FCA Bank Group

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31st, 2022

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FCA Bank S.p.A.

Registered office: Corso Orbassano, 367 - 10137 Turin – www.fcabankgroup.com - Paid-up Share Capital: Euro 700,000,000 - Company Register Turin Office no. 08349560014 - Tax Code and VAT no. 08349560014 - Italian Register of Banks no. 5764 - Parent Company of “FCA Bank” Banking Group - Registered in the Italian Register of Banking Groups – ABI code 3445 - Italian Single Register of Insurance Brokers (RUI) no. 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, 2022 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 and subsequent updates. The formats and manner of preparation of the accounts are mandated by these rules and standards.

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 consolidated 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, personnel-related, human rights and fight against corruption 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

1,088 €/MLN
Net banking income and rental margin
↓
4.33%
On average portfolio

101 €/MLN
Cost of risk
↓
0.40%
On average portfolio

292 €/MLN
Net operating expenses
↓
26.85%
Cost/income ratio

13,222 €/MLN
New financing, leasing and rental/mobility volumes

→ 5,570 €/MLN of which exFCA brands financing and leasing volumes
→ 4,935 €/MLN of which other brands financing and leasing volumes
→ 2,717 €/MLN of which rental/mobility volumes

1.32[1] MLN
Financing, leasing and rental/mobility active contracts

→ 0.97 MLN of which exFCA brands financing and leasing active contracts portfolio
→ 0.30 MLN of which other brands financing and leasing active contracts portfolio
→ 0.05 MLN of which all brands active contracts

23.8[2] €/BLN
End of year portfolio

→ 14.2 €/BLN of which exFCA brands end of year portfolio
→ 9.2 €/BLN of which other brands end of year portfolio
→ 0.4 €/BLN of which rental/mobility end of year portfolio

[1] The figure of active contracts for rental vehicles in the portfolio does not include the Leasys Group following the sale on December 21st, 2022

[2] Year-end outstanding portfolio does not include €5.5 billion of the Leasys Group, which was sold on December 21st, 2022.

13.92%

CET 1 Ratio

10.22%

Leverage Ratio

15.54%

Total Capital Ratio

695€/MLN

Operating Income FCA Bank Group

→ 204 €/MLN
of which Leasys Group

1,019[3] €/MLN

Net profit FCA Bank Group

→ 148 €/MLN
of which Leasys Group

18

Countries

2,047

Employees

→ 1,632
FCA Bank Group

415[4]
Drivalia Group

34

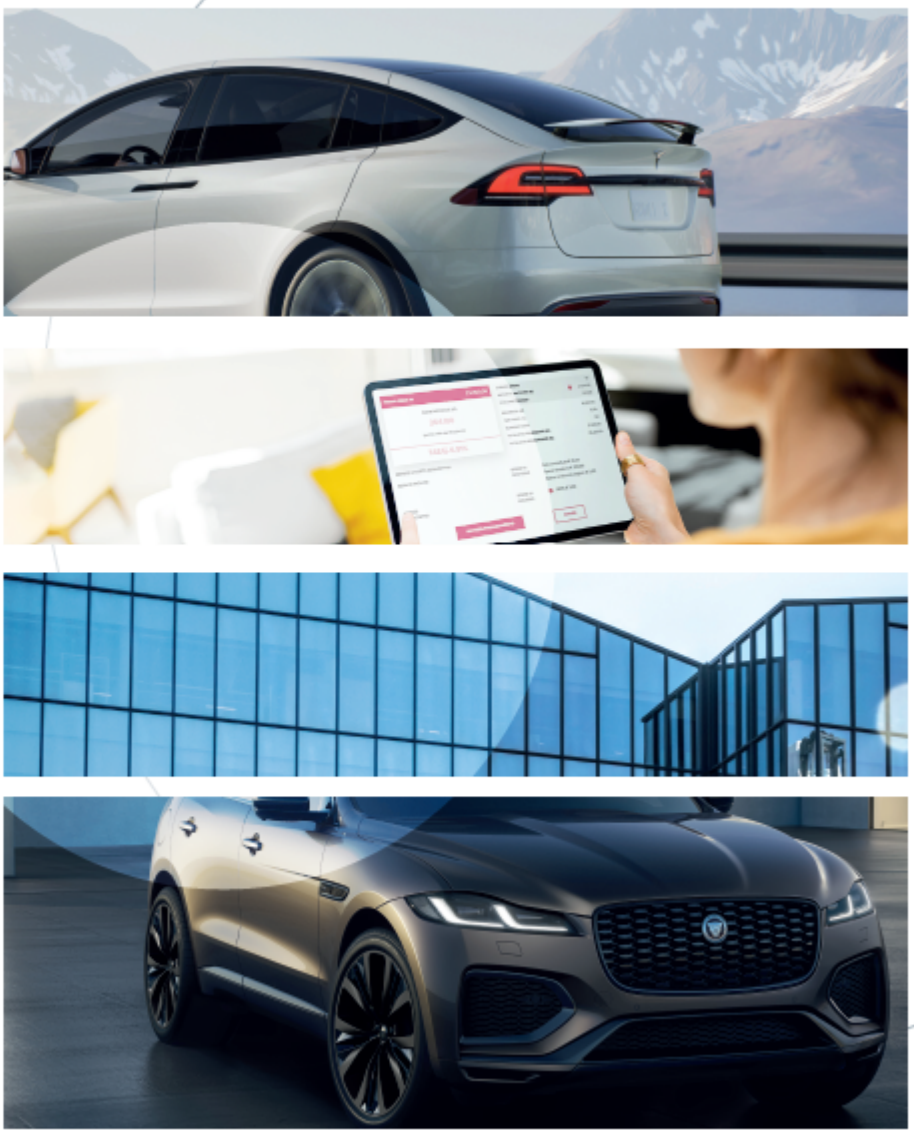
Brands

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- KNAUS TABBERT AG - TESLA - VINFAST - DR - MCLAREN - CHARTAGO - CONCORDE - MAZDA - SPORTEQUIPE - AIWAYS - XEV - ELECTRICBRANDS - FANTIC - VMOTO - CAKE

[3] The net profit includes two extraordinary effects:
1) the gain on the sale of the Leasys Group of €632 million after tax; and
2) the impairment of the goodwill of the Wholesale Financing business line in the amount of €87 million.

[4] Please see the Group Structure.

Abstract



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THE DAWN OF A NEW BEGINNING

Giacomo Carelli – Chief Executive Officer & General Manager

The year just ended was very important for FCA Bank, which acted to expand and strengthen its role as "Mobility Bank for a better planet", in line with the approach adopted in the last few years. This process will come to fruition in the first half of 2023, when the agreements between Stellantis and Crédit Agricole Consumer Finance will produce their effects.

That is when the New Bank will come into being. A new pan-European player, wholly owned by CACF, designed to be a major independent player in car and mobility financing. On the other hand, Leasys will join forces with Free2Move Lease to create a new pan-European long-term rental joint venture, active in ten European countries.

The work done by the Group's companies has enabled FCA Bank to meet the challenges that have affected the automotive market and the European economy in general, from the shortage of microchips and raw materials to rising gas and energy prices. FCA Bank adapted to the new landscape with force and determination, focusing on innovation, electric and sustainable mobility, digitalization and attention to customers. This strategy paid off, on both the banking and mobility fronts.

The Group's efforts culminated, in October, in the birth of Drivalia, the new rental and mobility company that took the place of Leasys Rent. Unveiled at the prestigious Mondial de l'Auto in Paris, Drivalia was created to democratize green mobility and to become one of the main players in the new mobility sector in Europe. The company deals with mobility in all its facets, proposing the so-called 'Planet Mobility', a complete system of flexible and sustainable plans

The launch of our new brand, which is already established in seven European countries (Italy, France, United Kingdom, Spain, Portugal, Greece and Denmark), has been driven by a solid strategy of expansion and electrification of the fleet (over 55,000 vehicles to date, of which 30% is either electric or plug-in hybrid) and charging infrastructures (with 650 Drivalia Mobility Stores in the country, for a total of 1,600 charging stations), which are set to grow further. Drivalia's green approach has also materialized through ad hoc solutions such as the iconic CarCloud and Be Free EVO subscriptions and the electric car sharing LeasysGO!, renamed e-GO! Drivalia at the Paris Motor Show.

The birth of the new brand is part of the broader evolution of FCA Bank, which is committed to continuing along its path as an independent finance company, providing innovative and flexible financing solutions for manufacturers, distribution groups and importers, dealers and large online sales platforms.

In this sense, we are committed to laying the foundations of the New Bank, enriching our portfolio with new and prestigious partnerships, including beyond the automotive sector. The agreements signed in the first half of the year (such as those with Tesla, VinFast and DR Automobiles) were followed by others, such as the one with ElectricBrands, a German company known for its original zero-emission models, and the one with Mazda, for the provision of financial services in Belgium and Luxembourg. In addition, the existing agreement with DR was extended to Sportequipe, ICKX and EVO, the new brands launched by the Macchia d'Isernia-based group.

On the leisure front, the pan-European partnership with the French Groupe Pilote, one of Europe's largest motorhome manufacturers, has been extended to four more markets (for a total of ten): Austria, Belgium, the Netherlands and Poland. Our presence in the two-wheeler world has also grown, thanks to important agreements with Fantic Motor, a storied Italian manufacturer that has long since opened up to the e-bike market, and Vmoto Soco, one of the most innovative brands in the electric moped and motorbike sector. In addition to these, a partnership has been established with CAKE, a Swedish brand specializing in electric motorbikes, active in the UK and soon to be extended to other European markets.

On the banking front, we broadened our digital offering, consolidating our role in digital payments and daily banking. In addition to FCA Bank Pay, the platform that manages buy now pay later plans, such as instant credit and split payment, we launched InstantCar, the first instant car loan in Italy which, based on the latest digital technology, is designed to provide access to financing in three minutes. A twin product was launched for motorbikes and e-bikes, InstantMoto, featuring a credit evaluation and related loan disbursement in real time. In line with new consumer trends in the automotive market, InstantCar and InstantMoto can be applied for both in-person and online, on car e-commerce platforms, from the comfort of one’s home.

We have also introduced two new credit cards, Futura and Drivalia, 100% digitalized and designed to convert every purchase into green and smart mobility. The cards allow access to the €co Club, the free loyalty program dedicated to the world of sustainable mobility.

On the strength of the dedication and experience that have always distinguished us, we will lead the Group on a path of further growth, in Italy and in Europe, investing significant resources to support our business in the name of innovation, digitalization and attention to environmental sustainability, in the interest of our customers and society.

FCA BANK'S MACROECONOMIC CONTEXT AND FINANCIAL STRATEGY

Luca Caffaro – Group Chief Financial Officer

During 2022, the Euro area economy faced new challenges and high volatility in financial markets, following the period of moderate recovery that had characterized 2021.

On the one hand, the rise in inflation, which markets had initially expected to be transitory in nature, actually turned out to be far-reaching, driven mainly by bottlenecks in raw-material supply chains and trends in energy and food prices, which were in turn strongly affected by the conflict in Ukraine.

On the other hand, the policy actions announced by the monetary authorities worldwide led to a marked rise in interest rates (e.g. the 5-year Euro Mid-Swap rate rose by about 325 bps during the year), with the consequent risk of dampening economic growth, already undermined by a general climate of lack of confidence due to the conflict between Russia and Ukraine.

Against this backdrop, the European Central Bank in December further revised its GDP and inflation estimates for the Eurozone, with expectations of real GDP growth at 3.4% in 2022 and 0.5% in 2023 (compared to 2.8% and 2.1%, respectively, in June 2022) and inflation at 8.4% in 2022 and 6.3% in 2023 (compared to 6.8% and 3.5%, respectively, in June 2022).

Despite the improvement in financial market conditions in early 2023, a climate of uncertainty about the macroeconomic outlook and the level of inflation still prevails, with concerns that the economic environment could deteriorate further, ushering the dangerous prospect of a scenario marked by economic contraction and high inflation.

In this context, the Bank, in addition to monitoring developments in the macroeconomic scenario, so as to prevent and anticipate possible downward pressures on growth and the implications for the financial markets, continued to diversify its funding sources, while relying on the availability of funding from its banking partner, Crédit Agricole Consumer Finance, on the continuation of the TLTRO-III monetary policy operations (collateralized by the A.BA.CO. program, and on the securitization transactions originated within the FCA Bank Group). Moreover, during the year FCA Bank placed around €1.9 billion in securities in the capital markets (including notes and commercial paper), obtained new lines of credit from other banks for around €2.3 billion and benefited from around €2.1 billion in deposits from the public in Italy and Germany, thereby raising the cash needed to fund the Group's activities, in a context of a significant increase in borrowing requirements (before the sale of Leasys).

Highlights

BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND EXTERNAL AUDITORS

Board of Directors

Chairman
Stéphane Priami

CEO & General Manager
Giacomo Carelli

Directors
Andrea Faina

Andrea Giorio*

Davide Mele

Magalie Marie-France Thoreux[1]

Paola De Vincentiis*

Philippe De Rovira

Richard Bouligny

Valérie Wanquet

Board of Statutory Auditors

Chairman
Mauro Ranalli[2]

Statutory auditors
Maria Ludovica Giovanardi

Vincenzo Maurizio Dispinzeri

Alternate Statutory Auditors
Francesca Pasqualin

Luigi Matta

External Auditors

PricewaterhouseCoopers S.p.A.

*independent directors
[1]appointed on April 21st, 2022
[2]appointed on November 7th, 2022

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) established in December 2006 to provide financial and rental services in Europe.

FCA Bank operates in 17 European markets and in Morocco and acts as the partner of reference for exFCA 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.

SAVA, from which the FCA BANK Group was born, began operating as a support in the automotive sector in 1925, in Italy and in Europe.

Over the years, in addition to the establishment of new collaboration and partnership agreements, two events have been of major importance for the FCA Bank Group:

- the creation of Leasys, which was able to develop the long-term rental business first in Italy and then in Europe (with an internationalization process started in 2017) and to enter the short-term rental market in 2018 through the acquisition of Win Rent (now Drivalia S.p.A. - formerly Leasys Rent S.p.A.) and subsequently of four other short-term rental companies in France, Spain, the United Kingdom, Portugal, Denmark and Greece;

- the transformation into a Bank, which took place on January 16th, 2015, led to the creation of FCA Bank S.p.A., which, by obtaining a Banking license in Italy, became the Parent Company of an international Banking Group operational in 18 countries. This has enabled the Group to reinforce and optimize its funding strategy, based on the diversification of funding sources.

Sixteen years after the foundation of the Joint Venture, the FCA Bank Group underwent a profound transformation process, as a result of the merger between FCA and PSA, which together have created the Stellantis Group.

In fact, following the announcement to the markets on December 17th, 2021, and the agreement signed on March 31st, 2022, Stellantis started a rationalization of the financing offering at the European level that:

1. lead, on July 29th, 2022, to the creation of a multi-brand operating long term rental company (LeaseCo.) in which Stellantis and CACF each have a 50% equity interest.

On December 21st, 2022, Leasys S.p.A. was sold by FCA Bank to LeaseCo. to which the Free2Move businesses will be sold in 2023;

2. will be completed within the first half of 2023, once the necessary authorization has been obtained from the competent authorities, the sale to CACF of the 50% stake in FCA Bank, which will continue to operate in connection with existing and future White Label Agreements, thus losing the status of captive bank;

3. will be completed within the first half of 2023, once the necessary authorization has been obtained from the competent authorities, the formation of joint ventures with BNP Paribas Personal Finance and Santander Consumer Finance, in order to carry out financing activities as captives for Stellantis at a European level.

PROFILE OF THE FCA BANK GROUP

Stellantis N.V.

Stellantis is a leading global mobility player guided by a clear mission: to provide freedom of movement for all through distinctive, appealing, affordable and sustainable mobility solutions. The Company's strength lies in the breadth of iconic brand portfolio, the diversity and passion of 300,000 employees, and deep roots in the communities in which it operates.

In this new era of mobility, the portfolio of brands is uniquely positioned to offer distinctive and sustainable solutions to meet the evolving needs of customers, as they embrace electrification, connectivity, autonomous driving and shared ownership.

The Company offers a full spectrum of choice from luxury, premium and mainstream passenger vehicles, SUVs and light commercial vehicles, as well as dedicated mobility, financial, and parts and service brands.

With industrial operations in nearly 30 countries and a commercial presence in more than 130 markets, Stellantis has the ability to consistently exceed the evolving needs and expectations of customers, while creating superior value for all Stakeholders.

Crédit Agricole Consumer Finance

With managed outstanding of €103 billion at December 31st, 2022, 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 17 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 organizations 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.

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®.

GROUP STRUCTURE

FCA BANK

Banking Group

- FCA Bank S.p.A. (Belgian Branch)
- FCA Bank S.p.A. (French Branch)
- FCA Bank S.p.A. (German Branch) **(1)**
- FCA Bank S.p.A. (Irish Branch)
- FCA Bank S.p.A. (Polska Branch)
- FCA Bank S.p.A. (Portuguese Branch)
- FCA Bank S.p.A. (Spanish Branch) **(2)**
- 50% — FCA Bank GmbH (AT) **(3)**
  - FCA Bank GmbH (Hellenic Branch)
- 100% — FCA Capital Suisse S.A. (CH)
- 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 Dealer Services España S.A. (ES)
  - FCA Dealer Services España S.A. (Morocco Branch)
- 99,99% — FCA Leasing France S.A. (FR) **(4)**
- 100% — FCA Capital Nederland B.V. (NL)
- 100% — FCA Leasing Polska Sp. z o.o. (PL)
- 100% — FCA Automotive Services UK Ltd. (UK)
- 100% — FCA Dealer Services UK Ltd. (UK)
- 50% — Ferrari Financial Services GmbH (DE) **(5)**
  - Ferrari Financial Services GmbH (UK Branch)

Other companies

- 100% — Drivalia S.p.A. (IT)
  - 100% — Drivalia Lease Danmark A/S (DK) **(6)**
  - 100% — Drivalia España S.L.U. (ES) **(7)**
  - 100% — Drivalia France S.A.S. (FR)
  - 100% — Drivalia Lease Hellas SM S.A. (GR)
  - 100% — Drivalia Portugal S.A. (PT)
  - 100% — Drivalia UK Ltd. (UK)
- 100% — FCA Insurance Hellas S.A. (GR)
- 100% — FCA Capital RE DAC (IE)
- 100% — FCA Versicherungsservice GmbH (DE) **(8)**

Legal entity

Branch

Note:

(1) Effective July 1st, 2022, FCA Deutschland GmbH was merged into FCA Bank S.p.A..

(2) Effective October 30th 2022, FCA Capital España S.L.U. was merged into FCA Bank S.p.A..

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

(4) Effective October 3rd, 2022, the company Drivalia France S.A.S. acquired from Leasys France S.A.S. the 10 shares held in the company FCA Leasing France S.A..

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

(6) Effective November 11th, 2022, A Lease & Mobility A/S changed the company name to Drivalia Lease Danmark A/S. Subsequently, on December 5th, 2022 the company was acquired by Drivalia S.p.A..

(7) Effective September 6th, 2022 Leasys Rent Espana S.L.U. changed the company name to Drivalia Espana S.L.U..

(8) Effective July 1st, 2022 FCA Versicherungsservice GmbH is wholly owned by FCA Bank S.p.A., following the merger of FCA Deutschland GmbH into FCA Bank S.p.A. which took place on June 30th, 2022.

GEOGRAPHICAL FOOTPRINT

RESULTS OF OPERATIONS

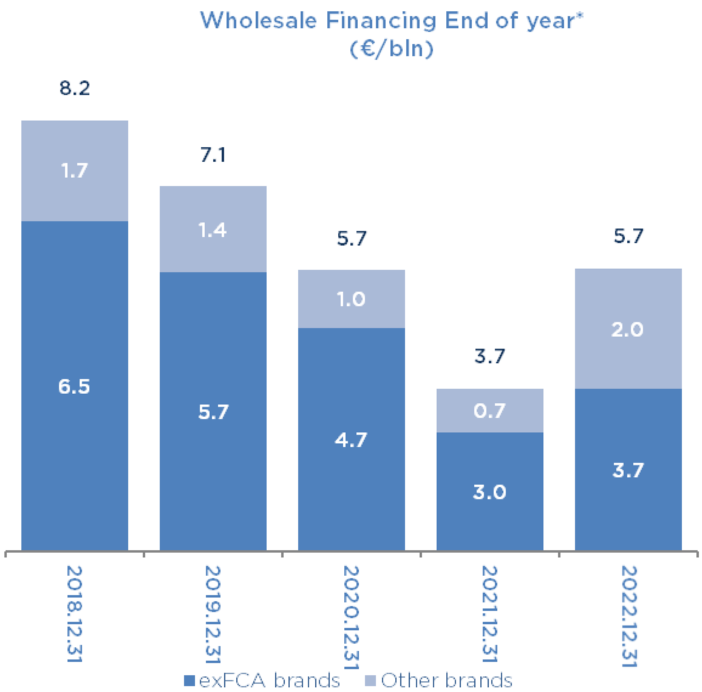
Economic data (€/mln)	12/31/2022	12/31/2021
Net Banking income and rental margin	1,088	1,046
Net operating expenses	(292)	(283)
Cost of risk	(101)	(57)
Operating result	695	706
Other incomes / (expenses)	544	(21)
Profit before tax	1,239	685
Net income[1]	**1,019**	**494**
Outstanding		
Average	25,133	24,993
End of year[2]	23,826	24,823
Ratio		
Net Banking income and Rental margin (on Average Outstanding)	4.33%	4.19%
Cost/Income ratio	26.85%	27.04%
Cost of risk (on Average Outstanding)	0.40%	0.23%
CET1	13.92%	18.37%
Total Capital ratio (TCR)	15.54%	20.33%
Leverage Ratio	10.22%	13.61%

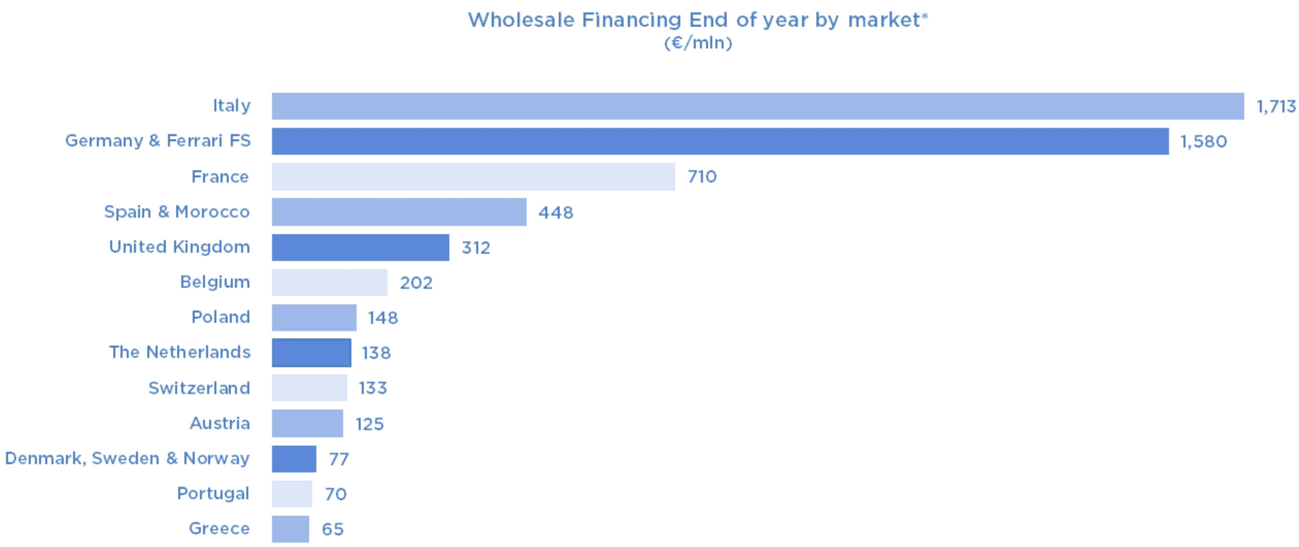
[1]The net profit includes two extraordinary effects:
1) the gain on the sale of the Leasys Group of €632 million after tax; and
2) the impairment of the goodwill of the Wholesale Financing business line in the amount of €87 million.
[2]year-end 2022 outstanding portfolio does not include €5.477 million of the Leasys Group, which was sold on December 21st, 2022.

THE BUSINESS LINES

The Group operates through three business lines: Wholesale Financing, Financing and Leasing and Rental/Mobility, whose financial results are shown below.

BANKING – WHOLESALE FINANCING





*The figure includes demo cars and commercial lending

FCA Bank has proved to be a pace-setter in new mobility and important players in the sector already established in the European market have chosen its services to support their dealer networks as Aston Martin, Concorde, Carthago, Gruppo Rapido, DR e Koelliker.

In addition, new players entering the European market attracted by the opportunities of new mobility, such as VinFast, have chosen FCA Bank as their financial partner for the quality of its service.

FCA Bank has extended the reach of its services to the motorbike sector by signing new partnerships with Fantic and VMoto Soco Italia.

FCA Bank confirmed its financial support for the dealer network of FCA, Maserati, Ferrari, JLR, Hymer, Lotus, Pilote, and Knauss Tabbert.

Despite the difficult conditions that resulted in delays in shipments and thanks to the diversification of the portfolio, the outstanding portfolio at the end of the year remained at €5.7 billion, up from the comparable amount at the end of December 2021.

Total financed vehicles amounted 78,400, of which only 2,300 had a seniority of more than 180 days (1,586 units as of December 31st, 2021), or 2.9% of the total (2.3% compared to 2021), reflecting the very fast turnover of the dealers' stock.

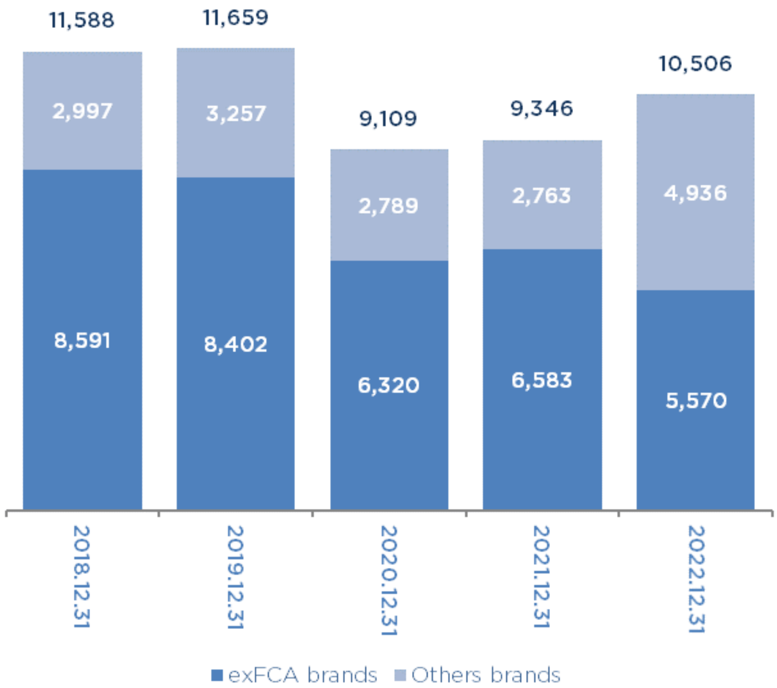
The payment performance of the entire portfolio remains good and the real past due was 0.43% of the total (0.36% compared to 2021).

Despite the continuing decline in volumes, the business line nevertheless met the expected result in terms of net Banking income (2.32%) and came in slightly below expectations in terms of operating income (€70 million).

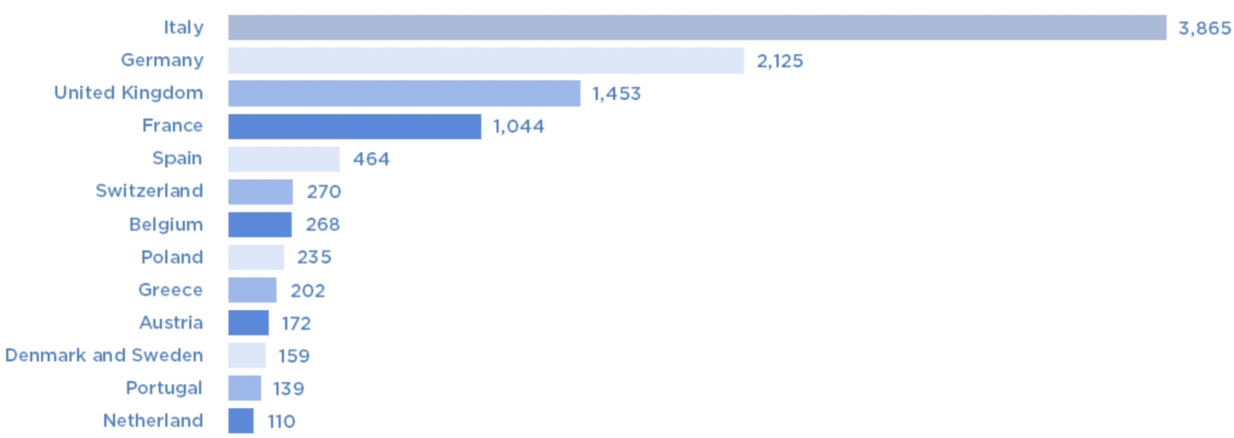
Italy and Germany continue to be the top markets, as their volumes account for about 58% of the total outstanding portfolio. This share rises to 78% if the volumes generated in the Franch and Spanish branches are also included.

