainable development, FCA Bank is committed to providing its customers access to responsible credit based on the principles of fairness, responsibility and attention and offered on adequate terms and conditions and shown in a transparent and comprehensible manner, in full compliance of the applicable rules and regulations. This approach is monitored systematically in customer satisfaction surveys, which include a special focus on the fairness and transparency of the dealer's salespeople when the financing solution is proposed.
In relation to training activities, personnel's awareness is constantly raised on the importance of using a clear and comprehensible language in the presentation of financial and insurance products.

RELATIONSHIP WITH BUSINESS PARTNERS AND DEALERS

The Dealer Satisfaction survey is another tool historically used by FCA Bank and is intended to measure the quality of the relationship and the services provided according to dealers (Retail business and Wholesale Financing).
In this survey the dealers have a chance to express their opinion on FCA Bank, in general and for every phase of the service process, also with reference to the main market competitors.
This, together with the annual frequency, makes it possible to create a detailed analysis of FCA Bank's performance vis-à-vis the competition. In addition, suggestions on new products and services are received which help to improve FCA Bank's products and services.
Moreover, since 2018 FCA Bank has been performing a Mystery Shopping activity on FCA dealers in all the European markets, to check their compliance with the principle of Transparency during the estimation phase. The results and the action plans by Market are presented to the Board of Directors.

The start of the pandemic prompted a review of market research, to include elements necessary to identify the new socioeconomic context and its effects on the perceptions of the services provided, as well as to fine-tune the plans on the European markets on lockdown.
The latest Dealer Satisfaction survey included a specific section on FCA Bank's reaction to the Covid-19 pandemic. About 610 FCA dealers and 154 JLR dealers

were interviewed.
The overall findings reflected the general preoccupation for the macroeconomic context and the Europe-wide decline in car sales.
The average satisfaction score was 3.7 by the FCA dealers and 3.9 by the JLR dealers.

Compared to the past, the results of 2020 are inevitably influenced by events and their great impact on the automotive distribution sector; at the same time, European dealers express a positive opinion on FCA Bank's support during the disruption of business activities and in response to the needs shown by the network and end customers; this points to an improvement in the near future, also in light of the new consolidation context.

SUSTAINABLE MANAGEMENT OF SUPPLIERS
FCA Bank manages the relationship with dealers by providing financial instruments useful to support the sale of the vehicles of the reference Brands. With this in mind, FCA Bank conducts every year the Dealers Satisfaction survey on the entire dealer network, with reference to the Retail and Wholesale Financing activity, monitoring the quality of the service and verifying the standards offered.

In this survey dealers have the opportunity to express their opinion on FCA Bank, both overall and for each individual phase of the service process. Suggestions are also collected on new products and services that can help improve the service provided and/or the offer proposed by FCA Bank.
The FCA Group interacts with its suppliers on the basis of transparency, fairness and equal treatment, in line with the Code of Conduct approved by FCA Bank's Board of Directors, which sets out the principles that inspire the group's conduct in business.
Based on the contracts signed with the group, suppliers are required to abide by the group's Code of Conduct Goods and services are purchased locally under the responsibility of each group company. At the parent company level, the Procurement function guides and monitors, through the group policy, the purchases of goods and services and checks compliance with local procedures.
Specifically, regarding the management of suppliers, the group policy sets out specific guidelines intended to evaluate and select new suppliers and to monitor regularly the existing ones.
Regarding the selection of suppliers, the group policy calls for a number of background checks, with a financial and reputational focus, based on pre-defined criteria and formalized through specific evaluation matrices.
As to monitoring, the policy contemplates periodic reviews based on the analysis of existing relationships, with the ensuing resolution of possible criticalities through formal action plans, monitored over time.
The group manages the purchase of goods and services through two specific centralized software applications. Of these, one is managed at the parent company level, for ICT purchases, and the other, which has been operational for sometime now in Italy, is being introduced in all the European subsidiaries to purchase other goods and services.
The application managed at the local level, on a central platform, allows for the standardization of the purchase process, from the request for approval of the expenditure to the issue of the purchase order.

Economic performance and value creation

Financial responsibility rests on the FCA Bank Group's financial strength, a fundamental condition to ensure the long-term sustainability of the business and long-term value creation for all the group's stakeholders. These topics are specifically referred to in the RAF and ICAAP documents.

Financial solidity

OWN FUNDS

Own funds represent the minimum capital requirements that banks are expected to meet to deal with risks under Pillar I (credit, market, foreign exchange, operational risk) and Pillar II (concentration, interest rate, liquidity, strategic, reputational risk) and are the main focus of the Supervisory Authority in judging the stability of the bank.
As per the applicable regulations, the FCA Bank Group's minimum total capital ratio required is 10.50% of risk-weighted assets. At December 31st, 2020, the Total Capital Ratio was 17.21%.
Common equity tier 1 (CET 1) is made up of highquality components, mainly capital instruments (e.g. ordinary shares) and reserves. As per the applicable regulations, FCA Bank is expected to meet a minimum required CET 1 ratio of 7.00%. At December 31st, 2020 the CET 1 ratio was 15.43%.

LEVERAGE RATIO

The leverage ratio is a measure of a bank debt vis-à-vis its equity that was introduced to limit the level of indebtedness of the banking sector. At December 31st, 2020 FCA Bank's leverage ratio was 12.03% above The Regulatory Requirements.

RATING

On April 2nd, 2020, following a similar action on Crédit Agricole's rating, Fitch changed FCA Bank's rating outlook from stable to negative. On April 7th, 2020, following the spread of Covid-19 in Italy, also Moody's changed FCA Bank's long-term rating outlook from stable to negative, leaving unchanged (stable) the rating on deposits.
On October 29th, 2020, after a similar action taken on Italy's rating, Standard & Poor's brought back to stable (from negative) the outlook for FCA Bank's rating.
On December 11th, 2020, Scope Ratings (Scope) assigned FCA Bank the following ratings:

- Issuer rating: A, stable outlook;
- Rating for Senior unsecured debt: A, stable Outlook.

These ratings reflect Scope's solid assessment of the FCA Bank Group.
The rating assigned to FCA Bank is two notches above that of the Republic of Italy (BBB+/Negative), following Scope's action of May 15th, 2020.

The ratings assigned to FCA Bank at December 31st, 2020 are as follows:

Entity	Long term rating	Outlook	Short term rating	Long term deposit rating
Moody's	Baa1	Negative	P-2	Baa1
Fitch	BBB+	Negative	F1	-
Standard & Poor's	BBB	Stable	A-2	-
Scope Ratings	A	Stable	-	-

Long-term value creation

The statement of economic value generated and distributed provides an indication of how the FCA Bank Group created value for its stakeholders.