BANKING – RETAIL FINANCING

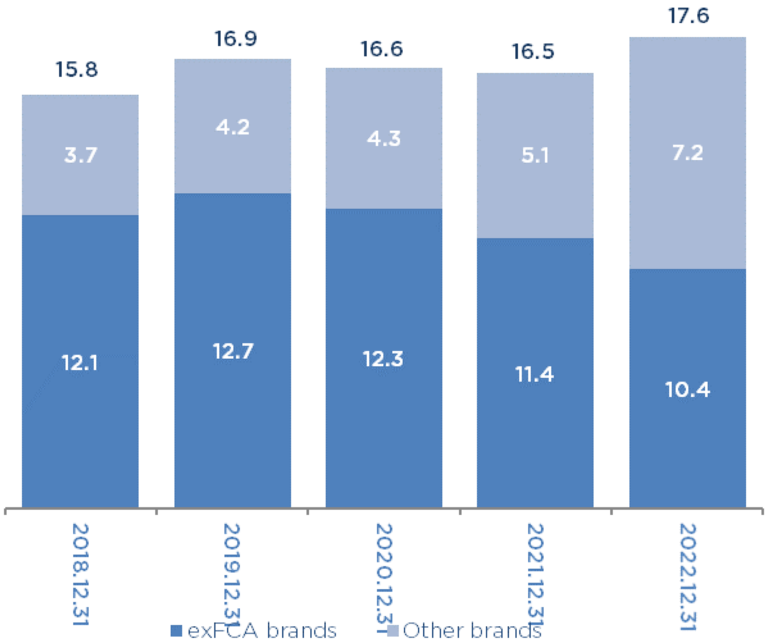
Financing and Leasing New Originations
(€/mln)



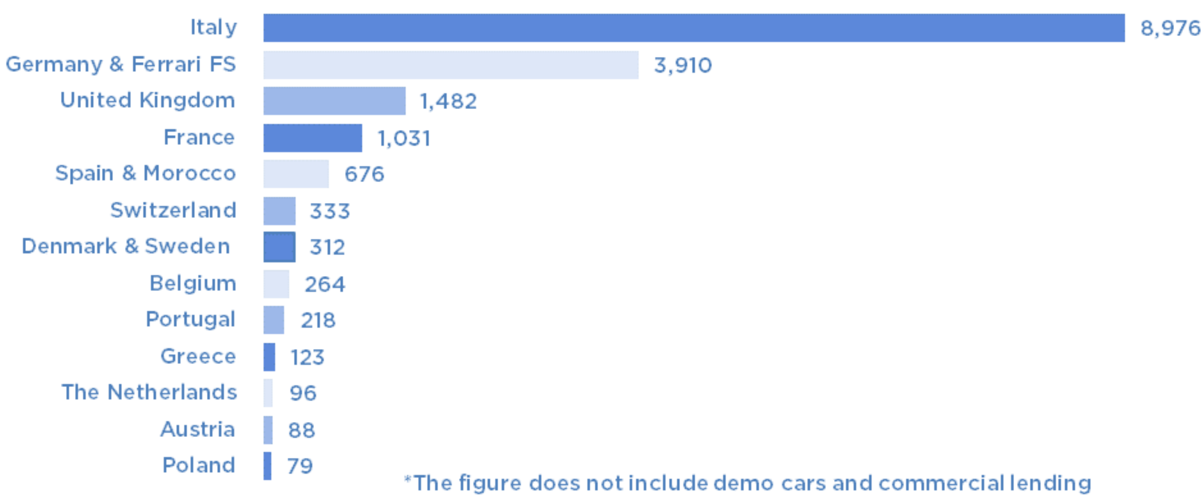
Financing and Leasing New originations in 2022 by market
(€/mln)



Financing and Leasing End of year*
(€/bln)

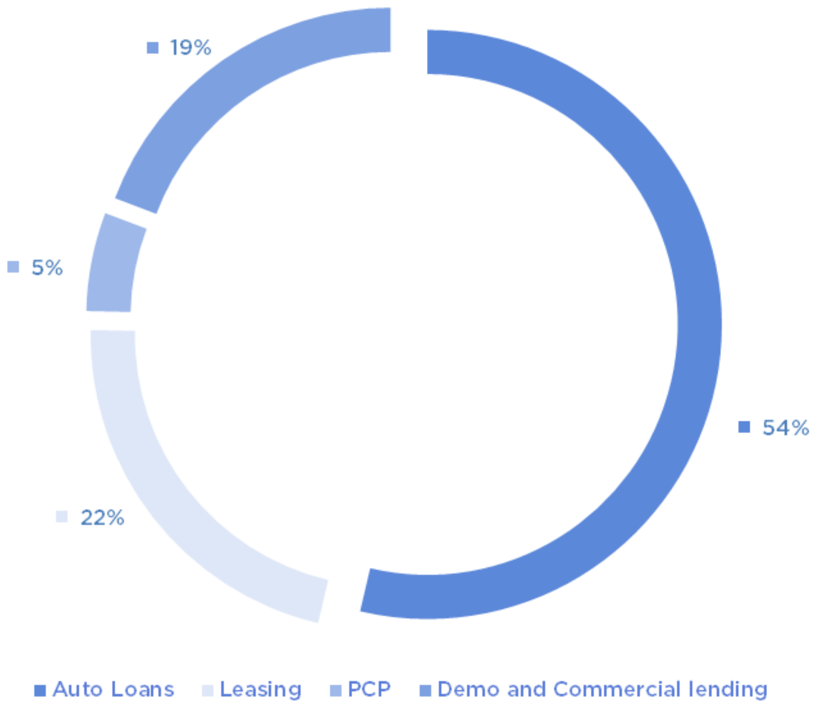


Financing and Leasing End of year by market*
(€/mln)



*The figure does not include demo cars and commercial lending

Financed volumes by product 2022



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 customers' needs.

At a time when digitalization is the key to building and maintaining contact with customers, FCA Bank Group has continued to improve a series of instruments aimed at increasing not only customer satisfaction, but also its loyalty.

In 2022, FCA Bank continued on its strategic path toward the digitalization of distribution processes and channels. The new e-commerce platform, currently developed in Italy, features a fully digital self-onboarding process dedicated to customers applying for a personal or a car loan. As of May 2022, Tesla entrusted its e-commerce channel to FCA Bank, confirming that digitalization was strategic in acquiring new partnerships.

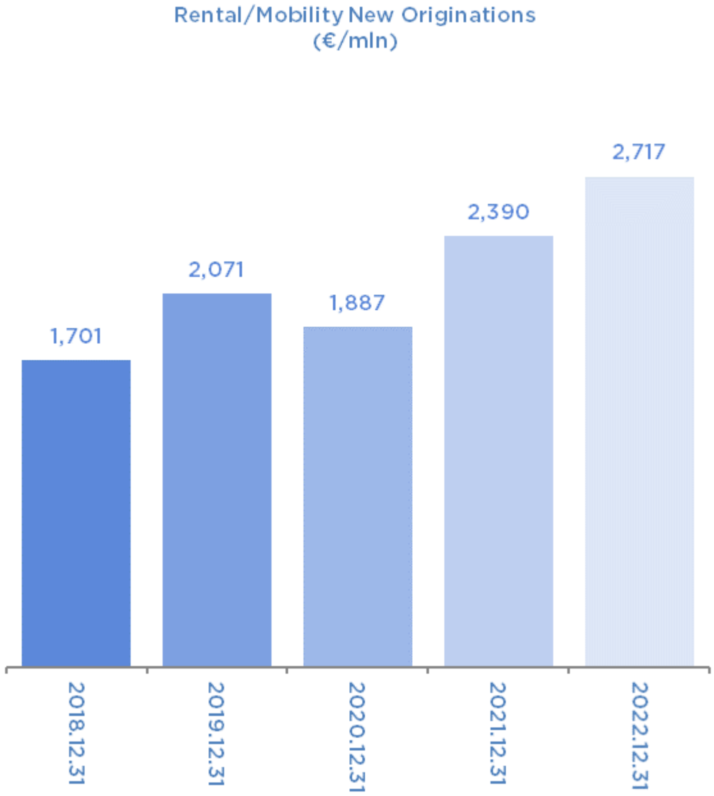
Finally, the CRM Connection tool was exported throughout Europe.

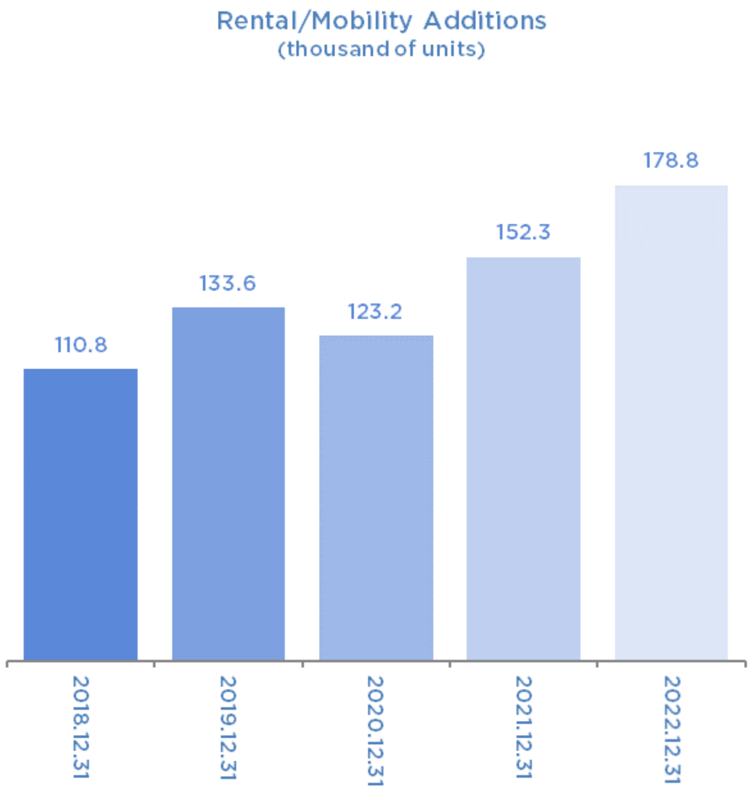
With particular reference to the insurance offer, FCA Bank Group has confirmed its willingness to collaborate with the leading companies in the market, in order to build a complete range of products, ranging from insurance coverage in case of events that personally involve the customer to those dedicated 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 a new and complementary 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.

RENTAL/MOBILITY





Regarding the Rental/Mobility sector, the FCA Bank Group operated until December 21st, 2022 in 12 European countries (Italy, Germany, France, Spain, United Kingdom, the Netherlands, Belgium, Poland, Portugal, Denmark, Greece and Austria) and has operated and will continue to operate through the Leasys Group and in seven markets (Italy, France, Spain, United Kingdom, Portugal, Denmark and Greece) through the Drivalia Group. For more information, reference is made to the section "Significant events and strategic transactions".

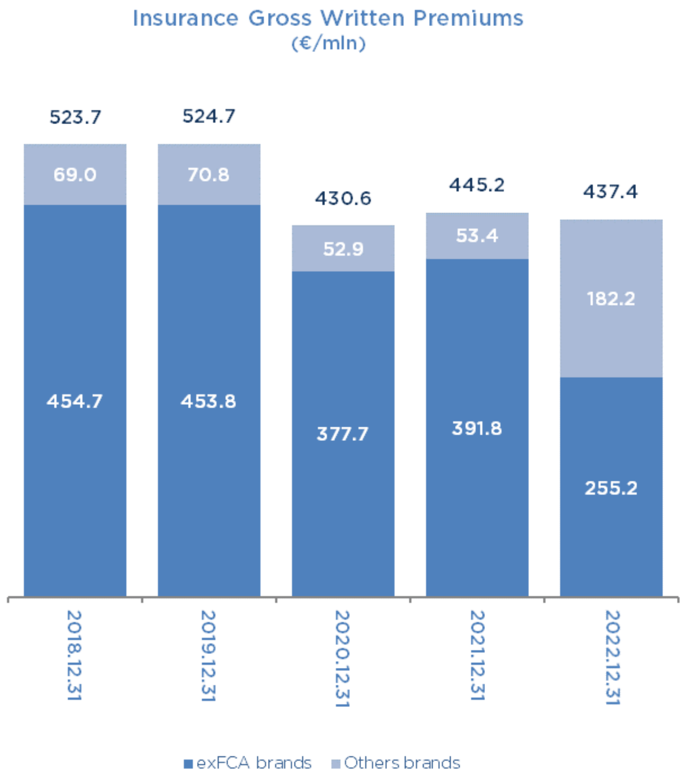
The number of Drivalia Mobility Stores keeps growing, at December 31st, 2022 there were 650 stores across Europe.

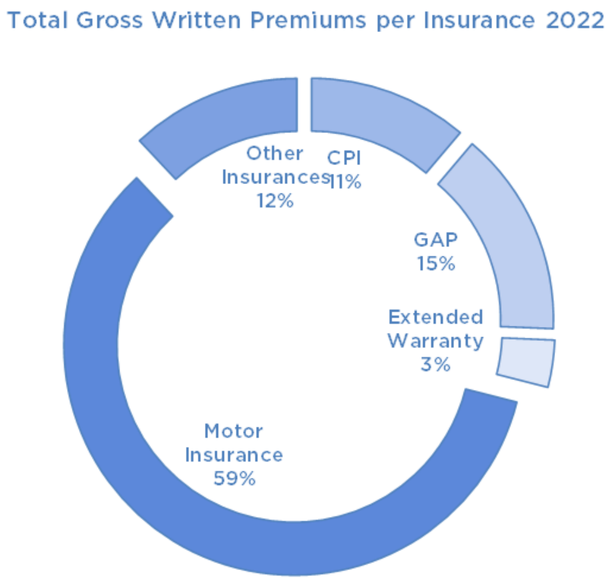
FCA Bank Group confirmed his role as key players in the european revolution of electric and sustainable mobility, with plans involving significant investments in infrastructure, fleet and service.

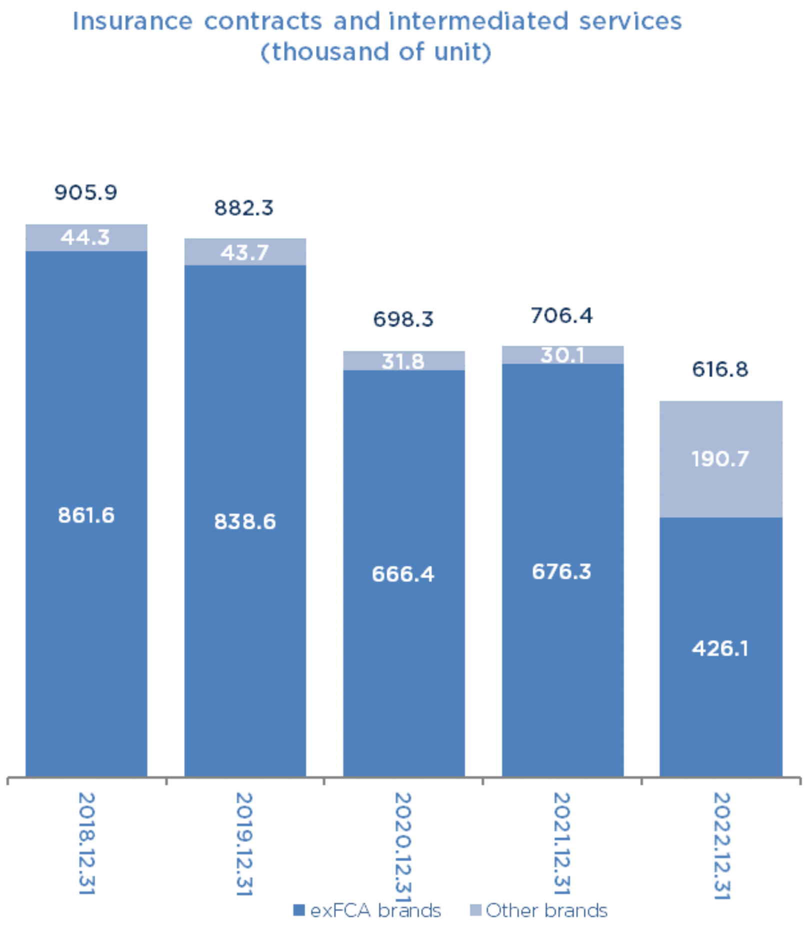
The CarCloud and CarBox services continue with a broad offering tailored to customers' needs. In addition, Be Free Evo, the first long-term subscription with the possibility of payment by credit card, was launched.

Thus, the FCA Bank Group has proved once again its ability to meet the different mobility requirements of all sorts of customers, from large to small and medium companies, to self-employed professionals and individuals.

INSURANCE AND SERVICES







FCA Bank Group provides a wide range of credit- and vehicle-protection insurance products and services in connection with financing contracts, which made it possible to sell 2 policies per Financing and Rental/Mobility contract in 2022.

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;

- 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;
- Glass/vehicle etching, an important anti-theft measure;

The FCA Bank Group continues to develop the digital channel for the distribution to customers of insurance policies, including those not directly car-related. In this way it can provide a full range of solutions to meet all the needs of the different market segments in which the FCA Bank Group operates.

MARKET AND AUTOMOTIVE BRANDS DEVELOPMENT

The car market in Europe (European Union + UK + EFTA) during 2022 registered 11.3 million car and commercial vehicles sold (-4.1% compared to 2021).

FCA Bank's partners

FCA registered 664 thousand vehicles, achieving 5.9% market share.

Alfa Romeo Tonale, Alfa Romeo's first electrified C-SUV was highly successful.

Jeep®'s electrification strategy continues, with excellent results in the first half of 2022. Jeep® is the leading brand for rechargeable vehicle sales in Italy, and its SUVs account for about 20 percent of low-emission vehicle sales.

Sales of the electric New 500 continue.

Against this backdrop, FCA Bank and Leasys continue in their efforts to support the Stellantis Group's strategy of promoting electric and alternative mobility, by offering products and services that make it increasingly easy for customers to choose advanced-fuel vehicles.

Maserati delivered 6,450 vehicles (+62% compared to 2021).

During 2022 FCA Bank recorded €4,935 million of financing for business generated by the White Label channel (other brands), representing 47% of all volumes financed (30% compared to 2021).

During 2022, FCA Bank signed several agreements with new business partners in Europe: Tesla, VinFast, McLaren, DR Automobiles, Cartago, Concorde, Electric Brands, CAKE; FCA Bank will deploy a wide array of innovative and flexible financial and mobility services designed to make their products more accessible.

2022: A TEAM DEDICATED TO VALUE CREATION AND READY FOR THE NEXT CHALLENGES

Andrea Barcio - Human Resources

In 2022 FCA Bank accelerated its pace in anticipation of the major corporate and business changes of 2023, giving a major impetus to growth.

New partners and new customer targets were added to long-term alliances. Moreover, the rental/mobility business was regenerated with the birth of Drivalia, with further prospects of Europe-wide expansion.

Challenges that have been met successfully thanks not only to the experience and skills of the organization, but also to the resilience and passion of its people, who have always been the company's most valuable assets.

Meanwhile, the world of work has regained its speed by overcoming the limitations and fears related to the pandemic. The hybrid work mode with a prevalence of office attendance (which FCA Bank embraced from the outset, before it became fashionable) proved to be effective, allowing both stable interpersonal relationships and flexibility, which is useful to people in their private life.

Thanks to this choice, FCA Bank's HQ spaces have gone back to being a meeting place, with events dedicated to partners, shareholders, providers and employees.

While corporate life has resumed its normalcy, and is in fact proving to be an accelerator of personal and business networking, we should still not forget the beneficial effects of the digital advancement triggered by the pandemic, despite all its negative effects.

Sitting in front of your laptop today, the world is at your fingertips. While a partial return to normalcy can also be seen in the world of training, there is no question about the pluses of digital training platforms, for their ability to make available content in a way that accommodates the learning pace of individuals and the flexibility of hybrid work.

An opportunity that our employees have seized by investing in professional growth, with more than 80% of training now taking place from a remote location.

For FCA Bank, the pilot project on virtual coaching, which has opened up opportunities of development to a new and wider management audience, is coming to an end.

In fact, the landscape in which we are and will increasingly be working requires, across the organization, a mindset that is constantly ready for the new, that seizes opportunities and always wonders whether it is possible to do more and better. This is why coaching proves to be a consistent choice, as it helps managers and professionals, with different levels of responsibility, to develop leadership potential and make more effective the conduct and actions adopted to proactively drive change.

FCA Bank is about to cross the threshold of a new era with major growth ambitions, certain of its soundness, its wealth of expertise, its exceptional achievements, and with the enthusiasm of those accustomed to being star players.

FCA BANK'S DIGITAL ROADMAP: INNOVATIVE SOLUTIONS THROUGHOUT OUR EUROPEAN OPERATIONS

Luca Pollano - ICT, Digital & Data Governance

The year just ended saw FCA Bank committed to securing increasingly innovative digital tools for its customers and partners, providing cutting-edge solutions throughout the European perimeter. This goal was dictated by the increasingly common digitalization trend, which has redefined the concept of sales and customer relations, leading the majority of customers to perform at least part of the purchasing process online. This path, undertaken on the basis of a clear and challenging digital roadmap, is proving to be very beneficial for all those involved: customers, dealers, brokers, and FCA Bank itself.

Simplicity and instantaneousness are the drivers of the Bank's latest projects. An excellent example is the Finance Calculator 3.0, a digital tool that customers can use to simulate their monthly installment by selecting one of the available retail products (HP, PCP, leasing), including insurance and additional services. During 2022, the finance calculator underwent a technological and functional upgrade, in line with the increasing prevalence of direct online sales. The 3.0 version, in particular, was extended to Italy and Belgium, after its launch in Germany and France, where it was also integrated into the local software systems and brand configurators.

The operation of our e-commerce platform has also been expanded to several European countries. The portal makes it possible to apply for a car loan entirely online. Once the necessary documentation is uploaded and the vehicle purchase is finalized, customers can access the financial onboarding platform, an intuitive and fully responsive tool based on state-of-the-art technologies and processes in line with local best practice. Technologies include, for example, remote recognition via Face Recognition and rapid document capture via OCR (Optical Character Recognition), with anti-fraud features, and integration with PSD2. Through these few simple steps, the application reaches FCA Bank, which can then proceed with the credit evaluation. All the customer has to do is wait for the contract, which can be signed also remotely.

These processes were configured to offer a seamless user experience, simplify back-office operations, ensure compliance with current regulations, security as well as traceability. A choice rewarded by the results: in 2022, 80% of FCA Bank customers across Europe signed their financing contract digitally, confirming the positive trend of recent years.

Finally, attention is drawn to the Customer portal, the pan-European platform developed to offer FCA Bank customers a simple and intuitive hub where they can keep track of their activities. The portal brings together in a single area all car financing, leasing and banking products obtained from FCA Bank, which can be managed conveniently and quickly. During 2022, with a view to continuous improvement, the platform was implemented with new cross-market features in order to provide greater customer autonomy and engagement.

WELCOME TO DRIVALIA PLANET MOBILITY

Paolo Manfreddi - European Markets & Business Development

Despite a challenging international scenario due to microchip shortages, the energy crisis, and inflation, 2022 marked a turning point for the FCA Bank Group, especially on the rental and mobility front. In October, during the prestigious Mondial de l'Auto in Paris, the Group unveiled Drivalia, its new rental and mobility company. The new brand (formerly Leasys Rent) was created with the ambition of becoming a top European player in the mobility of tomorrow. It is therefore a real renewal, which projects us into the future and will see us among the leading operators in the mobility sector.

Drivalia's mission is well captured by the concept of "Planet Mobility," a complete system of integrated mobility, with different products and durations. The new company deals with mobility in all its facets, continuing to develop a full range of solutions from electric car sharing to car subscriptions and rentals of all durations, from short to long term. To represent our new brand, we chose two colors inspired by the metaverse, violet and turquoise, reflecting our commitment to new digital technologies

The focus on environmental sustainability remains crucial. Drivalia was created with the goal of making green mobility - particularly electric mobility – accessible to the largest number of people. To do so, it provides innovative and flexible plans based on sustainability, digital use, and an on-demand approach. These include our car subscription solutions- such as CarCloud and Be Free EVO, appreciated by more than 30,000 users- and the 100% electric car sharing service, e-GO! Drivalia (formerly LeasysGO!), already active in Turin, Milan and Rome with a fleet of electric Fiat 500 cars and soon to be extended to other countries. We want to provide our customers, both private and professional, a wide range of options, so as to fill all mobility needs.

Drivalia can count on a solid and extensive base. To date, it is operational in 7 European countries (Italy, France, UK, Spain, Portugal, Greece and Denmark), where rebranding activities are proceeding. The company's European footprint includes more than 650 Drivalia Mobility Stores (1,300 by 2025), where customers can find out about all of the company's mobility solutions. The Stores are electrified, with a total of 1,600 charging stations. Drivalia's fleet consists of 53,213 vehicles, 30% of which electric or plug-in hybrid. We are pursuing major investments to reach 160,000 vehicles by 2025, half of which will be electric or plug-in hybrid. Electric infrastructure development will go hand in hand with fleet growth, with 3,100 charging stations expected in Europe by 2025.

Drivalia's official launch marked the beginning of a new course, which will see the company act as an independent operator. The brand, not being tied to a single automaker, is open to new sectors beyond the automotive world and to new opportunities and partnerships, such as the recent ones with prestigious and innovative partners like Tesla and DR Automobiles. These partnerships, which originated within the banking perimeter of the

FCA Bank Group, are helping to enhance our innovative mobility and rental solutions, including for instance the new CarCloud and Be Free EVO packages dedicated to the Tesla Model Y, DR 4.0 and DR 6.0 models, XEV YoYo.

FCA BANK ITALIA'S JOURNEY THROUGH NEW PARTNERSHIPS AND CUTTING-EDGE DIGITAL SOLUTIONS

Giulio Viale - FCA Bank Italy

Against a socio-economic backdrop marked by profound uncertainties, 2022 saw FCA Bank engaged in a strategy to manage its transition to a new business structure for financial services. This project will come full circle by the first half of 2023, when Crédit Agricole Consumer Finance will obtain full ownership of the Bank.

The two drivers in this brave new world are, on the one hand, the signing of many agreements with prestigious partners, industry leaders, for the use of financial services that, from the traditional passenger car business, will be extended to motorcycles and commercial and heavy vehicles, to make urban mobility more sustainable, accessible and environmentally friendly and, on the other, the development of innovative solutions to serve customers and dealers, based on the use of cutting-edge digital technologies.

The first driver involves a number of important partnerships, including, first and foremost, the one with the Koelliker Group, a storied importer of automotive brands in Italy, which features several all-electric models, followed by the collaboration with the XEV brand, with its iconic zero-emission microcars, the YOYO heavy quadricycle and the Kitty microcar. In addition, an agreements was entered into with the DR Group, which achieved best practice in 2022 in distribution and is steadily growing.

Then a partnership was established with Tesla, a global pace-setter for the electric transition. The models can be purchased and configured on the company's website, through a 100% digital procedure where the Bank's Finance Configurator has been integrated. Once the model to be purchased has been selected, customers can use FCA Bank's calculator to configure the financial solution best suited to their needs, customizing the down payment and tenor of the loan. Outside the automotive perimeter, worthy of note are the partnerships with Ford Trucks, for heavy vehicles, and the most recent agreements signed with important brands in the motorcycle world, such as Harley-Davidson, Fantic and VMoto.

FCA Bank has long focused on financial solutions designed to make accessible the latest forms of mobility, such as hybrid and electric, with vehicles falling under these two categories representing currently more than 37 percent of our total financed contracts. Examples are the Green Change and the Maxi Rata Plus. The former allows the customer to keep, replace or return the car at the end of the contract, as well as the possibility of changing the car at each annual window, while the latter, after an initial period with small monthly installments, allows a customer at the end of the contract to either continue with the financing or buy the car.

One of the most innovative projects in 2022 from a customer journey perspective is InstantCar, the first instant approval car loan, which can be applied for from home and at dealerships. It is fast and secure way to obtain loans of up to €15,000, with a tenor of up to 72 months, both for new and used cars at FCA Bank's network of participating dealers, thanks also to an immediate credit evaluation. Recently, the product was extended to the world of two-wheelers with InstantMoto.

FCA BANK’S 2022, BETWEEN NEW PARTNERS AND NEW TECHNICAL CAPABILITIES

Juan Manuel Pino - Sales & Marketing & CSR

During 2022, our quality approach, geared towards supporting green mobility, prompted several big names on the automotive scene to choose the Bank as their financial partner. We have signed agreements with such prestigious and innovative partners as Tesla, VinFast, Aiways and DR Automobiles. In addition, Mazda joined FCA Bank, with which a cooperation agreement was signed in Belgium and Luxembourg, and ElectricBrands, a German company known for its iconic zero-emission models. The cooperation with DR was extended to the new brands Sportequipe, ICKX and EVO. FCA Bank also entered into a partnership with Invicta Electric, Spain’s first company specializing in electric microcars.

The number of brands using our range of financial services has expanded far beyond the automotive world. We achieved important results in several other sectors, starting with the two-wheeler one. We established partnerships with Harley-Davidson, initially in Spain and Portugal and then in Italy, Fantic Motor, a storied Italian manufacturer that has long since ventured into the e-bike market, and Vmoto Soco, one of the most innovative brands in the electric moped and motorbike space. Lastly, we also signed up CAKE, a Swedish company specializing in electric motorbikes.

The same goes for the leisure sector, thanks to the partnerships with Knaus Tabbert, Concorde, Carthago, Groupe Rapido and the agreement with Groupe Pilote, one of Europe's largest motorhome manufacturers, now covering ten European countries. Business ties were formed also in light and heavy commercial vehicles, through agreements with Ford Trucks in Italy and BMC Trucks in Spain.

We also continued our work with the most important marketplaces for the used car business, signing an agreement with Auto Trader, the largest portal in the UK.

Through these arrangements, FCA Bank intends to become increasingly the Bank of reference in new mobility, showing great attention to the customer and making new-motorization vehicles (particularly electric ones) increasingly accessible. In this sense, many of our banking partnerships contribute to enhance the innovative mobility and rental solutions of Drivalia, the Group's new company.

Furthermore, we continued to invest in technology and digital processes, making available to FCA Bank customers digital tools as the remote financing platform (extended to a number of new partnerships, such as the one with Tesla) and the onboarding platform. In parallel, the Bank’s e-commerce platform played an increasingly important international role, proving to be a crucial tool for supporting new Brands arrival on the European market.

Equally crucial was the work done in the area of digital, flexible, and immediate payments, which can give a strong boost to business. In particular, with FCA Bank Pay, the platform that manages instant approval buy now pay later (BNPL) plans, such as Split Payment, with which to access short-term interest-free credit for small amounts, and Instant Credit, to apply for longer-term loans for larger amounts. Speaking of instant credit, mention should also be made of InstantCar, the first instant car loan in Italy, and InstantMoto, a financial product designed for motorbikes and e-bikes, which provides a credit evaluation and the related loan disbursement in real time. Today they are available in Italy, and we are working to expand them in 2023 to France and Germany.

This 2022 was a strong demonstration of what FCA Bank team is capable of, in term of new customer acquisition and new technical capabilities, to be ready for the new future that awaits us.

THE NEW FRONTIERS OF WHOLESALE

Daniela Beriava - Wholesale Financing

Since its inception, FCA Bank has served the brands of the Fiat Group as a captive, building up a long and successful track record in the service of its car-making partners. This wealth of knowledge and know-how, the result of almost a century of experience in the financial services sector, is now also available to other major mobility-related brands active in Europe.

In keeping with the growth and diversification trend of our wholesale portfolio, partnership agreements were finalized, such as those with Aston Martin, DR Automobiles, the Koelliker Group, XEV and ElectricBrands, as well as those with Concorde, Carthago and the Rapido Group, among the most important brands in the leisure sector.

During 2022, FCA Bank also extended the scope of its operations to the two-wheeler sector, by signing new partnerships with Harley-Davidson, Fantic Motor and VMoto Soco, and to the heavy commercial vehicle sector, thanks to the wholesale financing agreement with Ford Trucks Italia.

Furthermore, during the latter part of the year, the company worked hard to lay the foundations for further partnerships, which will reasonably come to fruition in 2023.

Against this background, FCA Bank is increasingly acting as a key player in new mobility and the Wholesale Department is dealing with this scenario by identifying, accompanying and promoting its partners and dealers in such a way as to have their activities as part of an environmentally sustainable future.

THE PILLARS OF FCA BANK'S ESG STRATEGY

Valentina Lugli - Communication & CSR

During 2022, the FCA Bank Group consolidated its ESG (Environmental, Social and Governance) approach, which made it possible, through the analysis of existing projects and a series of interviews with top management, to define the goal and the four pillars on which the Group's strategy is based. The next step will be the definition of a sustainability policy and a plan that will be the basis for future actions.

Our purpose can be summarized as follows: " to create everyday mobility solutions for a better planet." This claim well reflects the Group's mission, reflecting its intention to lead the transition to sustainable mobility, particularly electric mobility, by making it accessible to the largest number of people. In this sense, the Group is active through the financial solutions promoted by FCA Bank, designed to democratize green mobility.

The Group has also a direct presence in mobility, with the full range of solutions provided by Drivalia. Unveiled in October at the prestigious Mondial de l'Auto Paris, Drivalia was created with the ambition of becoming a top European player in the mobility of tomorrow.

The four pillars that form the foundation on which FCA Bank's ESG identity rests are Sustainable Mobility, Environment, People, Innovation and Digitalization. These key themes represent our sustainability framework and guide the Group's actions in the creation of value.

The first pillar, Sustainable Mobility, is a strategic driver of innovation in our business model. We drive the transition to zero-carbon mobility through partnerships with innovative brands and our financial and mobility solutions, as well as via Drivalia's electrification strategy aimed at developing EV charge infrastructure.

Our focus on the second pillar, the Environment, is embodied in our commitment to reducing our carbon footprint, as well as to being a digital and paperless bank that works to facilitate our customers' transition to more sustainable mobility.

Success is based on people, starting with employees, investing in them to ensure a proper work-life balance, and customers, putting their needs first and offering them a range of tailor-made, flexible and sustainable solutions. Finally, investing in Innovation and Digitalization ensures maximum accessibility and transparency to services

In line with its ESG pillars, the Bank won two awards at the Motor Finance Europe Awards 2022: the "Digital Innovation of the Year" and the "Best ESG/Sustainability

Initiative of the Year." The first of the two prizes went to InstantCar, the instant approval car financing that, thanks to the latest digital systems, allows users to obtain a credit evaluation and a car loan in just three minutes. The second was awarded for financial solutions developed to guide the transition to sustainable mobility, such as the GO4xe and GOeasy financing.

Drivalia's mobility solutions also earned international recognition. CarCloud, in particular, was voted "Subscriptions Product Development 2022" at the Asset Finance Connect Summer Awards, underscoring the company's focus on new forms of mobility such as car subscriptions. In addition, with its participation in the WomenX Impact event, Drivalia also positioned itself in an area dedicated to women's leadership and the theme of Diversity & Inclusion in business.

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REPORT ON OPERATIONS

DECEMBER 31st, 2022

MACROECONOMIC SCENARIO, THE AUTOMOTIVE MARKET AND FINANCIAL MARKETS

The world economy continued to grow in 2022, even though GDP, estimated to rise by 3.1%, was lower than in 2021 (+5.9%). Expectations for 2023 indicate a reduction in GDP growth (2.2%) and signs of a deterioration in the overall picture were already evident in the fourth quarter of the year just ended. Indeed, activities in the advanced economies slowed down in the last few months of 2022, partly due to the repercussions of the war in Ukraine and high inflation rates.

In the Euro area, GDP in the third and fourth quarters was more or less stable, with modest growth rates, while inflation remained high (expected at +9.2% year-on-year). The Governing Council of the ECB raised the official rates at its October and December meetings, by 75 and 50 basis points, respectively, and pointed out that further rate increases were to be expected in order to keep inflation in check. Meanwhile, the Council also decided to make longer-term refinancing operations (TLTRO-III) less attractive, and to reduce the asset purchase program (APP). Instead, the reinvestment of maturing securities under the Pandemic Emergency Programme (PEPP) will continue until at least the end of 2024.

With reference to the automotive market, new car registrations (European Union + UK + EFTA) in 2022 decreased by 4.1%, compared to 2021, for a total of 11.3 million registered units. Among the five most important European markets (Germany, UK, France, Italy and Spain), only Germany showed a positive figure, with 1.1 % year-on-year growth. In Italy, registrations were down 9.7% year-on-year.

The market for motorhomes and caravans was also down compared to 2021. In fact, volumes in the first nine months were down 17.0% year-on-year, according to data from the ECF (European Caravan Federation), with Europe-wide registrations of 183,509 units as of September 30th, 2022.

Finally, with reference to the motorbike market, 2022 showed a performance in line with 2021. Taking into account the top five European markets (France, Germany, Italy, Spain and the UK), total registrations amounted to 950,400 units, in line with the previous year (949,480 units). Italy remained the leading market, with 271,380 registrations, up 0.7% year-on-year.

(Sources available at the following urls: https://www.aniasa.it/aniasa/aniasa-informa/public/news/5196 and https://acem.eu/acem-statistical-release-registrations-of-motorcycles-and-mopeds-in-key-european-markets-broadly-stable-during-2022)

SIGNIFICANT EVENTS AND STRATEGIC TRANSACTIONS

Covid-19 and Russia-Ukraine Conflict – Potential Impacts

After a 2020 in which the Covid-19 pandemic had significantly dampened global economic growth, year 2021 and the first half of 2022 showed that the world's economies were less sensitive to the pandemic, due in particular to high vaccination rates in many countries. In the latter part of the year 2022, following the easing of the so-called "zero-covid policy," the pandemic surged again in China and other countries in the Far East. To date, although future developments are still uncertain, the spread and the more severe effects of the disease still appear to be under control.

The Russia-Ukraine conflict continues to pose a risk to the business cycle. Events confirmed the assessments of leading analysts that the conflict would be long, with risks of its enlargement. Oil and gas prices fell in the latter part of the year, the former mainly due to lower demand, the latter also due to milder weather and increased stockpiles. Nevertheless, 2023 is considered in the base scenarios to be a transition year, with GDP growing slightly and inflation rates still high, albeit down from 2022.

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 respecting AGCM’s work, feeling the Company that the accusations outlined in the decision were inaccurate, the Company thought that the reasons to challenge that decision were pertinent and should have been pursued. As such, the Company filed an appeal with the Regional Administrative Court (“TAR”) against the decision and 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. As a result, the Company deemed it appropriate to release the €60 million provision made in 2018 in relation to the associated risks, also based on the recommendations of the defense counsel.

On December 11th, 2020 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 defense brief with the Council of State on January 21st, 2021. A hearing before the Council of State was held on January 13rd, 2022, the decision of which was announced on February 2nd, 2022: the appeal was rejected by the Council of

State and the sanctioning measure was definitively canceled; thus, the affair is completely concluded.

Changes in the corporate structure of the FCA Bank Group

The year 2022 was marked by a profound reorganization of the rental business, which developed along two axes: the creation of the Drivalia Group and the sale of the Leasys Group.

- Drivalia Group

With reference to Drivalia Group, the short-term rental companies (present in seven countries under the company name Drivalia) were transferred from Leasys S.p.A. to FCA Bank S.p.A. as far as the Parent Company of the eponymous Group is concerned – and from Leasys S.p.A. to Drivalia S.p.A., for the other companies operating in countries other than Italy during 2022.

The business objectives for the near future are the development of medium- to long-term rental and the satisfaction of all customer mobility needs. The corporate reorganization is described below in greater detail.

Drivalia S.p.A. (formerly Leasys Rent S.p.A.)

On April 29th, 2022, FCA Bank S.p.A. acquired from its subsidiary Leasys S.p.A. all the shares outstanding of Leasys Rent S.p.A..
The change of the company's name took place on June 16th, 2022.

Drivalia France S.A.S. (formerly Leasys Rent France S.A.S.)

On May 31st, 2022, Drivalia S.p.A. purchased from its subsidiary Leasys S.p.A. all the shares outstanding of Leasys Rent France S.A.S..
The change of the company's name took place on June 1st, 2022..

Drivalia UK Ltd. (formerly ER Capital Ltd.)

On May 31st, 2022, Drivalia S.p.A. purchased from its subsidiary Leasys S.p.A. all the shares outstanding of ER Capital Ltd..
The change of the company's name took place on June 28th, 2022.

Drivalia España S.L.U. (formerly Leasys Rent España S.L.U.)

On May 31st, 2022, Drivalia S.p.A. purchased from its subsidiary Leasys S.p.A. all the shares outstanding of Leasys Rent España S.LU..
The change of the company's name took place on September 6th, 2022.

Drivalia Lease Hellas SM S.A. (formerly Leasys Hellas SM S.A.)

On May 31st, 2022, Drivalia S.p.A. acquired from its subsidiary Leasys S.p.A. all the shares outstanding of Leasys Hellas SM S.A..
The change of the company's name took place on June 17th, 2022.

Drivalia Lease Danmark A/S (formerly A Lease & Mobility A/S)

On December 5th, 2022, Drivalia S.p.A. acquired from its subsidiary Leasys S.p.A. all the shares outstanding of Drivalia Lease Danmark A/S.
The change of the company's name took place on November 11th, 2022.

The Drivalia group also includes Drivalia Portugal S.A (formerly Sado Rent SA), which was acquired by Drivalia SpA on December 21st, 2021.

The Drivalia Group's end-of-year outstanding portfolio amounted to €400 million, a fivefold increase over the comparable year-earlier amount.

- Leasys Group

With reference to the Leasys Group, in accordance with the provisions of the agreements between the shareholders, the company was sold by FCA Bank to LeaseCO, a French multi-brand operating lease company, in which Stellantis and CACF each have a 50% stake, resulting from the merger between the businesses of Leasys and Free2MOve Lease.

The sale took place on December 21st, 2022 at a price of €1.2 billion at a pre-tax gain of €1,074 million.

For more detail, reference is made to the section "Divestment of the Leasys Group" in the Accounting Policies (p. 113).

Other operations

FCA Bank Deutschland GmbH

On July 1st, 2022, FCA Bank Deutschland GmbH was merged with and into FCA Bank S.p.A. with the simultaneous transformation into a branch, effective for accounting and tax purposes as of January 1st, 2022.

The transformation into a branch is part of a long-established process to make organizational and customer management processes more efficient and effective.

FCA Capital España EFC S.A.

FCA Capital España EFC S.A. was merged with and into FCA Bank S.p.A., effective October 1st, 2022, with simultaneous transformation into a branch. For accounting and tax purposes, the merger is effective retroactively to January 1st, 2022.

The creation of the Spanish branch strengthens the strategic position of FCA Bank, which has been operating its own branches in a growing number of jurisdictions for some time now.

OUTLOOK FOR 2023

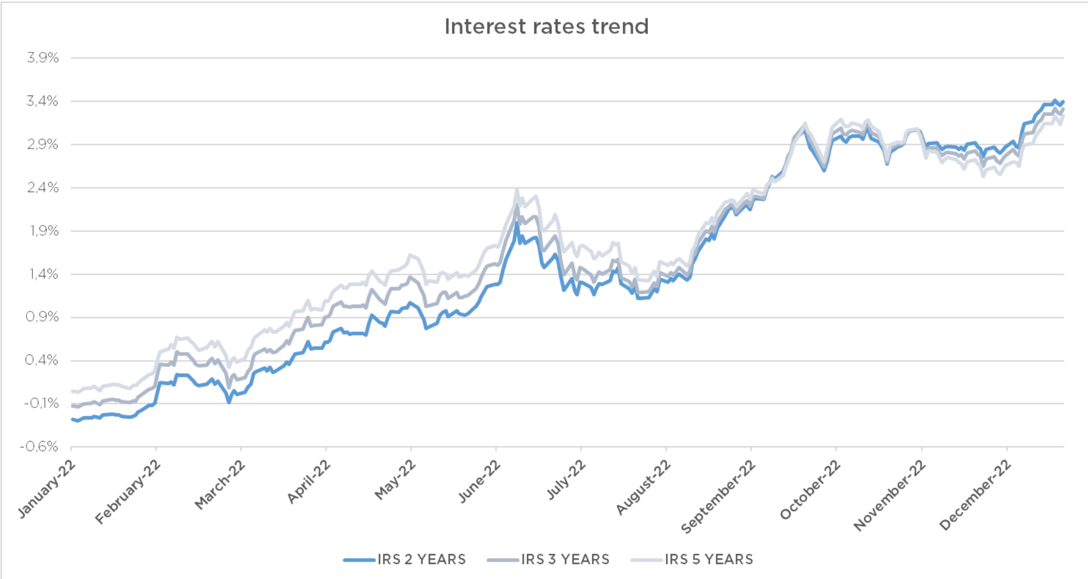
Commercial activities showed signs of improvement during the year, with new production up 12.7% year-on-year. Financial results are still absolutely outstanding with a net profit attributable to controlling shareholders equal to €465.5 million (without the impact of extraordinary items), down slightly from 2021 (-4.0%).

With the completion of the definition of the new corporate structures, the FCA Bank Group will continue the development of financing products under existing and future White Label Agreements. This transition from "captive bank" to "white label bank" has already been underway for some time (today, end-of-year "white label" loans and leases represent 39% of the year-end portfolio, with reference to the scope of the banking business), with monthly production volumes increasing.

In the current economic environment, however, a return to a pre-crisis situation remains decisive, but still uncertain, with reference above all to the full recovery of industrial production in the automotive sector.

Within this economic framework, the Board of Directors believes that the solid financial and organizational structure of FCA Bank makes the Group ready to react to any worsening of the conditions in which it operates and, at the same time, to seize any opportunities that may arise.

FINANCIAL STRATEGY



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.

During 2022, the Treasury department raised the cash necessary to fund the Group's activity, in a context of significant increase in borrowing requirements (before the sale of Leasys S.p.A.), which made it possible to keep its interest spread stable, despite the sudden rise in base rates observed during the year.

The most important activities completed in the 2022 included:

- two public bond issues in euros, placed simultaneously by FCA Bank S.p.A. (through its Irish branch) in October 2022 for a total amount of €865 million and maturing in March 2024; In particular:

- one was issued in October 2022 for €500 million;
- the other, for €365 million, was divided into two tranches (one issued in October for €300 million and the other in December for €65 million);

- one private placement in euro issued by FCA Bank S.p.A. (through its Irish branch) in May 2022, for a total of €60 million, with maturities of 24 month;

- the placement of Euro Commercial Paper issued by FCA Bank S.p.A. (through its Irish branch) for a total amount of €974 million, of which, as of December 31st, 2022, a total amount of €627 million was outstanding;

- the private placement of the A-Best Nineteen transaction, originated as a self-securitization, for about 95% of the senior class securities, in December 2022, for a total of €439.6 million;

- the clean-ups, in July 2022, of the VA-Best Fifteen. transaction, a securitization program originated in 2017 and having as collateral loans and leases originated in Italy by FCA Bank S.p.A; the A-Best 18 transaction, a securitization program originated in 2020 and having as collateral finance leases originated in Italy by FCA Bank S.p.A.;

- the renewal of the Erasmus Finance DAC securitization program, in December, relating to receivables from German, French and Spanish dealers, for a maximum financed amount of €800 million;

- maintenance of the TLTRO-III monetary policy operations, for a total amount, as of December 2022, of €3,400 million overall in 2021, which were collateralized by the loans included in the Bank of Italy's A.BA.CO. program and by Senior ABS securities issued as part of securitization transactions originated by the Group;

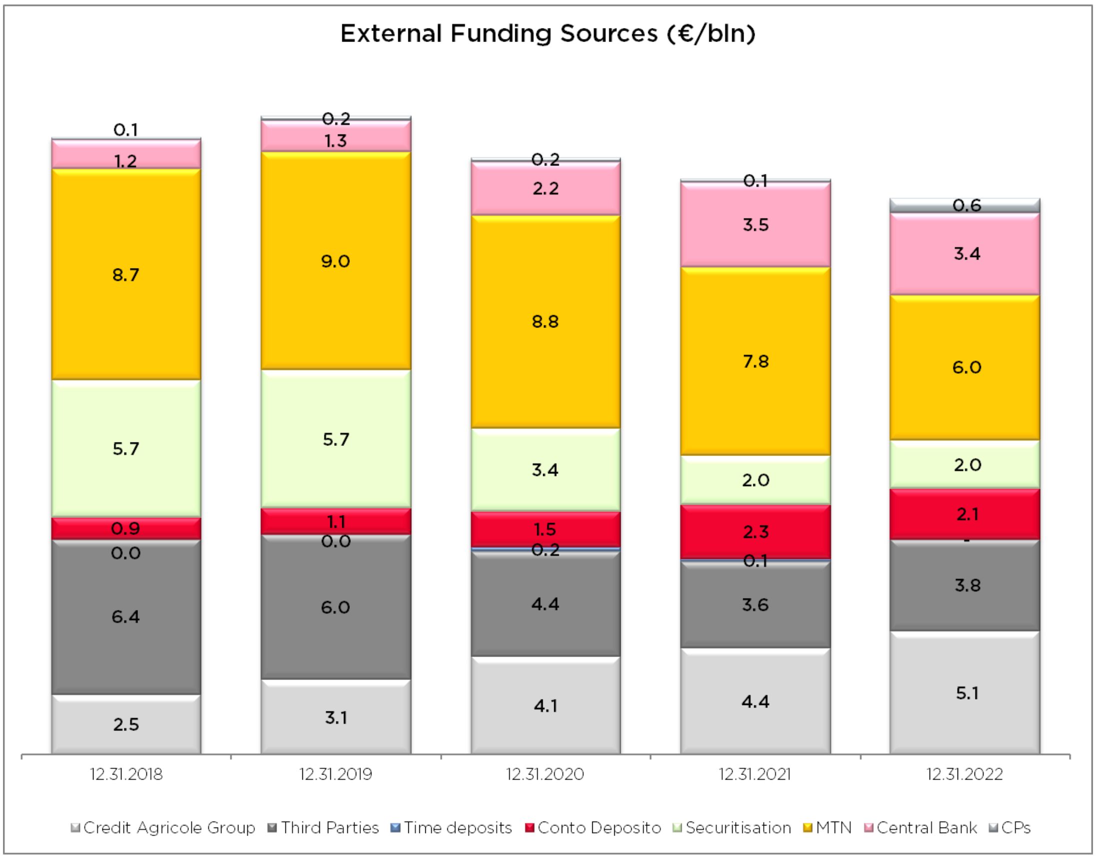
- the renewal or stipulation of third bank (Crédit Agricole excluding) for a total amount of approximately €2.3 billion;

- the slight reduction in FCA Bank S.p.A.'s customer deposits in Italy and Germany, to a total of approximately €2.1 billion as of December 31st, 2022.

FINANCIAL STRUCTURE AND FUNDING SOURCES

The table below shows the financial structure and funding sources as of December 31st, 2022:

Description	as a % of total funding sources	as a % of total liabilities and equity
Crédit Agricole Group	22%	19%
Financial institutions	16%	13%
Securitisations	9%	7%
Conto Deposito	9%	8%
MTN	26%	21%
Central Banks	15%	12%
Commercial papers	3%	2%
Equity		13%
Non-financial liabilities		5%
Total	100%	100%



The chart shows how the strategy to diversify the funding sources firmed up over the years, following transformation into a bank.

In particular, the Banking license 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.

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 the year 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 GROUP'S PROGRAMS AND ISSUES

FCA Bank Group'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). On December 31st, 2022 the program has an aggregate maximum nominal amount of €12 billion, while that of the outstanding bond issues amount to approximately €5.6 billion. The notes and the program have been assigned FCA Bank S.p.A.'s long-term rating by Moody's, Standard & Poor's, Fitch and Scope;

- stand-alone bonds denominated in Swiss francs issued by FCA Capital Suisse S.A. and guaranteed by FCA Bank S.p.A.. On December 31st, 2022 there are two bonds outstanding for a total amount of 325 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). On December 31st, 2022 the program has an aggregate maximum nominal amount of €750 million and approximately €627 million in commercial paper outstanding. The program has been assigned FCA Bank S.p.A.'s short-term rating by Moody's.

Issuer	Instrument	ISIN	Market	Settlement Date	Maturity Date	Amount (mln)
FCA Bank S.p.A. - Irish Branch	Public	XS2051914963	EUR	13-Sep-19	13-Sep-24	850
FCA Bank S.p.A. - Irish Branch	Public	XS2109806369	EUR	29-Jan-20	28-Feb-23	850
FCA Bank S.p.A. - Irish Branch	Public	XS2231792586	EUR	18-Sep-20	18-Sep-23	800
FCA Bank S.p.A. - Irish Branch	Public	XS2258558464	EUR	16-Nov-20	16-Nov-23	850
FCA Bank S.p.A. - Irish Branch	Private	XS2293123670	EUR	27-Jan-21	27-Jan-23	240
FCA Bank S.p.A. - Irish Branch	Public	XS2332254015	EUR	16-Apr-21	16-Apr-24	850
FCA Bank S.p.A. - Irish Branch	Private	XS2352609213	EUR	10-Jun-21	10-Jun-23	200
FCA Bank S.p.A. - Irish Branch	Private	XS2353016442	EUR	10-Jun-21	10-Dec-23	70
FCA Bank S.p.A. - Irish Branch	Private	XS2488119434	EUR	06-Jun-22	06-Jun-24	60
FCA Bank S.p.A. - Irish Branch	Public	XS2549047244	EUR	24-Oct-22	24-Mar-24	500
FCA Bank S.p.A. - Irish Branch	Public	XS2549047673	EUR	24-Oct-22	24-Mar-24	300
FCA Bank S.p.A. - Irish Branch	Private	XS2570615661	EUR	22-Dec-22	24-Mar-24	65
FCA Bank S.p.A. - Irish Branch	Private	XS2545426871	EUR	07-Oct-22	09-Jan-23	17
FCA Bank S.p.A. - Irish Branch	Private	XS2547603238	EUR	14-Oct-22	16-Jan-23	42
FCA Bank S.p.A. - Irish Branch	Private	XS2547600721	EUR	14-Oct-22	16-Jan-23	15
FCA Bank S.p.A. - Irish Branch	Private	XS2554907969	EUR	08-Nov-22	09-Jan-23	60
FCA Bank S.p.A. - Irish Branch	Private	XS2554910161	EUR	08-Nov-22	08-Feb-23	20
FCA Bank S.p.A. - Irish Branch	Private	XS2554990767	EUR	08-Nov-22	08-Feb-23	10
FCA Bank S.p.A. - Irish Branch	Private	XS2556372667	EUR	11-Nov-22	11-Jan-23	50
FCA Bank S.p.A. - Irish Branch	Private	XS2556371776	EUR	11-Nov-22	13-Feb-23	30
FCA Bank S.p.A. - Irish Branch	Private	XS2556371776	EUR	11-Nov-22	13-Feb-23	10
FCA Bank S.p.A. - Irish Branch	Private	XS2556961493	EUR	14-Nov-22	14-Feb-23	100
FCA Bank S.p.A. - Irish Branch	Private	XS2557193518	EUR	14-Nov-22	16-Jan-23	11
FCA Bank S.p.A. - Irish Branch	Private	XS2557270449	EUR	14-Nov-22	14-Feb-23	25
FCA Bank S.p.A. - Irish Branch	Private	XS2558408949	EUR	16-Nov-22	16-Feb-23	10
FCA Bank S.p.A. - Irish Branch	Private	XS2560106820	EUR	22-Nov-22	23-Jan-23	40
FCA Bank S.p.A. - Irish Branch	Private	XS2563775787	EUR	1-Dec-22	1-Feb-23	50
FCA Bank S.p.A. - Irish Branch	Private	XS2563757702	EUR	1-Dec-22	1-Mar-23	40
FCA Bank S.p.A. - Irish Branch	Private	XS2569078103	EUR	15-Dec-22	15-Mar-23	47
FCA Bank S.p.A. - Irish Branch	Private	XS2570249115	EUR	20-Dec-22	20-Jun-23	25
FCA Bank S.p.A. - Irish Branch	Private	XS2570923057	EUR	22-Dec-22	22-Jun-23	25
FCA Capital Suisse SA	Public	CH0498400586	CHF	23-Oct-19	23-Oct-23	125
FCA Capital Suisse SA	Public	CH1118483697	CHF	20-Jul-21	20-Dec-24	200

RATING

During 2022, following the announcements on FCA Bank's future corporate developments made in December 2021 and ratified in April, Fitch and Scope improved their outlooks on FCA Bank's ratings. In particular:

- on January 12th, 2022, following the announcements on the future corporate developments of FCA Bank and Leasys made in December, Fitch placed both ratings on "positive rating watch".
- on May 17th, 2022, Scope upgraded the outlook on FCA Bank's rating to positive (from stable);
- in addition, following similar actions on Italy's rating, in July Standard & Poor's upgraded the outlook on FCA Bank's rating to stable (from positive), while in August Moody's changed the outlook on FCA Bank's rating to negative (from stable).

The ratings assigned to FCA Bank on December 31st, 2022 are as follows:

Entity	Long-term Rating	Outlook	Short-term Rating	Long-term Deposits Rating
Moody's	Baa1	Negative	P-2	Baa1
Fitch	BBB+	Stable. Positive rating watch	F1	-
Standard & Poor's	BBB	Stable	A-2	-
Scope Ratings	A	Positive	-	-

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 (i.e. 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, 2020.

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.

As of June 24th, 2022, when the so-called "special interest period" ceased, the rate applied by the ECB on each refinancing operation was equal to the average of the Deposit Facility Rate, calculated as of the date of each operation.

On October 27th, 2022, the Governing Council of the ECB decided to recalibrate the conditions applied to TLTRO-III to ensure consistency with the process of normalization of monetary policy, helping to cope with the unexpected and extraordinary rise in inflation; therefore, as of November 23rd, 2022, the interest rate on TLTRO-III operations was indexed to the applicable reference interest rate, namely the Deposit Facility Rate.

Total utilization of TLTRO-III funding as at December 31st, 2022 was €3,400 million and refer to the seven drawdowns made in:

- March, June, September and December 2020 (for €200 million, €1.3 billion, €100 million and €500 million, respectively). The €1.3 billion drawdown is related to the rollover of the TLTRO-II into TLTRO-III;

- March, June and December 2021 (for €500 million, €100 million and €700 million, respectively).