In 2020 the group created economic value for a total of €936 million, distributing 48%.
About 29 of the distributed economic value was allocated to employees, suppliers and service providers, while 18% was allocated to Governments in the different jurisdictions in which the FCA Bank Group operates.

	31/12/2020		31/12/2019	
Economic value generated	**935,915**	**100.0%**	**928,864**	**100,0%**
Economic Value distributed	**453,246**	**47.5%**	**641,788**	**69.1%**
Employees, suppliers and service providers	278,122	29.2%	276,468	29.8%
Shareholders	-	0%	180,000	19.4%
Governments	175,124	18.4%	185,320	20.0%
Economic value retained by the group	**500,670**	**52.5%**	**287,076**	**30.9%**

VALUE-ADDED STATEMENT	31/12/2020	31/12/2019
10. INTEREST INCOME AND SIMILAR REVENUES	864,030	930,281
20. INTEREST EXPENSES AND SIMIALR CHARGES	(209,295)	(236,832)
40. FEE AND COMMISSION INCOME	133,368	147,875
50. FEE AND COMMISSION EXPENSES	(43,434)	(45,893)
80. NET INCOME FINANCIAL ASSETS AND LIABILTIES HELD FOR TRADING	249	(45)
90. FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(4,808)	(6,187)
100. GAINS (LOSSES) ON DISPOSAL OF:		
a) Financial assets at amortized cost	(11)	1,462
130. NET IMPAIRMENT / WRITE-BACKS FOR CREDIT RISK RELATED TO:		
a) Financial assets at amortized cost	(70,588)	(47,248)
160. NET PREMIUM EARNED	2,402	1,243
170. NET OTHER OPERATING INCOME/ CHARGES FROM INSURANCE ACTIVITIES	701	(867)
200. NET PROVISIONS FOR RISK AND CHARGES	47,666	805
210. IMPAIRMENT ON PROPERTY, PLAN AND EQUIPMENT	(509,238)	(437,540)
230. OTHER OPERATING INCOME / CHARGES	742,874	622,210
250. GAINS (LOSSES) OF EQUITY INVESTMENTS	0	(400)
A. TOTAL ECONOMIC VALUE GENERATED	953,915	928,864
190. ADMINISTRATIVE COSTS:		
b) Other administrative costs	(91,097)	(87,326)
220. IMPAIRMENT ON INTANGIBLE ASSETS	(15,921)	(13,963)
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	**(107,018)**	**(101,289)**
190. ADMINISTRATIVE COSTS:		
a) Payroll costs	(171,104)	(175,179)
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND COWORKERS	**(171,104)**	**(175,179)**
340. MINORITY PORTION OF NET INCOME (LOSS)		
PROFIT ATTRIBUTED TO SHAREHOLDERS	0	(180,000)
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	**0**	**(180,000)**
200. NET PROVISIONS FOR RISKS AND CHARGES		
other administrative expenses: indirect taxes and fees	(12,098)	(11,054)
other administrative expenses: penalties	0	(2,500)
other operating expenses / income: tax costs and recoveries on tax costs	(958)	(836)
300. TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS	(155,245)	(138,214)
300. TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS (DEFERRED)	(6,823)	(32,716)
ECONOMIC VALUE DISTRIBUTED TO THE PUBLIC ADMINISTRATION	**(175,124)**	**(185,320)**
other administrative expenses: liberality and sponsorships	-	-
B. TOTAL ECONOMIC VALUE DISTRIBUTED	(453,246)	(641,788)
RETAINED PROFITS	(500,670)	(287,076)
C. TOTAL ECONOMIC VALUE RETAINED BY THE GROUP	(500,670)	(287,076)

Innovation and digitalization

In 2020 FCA Bank's digital roadmap – whose main objective since 2016 is to provide customers with increasingly advanced and innovative tools to achieve a fully-online process – was able to rely on a new partner, Intesa, an IBM company engaged in the development of platforms for corporate digitalization. FCA Bank is constantly looking for innovative partners and projects to support both end customers and all the players involved in internal processes, ensuring leading-edge solutions applicable to all European operations. Close attention is constantly paid to performance and, importantly in 2020, and the provision of easily accessible remote tools intended to ensure continuity for the services provided by the bank.

REMOTE FINANCING

Improving user experience, streamlining back office operations, ensuring compliance, security and traceability of the process are the main objectives achieved by the bank with the new digital self-onboarding platform devoted to customers who apply for a personal loan or for a used car loan. The process is completed entirely from a remote location, with customers uploading the documents into the platform from their PC or mobile device and the bank managing the recogniton, certifying the documentation from a remote location and providing a digital signature compliant with the law and valid for signing the contract. In 2020, the project was launched for personal loans and for the purchase of used cars in Italy. For 2021, the possible extension to the main European markets will be considered.

PRESCORING

Launched as a natural extension of the financial calculator, prescoring is a preliminary and immediate assessment of the ability to access and FCA Bank financing plan selected online during the configuration of a car from the brand's website. Also for this project the benefits are twofold, both for the customer and for the dealer network, which receives at once customer data, inclusive of the credit assessment, to be used to expedite the process. In 2020, the project was launched successfully in Italy, Spain, Belgium, Netherlands, France and Austria, which will be followed in the early months of 2021 the remaining countries that have not yet adopted this solution.

The early data gathered duringthe year show an increasing acceptance of this tool, especially in markets such s Italy, where it was introduced in the websites of the FCA brands, doubling the nuber of applications received in few months. In 2021, prescoring will become a key tool in FCA's e-commerce roadmap.

DIGITAL ONBOARDING

Digital signature, archiving and dematerialization; the benefits of the digital onboarding project are many and concerns all the players and processes involved in the finalization of the contract, starting from the customer. During the year under review, Spain confirmed its positive adoption trend, with over 90% of the contracts signed digitally while in the same period Italy doubled the number of "digital customers", reaching 60%. This project, which has been proving increasingly beneficial in terms of efficiency and customer attention year in year out, is now essential for the bank and constitutes a sound basis for digital customer management.

CUSTOMER PORTAL

A single area for all of FCA Bank's European customers, a simple and intuitive hub where customers can keep track of their activities. The pan-European Customer Portal was developed to strenghten the interaction between FCA Bank and its customers, thanks to a single access point for all the information on one's financing contract, such as insurance policy, invoices, payment schedules. Through the portal customers can start payment requests, update personal data and change their consent to the processing of such data. A cutting-edge project involving all the brands of the FCA Bank Group in all its markets. Already active in Italy, United Kingdom, Spain, Portugal, France, Poland, Netherlands and Belgium, in 2020 it was introduced in Greece, Denmark, Switzerland, Germany and Austria. The tool is gaining increasing customer acceptance, as attested by the fact that in Italy the number of customers who entered into a financing contract registered on the portal rose by 25%.