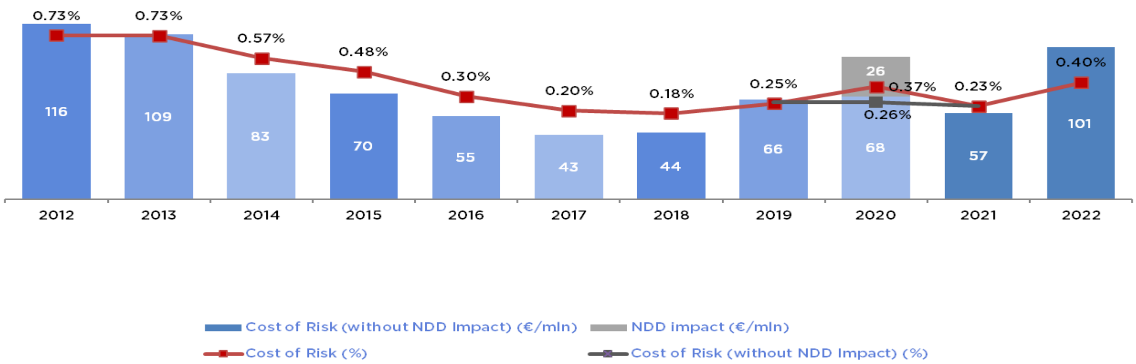
COST OF RISK AND CREDIT QUALITY

Cost of Risk

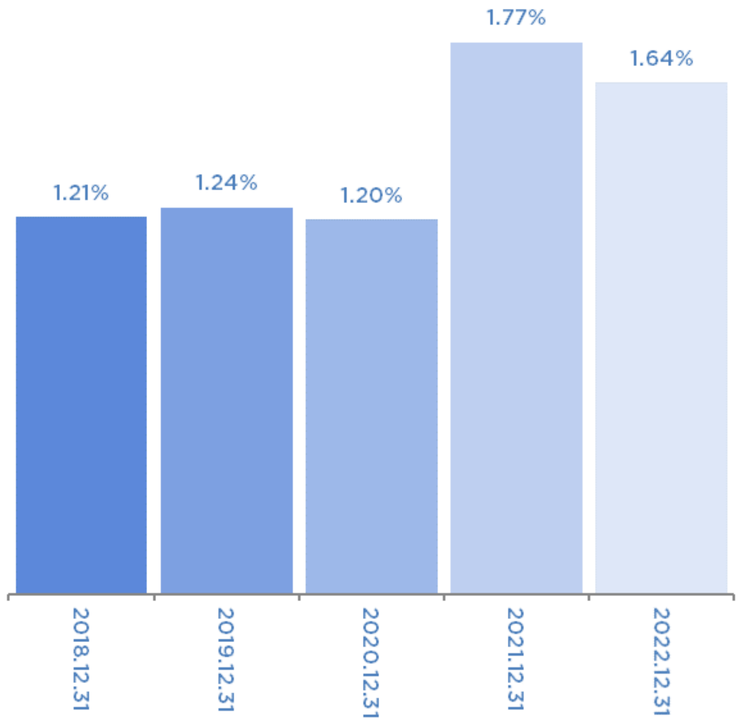
The FCA Bank Group's cost of risk is a function of such factors as:

- 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.
Also during 2022, cost of risk performance remains positive, settling at 0.40% of the average outstanding portfolio which was slightly higher than budget. The 2022 cost of risk stood at 0. 4% of the average outstanding portfolio, reflecting the growth in the portfolio mix of the loans and leases of the Loan and Leasing business line, which have a higher cost than the loans in the Wholesale business. In 2021, with the adoption of the New Definition of Default (NDD) IFRS 9, the cost of risk had been positively impacted by the adjustment of the Wholesale business line's provisions based on the new regulatory methodology, which resulted in one of the lowest percentages of the average outstanding portfolio in recent years.



Non-performing loans



The level of NPL, equal to 1.64%, reflecting a decrease in respect of the previous year-end period.

For further information, please see the paragraph “Credit Quality” (p. 75) of the Report on operations.

Financing and Leasing

With the Covid-19 emergency over, and the related government regulations lapsed, there are no longer any contracts under moratorium in FCA Bank's portfolio and regular payments were resumed by more than 94% of contracts.

In the second half of 2022 the cost of risk in the Financing and Leasing business line settled at 0.45% of the average portfolio, in line with the first half of 2022 and worse than year-end 2021 (12 basis points), mainly as a result of: the deterioration of:

- the different composition of new production, which saw a growth in financing of used vehicles (riskier than newly registered vehicles).
- the remaining contracts of certain SMEs with moratorium expiration in December 2021 that have experienced difficulties in resuming payments;

It should also be noted that the Company, prudentially, did not consider in its calculations the impact of the adjustments of forward-looking parameters made in the second half. These adjustments would have resulted in a reduction in loan loss provisions of €1.4 million. However, taking into account the particular context, it was not considered appropriate to incorporate this positive impact on the cost of risk.

Wholesale Financing

As with the retail portfolio, the rules passed for the Covid-19 emergency expired, with the full resumption of payments without any evidence of criticality.

During the second half of 2022 the strong downward trend in the "senior" stock (over 180 days) continued, stabilizing at a very low percentage level (reaching 0.3% in December 2022 for the exFCA network) and down compared to December 31st, 2022 (2.3%, again for the ex FCA network).

The cost of risk of the Wholesale Financing business settled again at very low levels, with an incidence on average loans of -13 basis points, in line with the first half of 2022 and deteriorating compared to year-end 2021 (42 basis points). The increase compared to end of 2021 was due to the revision of fund according to expected negative impacts on the European economy (difficulties in raw materials, Russia/Ukraine crisis) with a direct effect on the car market and consequently on "dealer network": intermediate costs rising (especially energy/raw materials), logistical and supply chain problems as well as parts shortages of critical vehicle components.

During 2021, following the introduction of the new impairment model, which reflects the New Default Definition, the impairment model was revised resulting in a reduction in loan loss provision; in 2022, the cost of risk returned to standard levels, though below the values foreseen in the budget.

The adjustments to the forward-looking parameters in the second half of 2022 would have required a minor increase in provisions, equal to €0.8 million. Taking into account that the adjustment of forward-looking parameters would have led instead to a release of loan loss provisions in the amount of €1.4 million in connection with the Financing and Leasing business line, the decision was made not to account for the impacts described above.

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: through the application of the approved threshold amount, the request will be classified in the rejection or 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 application received.

Credit analysis is based on strategies that combine the outcome of scorecards, findings from external databases (e.g. credit bureaus, external ratings, etc.) and application of the rules governing the credit approval process (e.g. control of external adverse events, status of internal risks, etc.). Where the activity of a credit analyst is envisaged, the outcome of strategies may be confirmed or revised as appropriate.

Currently, the FCA Bank Group uses 29 scorecards based on country, type of customer and, where possible, seniority of good and type of product.

The results of scorecards monitoring, by the Central Credit department, are submitted quarterly to the Central Credit Committee (HQICC) and twice a year to the Risk&Audit Committee and the Board of Directors, to evaluate the adequacy of the scorecards and describe planned corrective actions, where necessary.

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, recovery), for defining the area of acceptance/rejection based on FCA Bank's risk appetite, and for managing the related decision-making process;
- for defining the scope of an automated credit analysis;
- 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 2022, for the Financing and Leasing business line, a new scorecard was concluded and approved for private customers in Italy, for the personal loan and credit card segment, the scorecards for business customers in Germany were fine-tuned, while new scorecards are being developed for business customers in France and Belgium.

Furthermore, for private customers in Italy, the extension of the use of scorecards for loans to the leasing segment was approved, making the Italy portfolio fully evaluated by scorecards.

Finally, rules were updated and approved to expand the area subject to automatic decision for the private segment in Switzerland and Italy and for the business segment in Italy.

Rating models to evaluate “Corporate” risk

The evaluation of corporate customers is based on a comprehensive combined use of two systems, developed by the technical staff of the two shareholders: Stellantis N.V. and CACF.

The first, which is called CRIXP, is intended mainly to evaluate the counterparty’s equity.

The second, which is called ANADEFI, focuses mostly on earning power and probability of default.

The adequacy of the ANADEFI rating system was checked in 2021 through back-testing conducted by Risk & Permanent Control. As a result of the back-tests, a number of attention points were found, which were properly addressed with corrective actions approved by the relevant committees.

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.

It should be noted that both Corporate and Retail rating models have been mapped in the model cartography as part of the model risk management.

Credit quality

Item 40b) - Loans and receivables to customers (€/thousand)

Description	12/31/2022			12/31/2021		
	Gross exposures	Allowance for loan and lease	Net exposure	Gross exposures	Allowance for loan and lease	Net exposure
- Bad debt exposures	92,806	(65,787)	27,019	108,028	(68,552)	39,477
- Unlikely to pay	62,935	(32,692)	30,243	74,332	(39,142)	35,190
- Non Performing Past Due	225,840	(69,373)	156,467	175,920	(61,837)	114,083
Non performing loans	**381,581**	**(167,852)**	**213,729**	**358,280**	**(169,531)**	**188,750**
Performing Loans	**22,832,632**	**(135,477)**	**22,697,155**	**19,831,286**	**(105,004)**	**19,726,282**
Total	**23,214,213**	**(303,329)**	**22,910,884**	**20,189,566**	**(274,535)**	**19,915,031**

Description	12/31/2022			12/31/2021		
	Gross exposure weight	Net exposure weight	Coverage ratio	Gross exposure weight	Net exposure weight	Coverage ratio
- Bad debt exposures	0.40%	0.12%	70.89%	0.54%	0.20%	63.46%
- Unlikely to pay	0.27%	0.13%	51.95%	0.37%	0.18%	52.66%
- Non Performing Past Due	0.97%	0.68%	30.72%	0.87%	0.57%	35.15%
Non performing loans	**1.64%**	**0.93%**	**43.99%**	**1.77%**	**0.95%**	**47.32%**
Performing Loans	**98.36%**	**99.07%**	**0.59%**	**98.23%**	**99.05%**	**0.53%**
Total	**100.00%**	**100.00%**	**1.31%**	**100.00%**	**100.00%**	**1.36%**

The credit quality is confirmed at an excellent level, with non-performing loans representing 1.64% of total net exposure. The net exposure of non-performing loans amounted to €213 million compared to a total net exposure of €23 billion.

Non-performing exposures as a share of the outstanding portfolio improved slightly compared to the previous year.

Allowance for loans and lease losses amounted to €303 million at the end of 2022, compared to €275 million at the end of 2021; gross exposure for impaired loans amounted to €382 million compared to €358 million at the end of 2021.

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.

€/mln	12/31/2020	12/31/2021	12/31/2022
Financing, Leasing and Rental/Mobility			
- Residual Risk borne by Group FCA Bank	2,754	3,456	1,233
of which UK market	*530*	*531*	*620*
Provisions for residual value	56	50	30

The reduction in the total residual values of the FCA Bank Group compared to December 31st, 2021 is attributable to the sale of the Leasys Group. In the UK market, the increase is mainly due to the increase in the number of contracts in the portfolio.

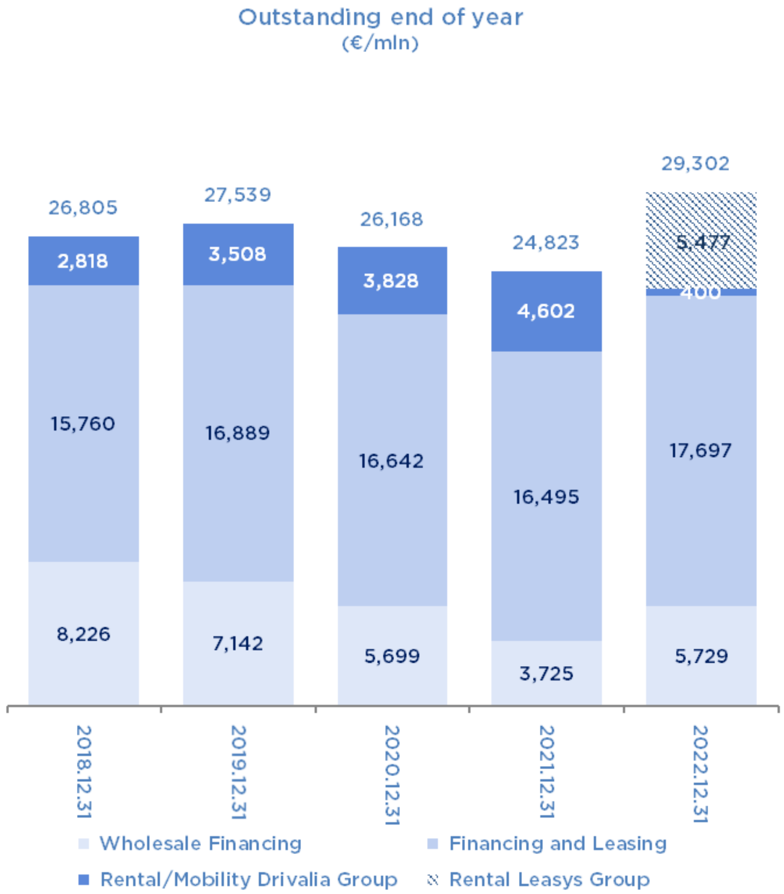
RESULTS OF OPERATIONS

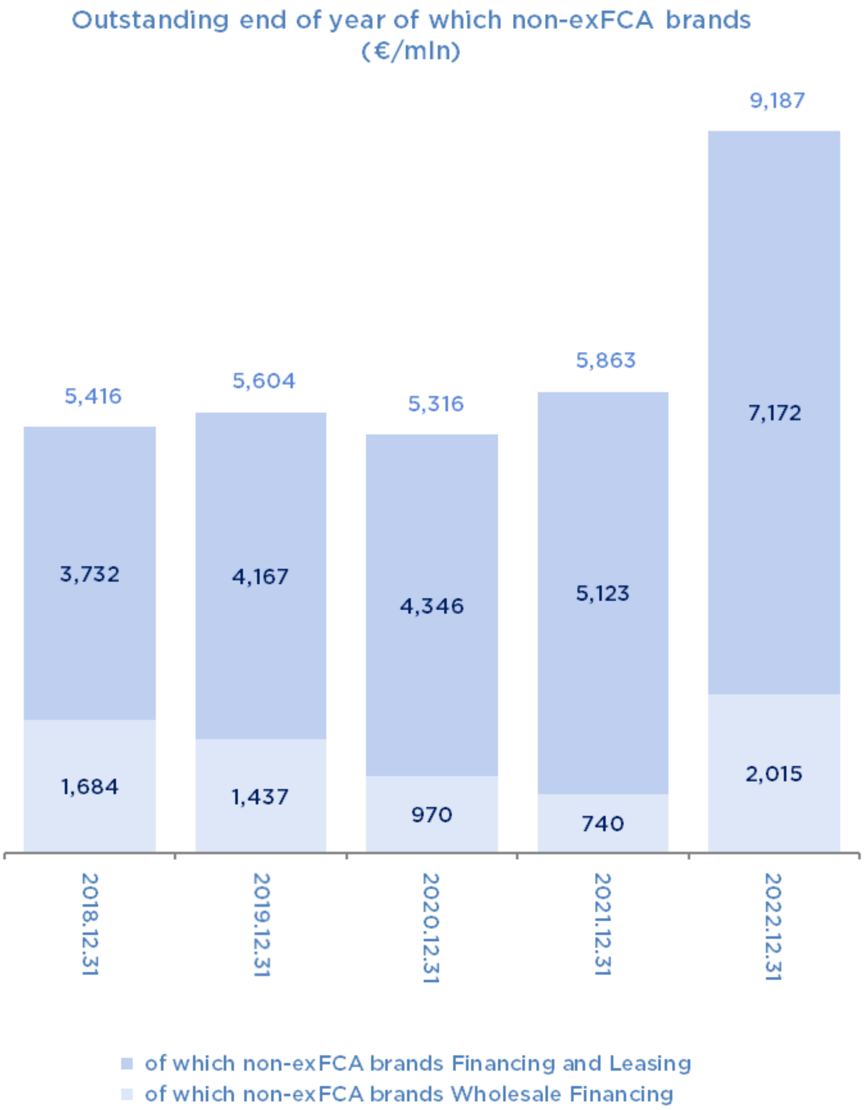
Economic data (€/mln)	12/31/2022	12/31/2021
Net Banking income and rental margin	1,088	1,046
Net operating expenses	(292)	(283)
Cost of risk	(101)	(57)
Operating result	695	706
Other income / (expense)	544	(21)
Profit before tax	1,239	685
Net income[1]	**1,019**	**494**
Outstanding		
Average	25,133	24,993
End of year[2]	23,826	24,823
Ratio		
Net Banking income and Rental margin (on Average Outstanding)	4.33%	4.19%
Cost/Income ratio	26.85%	27.04%
Cost of risk (on Average Outstanding)	0.40%	0.23%
CET1	13.92%	18.37%
Total Capital ratio (TCR)	15.54%	20.33%
Leverage Ratio	10.22%	13.61%

Balance sheet data (€/mln)	12/31/2022	12/31/2021
Cash and cash balances	3,140	2,259
Financial assets at fair value through other comprehensive income	9	9
Financial assets at amortized costs:	23,029	20,732
a) Loans and receivables with Banks	118	817
b) Loans and receivables with customers	22,911	19,915
Hedging derivatives	550	46
Changes in fair value of portfolio hedge items	(491)	(14)
Insurance reserves attributable to reinsures	10	9
Property, plant and equipment	532	4,197
Intangible assets	121	322
Tax assets	177	359
Other assets	1,233	1,540
Total assets	**28,309**	**29,459**
Total liabilities	**24,581**	**25,557**
Net equity	**3,728**	**3,902**

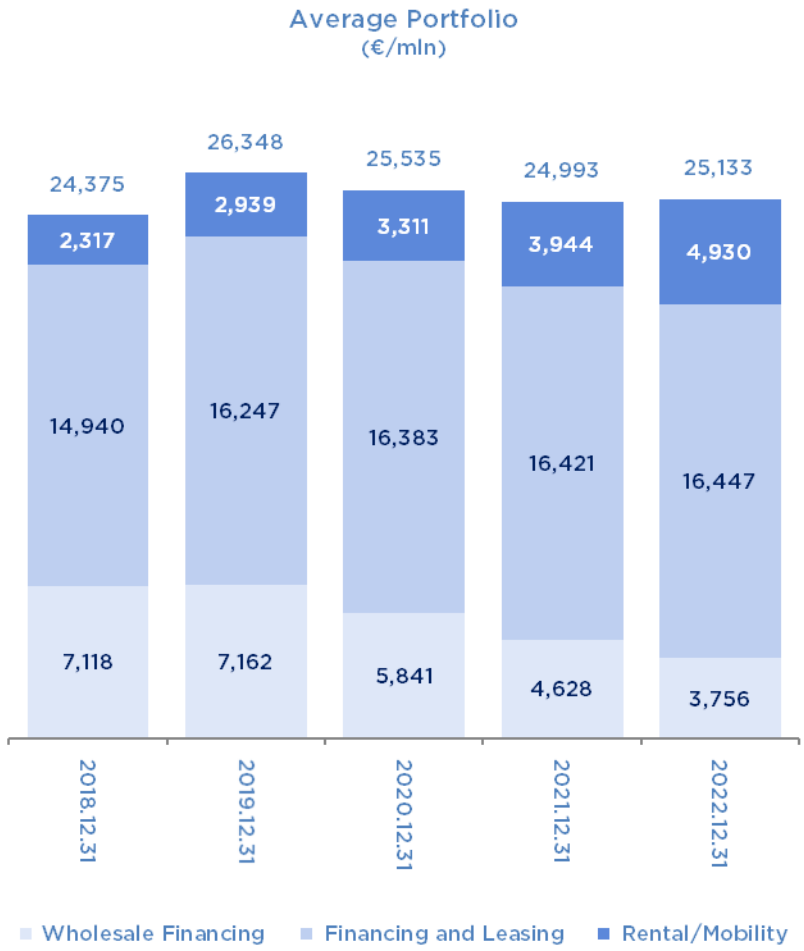
[1]The net profit includes two extraordinary effects:
1) the gain on the sale of the Leasys Group of €632 million after tax; and
2) the impairment of the goodwill of the Wholesale Financing business line in the amount of €87 million.
[2]year-end 2022 outstanding portfolio does not include €5.477 million of the Leasys Group, which was sold on December 21st, 2022.

The average outstanding portfolio for fiscal year 2022 showed a slight increase compared to 2021 (+€140.3 million, +0.6%), despite the complicated geopolitical environment determined by the Russia Ukraine conflict, which, especially in the first half of the year, further pushed up the prices of several commodities, starting with energy. In the latter part of the year, the automotive market experienced a recovery, which led to improved volumes in the banking business lines. In fact, the Financing and Leasing business rose by 7.3% (+€1.2 billion) while the Wholesale Financing business grew by 53.8% (+€2.0 billion). Overall, the end-of-year outstanding portfolio fell by 4.0% (-€1 billion) due to the sale of the Leasys Group. Without the sale of the Leasys Group, the end-of-year outstanding portfolio would have amounted to €29.3 billion, reflecting an 18.0% year-on-year increase (+€4.5 billion).

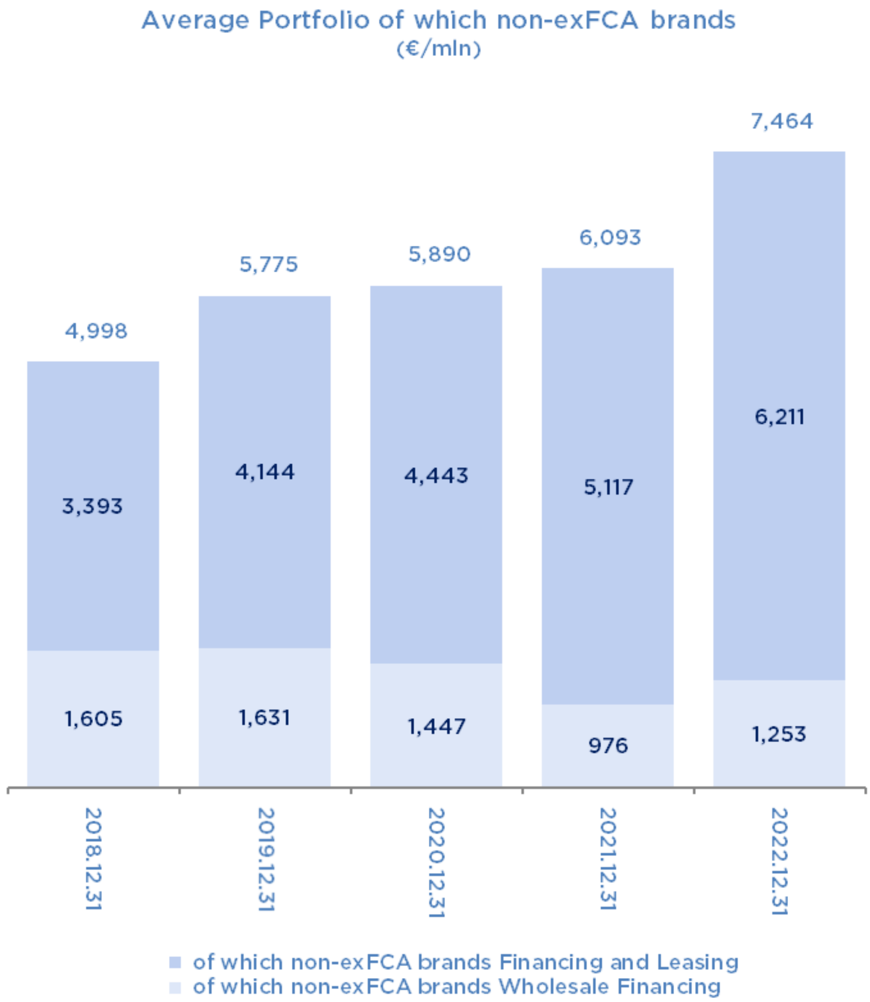


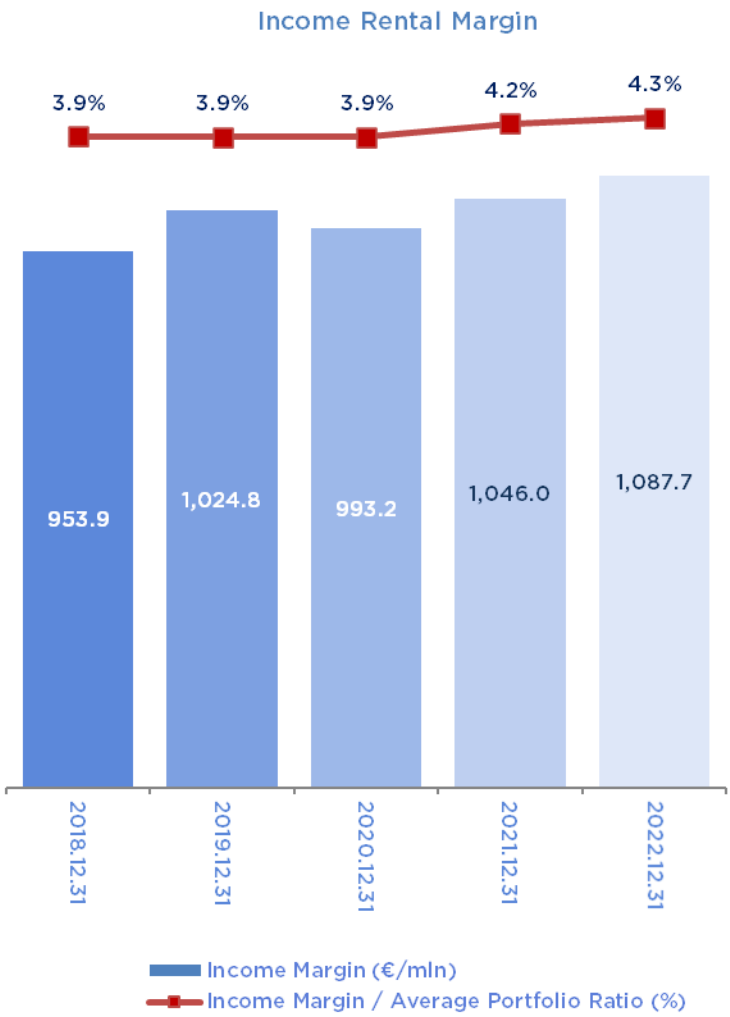


Outstanding end of year of which non-exFCA brands
(€/mln)
9,187
5,416
5,604
5,316
5,863
7,172
3,732
4,167
4,346
5,123
1,684
1,437
970
740
2,015
2018.12.31
2019.12.31
2020.12.31
2021.12.31
2022.12.31
of which non-exFCA brands Financing and Leasing
of which non-exFCA brands Wholesale Financing



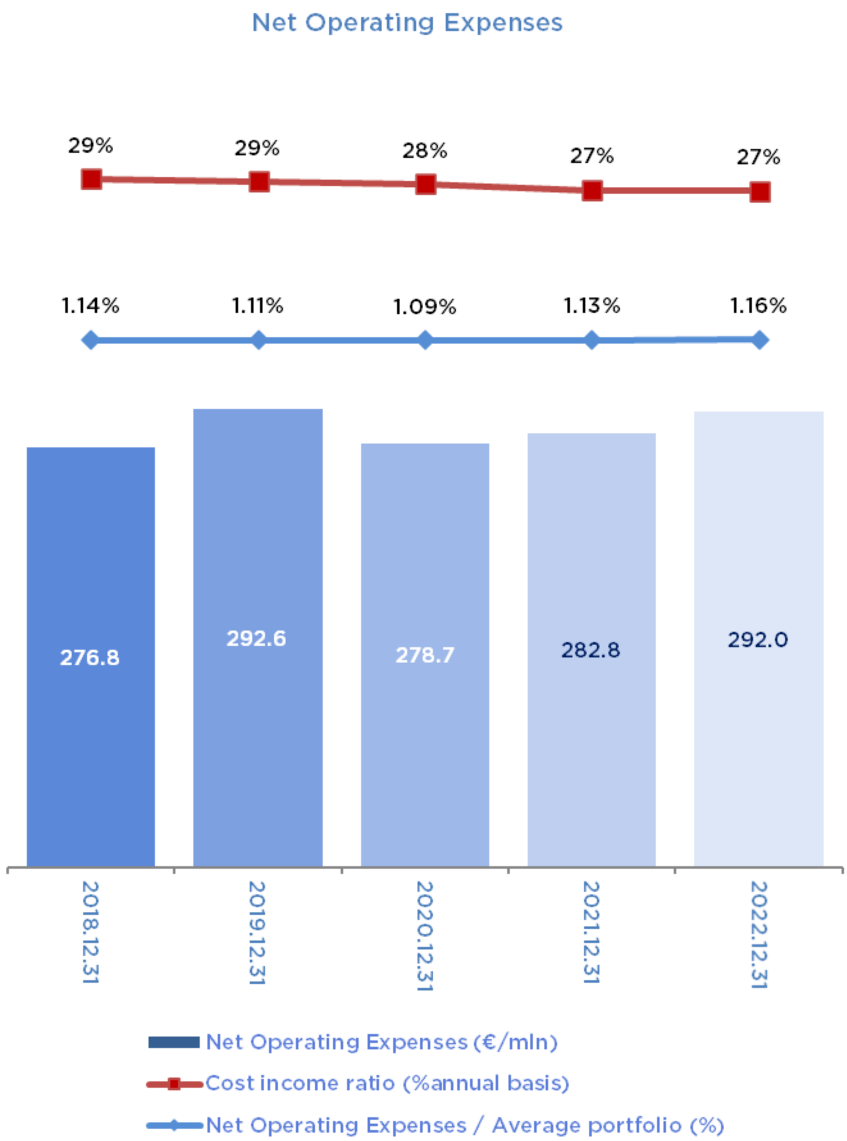
Average Portfolio
(€/mln)
24,375
26,348
25,535
24,993
25,133
2,317
2,939
3,311
3,944
4,930
14,940
16,247
16,383
16,421
16,447
7,118
7,162
5,841
4,628
3,756
2018.12.31
2019.12.31
2020.12.31
2021.12.31
2022.12.31
Wholesale Financing
Financing and Leasing
Rental/Mobility


Average Portfolio of which non-exFCA brands
(€/mln)
4,998
5,775
5,890
6,093
7,464
3,393
4,144
4,443
5,117
6,211
1,605
1,631
1,447
976
1,253
2018.12.31
2019.12.31
2020.12.31
2021.12.31
2022.12.31
of which non-exFCA brands Financing and Leasing
of which non-exFCA brands Wholesale Financing



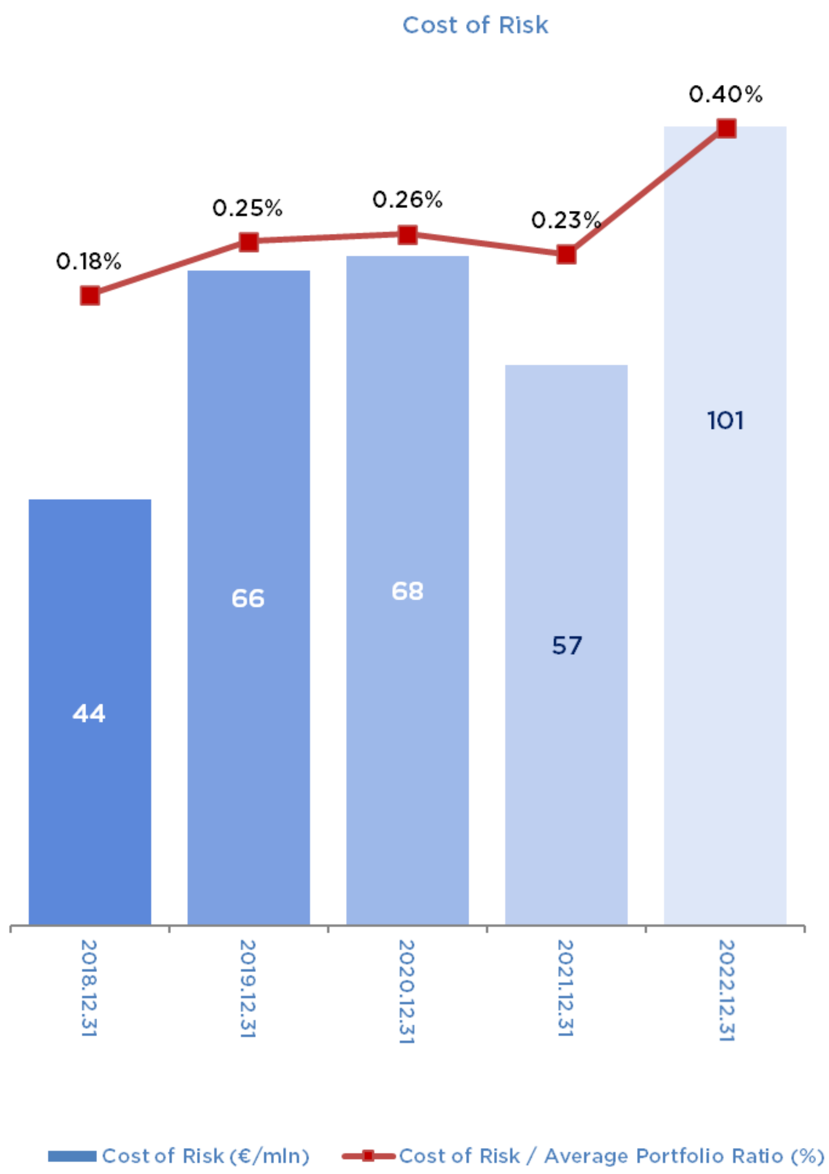
Net Banking income and rental margin for 2022 stood at €1,088 million, reflecting a +4% increase over the comparable year-earlier period thanks, in particular, to a significant improvement of the margin from the resale of off-lease cars, which offset the increases in the cost of money that occurred especially in the latter part of the year.

The net banking and rental margin/average outstanding portfolio ratio also improved (at 4.3 percent, up 14 basis points compared to 2021) due to growth, within the portfolio, of the most profitable business lines (Financing and Leasing and Rental/Mobility).



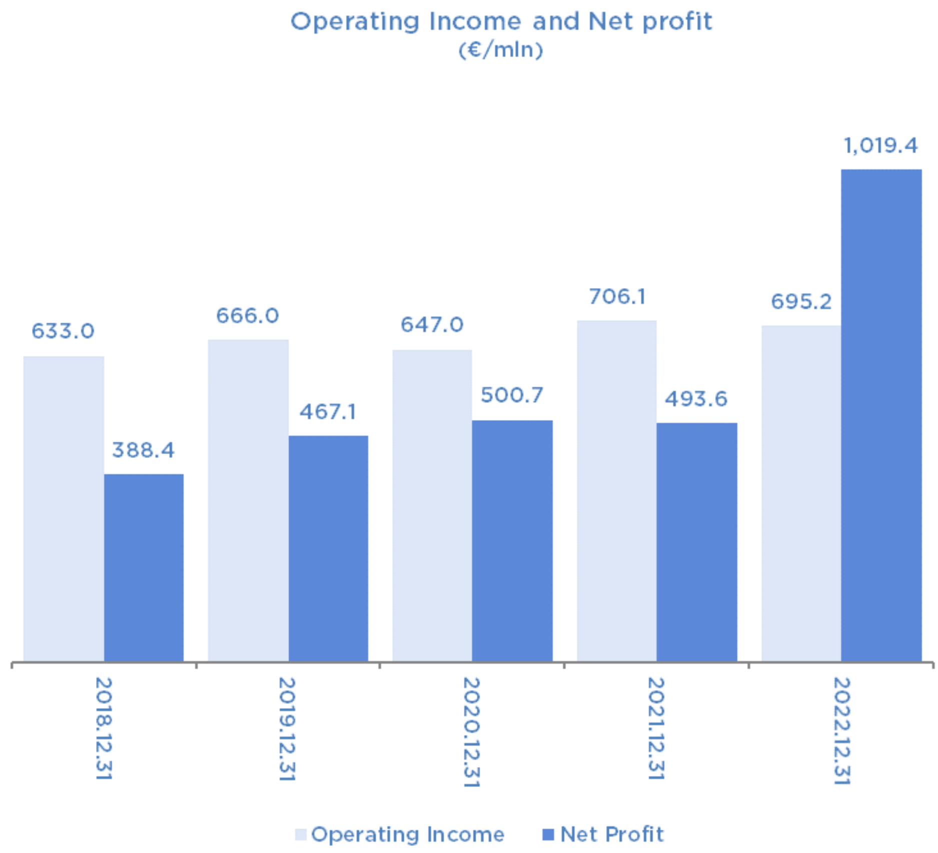
The Cost/Income ratio, equal to 26.9%, remained in line with the previous year (27%).

Costs increased by €9 million (+3.2% compared to 2021), mainly attributable to the acquisition transactions - Drivalia UK Ltd. (formerly Leasys Rent UK Ltd.), FCA Versicherungsservice GmbH e Drivalia España S.L.U. (formerly Leasys Rent España S.L.U.) - that took place in the second half of 2021, that affected 2022 for 12 months.



The 2022 cost of risk performance stood at 0.4% of the average outstanding portfolio, reflecting in particular the growth, in the portfolio mix, of the Financing and Leasing business line.

For further information, please see the paragraph "Cost of risks" (p. 69) of the Report on operations.



Operating income from ordinary operations in 2022 amounted to €695.2 million, while net profit totaled €1,019.4 million, reflecting the impact of one-time events such as the gain on the disposal of the Leasys Group and the impairment of the goodwill of the Wholesale Financing CGU. Without such events, the net result would have been €474.6 million, down 3.9 percent from the amount at the end of 2021.

The one-time events were the gain on the disposal of the equity investment in Leasys S.p.A in the amount of €632.2 million and the impairment (net of the tax impact) of goodwill in the Wholesale Financing business line in the amount of €86.9 million.

In addition, attention is called to the contribution to the Interbank Resolution Fund totaling €11.3 million, in line with the amount paid in 2021.

OWN FUND AND CAPITAL RATIOS

Own Funds and Capital Ratios (€/000)	12/31/2022	12/31/2021
Common Equity Tier 1 - CET1	2,836,749	3,217,935
Additional Tier 1 - AT1	7,671	6,282
Tier 1 - T1	**2,844,420**	**3,224,217**
Tier 2 - T2	322,813	338,377
Total Capital	**3,167,233**	**3,562,594**
Risk Weighted Assets (RWA)	**20,381,187**	**17,519,670**
REGULATORY RATIOS		
CET 1	13.92%	18.37%
Total Capital Ratio (TCR)	15.54%	20.33%
LCR	186%	199%
NSFR	112%	113%
OTHER RATIOS		
Leverage Ratio	10.22%	13.61%
RONE (Net Profit/Average Normative Equity)	24.48%	29.66%

On December 31st, 2022, the Total Capital Ratio was 15.54%, down from December 31st, 2021, mainly due to the reserves distribution for €1.2 billion on December 21st, 2022.

CET1 was 13.92%, while RONE (Return on Normative Equity) calculated considering the average Normative Equity and a 9.5% capital requirement for RWA, stood at 24.48% (without including the extraordinary impacts of 2022 such as the gain on the disposal of Leasys and the goodwill impairment of the Wholesale Financing CGU).

The decrease in the Leverage Ratio compared to 2021 is mainly attributable to the regression of Tier1.

FCA Bank S.p.A. and FCA Bank GmbH 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 the income statement according to Circular 262 of Bank of Italy and reclassified income statement (€/mln)

	12/31/2022	12/31/2021
10. Interest incomes and similar revenues	782	835
20. Interest expenses and similar charges	(215)	(197)
40. Fee and commission incomes	117	109
50. Fee and commision expenses	(55)	(38)
80. Net income financial assets and liabilities held for trading	(2)	3
90. Fair value adjustments in hedge accounting	(9)	(4)
160. Net premium earned	-	3
170. Net other operating incomes/ charges from insurance activities	(1)	(1)
190. Administrative costs	(6)	(1)
200. Net provision for risks and charges	(19)	(10)
210. Depreciation/Impairment on tangible assets (*)	(713)	(565)
230. Other operating incomes/charges	1,209	912
Net Banking Income (**)	1,088	1,046
40. Fee and commission incomes	17	18
190. Administrative costs	(275)	(285)
200. Net provision for risks and charges	(1)	(3)
210. Impairment on tangible assets	(18)	(13)
220. Impairment on intangible assets	(23)	(21)
230. Other operating incomes/charges	7	20
Net operating expenses	(292)	(283)
50. Fee and commision expenses	(11)	(11)
100. Profits (losses) on disposal or repurchase of:		
a) financial assets at amortized cost	-	(1)
130. Impairment/reinstatement for credit risk		
a) financial assets at amortized cost	(69)	(30)
230. Other operating incomes/charges	(21)	(15)
Cost of risk	(101)	(57)
130. Impairment/reinstatement for credit risk		
a) financial assets at amortized cost	-	-
190. Administrative costs	(13)	-
200. Net provision for risks and charges	-	-
230. Other operating incomes/charges	(3)	(21)
270. Goodwill impairment	(87)	-
280. Gains and losses on disposal of investments	647	-
Other incomes/expenses	544	(21)
300. Tax expense related to profit or loss from continuing operations	(220)	(191)
Income taxes	(220)	(191)
Net profit	1,019	494

(*) The item includes depreciation relating to the rental/mobility business.
(**) Of which insurance revenues €223 million.

Statement of reconciliation of the Income Statement according to IFRS 5 (€/mln)

INCOME STATEMENT	FCA Bank Group	Leasys Group's Contribution	FCA Bank Group - IFRS 5
10. Interest income and similar revenue	781,608	(48,089)	829,697
20. Interest expenses and similar charges	(214,912)	(49,510)	(165,401)
30. Net interest margin	**566,696**	**(97,600)**	**664,296**
40. Fee and commission income	134,397	493	133,904
50. Fee and commision expenses	(65,286)	(4,054)	(61,231)
60. Net fee and commission	**69,111**	**(3,562)**	**72,673**
80. Net income financial assets and liabilities held for trading	(1,914)	(2,859)	945
90. Fair value adjustments in hedge accounting	(8,567)	-	(8,567)
100. Profits (losses) on disposal or repurchase of financial assets at amortized cost	(2,834)	-	(2,834)
120. Operating income	**622,492**	**(104,020)**	**726,513**
130. Impairment/reinstatement for credit risk	(66,217)	(514)	(65,703)
150. Net profit from financial activities	**556,275**	**(104,534)**	**660,810**
170. Net other operating income/ charges from insurance activities	(740)	-	(740)
180. Net profit from financial and insurance activities	**555,536**	**(104,534)**	**660,070**
190. Administrative costs	(294,545)	(50,624)	(243,921)
200. Net provision for risks and charges	(19,886)	(8,776)	(11,109)
210. Impairment on tangible assets	(730,641)	(691,272)	(39,370)
220. Impairment on intangible assets	(23,192)	(6,942)	(16,250)
230. Other operating income/charges	1,191,709	1,000,894	190,815
240. Operating costs	123,445	243,281	(119,835)
270. Goodwill impairment	(86,858)	-	(86,858)
280. Gains and losses on disposal of investments	646,709	-	646,709
290. Total profit or loss before tax from continuing operations	**1,238,833**	**138,746**	**1,100,087**
300. Tax expense related to profit or loss from continuing operations	(219,463)	(56,844)	(162,620)
310. Total profit or loss after tax continuing	1,019,369	81,903	937,467
320. Profit (Loss) of operating activities extended to net of taxes	-	-	81,903
330. Net profit or loss	**1,019,369**	**-**	**1,019,369**
340. Minority portion of net income (loss)	(8,462)	-	(8,462)
350. Holding's income (loss) of the year	**1,010,907**	**-**	**1,010,907**

Reconciliation between Outstanding and Loans and Receivables to Customers (€/mln)

	12/31/2022	Ref. Notes to the financial statements
Outstanding	23,762	
90. Property, plant and equipment (*)	(359)	Part B 9.6.1 FS assets
130. Other assets (**)	(254)	Part B 13.1 FS assets
10.b) Deposits from customers	1	Part B 1.2 FS liabilities
80. Other liabilities	2	Part B 8.1 FS liabilities
40.b) Loans and receivables with customers not included in the outstanding	61	Part B 4.2 FS assets
Accounting-only reclassifications	1	
40.b) Loans and advances to customers	23,214	
Allowance for loans Management data	306	
90. Property, plant and equipment		
130. Other assets	(3)	Part B 13.1 FP 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) Loans and advances to customers	303	

(*) The item includes depreciation relating to the rental/mobility business.

(**) The item includes the consignment for €175 million and receivables from customers relating to the rental/mobility business for €76 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.	3,210,583	1,263,932
Equity and profit of subsidiaries less non-controlling interests	859,675	258,620
Consolidation adjustments:	(420,686)	(485,471)
Elimination of carrying amount of consolidated companies	(473,593)	-
InterCompany dividends	-	(49,928)
Other consolidation adjustments	52,907	(435,542)
Equity and profit attributable to FCA Bank S.p.A.'s shareholders	3,649,572	1,037,081
Equity and profit attributable to non-controlling interests	78,858	8,462
Consolidated equity and net profit	3,728,430	1,045,543

ORGANIZATION AND HUMAN RESOURCES

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

INFORMATION TECHNOLOGY

The Information and Communication Technology area continued to operate, also in the second half of 2022, in line with the digitalization and product diversification strategy set out by the FCA Bank Group, particularly in the following process areas:

- consolidation of the new Treasury platform, which develops a new integrated system for the operational management of financial instruments both in final and prospective simulation mode, for the management and entry of contracts (also in draft and/or simulated status) and for measurement (by portfolio, legal entity, liquidity flows, etc.) and financial analyses. Furthermore, the information for supervisory reporting, accounting and financial reporting purposes, to monitoring of current accounts and internal and regulatory limits, to the production of reports and payment instructions is managed;

- start of operations of the e-commerce platform that includes the process relating to the dynamic preparation of the contractual component, through the Finance Calculator 3.0 application, and the remote on-boarding of customers, via the application that manages Remote Upload of documents, Remote Recognition of customers through video self-recognition and Remote Signature. With this platform, FCA Bank provides a new tool to allow the public to evaluate more effectively and immediately the company's financing products for the purchase of vehicles;

- consolidation and extension of the Payment Gateway platform products, enabling FCA Bank to support digital payments on an equal footing with the world's leading providers and to offer innovative payment solutions such as Instant Credit and Buy Now Pay Later;

- completion of the Business Intelligence Roadmap with the entry into production of the Cross Market component of the company's Data Warehouse;

- completion of the implementation of the Salesforce Customer Care and CRM Platform on the last European markets.

All the European markets worked in synergy with FCA Bank Head Quarter e-commerce, Payment Gateway and CRM projects.

On some foreign markets, the cluster-based approach to upgrade management and accounting systems continued. In particular, the CRFS solution was released into production in Portugal, in January, and in Spain, in October; finally, the Tritone platform is being implemented in Denmark, with the transition into production expected in the first quarter of 2023.

With regard to the Drivalia perimeter, the project to develop a pan-European platform for the management of Car Sharing, Short Term Rental and Subscription processes continued, covering all management, Web and APP components for customer management.

Also in the RPA (Robotic Process Automation) project, the automation of the processes in scope continued in both the FCA Bank and Leasys worlds, confirming the strategic plan to automate repetitive tasks in many areas, so as to optimize the processes and to reallocate business resources to activities with greater added value.

Given FCA Bank's new shareholding structure, the demerger of FCA Bank from Stellantis is underway, with special attention being paid to infrastructure, network and customer authentication issues.

THE INTERNAL CONTROL SYSTEM

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.

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 geopolitical environment, primarily characterized by the Russia-Ukraine conflict, has significantly impacted the business cycle in the past year and, as there is no end to hostilities in sight anytime soon, it will affect 2023 as well, with modest GDP growth rates and still high inflation. Moreover, the Covid-19 event, although under control in terms of spread and severe effects of the disease, remains an element of uncertainty that exacerbates an unfavorable geopolitical picture.

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.

DISCLOSURE OF GOVERNMENT GRANTS

The rules on the disclosure of government grants were introduced by article 1, paragraphs 125-129, of Law no. 124/2017 with wording that had raised numerous interpretative and applicative problems.

The concerns expressed by trade associations (including Assonime) were largely addressed by article 35 of Law Decree no. 34/2019 (Growth Decree), which clarifies important issues in many cases, with a view to simplifying and streamlining the rules.

The law provides for the obligation to disclose within the notes to the financial statements - and in the consolidated notes to the financial statements, if any - the amounts and information relating to "grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and not received as consideration, remuneration or compensation from government authorities and other identified parties" (hereinafter referred to as " government grants").

The absence of any such disclosure entails an administrative sanction equal to 1% of the amounts received, with a minimum of €2,000, and the ancillary sanction of complying with the disclosure obligation. Failure to comply with the disclosure obligation and to pay the monetary sanction within 90 days of being notified entails the full repayment of the sums received to the payer.

It should be noted that during 2022, the Bank did not receive any grant.

In addition, it should be noted that since August 2017 the National Register of State Aid has been active at the General Directorate for Business Incentives of the Ministry of Economic Development, in which State aid, including for small amounts, in favor of each company must be disclosed by the entities that grant or manage said aid.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

For the information on Corporate Governance and Ownership Structure required by Article 123 bis of the Consolidated Law on Finance, reference is made to the Consolidated Non-Financial Statement.

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) falling within the scope of the FCA Bank Group have identified 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, compliance 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

On December 21st, 2022, €1.2 billion of available reserves was distributed to shareholders, following approval by the Shareholders at their General Meeting on December 2nd, 2022. This distribution is part of the broader set of actions defined in order to proceed with the change in the joint venture, as laid down by the shareholders in the agreements of December 2021 and April 2022.

OTHER REGULATORY DISCLOSURES

In line with Bank of Italy's instructions on the preparation of Banks' financial statements and Civil code, 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.

SIGNIFICANT EVENTS OCCURRING AFTER THE FINANCIAL YEAR

In accordance with the special regulations issued by the Bank of Italy, subsequent events are disclosed in the notes to the financial statements Part A section 4.

	Consolidated Income Statement details and reconciliation with reclassified Income Statement (€/mln)	12/31/2022	Reclassified Income Statement Items
10	INTEREST INCOMES AND SIMILAR REVENUES	782	NBI
80	NET INCOME FINANCIAL ASSETS AND LIABILTIES HELD FOR TRADING	(2)	NBI
40	FEE AND COMMISSION INCOMES	134	
	Fee and commission incomes	117	NBI
	Fee and commission incomes	17	NOE
	FINANCIAL REVENUES	914	
	of which insurance	*223*	
170	NET OTHER OPERATING INCOMES/CHARGES FROM INSURANCE ACTIVITIES	(1)	NBI
	TOTAL FINANCIAL REVENUES	**913**	
20	INTEREST EXPENSES AND SIMILAR CHARGES	(215)	NBI
90	FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(9)	NBI
50	FEE AND COMMISSION EXPENSES	(65)	
	Fee and commission expenses	(55)	NBI
	Insurance credit costs	(11)	COR
	TOTAL FINANCIAL COSTS	**(289)**	
130	IMPAIRMENT/REINSTATEMENT FOR CREDIT RISK	(69)	
	Impairment on losses and loans	(69)	COR
180	**NET PROFIT FROM FINANCIAL AND INSURANCE ACTIVITIES**	**556**	
190	ADMINISTRATIVE COSTS	(295)	
	Administrative costs	(275)	NOE
	Administrative costs	(13)	OTH
	Administrative costs	(6)	NBI
200	NET PROVISIONS FOR RISKS AND CHARGES	(20)	
	Net provisions for risks and charges	(19)	NBI
	Net provisions for risks and charges	(1)	NOE
210	IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT	(731)	
	Depreciation of rental assets (rental/mobility business)	(713)	NBI
	Depreciation of property, plant and equipment	(18)	NOE
220	IMPAIRMENT ON INTANGIBLE ASSETS	(23)	NOE
230	OTHER OPERATING INCOMES/CHARGES	1,192	
	Rental incomes/charges (rental/mobility business)	1,209	NBI
	Expense recoveries and credit collection expenses	8	NOE
	Impairment of rental receivables (rental/mobility business)	(21)	COR
	Other	(3)	OTH
240	**OPERATING COSTS**	**123**	
270	GOODWILL IMPAIRMENT	(87)	OTH
280	GAINS AND LOSSES ON DISPOSAL OF INVESTMENTS	647	OTH
290	**TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS**	**1,239**	
300	TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS	(220)	TAX
330	**NET PROFIT OR LOSS**	**1,019**	
340	MINORITY PORTION OF NET INCOME (LOSS)	8	
350	**HOLDINGS INCOME (LOSS) OF THE YEAR**	**1,011**	

Reclassified Income Statement Items (€/mln)	12/31/2022	
Net Banking Incomes	1,088	NBI
Net Operating Expenses	(292)	NOE
Cost of risk	(101)	COR
Operating Income	695	
Other expenses/incomes	545	OTH
Profit before tax	1,239	
Tax expense	(220)	TAX
Net profit	**1,019**	

Turin, February 28th, 2023

On behalf of the Board of Directors

Chief Executive Officer and General Manager

Giacomo Carelli

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Assets (€/000)	12/31/2022	12/31/2021
10.	Cash and cash balances	3,139,786	2,258,788
30.	Financial assets at fair value through other comprehensive income (FVOCI)	9,305	9,305
40.	Financial assets at amortized cost	23,028,785	20,732,395
	a) loans and advances to banks	117,901	817,364
	b) loans and advances to customers	22,910,884	19,915,031
50.	Hedging derivatives	550,433	45,697
60.	Changes in fair value of portfolio hedge items (+/-)	(491,289)	(14,292)
70.	Equity investments	54	62
80.	Insurance reserves attributable to reinsurers	9,831	8,720
90.	Property, plant and equipment	532,135	4,197,489
100.	Intangible assets	121,054	322,492
	of which:		
	- goodwill	39,260	215,560
110.	Tax assets	176,560	358,908
	a) current	44,882	149,954
	b) deferred	131,678	208,954
130.	Other assets	1,232,132	1,539,807
	Total assets	**28,308,786**	**29,459,370**

	Liabilities and Shareholders' Equity (€/000)	12/31/2022	12/31/2021
10.	Financial liabilities at amortised cost	23,056,671	23,853,478
	a) deposits from banks	11,874,254	11,410,655
	b) deposits from customers	2,780,511	2,494,981
	c) debt securities in issue	8,401,906	9,947,842
20.	Financial liabilities held for trading	868	1,987
40.	Hedging derivatives	180,524	62,721
60.	Tax liabilities	178,256	316,873
	a) current	29,374	121,173
	b) deferred	148,882	195,700
80.	Other liabilities	1,009,608	1,157,928
90.	Provision for employee severance pay	6,174	9,892
100.	Provisions for risks and charges	123,328	140,833
	a) committments and guarantees given	28	17
	b) post-retirement benefit obligations	31,138	46,134
	c) other provisions for risks and charges	92,162	94,682
110.	Insurance reserves	24,927	13,698
120.	Revaluation reserves	(4,134)	(10,906)
150.	Reserves	1,750,053	2,465,090
160.	Share premium	192,746	192,746
170.	Share capital	700,000	700,000
190.	Minorities (+/-)	78,858	70,136
200.	Net Profit (Loss) for the year (+/-)	1,010,907	484,893
	Total liabilities and shareholders' equity	28,308,786	29,459,370

CONSOLIDATED INCOME STATEMENT

	Items (€/000)	12/31/2022	12/31/2021
10.	Interest income and similar revenues	829,697	834,633
	of which: interest income calculated using the effective interest method	795,431	820,841
20.	Interest expenses and similar charges	(165,401)	(196,586)
30.	**Net interest margin**	**664,296**	**638,047**
40.	Fee and commission income	133,904	127,658
50.	Fee and commission expenses	(61,231)	(49,488)
60.	**Net fee and commission**	**72,673**	**78,170**
80.	Net Gains (Losses) on financial assets and liabilities held for trading	945	2,791
90.	Net Gains (Losses) on hedge accounting	(8,567)	(4,285)
100.	Profits (Losses) on disposal or repurchase of:	(2,834)	**(934)**
	a) financial asstets at amortized cost	(2,834)	(934)
120.	**Operating income**	**726,513**	**713,790**
130.	Net impairment/reinstatement for credit risk:	(65,703)	(29,748)
	a) financial asstets at amortized cost	(65,703)	(29,748)
150.	**Net Profit from financial activities**	**660,810**	**684,041**
160.	Net premiums earned	-	2,948
170.	Net other operating income/charges from insurance activities	(740)	(715)
180.	**Net Profit from financial and insurance activities**	**660,070**	**686,274**
190.	Administrative costs:	(243,921)	(286,124)
	a) payroll costs	(164,694)	(185,431)
	b) other administrative costs	(79,227)	(100,692)
200.	Net provisions for risks and charges	(11,109)	(12,337)
	a) commitments and financial guarantees given	-	(17)
	b) other net provisions	(11,109)	(12,321)
210.	Impairment on property, plant and equipment	(39,370)	(577,921)
220.	Impairment on intangible assets	(16,250)	(20,749)
230.	Other operating income/charges	190,815	895,701
240.	**Operating costs**	**(119,835)**	**(1,430)**
270.	Goodwill impairment	(86,858)	-
280.	Gains (Losses) on disposal of investments	646,709	-
290.	**Total Profit (Loss) before tax from continuing operations**	**1,100,087**	**684,844**
300.	Tax expense related to Profit (Loss) from continuing operations	(162,620)	(191,240)
310.	**Total Profit (Loss) after tax continuing**	**937,467**	**493,605**
320.	**Income (Loss) after tax from discontinued operations**	**81,903**	**-**
330.	**Net Profit (Loss) of the year**	**1,019,369**	**493,605**
340.	Minority portion of net income of the year	(8,462)	(8,711)
350.	**Holding Income (Loss) of the year**	**1,010,907**	**484,893**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Items (€/000)	12/31/2022	12/31/2021
10.	Profit (Loss) for the year	1,019,369	493,605
	Other comprehensive income after tax not reclassified to profit or loss	**11,362**	**2,134**
70.	Defined-benefit plans	11,362	2,134
	Other comprehensive income after tax reclassified to profit or loss	**(4,255)**	**32,132**
110.	Exchange rate differences	(5,025)	21,108
120.	Cash flow hedging	770	11,024
170.	**Total other comprehensive income after tax**	**7,106**	**34,266**
180.	Other comprehensive income (Item 10+170)	1,026,476	527,871
190.	Total comprehensive income (loss) attributable to non-controlling interests	8,722	8,705
200.	Total comprehensive income (loss) attributable to the Shareholders of the Parent Company	1,017,754	519,166

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 12/31/2021 AND 12/31/2020

(€/thousands)

				Allocation on profit from previous year		Changes during the year										
							Equity transactions									
	Closing balance as at 12/31/2021	Changes in opening balance	Balance as at 01/01/2022	Reserves	Dividends and other allocations	Changes in reserves	New share issues	Share buyback	Special dividends paid	Changes in equity instruments	Derivatives on shares	Stock options	Change in equity interests	Consolidated comprehensive income 2022	Equity as at 12/31/2022	Equity attributable to Parent Company's shareholders as at 12/31/2022	Non-controlling interests as at 12/31/2022
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	2,519,871		2,519,871	493,605	(1,200,000)										1,813,476	1,749,499	63,977
b) other																	
Valutation reserve	(10,533)		(10,533)											7,106	(3,427)	(3,581)	154
Equity instruments																	
Treasury shares																	
Profit (Loss) for the year	493,605		493,605	(493,605)										1,019,369	1,019,369	1,010,907	8,462
Equity	3,901,954		3,901,954	-	(1,200,000)									1,026,475	3,728,430	3,649,572	78,858
Equity attributable to Parent Company's shareholders	3,831,818		3,831,818		(1,200,000)									1,017,753		3,649,572	
Non-controlling interests	70,136		70,136											8,722			78,858

(€/thousands)

	Closing balance as at 12/31/2020	Changes in opening balance	Balance as at 01/01/2021	Allocation on profit from previous year		Changes during the year									Equity as at 12/31/2021	Equity attributable to Parent Company's shareholders as at 12/31/2021	Non-controlling interests as at 12/31/2021
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions: New share issues	Share buyback	Special dividends paid	Changes in equity instruments	Derivatives on shares	Stock options	Change in equity interests	Consolidated comprehensive income 2021			
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	2,299,201		2,299,201	500,670	(280,000)										2,519,871	2,464,643	55,228
b) other																	
Valutation reserve	(44,799)		(44,799)											34,266	(10,533)	(10,464)	(69)
Equity instruments																	
Treasury shares																	
Profit (Loss) for the year	500,670		500,670	(500,670)										493,605	493,605	484,894	8,711
Equity	3,654,083		3,654,083		(280,000)									527,871	3,901,954	3,831,818	70,136
Equity attributable to Parent Company's shareholders	3,592,652		3,592,652		(280,000)									519,166		3,831,818	
Non-controlling interests	61,431		61,431											8,705			70,136

CONSOLIDATED STATEMENT OF CASH FLOW (direct method)

Items (€/000)	12/31/2022	12/31/2021
A. OPERATING ACTIVITIES		
1. Business operations	1,018,950	1,068,194
- interest income (+)	1,180,947	761,379
- interest expense (-)	(175,325)	(220,869)
- fee and commission income (expense) (+/-)	72,673	78,170
- personnel expenses (-)	(146,753)	(168,252)
- net earned premiums (+)	-	2,948
- other insurance income/expenses (+/-)	(740)	(715)
- other expenses (-)	(47,658)	(75,558)
- other revenue (+)	189,368	886,516
- taxes and levies (-)	(135,465)	(195,424)
- expenses/revenues relating to discontinued operations net of the tax effect (+/-)	81,903	-
2. Cash flows generated/absorbed by financial assets	(2,650,688)	1,039,654
- financial assets at amortized cost	(2,949,827)	1,777,819
- other assets	299,139	(735,166)
3. Cash flows generated/absorbed by financial liabilities	4,292,571	(1,196,872)
- fiancial liabilities at amortized cost	4,501,920	(1,031,892)
- financial liabilities held for trading	(1,119)	(54)
- other liabilities	(208,230)	(164,926)
Cash flows generated/absorbed by operating activities	2,660,832	910,975
B. INVESTING ACTIVITIES		
1. Cash flows generated by	1,881,306	425,895
- shareholding sales	1,200,000	-
- sales of property, plant and equipment	681,306	425,895
2. Cash flows absorbed by	(2,461,141)	(1,204,918)
- purchases of property, plant and equipment	(2,269,637)	(1,155,752)
- purchases of intangible assets	(191,504)	(49,167)
Cash flows generated/absorbed by investing activities	(579,835)	(779,023)
C. FINANCING ACTIVITIES		
- dividend and other distributions	(1,200,000)	-
Cash flows generated/absorbed by financing activities	(1,200,000)	-
CASH FLOWS GENERATED/ABSORBED DURING THE YEAR	880,998	131,952

RECONCILIATION

Items (€/000)	12/31/2022	12/31/2021
Cash and cash equivalents at the beginning of the year	2,258,788	2,126,836
Cash flows generated/absorbed during the year	880,998	131,952
Cash and cash equivalents at the end of the year	3,139,786	2,258,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2022 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, 2021.