Personnel management

RELEVANT TOPICS

- Training and development of human resources
- Welfare, employment and dialogue with social partners
- Employee health and safety

Why the topics are relevant

FCA Bank is a people company at the service of people. Its primary objective is to attract, retain and motivate highly qualified staff, as well as to reward those who advance, believe in and support company values with compensation structures linked to long-term value creation.

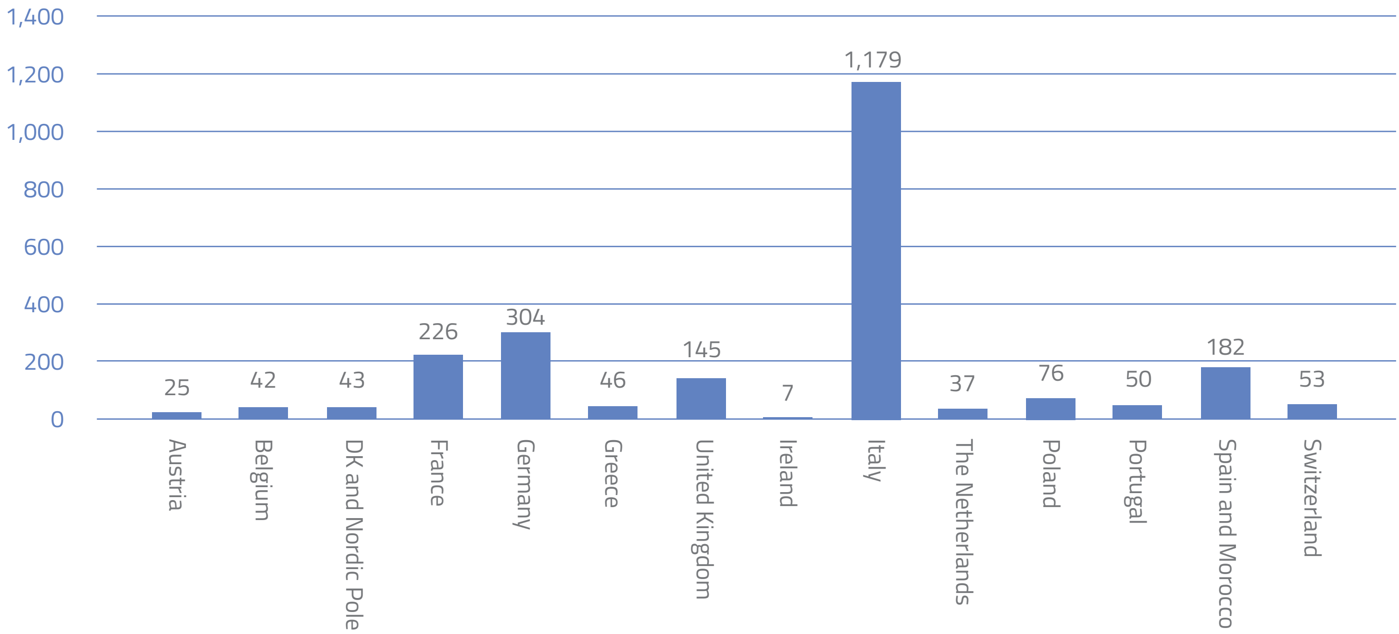
Organization and human resources

As at December 31st, 2020, the FCA Bank Group had a total headcount of 2,415, an increase of 135 employees over the end of the previous year.

This increase is due mainly to the continuing internationalization process undertaken by Leasys, particularly to the acwquisition of Aixia Developpement S.A.S. in France, which was eventually renamed Leasys Rent France S.A.S., and Drivalia Car Rental S.L.U. in Spagna, which was eventually renamed Leasys Rent Espana S.L.U..

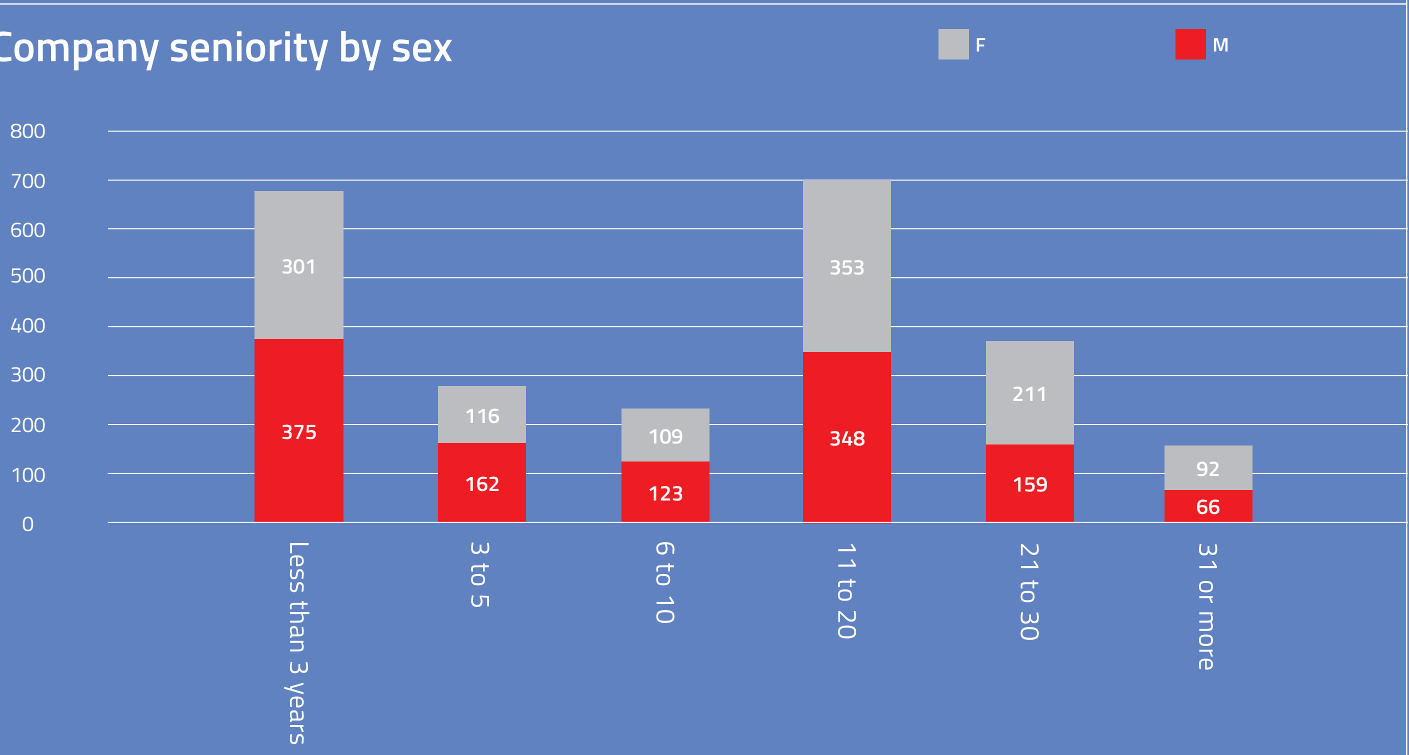
The quantitative data are based on the actual headcount at December 31st, 2020.