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, and with the 7th amendment of October 29th, 2021, in the preparation of the same financial statement, account was taken of the communication of December 21st, 2021 - Additions to the provisions of Circular no. 262 "The financial statements of Banks: formats and rules for preparation", regarding an update on the Covid-19 impacts and measures to support the economy.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ENDORSED BY THE EUROPEAN UNION WITH EFFECT APPLICABLE AS OF 2022

Regulation No. 1080/2021 of June 28th, 2021 – which adopts certain minor amendments published by the IASB on May 14th, 2020, to International Accounting Standards IAS 16 - Property, Plant and Equipment, IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, and IFRS 3 - Business Combinations, is applicable as of January 1st, 2022.

The amendments concern:

- IAS 16 – Cost Components: the amendments, which are not of interest to the Group, prohibit an entity to deduct from the cost of an item of property, plant and equipment any proceeds from the sale of items produced while preparing the asset for its intended use. The entity will recognize such proceeds and related costs in the income statement;

- IAS 37 – Onerous contracts: it is clarified that, to determine whether a contract is onerous, it is necessary to consider all costs directly related to the contract and not only the incremental costs necessary to fulfill the contract. Accordingly, the determination of whether a contract is onerous includes the incremental costs (e.g., the cost of direct material used in processing), but also all costs that the entity cannot avoid as a result of entering into the contract (e.g., the share of the cost of personnel and depreciation of machinery used to fulfill the contract);

- IFRS 3 – References to the Conceptual Framework: several references to the new version of the 2018 Conceptual Framework have been updated, which, however, do not entail changes from the pre-existing accounting methods. In addition, the prohibition of recognizing contingent assets (i.e., those assets whose existence will be confirmed only by uncertain future events) in business combinations is made explicit (previously this prohibition was only explicitly stated in the Basis for Conclusion);

- this Regulation also adopts the usual annual improvements - Annual Improvements to IFRS 2018-2020 - which clarify the wording or correct errors, oversights or conflicts between the requirements of the standards. These minor amendments include changes to IFRS 9 - Financial Instruments with some clarifications regarding fees to be included in the 10% test for the derecognition of financial liabilities. In this regard, it is specified that only fees paid or received between parties should be included and not also fees directly attributable to third parties.

The adoption of these principles did not have any effects on the Consolidated Financial Statements of the Group.

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, 2022 well as the comparative figures at December 31st, 2021.

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, 7th update of October 29th, 2021. In particular:

- *Schemes of the consolidated statement of financial position and income statement.*

The consolidated statement of financial position and the consolidated 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, 2022 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 as approved by the European Commission.

Risks and uncertainties related to the use of estimates

In accordance with IAS/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, 2022, 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 not measured at fair value 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.

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 (i.e. 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.

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.

Following the new provisions of the European Central Bank, interest on borrowings, as stipulated, was reset, in a first phase, until November 22th, 2022, on the basis of the average interest rate and calculated from the date of disbursement of the loan until the aforementioned date; by applying an adjustment of -1.00% in the special interest rate period (June 24th, 2020 - June 23rd, 2021) and in the additional special interest rate period (June 24th, 2021 - June 23rd, 2022).

The difference between the calculated value and the net book value as of September 30th, 2022 was recorded in the income statement in the interest margin.

On the other hand, for the calculation of accrued interest from November 23rd, 2022 to the end of the fiscal year, an average interest rate was determined for each loan that incorporates the new spot rate set by the European Central Bank, the latter to be applied until the scheduled maturity of the loan.

DIVESTMENT OF THE LEASYS GROUP

According to the agreements between the shareholders of FCA Bank, disclosed in the press release of December 17th, 2021, Leasys and its subsidiaries were sold on December 21st, 2022 with a view to creating a multi-brand operating leasing company, in which Stellantis and CACF hold a 50% interest each.

At the reporting date, there are consequently no longer any assets or liabilities relating to the Leasys Group in the FCA Bank's consolidated financial statements.

As the sale took place close to year-end, it was considered appropriate to include the results of the Leasys Group for the year ended December 31st, 2022 in the consolidated income statement of FCA Bank. In the income statement, the Leasys Group's net profit (loss), on the other hand, has been reported under item 320. "Income (Loss) after tax from discontinued operations."

As already described in the Report on operations, on December 21st, 2022, FCA Bank S.p.A. sold Leasys S.p.A., transferring control of this company and all of its Italian and foreign subsidiaries to LeaseCo SAS, a company jointly owned by Stellantis N.V. and Crédit Agricole Consumer Finance SA.

The price for the entire Leasys sub-group was set at €1.2 billion. This value was tested for fairness by an independent expert, a consulting company specializing in assisting international operators in all matters relating to investments in Italy and/or abroad. This firm performed its own independent valuation, confirming that the price paid for the company represented its fair value.

The transaction generated an after-tax gain in FCA Bank's consolidated financial statements equal to €632 million.

For the proper accounting of the above sale, which involved the current shareholders (Crédit Agricole Consumer Finance SA and Stellantis N.V.) of the equally-owned joint venture FCA Bank, it is necessary to understand whether such sale is a transaction under common control. The Leasys sub-group represents a business, as defined by IFRS 3 "Business Combinations," that is jointly controlled both before and after the sale by the same counterparties i.e., Stellantis and CACF. In fact, through the joint venture agreement on equally-held LeaseCo SAS, both Stellantis and CACF continue to remain equal owners of the Leasys sub-group.

In light of the foregoing, for the purposes of FCA Bank's consolidated financial statements, the sale qualifies as a transfer of a business under common control.

For the purposes of reporting in the seller FCA Bank's consolidated financial statements, the sale of the Leasys sub-group represents a "loss of control" of a business in a common control transaction and, accordingly, IFRS 10 "Consolidated financial statements", particularly paragraphs 25(c) and B98, apply.

The sale previously described, involving the loss of control over the Leasys sub-group, is a realization transaction, also in light of the analysis of the indicators of its economic substance required by IFRSs. As a result, FCA Bank has recognized the gain on the disposal in the income statement, in line with the accounting treatment adopted in the separate financial statements, as well as in consideration of the nature of the transaction.

Section 3 - Scope and methods of consolidation

The Consolidated Financial Statements as of December 31st, 2022 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 changes in the scope of consolidation during the reporting period do not affect the cases falling under by IFRS 10 - investment entities or entities that cease to be investment entities - and the disclosures required by paragraph 9B of IFRS 12 - Disclosure of Interests in Other Entities.

The following are the companies that were established during the year 2022:

- FCA Leasing Polska Sp. z o.o.;
- Drivalia Lease Danmark A/S (formerly A Lease & Mobility A/S).

During the 2022 the following companies were merged into FCA Bank S.p.A.:

- FCA Deutschland GmbH (the merger was carried out on July 1st, 2022, with retroactive effect from January 1st, 2022);

- FCA Capital España EFC S.A. (the merger was carried out on October 1st, 2022, with retroactive effect from January 1st, 2022).

Finally, for completeness, it should be noted that the following companies have changed the Company name to:

Company name as of 12/31/2021	Company name as of 12/31/2022	Change Date
Leasys Rent S.p.A. (IT)	Drivalia S.p.A. (IT)	June 16th, 2022
Leasys Hellas SM S.A. (GR)	Drivalia Lease Hellas SM S.A. (GR)	June 17th, 2022
Leasys Rent France S.A.S. (FR)	Drivalia France S.A.S. (FR)	June 1st, 2022
Sado Rent – Automoveis de Aluguer Sem Condutor, S.A (PT)	Drivalia Portugal S.A. (PT)	June 8th, 2022
ER CAPITAL Ltd. (UK)	Drivalia UK Ltd. (UK)	June 28th, 2022
Leasys Rent España S.L.U. (ES)	Drivalia España S.L.U. (ES)	September 6th, 2022
A Lease & Mobility A/S (DK)	Drivalia Lease Danmark A/S (DK)	November 11th, 2022

The following table shows the companies included in the consolidation area.

1. Investments in controlled Subsidiaries

NAME	REGISTERED OFFICE	COUNTRY OF INCORPORATION (*)	TYPE OF RELATIONSHIP (**)	PARENT COMPANY (***)	SHARING %
FCA Bank S.p.A.	Turin - Italy				
Drivalia S.p.A.	Turin - Italy	Rome - Italy	1		100,00
FCA Leasing France S.A.	Massy Cedex - France		1		99,99
Drivalia France S.A.S.	Limonest - France		1	Drivalia S.p.A.	100,00
FCA Versicherungsservice GmbH	Heilbronn - Germany		1		100,00
Ferrari Financial Services GmbH	Pullach - Germany		1		50,0001
FCA Automotive Services UK Ltd.	Slough - UK		1		100,00
FCA Dealer Services UK Ltd.	Slough - UK		1		100,00
Drivalia UK Ltd.	Slough - UK		1	Drivalia S.p.A.	100,00
FCA Dealer Services España S.A.	Alcobendas - Spagna		1		100,00
Drivalia España S.L.U.	Alicante - Spain		1	Drivalia S.p.A.	100,00
Drivalia Portugal S.A.	Concelho de Loures - Portugal		1	Drivalia S.p.A.	100,00
FCA Capital Suisse S.A.	Schlieren - Switzereland		1		100,00
FCA Leasing Polska Sp. z o.o.	Warsaw - Poland		1		100,00
FCA Capital Nederland B.V.	Amsterdam - The Netherlands		1		100,00
FCA Capital Danmark A/S	Brøndby - Denmark		1		100,00
Drivalia Lease Danmark A/S	Brøndby - Denmark		1	Drivalia S.p.A.	100,00
FCA Bank GmbH	Vienna - Austria		2		50,00
FCA Insurance Hellas S.A.	Athens - Greece		1		100,00
Drivalia Lease Hellas SM S.A.	Athens - Greece		1	Drivalia S.p.A.	100,00
FCA Capital RE DAC	Dublin - Ireland		1		100,00
FCA Capital Sverige AB	Höllviken - 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.

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

NAME	COUNTRY
Nixes Six PLc	London - UK
Erasmus Finance DAC	Dublin - Ireland
A-BEST FOURTEEN 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 NINETEEN UG	Frankfurt am Main - Germany
A-BEST TWENTY	Madrid - Spain
A-BEST TWENTY-ONE 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 scope of consolidation.

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)	12/31/2022	12/31/2021
Total assets	307,772	188,700
Financial assets	277,519	174,201
Financial liabilities	229,128	122,890
Equity	62,750	59,113
Net interest income	6,571	6,621
Net fee and commission income	534	476
Banking income	7,105	7,098
Net result from investment activities	6,776	7,557
Net result from investment and insurance activities	6,776	7,557
Operating costs	(3,026)	(2,798)
Profit (loss) before taxes from continuing operations	3,750	4,759
Net profit (loss) for the year	3,137	3,637

(amounts in thousands of euros)

FERRARI FINANCIAL SERVICES GMBH (GERMANY)	12/31/2022	12/31/2021
Total assets	985,131	868,177
Financial assets	958,441	843,746
Financial liabilities	869,504	765,606
Equity	94,914	81,156
Net interest income	29,962	29,484
Net fee and commission income	(8)	(121)
Banking income	29,598	29,184
Net result from investment activities	28,831	27,480
Net result from investment and insurance activities	28,831	27,480
Operating costs	(9,713)	(9,644)
Profit (loss) before taxes from continuing operations	19,118	17,836
Net profit (loss) for the year	13,782	13,793

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, in order 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 on December 31st, 2022 are as follows:

	End of year 12/31/2022	Average 12/31/2022	End of year 12/31/2021	Average 12/31/2021
Polish Zloty (PLN)	4.681	4.687	4.597	4.565
Danish Krone (DKK)	7.437	7.440	7.436	7.437
Swiss Franc (CHF)	0.985	1.005	1.033	1.081
GB Pound (GBP)	0.887	0.853	0.840	0.860
Norwegian Krone (NOK)	10.514	10.103	9.989	10.163
Moroccan Dirham (MAD)	11.155	10.708	10.501	10.632
Svedish Krona (SEK)	11.122	10.630	10.250	10.146

Section 4 - Subsequent events

On February 1st, 2023, FCA Capital Nederland B.V. acquired from Crédit Agricole Consumer Finance Nederland B.V. all the shares outstanding of Findio N.V. - formerly Ribank N.V. (share capital €1,125,000, divided into 2,500 shares with a nominal value of €450 each), a firm operating in the auto financing sector. The company is part of the banking perimeter.

No events occurred after the balance sheet date which should result in adjustments of the Consolidated Financial Statements as of December 31st, 2022.

Section 5 – Other information

The Consolidated Financial Statements and the Parent Company's Financial Statements were audited by PricewaterhouseCoopers 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, 2022

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, 2022.

EC endorsement regulation	Date of publication	Date of application	Description of standars/amendment
1080/2021	July 2nd, 2021	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.

The adoption of these principles did not have any effects on the Consolidated Financial Statements of the Group.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS EDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AS AT DECEMBER 31st, 2022

EC endorsement regulation	Date of publication	Date of application	Description of standars/amendment
2021/2036	November 23rd, 2021	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. The Regulation recognizes the possibility for companies to exempt contracts characterized by intergenerational mutualization and congruity of financial flows from the application of the obligation of grouping into annual cohorts referred to in IFRS 17. The companies apply the provisions starting from January 1st, 2023.

IFRS 17 – Insurance contracts: overview

IFRS 17 replaces IFRS 4, which, from the time of its initial publication, was considered an interim standard and – as such – its objectives did not include establishing a single approach for the presentation of insurance contracts, referring to the accounting models set out in local regulations of the individual countries.

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. In particular:

- changes in the initial assumptions for estimating future cash flows are treated in different ways with different impacts on reported profit;
- changes in expected cash flows and "risk adjustment" related to future services are recognized by adjusting the CSM, as opposed to those related to past and present services which are recognized immediately in profit or loss;
- the CSM amortization schedule is based on the passage of time and drives the recognition of gains on the balance sheet;
- the effect of changes in discount rates can be recognized alternatively in equity (OCI)2 or in profit or loss.

Implementation progress: impacts

Within the FCA Bank Group, IFRS 17 is applicable to the insurance products a. In the interest of completeness, please note that assessments are being conducted to identify any other cases impacted by the new standard on the rest of the Group, which are however not expected to be material, also in view of the exclusions from application envisaged by IFRS 17. During 2022, the project to implement the new standard was launched.

2022/357	March 3rd, 2022	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.

2022/357	March 3rd, 2022	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.
2022/1392	August 12th, 2022	January 1st, 2023	**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.** The International Accounting Standards Board (IASB) has published "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)" that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1st, 2023. Early adoption is permitted.

2022/1491	September 9th, 2022	January 1st, 2023	Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information. The International Accounting Standards Board (IASB) has issued a narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts, providing insurers with an option aimed at improving the usefulness of information to investors on initial application of the new Standard. The amendment relates to insurers' transition to the new Standard only–it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment to the transition requirements in IFRS 17 allows companies to overcome one-time classification differences of comparative information of the previous reporting period upon initial application of IFRS 17 and IFRS 9 Financial Instruments. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. IFRS 17, including this amendment, is effective for annual reporting periods starting on or after January 1st, 2023.

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

Standard/amendment	Date of publication	Date of application	Description of standars/amendment
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 16 Leases: Lease Liability in a Sale and Leaseback	September 22nd, 2022	January 1st, 2024	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback. On September 22nd, 2022, the International Accounting Standards Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee. The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions. The amendment applies retrospectively to annual reporting periods beginning on or after January 1st, 2024. Earlier application is permitted.

A.2 - MAIN ITEMS IN THE FINANCIAL STATEMENTS

This section shows the accounting policies adopted to prepare the Consolidated Financial Statements as at December 31st, 2022. Such description is provided with reference to the recognition, classification, measurement and derecognition of the different assets and liabilities.

1. Cash and cash balances

The following are reported under this item: legal tender currencies, including foreign banknotes and coins; current accounts and demand deposits with Central Banks, with the exception of the mandatory reserve, as well as demand loans (current accounts and demand deposits) to Banks.

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

Classification criteria

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).

Recognition criteria

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.

Measurement criteria

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 measured 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.

Derecognition criteria

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.

3. Financial assets measured at amortised cost

Classification criteria

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.

Recognition criteria

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.

Measurement criteria

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.

If the reasons for the impairment no longer apply as a result of an event occurring after the loss was recognized, the relevant reversal is made through profit or loss. The impairment reversal cannot exceed the amortized cost of the financial instrument in the absence of previous adjustments. Impairment reversals distributed over time are recognized as interest income. In some cases, during the life of the financial assets in question and, in particular, loans, the original contractual terms are amended by mutual agreement of the parties to the contract.

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 criteria

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.

4. Hedging transaction

The Group accounts for hedging transactions in accordance with the provisions of IAS 39.

Classification criteria

Hedging transactions are aimed at neutralizing potential losses on a specific item or group of items, attributable to a certain risk, if such a risk should actually occur. 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.

Recognition criteria

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.

Measurement criteria

Hedging derivatives are stated at fair value. Specifically:

- in the case of cash flow hedges, derivatives are recognized at their fair value, any change in the fair value of the effective part of the hedge is recognized through other comprehensive income (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. "Net result of hedging activity";

- 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 the item 10. "Interest and similar income" or to the item 20. "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%.

5. Investments

Classification, recognition and measurement criteria

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.

6. Property, plant and equipment

Classification criteria

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.

The item is divided into the following categories:

- 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 in item 130. "Other assets". Operating lease agreements with a buyback clause are also included in item 130. "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.

Recognition and measurement criteria

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.

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.

Derecognition criteria

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”.

7. Intangible assets

Classification criteria

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 represents the positive difference between the purchase cost and the fair value of the assets and liabilities acquired as part of business combinations.

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 at cost and, except for goodwill, are amortized on a straight-line basis over their remaining useful life.

Recognition and measurement criteria

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 intangible assets are amortized over their useful life and are subject to a verification of the adequacy of their value whenever there are indications of a possible loss in 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 (CGUs). 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.

At the end of financial year 2022, goodwill related to "network and other financing" (Wholesale Financing), resulting from the loss determined by the impairment test, was derecognized for a total of €87 million, due to the changes in FCA Bank's ownership structure expected to be completed by the first half of 2023.

Derecognition criteria

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".

With reference to the sale of Leasys S.p.A. on December 21st, 2022, the goodwill that arose in the first consolidation of Fidis Servizi Finanziari Group, of which Leasys S.p.A. was part, was derecognized. The amount of the adjustment equal to €15 million was recognized in profit or loss under item 280. "Gains (Losses) on disposal of investments".

8. Non-current assets held for sale and discontinued operations

Classification, recognition and measurement criteria

Non-current assets and groups of assets/liabilities for which a disposal process has been initiated and their sale is considered highly probable are classified as "Non-current assets held for sale and discontinued operations" under assets and "Liabilities associated with assets held for sale" under liabilities. In the case of transactions subject to authorizations by supervisory bodies, the Group's accounting policy, assigning significant importance to such authorizations, provides for the recognition of "Non-current assets/liabilities held for sale and discontinued operations" as of the date of receipt of such (express or tacit) authorization.

These assets/liabilities are measured at the lower of their carrying amount and their fair value, net of disposal costs, except for certain types of assets - such as all financial instruments falling within the scope of IFRS 9 - for which IFRS 5 requires that the measurement criteria of the accounting standard of reference must continue to be applied.

Income and expenses attributable to groups of assets and liabilities held for sale, if they are attributable to discontinued operations (under IFRS 5), are shown in the income statement, on an after-tax basis, under item "320. Net profit (loss) from discontinued operations," while those relating to individual non-current assets held for sale are shown in the most appropriate income statement item.

Derecognition criteria

"Discontinued operations" means an important segment or geographic area of activity, including as part of a single coordinated divestment program, rather than a subsidiary acquired solely with a view to reselling it.

9. 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.

Furthermore, deferred tax assets are recognized only to the extent that their recovery is envisaged through the production of sufficient taxable income by the entity. 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 the 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).

10. Provisions for risks and charges

POST-EMPLOYMENT BENEFITS AND SIMILAR OBLIGATIONS

Post-employment benefits, or provisions relating to employee benefits to be paid after the termination of the employment relationship, 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.

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.

11. Financial liabilities at amortised cost

Classification, recognition and measurement criteria

The items Deposits from banks, Deposits from customers and Debt securities in issue 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 in issue 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.

Derecognition criteria

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”.

12. 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 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.

13. Foreign currency transactions

Initial recognition

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.

Subsequent measurement

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 other comprehensive income (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.

14. 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.

15. 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 190. "Administrative expenses: a) 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 December 31st, 2022. Item 80. "Other liabilities" – "Due to social security institutions" shows the debt accrued at December 31st, 2022 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 through equity in the Valuation reserve, in accordance with IAS 19 Revised.

REVENUE RECOGNITION

Revenues are recognized when they are received or, otherwise, when it is probable that future benefits will be received and these benefits can be reliably measured. In particular, interest on loans to customers, commission income and interest from banks are classified under interest and similar income from loans to banks and customers and are recognized at amortized cost, using the effective interest method.

Commissions and interest received or paid related to financial instruments are accounted for on an accrual basis. Fees and commissions considered in amortized cost for the purpose of determining the effective interest rate are excluded, and are recognized instead as interest income or expense, as the case may be.

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 in the income statement 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, whereas 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 reported in the balance sheet.

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. By converse, 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 FCA Bank Group had deferred tax assets on deductible temporary differences and theoretical tax benefits arising from tax loss carry forwards. 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 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 above-mentioned 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. 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.

SELF-SECURITIZATION TRANSACTIONS

As of the reporting date FCA Bank had three self-securitizations in place - A-Best Fourteen S.r.l., A-Best Twenty Fondo de Titulazacion e A-Best Twentyone B.V..

The financial assets securing the notes refer in relation to a portfolio of auto loans provided to retail customers, to a lease portfolio and to a portfolio of auto loans and leases.

Reference is made to the information provided in the section of Part E "Self-securitization transactions and European Central Bank refinancing operations."

CREDIT 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.

Also during 2022, cost of risk performance remains positive, settling at 0.40% of the average outstanding portfolio which was slightly higher than budget.

Credit quality
Item 40b) - Loans and receivables to customers (€/thousand)

Description	12/31/2022			12/31/2021		
	Gross exposures	Allowance for loan and lease	Net exposure	Gross exposures	Allowance for loan and lease	Net exposure
- Bad debt exposures	92,806	(65,787)	27,019	108,028	(68,552)	39,477
- Unlikely to pay	62,935	(32,692)	30,243	74,332	(39,142)	35,190
- Non Performing Past Due	225,840	(69,373)	156,467	175,920	(61,837)	114,083
Non performing loans	**381,581**	**(167,852)**	**213,729**	**358,280**	**(169,531)**	**188,750**
Performing Loans	**22,832,632**	**(135,477)**	**22,697,155**	**19,831,286**	**(105,004)**	**19,726,282**
Total	**23,214,213**	**(303,329)**	**22,910,884**	**20,189,566**	**(274,535)**	**19,915,031**

Description	12/31/2022			12/31/2021		
	Gross exposure weight	Net exposure weight	Coverage ratio	Gross exposure weight	Net exposure weight	Coverage ratio
- Bad debt exposures	0.40%	0.12%	70.89%	0.54%	0.20%	63.46%
- Unlikely to pay	0.27%	0.13%	51.95%	0.37%	0.18%	52.66%
- Non Performing Past Due	0.97%	0.68%	30.72%	0.87%	0.57%	35.15%
Non performing loans	**1.64%**	**0.93%**	**43.99%**	**1.77%**	**0.95%**	**47.32%**
Performing Loans	**98.36%**	**99.07%**	**0.59%**	**98.23%**	**99.05%**	**0.53%**
Total	**100.00%**	**100.00%**	**1.31%**	**100.00%**	**100.00%**	**1.36%**

The credit quality is confirmed at an excellent level, with non-performing loans representing 1.64% of total net exposure. The net exposure of non-performing loans amounted to €213 million compared to a total net exposure of €23 billion.

Non-performing exposures as a share of the outstanding portfolio improved slightly compared to the previous year.

Allowance for loans and lease losses amounted to €303 million at the end of 2022, compared to €275 million at the end of 2021; gross exposure for impaired loans amounted to €382 million compared to €358 million at the end of 2021.

LEGAL RISK

With reference to the matter concerning the Antitrust Authority, on January 13th, 2022, the Council of State finally closed and nullified the sanctioning process (for a more complete description of the events, reference should be made to the Significant Events section in the report on operations).

In Germany, a number of dealers representing their trade association initiated a legal dispute in reference to service fees charged to them by FCA Bank Deutschland GmbH as per their loan agreements. The first instance ruling found in favor of our German branch (branch of FCA Bank S.p.A.) and confirmed compliance with the regulatory framework. On appeal, on the other hand, the court handed down the opposite decision, considering these fees to be non-compliant. As the position of FCA Bank Deutschland GmbH was solid on the issue, it was decided to file a further appeal. To date, therefore, no provisions for risks have been made, but a contingent liability is estimated in the amount of €4 million, based on management's assessments.

As a response from the local authorities was still awaited regarding the admissibility of the case before the Cassation Court, and given that the local management is considering the need to start negotiations with the dealers, it was deemed appropriate to set aside a provision for risks of €4 million at the balance sheet date. Compared to the half-year closing, when the risk was considered "possible" and therefore a contingent liability was estimated, today the company considers the risk as "probable" and therefore provisions have been made for this risk. It should also be pointed out that a tax audit of the German branch is currently underway, from which no particular evidence has emerged to justify the allocation of provisions.

In Italy, on September 29th, 2022, FCA Bank S.p.A. received a tax audit report from the Finance Police challenging the VAT treatment of certain finder fees invoiced by dealers and related to car loans as part of promotional campaigns (i.e., finder fees). In December 2022, FCA Bank received the tax assessment for 2016 and 2017, with a penalty of approximately €162,000. FCA Bank considers its position to be sound and has already filed an appeal with the relevant tax court. Therefore, no provisions for risks have been made on this issue.