Distribution of group employees as of December 31st, 2020

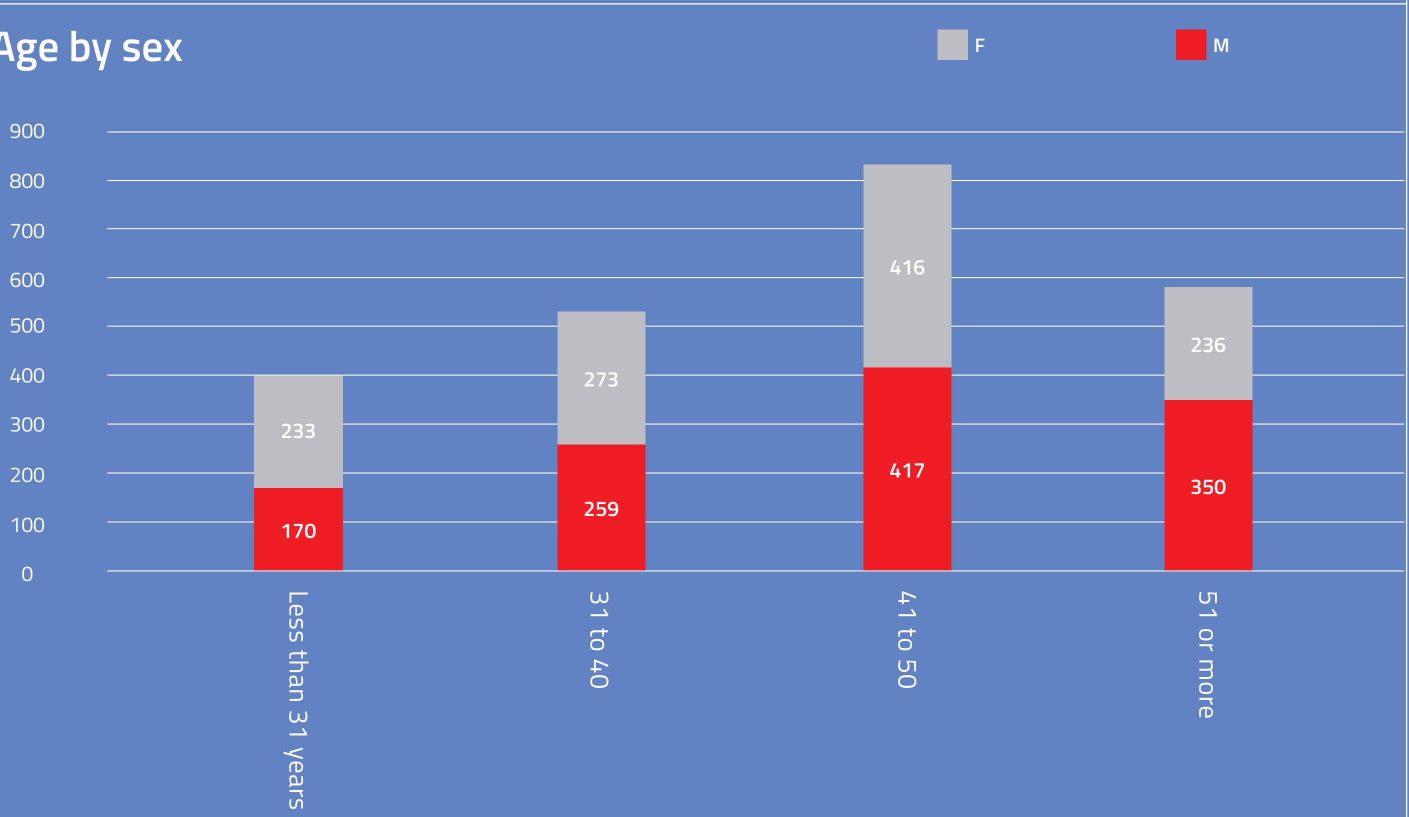


An analysis of the data shows that the Italian companies account for 48.8% of total employees. At the end of December 2020 female employees represented 48.9% of the workforce, the average age of the group was 40.5 (42.3 for men and 38.5 for women), while average company seniority was 12.6 (11.6 years for men and 13.7 years for women). At the same date 5.9% of the workforce (142 employees, of whom 132 women) worked part-time.

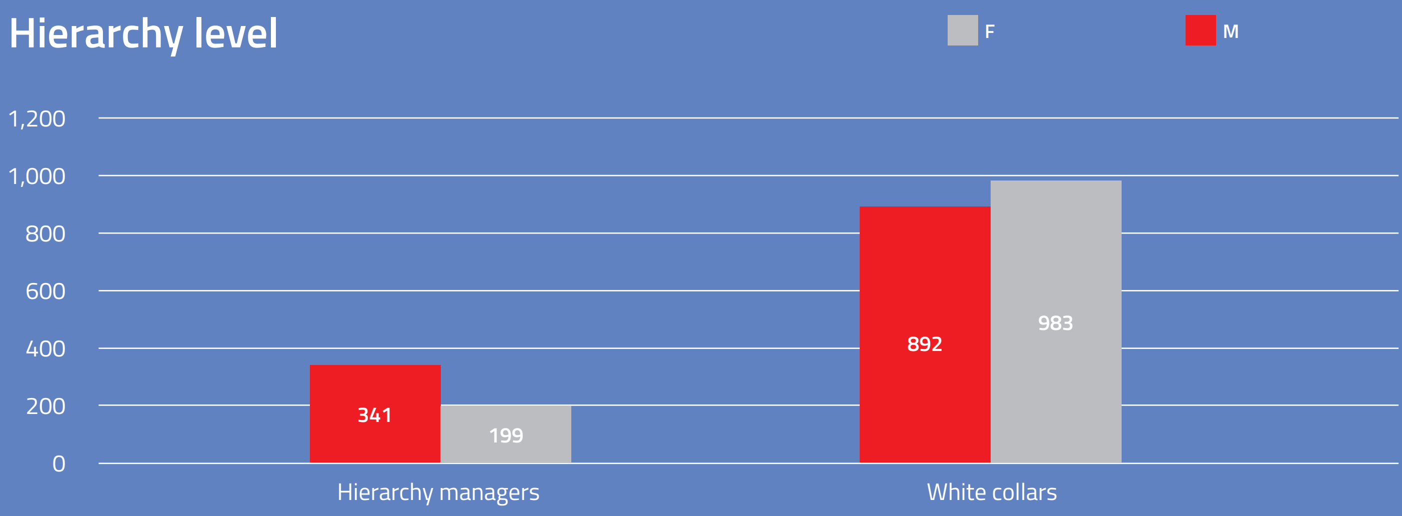
Company seniority by sex



Age by sex



Hierarchy level



22.4% of all employees had upper management responsibilities.