INFORMATION ON TRANSFER BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

During the year no inter-portfolio transfers were made.

INFORMATION ON FAIR VALUE

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.

The methods adopted by the Company to determine fair value are illustrated below.

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 (Item 30. “Financial assets designated at fair value with effects on comprehensive income”);
- bonds issued by FCA Bank S.p.A and the subsidiaries in Ireland and Switzerland under the Euro Medium Term Notes programme and listed in regulated markets (Item 10. “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 (Item 10. “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.

A.4 – FAIR VALUE DISCLOSURE

Qualitative disclosure

A.4.1 FAIR VALUE LEVELS 2 AND 3: MEASUREMENT TECHNIQUES AND INPUTS USED

Level 2: this level includes all financial instruments for which there is no active market, but whose measurement is based on observable market inputs. Therefore, universally acknowledged measurement models have been set, which refer to observable market inputs.

Level 3: this level includes all financial instruments for which there is no active market and whose measurement is not based on observable market inputs or using the measurement communicated by qualified market players.

A.4.2 PROCESSES AND SENSITIVITY OF MEASUREMENT

The definition of the fair value category of the financial instruments shown in the financial statements is as follows: absolute priority is given to official prices that are available on active markets for assets and liabilities to be measured (Level 1) or for assets and liabilities that are measured using techniques based on parameters that are observable on the market (Level 2); lower priority is given to assets and liabilities whose fair value is determined based on measurement techniques referring to parameters that are unobservable on the market and, thus, more discretionary (Level 3).

A.4.3 FAIR VALUE HIERARCHY

During the year no transfers were made between fair value levels.

A.4.4 OTHER INFORMATION

The cases provided for by IFRS 13 at paragraphs 51, 93 item (i) and 96 did not apply to the Group.

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	12/31/2022			12/31/2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit or loss	-	-	-	-	-	-
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) Other financial assets mandatorily at fair value	-	-	-	-	-	-
2. Financial assets at fair value through other comprehensive income	9,305	-	-	9,305	-	-
3. Hedge derivatives	-	550,433	-	-	45,697	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	9,305	550,433	-	9,305	45,697	-
1. Financial liabilities held for trading	-	868	-	-	1,987	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedge derivatives	-	180,524	-	-	62,721	-
Total	-	181,392	-	-	64,708	-

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	12/31/2022				12/31/2021			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets at amortized cost	23,028,785	-	117,901	22,419,595	20,732,395	-	817,100	19,900,739
2. Financial assets available for sale	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Total	23,028,785	-	117,901	22,419,595	20,732,395	-	817,100	19,900,739
1. Financial liabilities at amortized cost	23,056,671	6,125,145	-	16,946,960	23,853,478	8,287,569	-	15,546,361
2. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
Total	23,059,671	6,125,145	-	16,946,960	23,853,478	8,287,569	-	15,546,361

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, 2022, in the Consolidated Financial Statements 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

	Total 12/31/2022	Total 12/31/2021
a) Cash	16	9,285
b) Current accounts and demand deposits with Central Banks	1,795,033	1,052,437
c) Current accounts and demand deposits with banks	1,344,737	1,197,066
Total	3,139,786	2,258,788

Bank deposits and current accounts include funds available on current accounts or deposited by SPVs totaling €178 million (€236 million at December 31st, 2021). Liquidity is restricted as per each relevant securitization contract.

A breakdown by SPV is provided below:

SPV	Total 12/31/2022	Total 12/31/2021
A-Best Seventeen S.r.l.	22,725	35,178
A-Best Nineteen S.r.l.	53,585	24,562
A-Best Fourteen S.r.l.	64,224	93,298
A-Best Fifteen S.r.l.	-	18,353
A-Best Sixteen S.r.l.	14,645	26,712
A-Best Eighteen S.r.l.	-	11,755
A-Best Twenty-one UG	23,071	26,225
Total	178,250	236,083

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.

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 12/31/2022			Total 12/31/2021		
	L1	L2	L3	L1	L2	L3
1. Debts securities	9,305	-	-	9,305	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	9,305	-	-	9,305	-	-
2. Equity instruments	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-
Total	9,305	-	-	9,305	-	-

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 12/31/2022	Total 12/31/2021
1. Debt securities	9,305	9,305
a) Central Banks	-	-
b) Public sector entities	9,305	9,305
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	9,305

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: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	
Debt securities	9,305	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 12/31/2022	9,305	-	-	-	-	-	-	-	-	-
Total 12/31/2021	9,305	-	-	-	-	-	-	-	-	-

Note: (*) Value shown for information purposes

Section 4 – Financial assets at amortized cost – Item 40

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

Type of transaction/Values	Total 12/31/2022						Total 12/31/2021					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
A. Receivables to Central Banks	**40,471**	**-**	**-**	**-**	**40,471**	**-**	**37,575**	**-**	**-**	**-**	37,575	**-**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserves	40,316	-	-	X	X	X	37,218	-	-	X	X	X
3. REPOs	-	-	-	X	X	X	-	-	-	X	X	X
4. Others	155	-	-	X	X	X	357	-	-	X	X	X
B. Receivables to banks	**77,430**	**-**	**-**	**-**	77,430	**-**	**779,789**	**-**	**-**	**-**	**779,525**	**-**
1. Loans	77,430	-	-	-		-	779,789	-	-	-	779,525	-
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	-	-	-	X	X	X	30,000	-	-	X	X	X
1.3 Other loans:	77,430	-	-	X	X	X	749,789	-	-	X	X	X
- REPOs	23,351	-	-	X	X	X	443,914	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Others	54,079	-	-	X	X	X	305,875	-	-	X	X	X
2. Debts securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	117,901	-	-	-	117,901	-	817,364	-	-	-	817,100	-

4.2 Financial asset at amortized cost: breakdown by product of loans and advances to customers

Type of transaction/Values	Total 12/31/2022						Total 12/31/2021					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
1. Loans	22,697,155	213,729	-	-	-	22,419,595	19,726,282	188,749	-	-	-	19,900,739
1.1.Deposits from customers	61,269	-	-	X	X	X	106,897	-	-	X	X	X
1.2 REPOs	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Mortgages	-	-	-	X	X	X	-	-	-	X	X	X
1.4 Credit cards, personal loans and wage assignment losses	199,457	3,267	-	X	X	X	154,717	2,063	-	X	X	X
1.5 Lease loans	6,045,749	61,913	-	X	X	X	5,612,289	75,598	-	X	X	X
1.6 Factoring	4,425,048	41,764	-	X	X	X	3,619,759	23,361	-	X	X	X
1.7 Other loans	11,965,632	106,785	-	X	X	X	10,232,619	87,727	-	X	X	X
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	22,697,155	213,729	-	-		22,419,595	19,726,282	188,749	-	-	-	19,900,739

With reference to the table Reconciliation between Outstanding and Loans and Receivables with Customers, in the Outstanding are included "Deposits from customers" for €61 million.

Factoring

This item includes receivables arising from sales to the dealer network for €4.5 billion factored on a non-recourse basis by the FCA Group; of which, assets of SPE Erasmus for €767 million, consolidated in accordance with IFRS 10; FCA Bank S.p.A. (German Branch), FCA Bank S.p.A. (French Branch) and FCA Bank S.p.A. (Spanish Branch) 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 €2.1 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 amortized cost: breakdown by borrowers/issuers of loans and advances to customers

Type of transaction/Values	Total 12/31/2022			Total 12/31/2021		
	First and second stage	Third stage	Purchased or originated impaired	First and second stage	Third stage	Purchased or originated impaired
1. Debt securities	-	-	-	-	-	-
a) Public sector entities	-	-	-	-	-	-
b) Other financial company	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non financial companies	-	-	-	-	-	-
2. Loans to	22,657,155	213,729	-	19,726,282	188,749	-
a) Public sector entities	11,349	667	-	13,809	391	-
b) Other financial company	179,562	710	-	352,635	3,903	-
of which: insurance companies	70	-	-	84	-	-
c) Non financial companies	8,928,156	90,409	-	6,534,042	84,365	-
d) Households	13,578,088	121,943	-	12,825,796	100,090	-
Total	22,697,155	213,729	-	19,726,282	188,749	-

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

	Gross value					Total accumulated impairments				Write off partial total*
	First stage	of which: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	
Debt securities	-	-	-	-	-	-	-	-	-	-
Loans	21,927,558	13,339,323	1,022,739	381,581	-	80,941	54,300	167,852	-	69
Total 12/31/2022	**21,927,558**	**13,339,323**	**1,022,739**	**381,581**	**-**	**80,941**	**54,300**	**167,852**	**-**	**69**
Total 12/31/2021	**19,755,673**	**11,853,647**	**892,976**	**358,280**	**-**	**69,334**	**35,669**	**169,531**	**-**	**919**

Note: (*) Value shown for information purposes.

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

	Gross value					Total accumulated impairments				Write off partial total*
	First stage	of which: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	
1. Loans and advances subject to EBA-compliant moratoria (legislative and non-legislative)	108	-	-	-	-	1	-	-	-	-
2. Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-
3. Other loans and advances subject to Covid-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-
4. Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-	-	-	-	-
Total 12/31/2022	108	-	-	-	-	1	-	-	-	-
Total 12/31/2021	129,668	98,245	4,707	5,561	-	5,620	178	670	-	-

Note: (*) Value shown for information purposes.

Section 5 – Hedging derivatives – Item 50

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

	Fair Value 12/31/2022			NV 12/31/2022	Fair Value 12/31/2021			NV 12/31/2021
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1. Fair Value	-	543,238	-	11,206,742	-	40,214	-	10,638,300
2. Cash flows	-	7,195	-	338,750	-	5,483	-	1,942,087
3. Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	-	550,433	-	11,545,492	-	45,697	-	12,580,387

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 amortized cost	-	-	26,825	X	-	-	X	-	X	X
3. Portfolio	X	X	X	X	X	X	516,413	X	-	X
5. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	-	-	26,825	-	-	-	516,413	-	-	-
1. Financial Liabilities	-	-	-	X	-	-	X	2,985	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	-	-	-	-	-	-	-	2,985	-	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	4,210	-

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 – Changes in fair value of portfolio hedge items – Item 60

6.1 Changes in fair value of portfolio hedge items: breakdown by hedged portfolios

Changes in fair value of portfolio hedge items/Values	Total 12/31/2022	Total 12/31/2021
1. Positive adjustment	21,507	19,525
1.1 of specific portfolios:	-	-
a) financial assets at amortized cost	-	-
b) financial assets at fair value through other comprehensive income	-	-
1.2 overall	21,507	19,525
2. Negative adjustment	(512,796)	(33,817)
2.1 of specific portfolios:	-	-
a) financial assets at amortized cost	-	-
b) financial assets at fair value through other comprehensive income	-	-
2.2 overall	(512,796)	(33,817)
Total	(491,289)	(14,292)

Section 7 – Equity Investments – Item 70

7.1 Equity investments: information on shareholders' equity

Denominations	Legal residence	Participation relationship	
		Participating Company	Share %
A. Companies subject to join control			
B. Companies under significant influence			
1. CODEFIS S.C.P.A.	Turin, Italy	FCA Bank S.p.A.	30%
C. Other companies			
1. FCA SECURITY S.C.P.A.	Turin, Italy	FCA Bank S.p.A.	0.21%
2. FCA SECURITY S.C.P.A.	Turin, Italy	Drivalia S.p.A.	0.017%

CODEFIS S.C.P.A. carries out its activity in services related to information technology.

Section 8 – Insurance reserves attributable to reinsurers – Item 80

8.1 Insurance reserves attributable to reinsurers: breakdown

	Total 12/31/2022	Total 12/31/2021
A. No-life business	**2,814**	**2,900**
A1. Premiums reserves	2,476	2,435
A2. Claims reserves	338	465
A3. Other reserves	-	-
B. Life business	**7,017**	**5,820**
B1. Mathematical reserves	2,912	2,302
B2. Reserves for amounts to be disbursed	4,105	3,517
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	**9,831**	**8,720**

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 12/31/2022	Total 12/31/2021
1. Owened assets	478,010	4,088,394
a) lands	845	-
b) buildings	326	432
c) furniture	40,269	5,132
d) electronic system	3,758	2,975
e) other	432,812	4,079,855
2. Leased assets	54,125	109,095
a) lands	-	-
b) buildings	-	-
c) furniture	78	108
d) electronic system	110	186
e) other	53,937	108,801
Total	532,135	4,197,489
of which: obtained by the enforcement of collateral	-	-

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

	Lands	Buildings	Furnitures	Electronic systems	Other	Total
A. Gross opening balance	-	684	42,253	5,718	6,459,027	6,507,683
A.1 Total net reduction value	-	(251)	(37,013)	(2,559)	(2,270,372)	(2,310,195)
A.2 Net opening balance	-	**433**	**5,240**	**3,160**	**4,188,656**	**4,197,489**
B. Increases	**845**	**459**	**39,219**	**2,760**	**1,788,443**	**1,831,727**
B.1 Purchasing	845	459	3,064	828	1,357,952	1,363,148
- of which business combinations	-	-	-	644	175,514	176,158
B.2 Capitalized expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value allocated to	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	20	1	1,137	1,158
B.6 Transfer from investment properties	-	-	X	X	X	-
B.7 Other changes	-	-	36,135	1,931	429,354	467,420
C. Decreases	-	**565**	**4,112**	**2,052**	**5,490,351**	**5,497,080**
C.1 Disposals	-	366	235	-	417,503	418,104
- of which business combinations	-	-	-	-	459	459
C.2 Amorization	-	68	1,842	1,446	11,658	15,014
C.3 Impairment losses allocated to	-	-	-	-	24,357	24,357
a) equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	24,357	24,357
C.4 Decreases in fair value allocated to	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
C.5 Negative exchange difference	-	-	3	31	1,044	1,080
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	-	131	2,032	575	5,035,787	5,038,525
D. Net closing balance	**845**	**326**	**40,347**	**3,868**	**486,749**	**532,135**
D.1 Total net reduction in value	-	(320)	(38,855)	(4,005)	(2,282,028)	(2,325,208)
D.2 Final gross balance	**845**	**646**	**79,202**	**7,873**	**2,768,777**	**2,857,343**
E. Carried at cost	-	-	-	-	-	-

The item "other" property, plant and equipment include motor vehicles owned by rental companies, the movement of which is connected with the growth of the business. The details are shown in table 9.6.1 "Property, plant and equipment: annual changes - Operating Lease" shown below.

9.6.1 Property, plant and equipment: annual changes - Operating lease

	Total				
	Land	Building	Furnitures	Electronic systems	Other
A. Opening balance	-	-	-	-	**4,089,346**
B. Increases	-	-	-	-	1,198,780
B.1 Purchases	-	-	-	-	896,725
B.2 Capitalized expenditure on improvements	-	-	-	-	-
B.3 Increases in fair value	-	-	-	-	-
B.4 Write-backs	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-
B.6 Transfer from properties used in the business	-	-	-	-	-
B.7 Other changes	-	-	-	-	302,055
C. Decreases	-	-	-	-	4,928,756
C.1 Disposals	-	-	-	-	17,139
C.2 Depreciation	-	-	-	-	11,273
C.3 Negative changes in fair value	-	-	-	-	-
C.4 Impariment losses	-	-	-	-	-
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	-	-	-	-	4,900,344
D. Closing balance	-	-	-	-	359,370
E. Measured at fair value	-	-	-	-	-

With reference to the table above, please consider that the item “Owned assets e) others” includes €359 million that in the table Reconciliation between Outstanding and Loans and Receivables with Customers are represented in the “Outstanding”.

Section 10 – Intangible assets – Item 100

10.1 Intangible assets: breakdown by asset type

Assets/Values	Total 12/31/2022		Total 12/31/2021	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	X	**39,260**	X	**215,560**
A.1.1 attributable to the group	X	39,260	X	215,560
A.1.2 attributable to minorities	X	-	X	-
A.2 Other intangible assets	**81,794**	**-**	**106,932**	**-**
of which: software	5,077	**-**	**1,260**	**-**
A.2.1 Assets carried at cost:	81,794	-	106,932	-
a) intangible assets generated internally	-	-	-	-
b) other assets	81,794	-	106,932	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) intangible assets generated internally	-	-	-	-
b) other assets	-	-	-	-
Total	81,794	36,260	106,932	215,560

Intangible assets are recognized at cost.

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	**261,558**	**-**	**-**	**336,204**	**-**	**597,762**
A.1 Total net reduction in value	(45,998)	-	-	(229,271)	-	(275,269)
A.2 Net opening balance	**215,560**	**-**	**-**	**106,932**	**-**	**322,492**
B. Increases	**29,482**	**-**	**-**	**32,447**	**-**	**61,929**
B.1 Purchases	-	-	-	18,218	-	18,218
- of which business combinations	-	-	-	-	-	-
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 & Loss statement	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	29,482	-	-	14,229	-	43,711
C. Decreases	**205,781**	**-**	**-**	**57,586**	**-**	**263,367**
C.1 Disposals	-	-	-	3,358	-	3,358
- of which business combinations	-	-	-	-	-	-
C.2 Write-downs	86,858	-	-	16,250	-	103,108
- Amortisations	X	-	-	16,124	-	-
- Depreciations	86,858	-	-	126	-	86,984
+ to equity	X	-	-	-	-	-
+ to Profit & Loss statement	86,858	-	-	126	-	86,984
C.3 Decreases in fair value	-	-	-	-	-	-
- to equity	X	-	-	-	-	-
- to Profit & Loss statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differrences	111	-	-	-	-	111
C.6 Other changes	118,812	-	-	37,978	-	156,790
D. Net closing balance	**39,260**	**-**	**-**	**81,794**	**-**	**121,054**
D.1 Total net write-down	(132.856)	-	-	(245,521)	-	(378,377)
E. Gross closing balance	**172.116**	**-**	**-**	**327,315**	**-**	**499,431**
F. Carried at cost	-	-	-	-	-	-

10.3 Other information

The item "Goodwill" (€39.3 million) includes:

- €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 Drivalia S.p.A. (formerly 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 Drivalia France S.A.S, (formerly 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 Drivalia Espana S.L.U. (formerly Leasys Rent Espana S.L.U.) in the FCA Bank Group, on November 5th, 2020;

- €1.8 million of goodwill as a result of the first consolidation of the Company FCA Versicherungsservice GmbH in the FCA Bank Group, on June 1st, 2021;

- €8.4 million of goodwill (of which €7.3 million arising on first-time consolidation and €1.1 million generated during the first half of 2022 as part of the PPA) in relation to Drivalia UK Ltd. (formerly ER Capital Ltd.) a company consolidated in the FCA Bank Group, on July 23th, 2021;

- €5.4 million of goodwill (of which €2.4 million arising on first-time consolidation and €3.0 million generated during the first half of 2022 as part of the PPA) in relation to Drivalia Portugal S.A. (formerly Sado Rent S.A.), a company consolidated in the FCA Bank Group, on December, 21st, 2021.

Goodwill as of December 2022 decreased by €176.2 million compared to the prior year. This change is due to:

- the goodwill impairment of CGU Wholesale Financing, in relation to the impairment loss (€86.9 million);

- the impairment of the goodwill generated on first-time consolidation of Leasys S.p.A. (€15 million);

- the sale of Leasys Group, including a goodwill of €78.5 million;

- the increase due to the earn-out generated in the PPA Process during the first half of 2022 for Drivalia Portugal S.A. e Drivalia UK Ltd., for €4,2 million.

The item "Other intangible assets" mainly refers to:

- licenses and software of FCA Bank for €30.8 million;

- patents of the Parent Company FCA Bank S.p.A. for €33.3 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

In keeping with the impairment tests carried out in previous years, Management proceeded to determine the value in use of the CGUs by applying a fundamental methodology based on prospective data. Given the peculiarity of the Wholesale Financing CGU, Management found it difficult to identify a panel of comparable listed companies and comparable transaction multiples on this specific business, so it could not proceed to determine its fair value by applying a market methodology.

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

At the reporting date, a goodwill impairment of €86.9 million has been recorded, in relation to the impairment loss on the CGU Wholesale Financing.

Goodwill generated by the acquisition of other companies were tested for impairment, 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 11.82% was calculated as cost of capital, considering a risk-free interest rate of 2.56%, a risk premium for the Company of 7.91% and a beta of 1.17;
- the estimated growth rate was 3.5%.

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	411.4	87.9	(323.5)
Total	86.9	411.4	87.9	(323.5)
Ferrari Financial Services GmbH	1.5	48.9	68.5	19.6
Drivalia S.p.A.	1.4	31.1	179.8	148.7
Drivalia France S.A.S.	13.7	26.3	29.7	3.4
Drivalia Espana S.L.U.	7.3	18.6	52.4	33.9
FCA Versicherungsservice GmbH	1.8	2.3	4.2	1.9
Drivalia UK Ltd.	8.4	11.7	74.8	63.0
Drivalia Portugal S.A.	5.4	16.0	33.6	17.6
Total	39.3	154.9	443.0	288.1

Sensitivity Analysis

Since value in use is determined through estimates and assumptions that may present elements of uncertainty, sensitivity analysis was carried out, as required by IFRSs, to test the sensitivity of the results obtained to certain factor changes. In particular, the impact on value in use of an increase in discount rates and a decrease in the growth rate used for terminal value calculation purposes was tested.

The following tables show the sensitivity analysis of the value in use of the various CGUs in relation to the change in the discount rate (+ / - 50 basis points) or in the growth rate "g" (+ / - 75 basis points).

As a result, the value in use was higher than the carrying amount.

Ferrari Financial Services GmbH

	Ke	10.8%	11.3%	11.8%	12.3%	12.8%
G. Rate	2.0%	18.9	15.3	12.1	9.2	6.5
	2.8%	23.4	19.2	15.5	12.2	9.2
	3.5%	28.8	23.9	19.6	15.8	12.4
	4.3%	35.4	29.6	24.5	20.0	16.1
	5.0%	43.8	36.6	30.4	25.1	20.5

Drivalia S.p.A.

	Ke	10.8%	11.3%	11.8%	12.3%	12.8%
G. Rate	2.0%	146.9	137.3	128.7	120.9	113.9
	2.8%	158.8	147.7	137.9	129.1	121.1
	3.5%	173.2	160.2	148.7	138.6	129.5
	4.3%	190.9	175.3	161.7	149.9	139.4
	5.0%	213.1	194.0	177.6	163.5	151.2

Drivalia France S.A.S.

	Ke	10.8%	11.3%	11.8%	12.3%	12.8%
G. Rate	2.0%	3.1	1.5	0.1	(1.2)	(2.3)
	2.8%	5.1	3.3	1.6	0.2	(1.1)
	3.5%	7.5	5.3	3.4	1.7	0.2
	4.3%	10.4	7.8	5.6	3.6	1.9
	5.0%	14.1	10.9	8.2	5.9	3.8

Drivalia Espana S.L.U.

	Ke	10.8%	11.3%	11.8%	12.3%	12.8%
G. Rate	2.0%	33.3	30.5	28.0	25.7	23.7
	2.8%	36.8	33.6	30.7	28.1	25.8
	3.5%	41.0	37.2	33.9	30.9	28.2
	4.3%	46.2	41.6	37.7	34.2	31.1
	5.0%	52.7	47.1	42.3	38.2	34.6

FCA Versicherungsservice GmbH

	Ke	10.8%	11.3%	11.8%	12.3%	12.8%
G. Rate	2.0%	1.8	1.6	1.4	1.3	1.1
	2.8%	2.1	1.9	1.6	1.4	1.3
	3.5%	2.4	2.1	1.9	1.7	1.4
	4.3%	2.8	2.5	2.2	1.9	1.7
	5.0%	3.3	2.9	2.5	2.2	1.9

Drivalia UK Ltd.

	Ke	10.8%	11.3%	11.8%	12.3%	12.8%
G. Rate	2.0%	62.3	58.3	54.7	51.5	48.5
	2.8%	67.2	62.6	58.5	54.8	51.5
	3.5%	73.2	67.8	63.0	58.8	55.0
	4.3%	80.6	74.1	68.5	63.5	59.2
	5.0%	89.8	81.9	75.1	69.2	64.1

Drivalia Portugal S.A.

	Ke	10.8%	11.3%	11.8%	12.3%	12.8%
G. Rate	2.0%	17.2	15.4	13.8	12.4	11.0
	2.8%	19.4	17.4	15.5	13.9	12.4
	3.5%	22.1	19.7	17.6	15.7	14.0
	4.3%	25.4	22.5	20.0	17.8	15.8
	5.0%	29.6	26.0	23.0	20.3	18.0

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

11.1 Assets for anticipated levy: breakdown

	Total 12/31/2022	Total 12/31/2021
- Balancing to P&L	123,996	197,610
- Balancing to Net Equity	7,682	11,344
Total	131,678	208,954

11.2 Deferred tax liabilities: breakdown

	Total 12/31/2022	Total 12/31/2021
- Balancing to P&L	147,756	194,574
- Balancing to Net Equity	1,126	1,126
Total	148,882	195,700

11.3 Variation of the anticipated levy (balancing to P&L)

	Total 12/31/2022	Total 12/31/2021
1. Opening balance	197,611	233,411
2. Increases	51,681	18,575
2.1 Deferred tax assets arisen during the year	50,099	15,044
a) related to previous fiscal year	872	-
b) due to change in accounting criteria	-	-
c) write-backs	-	-
d) others	49,227	15,044
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,582	3,531
3. Decreases	125,296	54,375
3.1 Deferred tax assets derecognized during the year	69,833	53,266
a) reversals of temporary differences	57,097	7,467
b) write-downs of non-recoverable items	12,736	-
c) due to change in accounting criteria	-	-
d) others	-	45,799
3.2 Reduction in tax rates	-	33
3.3 Other decreases	55,463	1,076
a) conversion into tax credit under Italian Law 214/2011	-	-
b) others	55,463	1,076
4. Closing balance	123,996	197,611

11.5 Variation of the deferred tax liabilities (balancing to P&L)

	Total 12/31/2022	Total 12/31/2021
1. Opening balance	**194,574**	**236,287**
2. Increases	**32,396**	**22,770**
2.1 Deferred tax liabilities arisen during the year	30,171	21,914
a) related to precedent fiscal year	334	-
b) due to change in accounting criteria	-	-
c) others	29,837	21,914
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	2,225	856
3. Decreases	**79,214**	**64,484**
3.1 Deferred tax liabilities derecognized during the year	18,495	63,955
a) reversals of temporary differences	10,124	30,968
b) due to change in accounting criteria	-	-
c) others	8,371	32,987
3.2 Reduction in tax rates	-	320
3.3 Other decreases	60,719	208
4. Closing balance	**147,756**	**194,574**

11.6 Variation of the anticipated levy (balancing to Net Equity)

	Total 12/31/2022	Total 12/31/2021
1. Opening balance	**11,344**	**16,938**
2. Increases	**2,124**	**1,298**
2.1 Deferred tax assets arisen during the year	-	581
b) related to previous fiscal years	-	-
b) due to change in accounting criteria	-	-
c) others	2,124	581
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	717
3. Decreases	**5,786**	**6,892**
3.1 Deferred tax liabilities derecognized during the year	4,545	6,886
a) reversals of temporary differences	2,972	6,098
b) Write-downs of non-recoverable items	1,573	-
c) due to change in accounting criteria	-	-
d) others	-	788
3.2 Reduction in tax rates	-	6
3.3 Other decreases	1,241	-
4. Closing balance	**7,682**	**11,344**

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 OCI reserve.

11.7 Variation of the deferred tax liabilities (balancing to Net Equity)

	Total 12/31/2022	Total 12/31/2021
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 derecognized 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 12/31/2022	Total 12/31/2021
1. Due from employees	2,459	2,848
2. Receivables arising from sales and services	219,676	52,273
3. Sundry receivables	738,650	477,306
receivables arising from insurance services	14,269	26,205
receivables in the process of collection	2,571	17,807
security deposits	1,359	1,846
reinsurance assets	22,951	12,699
other	697,500	418,749
4. Operating lease receivables	75,810	653,805
5. Consignment Stock	175,371	134,743
6. Accrued income	20,166	218,832
Total	**1,232,132**	**1,539,807**

With reference to the above representation, please consider that items "Consignment stock" and "Operating lease receivables" are represented net of provision (€3 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 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 €76 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 €46 million.

The item "Consignment stock" 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 amortized cost – Item 10

1.1 Financial liabilities at amortized cost: breakdown by product of deposits from banks

Type of transaction/Values	Total 12/31/2022				Total 12/31/2021			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Loans from central banks	3,350,982	X	X	X	3,463,734	X	X	X
2. Loans from banks	8,523,272	X	X	X	7,946,921	X	X	X
2.1 Other current accounts and demand deposits	158,480	X	X	X	44,092	X	X	X
2.2 Time deposits	-	X	X	X	-	X	X	X
2.3 Loans	8,297,473	X	X	X	7,873,167	X	X	X
2.3.1 Repurchase agreement	94,382	X	X	X	201,758	X	X	X
2.3.2 Other	8,203,091	X	X	X	7,671,409	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	67,319	X	X	X	29,662	X	X	X
Total	11,874,254	-	-	11,874,254	11,410,655	-	-	11,402,713

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

This item includes mainly borrowings from credit institution, of which €5.1 billion from the Crédit Agricole Group at arm's length.