Materiality threshold of the number of non-employees contract

The materiality threshold of the number of non-employees – who perform the same activities as employees – as a share of the total workforce is set at 15% at group level. This threshold has never been reached.

Total number of employees – Breakdown by employment contract

	31/12/2020	31/12/2019	31/12/2018
Fixed-term contract	37	44	44
Permanent employment contract	2,378	2,236	2,214
Total	**2,415**	**2,280**	**2,258**

Turn-over

Hiring	31/12/2020	31/12/2019	31/12/2018
% Hiring rate	6.7	n.a.	n.a.
By age	**153**	**252**	**281**
N. <30	55	89	86
N. 30 - 50 years	87	151	180
N. >50 years	11	12	15
By Gender	**153**	**252**	**281**
N. Women	66	130	126
N. Men	87	122	155
By Professional group	**153**	**252**	**281**
N. hierarchy managers	25	28	35
N. white collars	128	224	246

Exits	31/12/2020	31/12/2019	31/12/2018
% Termination rate	6.8	9.2	9.3
Motivation	**154**	**210**	**209**
N.Resignations	76	117	104
N. Dismissal	22	27	15
N. Solidarity fund	0	0	0
N. Working contract Expiration (fixed term)	13	13	35
N. Retirement	25	25	25
N. Other	18	28	30
By age	**154**	**210**	**209**
N. <30	24	44	42
N. 30 - 50 years	87	122	128
N. >50 years	43	44	44
By Gender	**154**	**210**	**209**
N. Women	70	128	116
N. Men	84	82	93
By Professional group	**154**	**210**	**209**
N. hierarchy managers	29	28	82
N. white collars	125	182	127

The calculation of the hiring and termination rates was made on the basis of the average headcount.

Training and development of human resources

Also for 2020, group personnel training expenses were allocated adequately, while still paying attention to costs. Following the Covid-19 emergency, starting from March, training sessions were held only online. At a group leveel, total of 3,800 training days were held, with an average of 1.7 days per employee.

	31/12/2020	31/12/2019	31/12/2018
N. of employees trained	1,834	1,923	2,258
- of wich women	908	1,001	1,120
- of which men	926	922	1,138
N. of partecipation in courses (training sessions by employee)	11,118	6,502	9,474
- of wich women	5,973	3,396	4,997
- of which men	5,145	3,106	4,477
N. total training hours	30,485	38,323	39,493
- of wich women	15,591	18,892	21,102
- of which men	14,894	19,431	18,391
N. average training hours per employee	13.4	16.9	17.5
- of wich women	13.7	16.7	18.8
- of which men	13.1	17.1	16.2

Training average per employee calculated on the average employee per year

MANAGEMENT DEVELOPMENT TRACKS

INNOVACTION
Following completion in 2019 of the Strategic Thinking Path program, which was started in 2017, FCA Bank launched an additional corporate initiative called InnovAction, to develop feasible and innovative business solutions that might enable it to be competitive in the market, meeting, and where possible anticipating, customer needs. With management's help, eight strategic areas of our business were identified and matched with specific projects with which to work. Participants are a heterogeneous and international group, made up of 50 colleagues coming from a variety of markets and with different corporate seniorities.

The initiative continued and ended in 2020 with the implementation phase of the projects.

The program consists of three main phases: 1) a kick-off workshop dedicated to the creation of the teams and the sharing of methods and tools to be used for the development of projects; 2) six months of project work, during which participants worked from a remote location; 3) a final day, where the teams will present their projects to the Leadership Team, an excellent opportunity for exposure for all those involved.

To overcome the geographical distance and the functional and hierarchical differences within the organization, virtual and team coaching sessions were held to enhance agile working and virtual remote collaboration capabilities, bringing to bear cultural differences to create a flexible management team open to change.
A new survey is planned for 2021.

PERFORMANCE LEADERSHIP MANAGEMENT
Through the PLM process, the FCA Bank Group guarantees the engagement of individual behaviors in view of the annual and long-term objectives of the company and the shareholders.
The idea is to establish a transparent and bilateral communication process with all employees, to show them how they can contribute to the organization's performance, how they are working to achieve effectively the agreed-upon objectives and, lastly, to provide them adequate support for their improvement and growth.

The "Performance & Leadership Management" methodology rests on the two pillars of objectives and results achieved, to make employees responsible by involving them directly in their development.

In 2020, the CEO & General Managers and all the Material Risk Takers took part in the PLM, together with the rest of the staff, to engage each employee in reaching the strategic objectives.

Assessed people during the year	31/12/2020	31/12/2019	31/12/2018
Hierarchy managers	**97.78%**	**96.70%**	**97.86%**
Women	98.99%	96.72%	97.52%
Men	97.07%	96.69%	98.04%
White collars	**96.80%**	**93.71%**	**93.80%**
Women	96.44%	94.09%	94.47%
Men	97.20%	93.25%	93.03%

The figure is net of the 2020 acquisitions

CROSS PATH PROJECT

The "Cross-Path" project - launched in 2016 - ended in the first half; consistently with the objectives of the program, the participants were assigned to the expected arrival positions.

The first half of 2020 witnessed the candidate selection phase for the second edition of the Cross-Path career program, which has been temporarily discontinued due to the Covid-19 emergency.

The key features of the program are:
- people involved: international mind-set, dynamic and open to the change that is typical in our business;
- rotation and mobility: an interdisciplinary path in FCA Bank's key functions (Credit, Finance e Sales & Marketing);
- International exposure: international assignments in the markets in which the group operates;
- training: during the program the people receive training not only on compliance and risk but also on knowledge of company activities and skill development. During the process, special attention is paid to management training;
- tutoring: the trainees are assigned a mentor selected from FCA Bank's management team, who follows them for the entire work period and guides them on their growth path;
- work on projects: on themes of strategic importance for the company.

Welfare, employment and dialogue with social partners

The group supports fair choices in maternity, paternity and adoption, which encourage employees to balance their responsibilities as parents with their career.
While labour rights may vary from country to country, parental leaves are granted to all employees to the extent necessary to comply with local laws. In certain countries, the group exceeds local requirements with dedicated policies.
Return-to-work and retention rates after parental leaves are two key indicators of the company's ability in the medium/long term to provide employees professional growth opportunities and achieve a work-life balance.
Also financial health is an important aspect of work-life balance. An FCA initiative in Italy called Conto Welfare allows employees to convert part of their pre-tax salary in an expense account that can be used for a wide range of health, welfare, care, education and pension services. In addition to the tax benefit, the company provides an additional 5-10 percent to each expense account.

Parental leave and turnover

	31/12/2020	31/12/2019	31/12/2018
Total number of employees	**2,415**	**2,280**	**2,258**
Number of employees who have required parental leave in 2020	51	33	74
- of which women	41	28	65
Number of employees who have returned from parental leave confirming the same position	34	24	68
Number of employees currently in parental leave	30	8	n.a.
Number of employees returned from parental leave who have changed position within thesame professional family	3	1	1
Percentage of employees returned from parental leave	73%	76%	93%
- of which women	68%	71%	71%
Collective bargaining and unionization			
(Number of collective bargaining and unionization done during the year)	33	7	21
Employees covered by collective labor agreement	1,715	1,629	1,466
(Number of employees having a collective labor agreement)	71%	70%	65%

Absences (number of calendar days)

	31/12/2020	31/12/2019
N. sickness	14,858	16,728
N. injury (on the way to or from work, and at work)	376	354
N. parental leave	8,012	7,834
N. authorised leave (family-related, special leave)	1,776	2,456
N. other reason	391	259
Total	25,413	27,630

Workers' welfare and safety

Human resource management

Regarding human resource welfare, attention is called to the following activities carried out during the year.

ORGANIZATIONAL DEVELOPMENT
During the 2020, activities continued to strengthen the central monitoring of several human resource management processes and governance mechanisms. Attention was paid in particular to:
- the revision of the first-level organizational structure of FCA Bank SpA, with the merging of the European Markets and Business Development Functions;
- the appointment of the Compliance & Supervisory Relations Manager as Data Protection Officer of FCA Bank S.p.A. and its branches. The new function has therefore taken on the name Compliance, Supervisory Relations & Data Protection;
- the reorganization of the Internal Audit function, in line with the FCA Bank Group's internationalization process and international audit standards;
- the transfer of scorecard-related activities from the Italian market to the Holding;
- the start of the cross-border merger of FCA Capital Portugal IFIC S.A. with and into FCA Bank S.p.A.;
- the start of the cross-border merger of FCA Capital France S.A. with and into FCA Bank S.p.A.;
- the acquisition by Leasys of the short term rental company Aixia Developpement S.A.S. in France and its subsequent renaming in Leasys Rent France S.A.S.;
- the acquisition by Leasys of the short term rental company Drivalia Car Rental S.L.U. in Spain and its subsequent renaming in Leasys Rent Espana S.L.U.;
- the acquisition by Leasys Rent S.p.A. of the Bluetorino S.r.l. car sharing business in Italy;
- the establishment of the Leasys S.p.A. Danish Branch;
- the establishment of the Leasys Portugal S.A. subsidiary.

The 2020 saw the continuation of the "Leasys Internationalization" project, with the objective of creating shareholder value through the creation of a Europe-wide Rental group through the Leasys brand, which saw in 2017 with the creation of branches in Spain, Germany and Belgium and the rebranding of the companies operating in France and the UK; in 2018 the incorporation of the Leasys Nederland B.V. subsidiary; in 2019 the establishment of the Leasys Polska Sp.Zo.o. subsidiary. In 2020 the establishment of Leasys S.p.A. Danish Branch and the Leasys Portugal S.A. subsidiary, as well as the acquisition of short term rental companies in France and Spain and the Bluetorino S.r.l. car sharing business in Italy.

Furthermore, Leasys's functions act as competence lines with respect to the rental branches/entities and, as such, they are responsible for providing guidelines (e.g. budgets, commercial targets, ...), sharing best practices in terms of know how, processes and systems and ensuring the monitoring and development of employee competences.

From the point of view of internal communication, the distribution of FCA Bank Magazine, to all group employees, continued on a six-monthly basis.
There were 2 issues, in mid-year and at the end of the year, which saw the participation of all the employees – via streaming – where the CEO, with the support of the Management Team, illustrated the company's performance and the main projects under way.

From the point of view of Industrial Relations, the year under review saw, in Italy, the continuing application of the company-specific collective labour agreement (CCSL - Contratto Collettivo Specifico di Lavoro) for the 2019 – 2022 period, which confirmed the participation of employees in a profit sharing scheme in accordance with an efficiency-based metric measured on an annual basis.

Health and safety at work

All the group companies comply strictly with the laws on work safety.

In Italy, FCA Bank S.p.A. manages the risks for its employees' health and safety as follows:
- risk assessment;
- identification and preparation of prevention and protection measures;
- definition of an action plan in connection with a program intended to improve safety levels over time;
- implementation of the actions planned in connection with the program;

- definition of worker information and training plans;
- residual risk management.

FCA Bank S.p.A. (in its capacity as employer) with the cooperation of the Head of Prevention and Protection Service and the Competent Physicians, after consultation with Worker Representatives on Safety, prepares and updates the risk assessment document (which in the first half of 2020 included also the Covid-19 risk), which contains:
- the report on the assessment of all risks for health and safety at work, specifying the criteria adopted or such assessment;
- a description of the prevention and protection measures adopted following the assessment;
- the program of measures deemed appropriate to ensure the improvement of security levels over time.

The assessment and the relevant document are updated whenever there are such significant changes in the corporate organization as to affect the exposure of workers to risk and following the two-year assessment of work-related stress risk.

WORK-RELATED STRESS
Limited the the Italian companies of the group, the assessment of stress-related work is updated every two years, except for cases of significant changes in the production process and the organization of labour to improve health and safety at work. The latest update of December 2018 placed the risk in the green area (non significant risk). The update activity has started, and is expected to be completed in the first half of 2021.

HEALTH AND SAFETY TRAINING
All employees (executives, supervisors, safety workers, workers' safety representative, emergency and first aid staff) involved in any way in the preventive and permanent safety management system receive adequate training to fulfil their duties.
They attend basic, specific and refresher courses held by the company with internal instructors, who have in turn attended Train the Trainer courses, and external instructors.

Courses are held during paid work hours and final tests are taken.

All documents related to training (attendance records, final tests and certificates) are filed in paper and electronic form in the office of the Prevention and Protection Service.

WORK INJURIES
In the period under review, the group witnessed 4 injuries at work (2 men and 2 women), of in Italy and in the markets where the group operates.
In the work activities performed within the group (VDT workers), there are no individual protection devices (IPD) and no collective protection devices (CPD).
None of the injuries reported had relevant consequences for the life and health of employees.

Health and safety at work

Injury rate	31/12/2020	31/12/2019	31/12/2018
Number of injuries happened at work	4	12	14
Equal to (number of work injuries*1 million)/total year worked hours Hours worked equal to 220[days]*8[worked hours]*2,279[avg. employee year]=4,011,044	1.00	3.01	3.67

Type of injuries by market

Type of injuries by market	31/12/2020	31/12/2019	31/12/2018
Belgium	-	1	-
France	1	-	4
Germany	2	-	3
Italy	1	5	3
Poland	-	-	1
Spain	-	1	-
UK	-	5	3
Total	**4**	**12**	**14**

Other markets in which the group operates are excluded as no accidents were recorded.

COVID-19

To address the effects of the Covid-19 emergency, the FCA Bank Group acted fast to protect the health of its employees and to ensure that business would continue to be run smoothly.

Starting in March, to limit the number of employees at the office, especially in the critical phase of the outbreak, all the group companies implemented increasingly a remote work system, which covered 100% of all employee in Italy by the end of the month. The rest of the EMEA countries implemented remote work systems in keeping with the lockdown plans imposed from time to time by the different governments.

The Human Resources department, for its part, sent specific memos to employees on the specific health and safety measures at work applicable in the case of remote work (ergonomic workstation and correct working habits).

In addition, in line with market trends and with the aim of supporting the business with careful cost control, in some markets work time reduction schemes have also been implemented and the available social measures used (Austria, Germany, Greece, Italy, Poland, Spain, Switzerland and the UK).

The return to work phase, also planned on the basis of the reopening plans defined by the different governments, included the safety measures adopted by the group companies, as illustrated below:

- sanification of all work environments with specific products before the reopening;
- inspection and, where necessary, rearrangement of the layout to ensure social distancing, with the affixation of bills in every office and common area with does and dont's;
- publication of the precautions to be adopted by the single individuals (company intranet, bills), with does and dont's;
- online training session with specific information on the measures implemented and obligation to view it before returning to the office; in Italy additional training carried out immediately after the return held directly by Health Safety & Environment;
- provision of personal protective equipment (PPE) that all the employees in attendance are required to use, in accordance with local rules and regulations; in Italy; mask, kit in every office to allow employees to clean their own workstations and desks (gloves, liquids and paper wipers) as well as temperature checks by security before entering the office;
- indications to continue to use online mode for meetings even for people physically in the office.

In order to ensure proper social distancing, employees work both from a remote location and on site, in rotation. The percentage of people working remotely varies depending on the Covid situation in each market. People identified as "vulnerable" continue to work from a remote location.

At group level, Health Safety & Environment and Human Resources implemented at once specific measures to protect the health of employees, with the systematic monitoring of all the cases of employees affected by the virus or that had been in contact with persons that tested positive until the conclusion of each single case.

In particular:

- all employees have been informed of the need to communicate immediately to the company (Health & Safety, Human Resources and their Manager) in case of Covid infection or contacts with positive people;
- in case of infection or contact, Health & Safety interviews each employee (with the support of Human Resources when necessary, in particular in the foreign markets) in order to verify the possible presence in the company of employees infected, or suspected to be infected, and / or any contacts of such employees with other colleagues, so as to sanitize the office premises where necessary;
- all persons who have had contact with infected people work from a remote location as a precautionary measure until they test negative or the end of an observation period;
- Health & Safety keeps in touch with each case (with the support of human resources when necessary, especially in foreign markets) until recovery in case of infection and/or at the end of the period of precautionary measures in case of contact;
- all information about the employees involved is shared in a dedicated and confidential file between Health & Safety and HQ's Human Resources; management and shareholders are constantly kept informed but without any identifying data, in order to ensure respect for the privacy of the persons involved.

Human rights

RELEVANT TOPICS

▪ Diversity, equal opportunities and human rights

Why the topics are relevant

Respect for people's fundamental rights is an important driver for the FCA Bank Group, in its role as an intermediary and in the value chain involving stakeholders and, especially, employees.

Diversity, equal opportunities and human rights

All the group companies respect, and act to guarantee, diversity and equal opportunity rights for all employees.

For the FCA Bank Group, the Code of Conduct (hereinafter the "Code") is an important tool designed to ensure that the work environment not only takes its inspiration but is founded on the highest ethical standards of corporate conduct. In fact, the Code includes a specific section devoted to social and environmental themes, providing guidelines to prevent and denounce discrimination, to preserve diversity and gender parity and to support the fight against harassment. Moreover, two principles contained therein are specifically devoted to ensure the implementation of an environmental protection and community support strategy.

Thus, FCA Bank's integrity system lays the groundwork for the group's corporate governance and includes a critical framework of principles, policies and procedures.

Lastly, the whistleblowing system makes it possible to report breaches of the Code and of any other rule, law and regulation (enacted at national and EU levels) applicable to the group companies (e.g. branches and subsidiaries). In fact, in keeping with the provisions of Circular no. 285 of the Bank of Italy, this system allows employees to report actions or events that might breach the bank's rules.

The Code of Conduct of the FCA Bank Group formalizes and enshrines clearly the commitment of all the group companies in handling tips from employees, so that they are analysed with due care and adequately investigated. The staff responsible for analysing such tips consider, first of all, alleged breaches of the Code, or of all the other applicable rules and regulations, considering the information available and possibly looking for more. In addition, this staff must pay proper attention to any other expression of concern or indication of problems raised by employees as also these circumstances need to be investigated properly. Lastly, the analysis activity can be carried out by resorting, if necessary, to qualified staff or subject experts. In the presence of proven illegal behaviours, the necessary and appropriate corrective actions are taken, regardless of the level or hierarchical position of the people involved. All the cases investigated are followed through until they are finally resolved.

Confidentiality is a key principle, with the exception of certain limitations set by local regulations, tips can be submitted anonymously. All the information provided and the identity of the individual that submits the tip are shares on a need-to-know basis with those responsible for assessing the tip and investigating the alleged breach and who have the power to undertake the relevant corrective actions.

Retaliation is neither accepted nor tolerated. The FCA Bank Group prohibits expressly any member of the company from exacting revenge or discriminating against tippers or against those who cooperated during the investigation. Whoever takes retaliatory action against these individuals will be subject to disciplinary action, which can involve also employee dismissal. The fundamental principles that inspire the conduct of the FCA Bank Group prohibit in fact any type of demotion, dismissal, suspension, threat, harassment, forced action or intimidation activities against employees who reported unethical behaviours in good faith or participated in an investigation into actions or events contrary to Code.

There were no discrimination episodes during the reporting period.
In 2021, a training and information campaign will be launched for FCA Bank Group employees on the most important principles of the Code of Conduct and the Reporting System. The last training campaign was launched in 2019 together with a campaign on the

principles of the Code for all employees of the group.

In the past few years, brands of companies considered socially responsible have been receiving growing recognition, as a tool that, in turn, increases customer loyalty and creates appeal in recruiting high-level employees. In fact, these are key factors in improving profitability and achieving financial success in the long term.
On November 4th, 2020, the Parliament (House Assembly) approved the unified text aimed at combating discrimination based on sex, gender, sexual orientation, gender identity and disability. The measure intervenes in particular on the Criminal Code to extend the scope of crimes against equality (Articles 604-bis and 604-ter c.p.) in order to punish discriminatory conduct and incitement to discrimination, violent conduct and provocation to violence on grounds based on sex, gender, sexual orientation, gender identity and disability.

The FCA Bank Group agrees with, and its Code of Conduct incorporates, the principles of the "Universal declaration of human rights" of the United Nations ("UN"), the Conventions of the International Labour Organization ("ILO") and the Guidelines of the Organization for Economic Cooperation and Development ("OECD").

Details of staff and female presence

	31/12/2020	31/12/2019	31/12/2018
N. Total employees	2,415	2,280	2,258
Average age	41	44	44
N. females	1,182	1,148	1,120
of which Hierarchy managers	199	183	161
of which White collars	983	965	959
Part-time			
n. Employees with part-time contract	142	141	145

Fight against corruption

RELEVANT TOPICS

▪ Contrasting corruption and promoting integrity in the business

Why the topics are relevant

The group attributes utmost importance to the fight against corruption. The Code of Conduct, supported by the Ethics Platform for whistleblowing, is updated and maintained to ensure the integrity of the group and its employees, as well as the presence and management of an anonymous and secure whistleblowing channel. Also in 2020, in continuity with the previous year, no cases of corruption have been identified.

Fight against corruption and business integrity

As FCA Bank's customers and employees can be affected, both positively and negatively, by the consequences generated by the business activities conducted, the FCA Bank Group has adopted guiding principles , to identify and apply the highest ethical standards in carrying out its business, through the adoption of the Code of Conduct (hereinafter the "Code"). This document is the milestone of the group's conduct, which must be based on the fundamental and unquestionable principle of integrity. The integrity is the bedrock of the group's corporate governance, which includes principles, policies and procedures resulting from the combination of the corporate experience, the constant monitoring of the regulatory framework of reference and best practices, together with the critical and comparative analysis of corporate ethics and compliance so that these might be used in a consistent and complementary manner in the approach adopted by the group.
Anti-corruption is currently included in FCA Bank's Code of Conduct as an integral part of the inter-functional macro-context related to the prevention, control and management of conflicts of interests. In particular, considering the fight against corruption as crucial for the pursuit of the greater of the company and the community in which we live and operate, the FCA Bank embraces and respects honesty, integrity, loyalty, transparency, and impartiality as the principles that inspire its daily conduct. The anti-corruption component incorporates all those fundamental principles underlying the application of measures intended to prevent, detect, discourage any corrupt practices, including also zero tolerance in case of proven corrupt conduct. Other areas regulated and monitored include gifts and invitations, discounts, conflicts of interests, patronage, sponsorship and lobbying activities, which are considered highly sensitive and, as such, they are duly regulated within the group's regulatory framework and consequently integrated into the relevant processes.
FCA Bank Group is committed to the highest standards of integrity, honesty and fairness in all internal and external affairs and will not tolerate any kind of bribery. The laws of virtually all countries in which FCA Bank Group operates prohibit bribery.
FCA Bank Group's policy is that no one - directors, officers or other employees, agents or representatives - shall, directly or indirectly, give, offer, request, promise, authorize, solicit or accept bribes or any other perquisite (including gift or gratuities with the exception of commercial items universally accepted in an international context of modest economic value, permitted by applicable laws and in compliance with the Code and all applicable Policies and Procedures) in connection with their work for FCA Bank Group at any time for any reason.
All stakeholders can report, also in anonymous way, any risk or event of corruption through the dedicated Web Portal for the Whistleblowing system.
The group is committed to provide anti-corruption training to all employees in order to increase the awareness of the risk to be involved in corruption events. In addition, dedicated controls have been implemented during the years in order to prevent any corruption.
The current policies adopted together with the Governance model, the periodic Training program and the set of Internal Controls (e.g. Code of Conduct, Compliance Program for the Italian market) constitute a set of measures developed and implemented for the group to have available a set of tools intended to prevent and/or minimize the risk of corruption, as well as to monitor the most sensitive areas and processes and possibly to identify promptly corruption events.
The group supports and will continue to support the fight against corruption both through the existing tools and by keeping up its guard, mindful that the risk needs to be constantly monitored so as to strengthen further the current prevention system. This guarantees

the presence of increasingly strong and effective measures, also raising further the awareness of employees and developing increasingly ad hoc and in-depth controls.
It is worth noting that the risk of corruption in the FCA Bank Group is considered lower compared to other sectors, where the business model is based on direct and frequent interactions with public authorities.
However, in order to rationalize and to further enhance the approach to Anticorruption at group level, in 2019 a specific program started.
The group Anti-Corruption program is composed by 4 pillars:
- Corruption Risk Self-Assessment Matrix;
- Anti-Corruption Controls;
- Anti-Corruption Training;
- Anti-Corruption group Policy.

In 2020 the corruption Risk Self Assessment has been performed for the Italian market and related second level of controls have been implemented. By the first quarter of 2021 the group policy will be published and a new training will be provided to all group employees.
Taking into account also the rising attention of Italian and EU Authorities on Anti-bribery and the increase of new schemes of crime, the group will continue to monitor the evolution of the normative framework and best practices of the market in order to enhance properly the current prevention system applied to the processes and business of the group. FCA Bank Group is aware that the Covid-19 pandemic gives rise to very significant risks of corruption. Massive resources mobilized to respond to the health and economic crises create opportunities for corruption, while many corruption prevention and enforcement mechanisms are suspended due to the emergency. For this reason, the group will continue to pay the utmost attention to the risk of corruption and will be vigilant with further commitment to avoid any corruption event.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