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

Type of transactions/Values	Total 12/31/2022				Total 12/31/2021			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	508,323	X	X	X	497,263	X	X	X
2. Time deposits	1,652,739	X	X	X	1,745,762	X	X	X
3. Loans	202,915	X	X	X	123,299	X	X	X
3.1 Reverse repos	-	X	X	X	-	X	X	X
3.2 Other	202,915	X	X	X	123,299	X	X	X
4. Liabilities relating to commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease payables	39,735	X	X	X	42,943	X	X	X
6. Other liabilities	376,799	X	X	X	85,713	X	X	X
Total	2,780,511	-	-	2,780,511	2,494,980	-	-	2,398,588

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

Other payables include:

- security deposits by dealers for €1 million;
- 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 amortized cost: breakdown by product of debt securities in issue

Type of securities/Values	Total 12/31/2022				Total 12/31/2021			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Debts securities								
1. Bonds	8,401,328	6,125,145	-	2,291,617	9,947,264	8,287,569	-	1,691,809
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	8,401,328	6,125,145	-	2,291,617	9,947,264	8,287,569	-	1,691,809
2. Other securities	578	-	-	578	578	-	-	578
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	578	-	-	578	578	-	-	578
Total	8,401,906	6,125,145	-	2,92,195	9,947,844	8,287,569	-	1,692,387

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 €1,962 million;

ii) bonds issued by FCA Bank S.p.A (Irish Branch) for a nominal amount of €5,635 million, by FCA Capital Suisse for a nominal amount of CHF 325 million;

iii) the short-term Euro Commercial Paper issuance program, with FCA Bank S.p.A. (through its Irish branch) as the issuer, utilized for €627 million.

1.4 Breakdown of subordinated debts/deposits

	Total 12/31/2022	Total 12/31/2021
A.1 Subordinated debts	**331,019**	**330,444**
- banks	331,019	330,444
- customers	-	-
A.2 Non subordinated debts	**14,323,746**	**13,575,193**
- banks	11,543,235	11,080,212
- customers	2,780,511	2,494,981
B.1 Subordinated deposits	**-**	**-**
- banks	-	-
- customers	-	-
B.2 Non subordinated deposits	**8,401,906**	**9,947,842**
- banks	1,117,372	1,394,773
- customers	7,284,534	8,553,068
Total	23,056,671	**23,853,478**

As of the reporting date there are no debts that required the separation of subordinated derivatives (structured debts).

1.6 Debiti per leasing

Lease payables are quantified by applying IFRS 16.

Section 2 – Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by product

Type of transactions/Values	Total 12/31/2022					Total 12/31/2021				
	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	-	868	-	X	X	-	1,987	-	X
1.1 Trading	X	-	-	-	X	X	-	-	-	X
1.2 Linked to fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	868	-	X	X	-	1,987	-	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	-	868	-	X	X	-	1,987	-	X
Total (A+B)	X	-	868	-	X	X	-	1,987	-	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 fair value hierarchy

	Fair value 12/31/2022			NV 12/31/2022	Fair value 12/31/2021			NV 12/31/2021
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	-	180,524	-	6,246,110	-	62,721	-	13,689,982
1) Fair value	-	176,319	-	6,107,360	-	58,177	-	12,304,726
2) Financial flows	-	4,205	-	138,750	-	4,544	-	1,385,256
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
Total	-	180,524	-	6,246,110	-	62,721	-	13,689,982

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 hedging type

Transactions/Type of hedge	Fair Value							Cash flow		Foreign investment
	Micro-hedge						Macro-hedge	Micro-hedge	Macro-hedge	
	Debt securities and interest rates	Equitiy instruments and equity indices	Currencies and gold	Credit	Commodities	Others				
1. Financial assets at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets at amortized cost	-	X	2,089	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	2,651	X	-	X
4. Other operations	-	-	-	-	-	-	X	-	X	-
Total assets	**-**	**-**	**2,089**	**-**	**-**	**-**	**2,651**	**-**	**-**	**-**
1. Financial liabilities	171,579	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**171,579**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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	4,205	-

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 12/31/2022	Total 12/31/2021
1. Due to employees	5,646	5,707
2. Operating lease payables	8,384	515,110
3. Due to social security institutions	2,457	5,972
4. Sundry payables	993,121	631,161
- Payables for goods and services	184,463	265,326
- Due to insurance companies	48,495	55,959
- Due to customers	6,835	11,250
- Reinsurance activities	-	-
- Others	698,623	187,324
- Accrued expenses and deferred income	54,705	111,302
Total	1,009,608	1,157,950

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 €2 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.

Section 9 – Provision for employee severance pay – Item 90

9.1 Provision for employee severance pay: annual changes

	Total 12/31/2022	Total 12/31/2021
A. Opening balance	9,892	10,917
B. Increases	77	420
B.1 Provision of the year	-	-
B.2 Other increases	77	420
C. Decreases	3,795	1,444
C.1 Severance payments	389	269
C.2 Other decreases	3,406	1,175
D. Closing balance	6,174	9,892
Total	6,174	9,892

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 the year of net liabilities (assets) with defined benefits and redemption rights (IAS 19, paragraphs 140 and 141)

Defined benefit obligation as of 01/01/2022	9,892
a. Service cost	-
b. Interest cost	(8)
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	(1,150)
g.2 Return on plan assets greater/(less) than demographic assumptions	(8)
g.3 Net actuarial (gain)/loss: others	550
h. Plan participants' contributions	(458)
i. Past service costs/(income) and curtailment (gains) and losses	-
l. Intercompany transactions	-
m. Other changes	(2,644)
Total defined benefit obligations as of 12/31/2022	6,174

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	3.78%
Estimated future salary increases rate (inflation included)	2.98%
Expected inflation	2.97%
Mortality rate	SI2019 (modified on the basis of historical data)
Yearly employees outflow average	5.98%

Section 10 – Provisions for risks and charges – Item 100

10.1 Provisions risks and charges: breakdown

Items/Components	Total 12/31/2022	Total 12/31/2021
1. Funds for credit risk related to financial obligations and warranties	-	-
2. Funds on other obligations and warranties release	28	17
3. Funds of business retirement	31,138	46,134
4. Other funds for risks and obligations	92,162	94,682
4.1 legal and fiscal controversies	5,709	6,603
4.2 obligations for employees	22,023	24,942
4.3 others	64,430	63,137
Total	123,328	140,833

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	17	46,134	94,682	140,833
B. Increases	11	1,529	22,439	23,979
B.1 Provisions for the year	-	1,070	19,762	20,832
B.2 Changes due to pass of time	-	197	-	197
B.3 Changes due to discount-rate changes	-	-	-	-
B.4 Other changes	11	262	2,677	2,950
- of which business aggregation operations	-	-	23	23
C. Decreases	-	16,525	24,959	41,484
C.1 Use during the year	-	951	9,981	10,932
C.2 Changes due to discount-rate changes	-	-	183	183
C.3 Other changes	-	15,574	14,795	30,369
- of which business aggregation operations	-	-	-	-
D. Closing balance	28	31,138	92,162	123,328

10.3 Provisions for credit risk on commitments and financial guarantees issued

	Provisions for credit risk on commitments and financial guarantees issued				
	First stage	Second stage	Third stage	Purchased or originated impaired	Total
Commitment to supply funds	28	-	-	-	28
Financial guarantees issued	-	-	-	-	-
Total	28	-	-	-	28

10.5 Provision 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	12/31/2022
Defined benefit obligation as of the prior year end date	**94.876**
a. Service cost	1,988
b. Interest cost	921
c. Curtailment	-
d. Other costs	19
e. Employer's contribution	351
f. Interest income on plan assets	-
g.1 Return on plan assets greater/(less) than discount rate	(23,168)
g.2 Return on plan assets greater/(less) than demographic assumptions	174
g.3 Net actuarial (gain)/loss: others	1,857
h. Plan participants' contributions	(4,723)
i. Past service costs/(income) and curtailment (gains) and losses	2
l. Intercompany transactions	4
m. Other changes	(1,829)
Total defined benefit obligations as of 12/31/2022	70,472

3. Information on the fair value of plan assets

Changes in plan assets	12/31/2022
Fair value of plan assets as of the prior year end date	**48,742**
a. Interest income on plan assets	605
b. Employers contribution	2,082
c. Disbursements from plan assets	(2,011)
d. Return on plan assets greater/(less) than discount rate	(11,571)
e. Other changes	1,487
Total defined benefit obligations as of 12/31/2022	**39,334**

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.

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

Main actuarial Assumptions	ITALY		OTHER COUNTRIES		
	Other post-employment benefit plans	Other long-term employee benefits	Pension plans	Other post-employment benefit plans	Other long-term employee benefits
Discount rates	3.78%	3.78%	3.14%	4.68%	5.04%
Estimated future salary increases rate (inflation included)	2.98%	2.98%	2.85%	4.34%	5.80%
Expected inflation	2.97%	2.97%	2.23%	2.33%	2.40%
Mortality tables	SI2019 (modificate sulla base dei dati storici)		"MR-5 / FR-5 BVG 2020 / GT Heubeck RT 2018 G RT 2018 G TH/TF 2000-2002 AG Pro2gnosetafel 2022 100% of S3PXA CMI 2021 0.25%, 1.25% long-term rate of improvement (LTR)"	"AVÖ 2018-P "Angestellte" TH/TF 2000-2002 EAE21012p GUS 2021"	"RT 2018 G Heubeck RT 2018 G GUS 2021"
Yearly employees outflow average	5.98%	5.98%	6.49%	3.21%	1.25%

10.6 Provisions for risks and charges: other provisions

	Total 12/31/2022	Total 12/31/2021
1. Provisions for retirement benefits and similar obligations	13.025	24,942
2. Other provisions for employees	-	-
3. Provisions for tax risks	3	162
4. Reserves for legal disputes	766	6,440
5. Provisions for risks and charges related to operating leases	413	5,186
6. Provisions for sundry risks	77,955	57,952
Total	92,162	94,682

Provisions for risks and charges related to operating lease

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 €25 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 €27 million made mainly by FCA Bank S.p.A. and the subsidiaries in German, France, UK and Switzerland.

Section 11 – Insurance reserves – Item 110

11.1 Insurance reserves: breakdown

	Direct business	Indirect business	Total 12/31/2022	Total 12/31/2021
A. No-life business	**17,131**	**-**	**17,131**	**7,232**
A.1 Premiums reserves	16,162	-	16,162	6,075
A2. Claims reserves	969	-	969	1,157
A3. Other reserves	-	-	-	-
B. Life business	**7,796**	**-**	**7,796**	**6,466**
B1. mathematical reserves	3,236	-	3,236	2,558
B2. Reserves for amounts to be disbursed	4,560	-	4,560	3,908
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	**24,927**	**-**	**24,927**	**13,698**

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

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

	Total 31/12/2022	Total 31/12/2021
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 2022, was unchanged from the previous year.

13.4 Net profit reserve: other information

Group reserves amount to €1,814 million and include: legal reserve, statutory reserve, retained earnings, the FTA-IFRS9 reserve, the consolidation reserve and other reserves.

13.6 Net profit reserve: other information

The valuation reserves amount to negative €3 million and include reserves of cash flow hedge derivatives for +€2 million, exchange rate valuation reserves (relating to fully consolidated investments) for +€3 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 -€9 million.

Section 14 – Minorities – Items 190

Minorities is attributable to FCA Bank GmbH, Ferrari Financial Services GmbH and other minorities.

14.1 Breakdown of item 190 "Shareholders' equity: minorities"

Companies name	Total 12/31/202	Total 12/31/2021
Equity investments in consolidated companies with minority interests		
1. Ferrari Financial Services GmbH	47,457	40,578
2. FCA Bank GmbH	31,375	29,556
Others investments	26	2
Total	78,858	70,136

14.2 Equity instruments: breakdown and annual changes

	Total 12/31/2022	Total 12/31/2021
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	63,977	55,228
6. Valuation reserves	153	(69)
7. Minority equity - Net income (loss)	8,462	8,711
Total	78,858	70,136

2. Other commitments and other guarantees given

	Nominal value	Nominal value
	Total 12/31/2022	Total 12/31/2021
Others guarantees given		
of which: non-performing loans	-	-
a) Central Banks	-	-
b) Public sector entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Other commitments		
of which: non-performing loans	-	-
a) Central Banks	-	-
b) Public sector entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	7,151,761	7,767,982
f) Households	6,510	4,688

The item refers to commitments to disburse funds relating to:

- revocable commitments supplied 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	Total 12/31/2022	Total 12/31/2021
1. Financial assets at fair value through profit or loss	-	-
2. Financial assets at fair value through other comprehensive income	-	-
3. Financial assets at amortized cost	7,055,147	6,604,845
4. Property, plant and equipment	-	-
of which: of which: inventories of property, plant and equipment	-	-

It should be noted that item 3 “Financial asset at amortized cost” includes assets encumbrance deriving from securitization operations.

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)	12/31/2022	12/31/2021
1. Derivatives		459,468	-	459,468	15,579	193,282	250,607	-
2. REPOs		23,351	-	23,351	23,248	-	103	-
3. Securities lending		-	-	-	-	-	-	-
4. Others		3,100,000	3,100,000	-	-	-	-	-
Total	12/31/2022	3,582,819	3,100,000	482,819	38,827	193,282	250,710	X
Total	12/31/2021	1,243,914	800,000	443,914	432,747	-	X	11,167

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 reports 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 collateral received (e)	12/31/2022	12/31/2021
1. Derivatives		39,639	-	39,639	-	39,315	324	-
2. REPOs		94,382	-	94,382	94,382	-	-	-
3. Securities lending		-	-	-	-	-	-	-
4. Other operations		3,100,000	3,100,000	-	-	-	-	-
Total	12/31/2022	3,234,021	3,100,000	134,021	94,382	39,315	324	X
Total	12/31/2021	1,066,466	800,000	266,466	202,796	19,525	X	44,145

PART C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 – Interests – Items 10 and 20

1.1 Interest income and similar revenues: breakdown

Items/Technical forms	Debt securities	Loans	Other operations	Total 12/31/2022	Total 12/31/2021
1. Financial assets valued to fair value with impact to Profit and Loss:	-	-	-	-	-
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated to fair value	-	-	-	-	-
1.3 Other financial assets mandatorily valued to fair value	-	-	-	-	-
2. Financial assets valued to fair value with impact on overall profitability	-	-	X	-	-
3. Financial assets valued to amortize cost:	(25,993)	867,737	-	841,744	820,841
3.1 Credits to banks	-	56,660	X	56,660	34,304
3.2 Credits to clients	(25,993)	811,077	X	785,084	786,537
4. Hedging derivatives	X	X	(23,745)	(23,745)	(18,451)
5. Other assets	X	X	8,392	8,392	11,989
6. Financial liabilities	X	X	X	3,306	20,254
Total	(25,993)	867,737	(15,353)	829,697	834,633
of which: income interests on deteriorated financial assets	-	-	-	-	-
of which: interest income on financial lease	X	-	X	-	-

1.2 Interest income and similar revenues: other information

1.2.1 Interest income on financial assets in foreign currency

Items	Total 12/31/2022	Total 12/31/2021
Interest income from currency assets	124,806	123,183

1.2.2 Interest income from financial lease

Items	Total 12/31/2022	Total 12/31/2021
Interest income from financial lease	571,759	600,223

1.3 Interest expenses and similar charges: breakdown

Items/Technical forms	Debts	Securities	Other operations	Total 12/31/2022	Total 12/31/2021
1. Financial liabilities at amortized cost	115,084	59,060	X	174,144	173,100
1.1 Debts to Central Banks	-	X	X	-	-
1.2 Debts to banks	76,061	X	X	76,061	62,117
1.3 Debts to customers	39,023	X	X	39,023	39,828
1.4 Debt securities in issue	X	59,060	X	59,060	71,155
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and funds	X	X	8,582	8,582	4,364
5. Hedging derivatives	X	X	(18,916)	(18,916)	14,644
6. Financial assets	X	X	X	1,591	4,476
Total	**115,084**	**59,060**	**(10,334)**	**165,401**	**196,584**
of which: interest expense on lease payables	-	X	X	-	-

1.4 Interest expenses and similar charges: other information

1.4.1 Interest expenses on liabilities denominated in foreign currency

Items	Total 12/31/2022	Total 12/31/2021
Interest expense on liabilities held in foreign currency	(17,166)	(12,439)

1.4.2 Interest expenses on financial lease

Items	Total 12/31/2022	Total 12/31/2021
Interest expense on finance lease transactions	-	(63)

1.5 Differentials related to hedging operations

Items	Total 12/31/2022	Total 12/31/2021
A. Positive differentials related to hedging operations	11,656	-
B. Negative differentials related to hedging operations	(16,889)	(33,095)
C. Net differential (A-B)	(5,233)	(33,095)

Section 2 – Commissions – Items 40 e 50

2.1 Fee and commission income: breakdown

Type of service/Values	Total 12/31/2022	Total 12/31/2021
	-	-
1. Securities placement	-	-
1.1 Under firm assumption and/or on the basis of an irrevocable commitment	-	-
1.2 Without firm commitment	-	-
2. Receipt and transmission of orders and execution for customers	-	-
2.1 Receipt and transmission of orders for one or more financial instruments	-	-
2.2 Execution of orders on behalf of customers	-	-
3. Other fees connected with activities related to financial instruments	-	-
of which: trading on own account	-	-
of which: management of individual portfolios	-	-
b) Corporate Finance	-	-
1. Merger and Acquisition Advice	-	-
2. Treasury services	-	-
3. Other fees associated with corporate finance services	-	-
c) Investment advisory activities	-	-
d) Clearing and settlement	-	-
e) Collective Portfolio Management	-	-
f) Custody and administration	-	-
1. Custodian bank	-	-
2. Other fees related to custody and administration	-	-
g) Central administrative services for collective portfolio management	-	-
h) Trust business	-	-
i) Payment services	527	456
1. Current accounts	-	-
2. Credit cards	215	151
3. Debit and other payment cards	-	-
4. Wire transfers and other payment orders	-	-
5. Other fees related to payment services	312	305
j) Distribution of third-party services	63,536	50,082
1. Collective portfolio management	-	-
2. Insurance products	62,679	49,376
3. Other products	857	705
of which: individual portfolio management	-	-
k) Structured Finance	-	-
l) Servicing for securitization transactions	181	179
m) Commitments to disburse funds	-	-
n) Financial guarantees issued	-	-
of which: credit derivatives	-	-
o) Financing operations	11,219	12,380
of which: for factoring transactions	9,683	10,746
p) Currency trading	-	-
q) Goods	-	-
r) Other commission income	58,441	64,561
of which: for management activities of multilateral trading systems	-	-
of which: for management activities of organized trading systems	-	-
Total	133,904	127,658

2.2 Fee and commission expenses: breakdown

Type of service/Values	Total 12/31/2022	Total 12/31/2021
a) Financial instruments	-	-
of which: trading of financial instruments	-	-
of which: placement of financial instruments	-	-
of which: management of individual portfolios	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Clearing and settlement	-	-
c) Management of collective portfolios	-	-
1. Own	-	-
2. Delegated to third parties	-	-
d) Custody and administration	-	-
e) Payment and collection services	(12,744)	(14,575)
of which: credit cards, debit cards and other payment cards	(2,626)	(2,355)
f) Servicing activities for securitization transactions	-	-
g) Commitments to receive funds	-	-
h) Financial guarantees received	(258)	(406)
of which: credit derivatives	-	-
i) Off-site offering of financial instruments, products and services	-	-
l) Currency trading	-	-
m) Other commission expenses	(48,229)	(34,507)
Total	**(61,231)**	**(49,488)**

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

Section 4 – Net gains (losses) on financial assets and liabilities held for trading – Item 80

4.1 Net gains (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	**(14)**
3. Derivatives	**1,202**	**(11)**	-	**(232)**	**959**
3.1 Financial derivatives:	1,202	(11)	-	(232)	959
- On debt securities and interest rates	1,202	(11)	-	(232)	959
- On equity securities and share indices	-	-	-	-	-
- On currency and gold	X	X	X	X	-
- Others	-	-	-	-	-
3.2 Credit derivatives	-	-	-	-	-
of which: economic hedges linked to the fair value option (IFRS 7, par. 9 lett. d)	X	X	X	X	-
Total	**1,202**	**(11)**	**-**	**(232)**	**945**

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

Section 5 – Net gain (losses) on hedge accounting– Item 90

5.1 Net gain (losses) on hedge accounting: breakdown

P&L items/Values	Total 12/31/2022	Total 12/31/2021
A. Incomes from:		
A.1 Fair value hedging instruments	478,576	85,384
A.2 Hedged financial assets (fair value)	-	-
A.3 Hedged financial liabilities (fair value)	146,499	34,086
A.4 Cash-flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	79	139
Total incomes on hedging activities (A)	**625,154**	**119,609**
B. Charges on		
B.1 Fair value hedging instruments	(154,591)	(39,174)
B.2 Hedged financial assets (fair value)	(478,576)	(84,231)
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Cash-flow hedging derivatives	-	-
B.5 Assets and liabilities denominated in currency	(554)	(489)
Total charges in hedge accounting (B)	**(633,721)**	**(123,894)**
C. Net hedging result (A-B)	**(8,567)**	**(4,285)**
of which: result of hedges on net exposures (IFRS 7 24C, lett. b) vi); IFRS 9 6.6.4)	-	-

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

Section 6 – Profits (losses) on disposals/repurchases – Item 100

6.1 Profits (losses) on disposals/repurchases: breakdown

Items/P&L items	Total 12/31/2022			Total 12/31/2021		
	Gains	Losses	Net profit	Gains	Losses	Net profit
Financial assets						
1. Financial assets at amortized cost	178	(3,012)	(2,834)	221	(1,155)	(934)
1.1 Loans and advances to banks	-	-	-	-	-	-
1.2 Loans and advances to customers	178	(3,012)	(2,834)	221	(1,155)	(934)
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-	-
2.2 Loans	-	-	-	-	-	-
Total assets	178	(3,012)	(2,834)	221	(1,155)	(934)
Financial liabilities at amortized cost	-	-	-	-	-	-
1. Deposits from banks	-	-	-	-	-	-
2. Deposits from 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 related to financial assets at amortized cost: breakdown

Transactions/P&L items	Write-downs (1)						Write-backs (2)				Total	Total
	First stage	Second stage	Third stage		Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
			Write-off	Others	Write-off	Others					12/31/2022	12/31/2021
A. Loans and advances to banks	-	-	-	-	-	-	-	-	-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans and advances to customers	(27,509)	(12,592)	(2,234)	(40,074)	-	-	3,023	1,835	11,848	-	(65,703)	(29,748)
- Loans	(27,024)	(12,511)	(2,234)	(39,973)	-	-	3,023	1,835	11,848	-	(65,036)	(29,936)
- Debt securities	(485)	(81)	-	(101)	-	-	-	-	-	-	(667)	187
Total	(27,509)	(12,592)	(2,234)	(40,074)	-	-	3,023	1,835	11,848	-	(65,703)	(29,748)

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 accumulated impairments					Total 12/31/2022	Total 12/31/2021
	First and Second stage	Third stage		Purchased or originated impaired			
		Write-off	Others	Write-off	Others		
1. Loans and advances subject to EBA-compliant moratoria (legislative and non-legislative)	(1)	-	-	-	-	(1)	(1,743)
2. Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-
3. Other loans and advances subject to Covid-19-related forbearance measures	-	-	-	-	-	-	-
4. Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-	-
Total	(1)	-	-	-	-	(1)	(1,743)

Section 10 – Net premiums earned – Item 160

10.1 Net premiums earned: breakdown

Premiums from insurance	Direct business	Indirect business	Total 12/31/2022	Total 12/31/2021
A. Life business				
A.1 Gross premiums accounted (+)	-	-	-	2,017
A.2 Reinsurance premiums ceded (-)	-	X	-	(1,815)
A.3 Total	-	-	-	202
B. Non-life business				
B.1 Gross premiums accounted (+)	-	-	-	4,829
B.2 Reinsurance premiums ceded (-)	-	X	-	(473)
B.3 Change in gross value of premiums reserves (+/-)	-	-	-	(772)
B.4 Change in premium reserve ceded to reinsures (+/-)	-	-	-	(838)
B.5 Total	-	-	-	2,746
C. Total net premiums	**-**	**-**	**-**	**2,948**

Section 11 – Net other operating income and charges from insurance activities – Item 170

11.1 Net other operating income and charges from insurance activities: breakdown

Items	Total 12/31/2022	Total 12/31/2021
1. Net change in insurance provisions	(6)	(227)
2. Claims accrued and paid during the year	(734)	(441)
3. Other income and expenses from insurance	-	(47)
Total	**(740)**	**(715)**

11.2 Breakdown of "Net change in insurance reserves"

Net change in insurance reserves	Total 12/31/2022	Total 12/31/2021
1. Life business		
A. Mathematical reserves	(65)	(12)
A.1 Gross annual amount	(649)	(116)
A.2 (-) Amount attributable to reinsurers	584	105
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"	**(65)**	**(12)**
2. Non-life business		
Change in provisions for non-life business other than claims provisions, net of amounts ceded to reinsurers	59	(216)

11.3 Breakdown of “Claims accrued and paid during the year”

Charges for claims	Total 12/31/2022	Total 12/31/2021
Life business: charges relating to claims, net of reinsurance ceded		
A. Amounts paid	(431)	(218)
A.1 Gross annual amount	(4,305)	(2,180)
A.2 (-) Amount attributable to reinsurers	3,874	1,962
B. Change in reserve for amounts payable	-	-
B.1 Gross annual amount	-	-
B.2 (-) Amount attributable to reinsurers	-	-
Total life business claims	(431)	(218)
Non-life business: charges relating to claims, net of recoveries and reinsurance ceded		
C. Amounts paid	(303)	(223)
C.1 Gross annual amount	(436)	(462)
C.2 (-) Amount attributable to reinsurers	133	239
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	(303)	(223)

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

11.4.1 Breakdown of “Other income and expense from insurance business” - Life insurance

	Total 12/31/2022	Total 12/31/2021
Life insurance		
A. Revenues	-	-
- 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	-	-
B. Expenses	-	9
- 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	-	9
Total Life insurance (A - B)	-	9

11.4.2 Breakdown of “Other income and expense from insurance business” – Non-life insurance

	Total 12/31/2022	Total 12/31/2021
Non-life insurance		
A. Revenues	-	-
- 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	-	-
B. Expenses	-	37
- Other technical expenses net of reinsurance ceded	-	-
- Acquisition commissions	-	-
- Other acquisition expenses	-	-
- Collection commissions	-	-
- Other expenses	-	37
Total Non-life insurance (A - B)	-	37

Section 12 – Administrative costs – Item 190

12.1 Payroll costs: breakdown

Type of expense/Sectors	Total 12/31/2022	Total 12/31/2021
1) Employees	(152,176)	(174,642)
a) wages and salaries	(106,930)	(117,062)
b) social obligation	(22,742)	(30,408)
c) severance pay	(2,055)	(2,735)
d) social security costs	-	(99)
e) allocation to employee severance pay provision	(275)	(239)
f) provision for retirements and similar provisions	(1,174)	(2,021)
- defined contribution	(537)	(562)
- defined benefit	(637)	(1,459)
g) Payments to external pension funds:	(1,841)	(2,160)
- defined contribution	(1,067)	(2,133)
- defined benefit	(774)	(27)
h) costs arising from share-based payments	-	-
i) other employee benefits	(17,159)	(19,917)
2) Other staffs in activity	(11,507)	(9,454)
3) Managers and statutory auditors	(1,011)	(1,335)
4) Staffs collocated to retirement	-	-
Total	(164,694)	(185,431)

12.2 Average number of employees by category

	Totale 12/31/2022	Totale 12/31/2021
1) Employees	2,017	2,446
a) senior manager	57	68
b) managers	410	489
c) remaining employees staff	1,550	1,889
2) Other staff	-	-
Total	2,017	2,446

It should be noted that as at December 31st, 2022 the average number of employees equal to 2,017 does not include the figure of the Leasys Group (553 employees), following the sale which took place on December 21st, 2022. As at December 31st, 2021 the average number of employees of the Leasys Group was equal to 540.

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, 2022 amounted to €17,159 thousand.

12.5 Other administrative costs: breakdown

Item/Sector	Total 12/31/2022	Total 12/31/2021
1. Consulting and professional services	(12,550)	(18,298)
2. EDP costs	(32,064)	(47,149)
3. Rents and utilities	(7,117)	(10,886)
4. Indirect and other taxes	(8,942)	(10,094)
5. Advertising and promotion expenses	(4,268)	(6,683)
6. Other expenses	(14,286)	(30,544)
Total	(79,227)	(123,654)

Section 13 – Net provisions for risks and charges– Item 200

13.1 Net provisions for credit risk relating to commitments to disburse funds and financial guarantees issued: breakdown

	Total 12/31/2022		Total 12/31/2021	
	Write-downs	Wtite-backs	Write-downs	Wtite-backs
1. Provisions for risks and charges related to operating leases	(31)	440	(7,889)	389
1.1 Future maintenance provision	(31)	440	(7,304)	389
1.2 Self-insurance provision	-	-	(585)	-
2. Provisions to other risks and charges	(19,476)	8,120	(3,797)	131
3. Technical insurance reserve	-	-	-	-
4. Legal risks	(253)	91	(1,183)	11
Total	(19,760)	8,651	(12,869)	531

Section 14 – Impairment on property, plant and equipment - Item 210

14.1 Impairment on property, plant and equipment: breakdown

Asset/P&L item	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Property, plant and equipment				
1. For operational use	(15,014)	(24,356)	-	(39,370)
- Owned	-	(24,356)	-	(24,356)
- Licenses acquired through lease	(15,014)	-	-	(15,014)
2. Held for investment	-	-	-	-
- Owned	-	-	-	-
- Licenses acquired through lease	-	-	-	-
3. Inventories	X	-	-	-
Total	(15,014)	(24,356)	-	(39,370)

Section 15 – Impairment on intangible assets – Item 220

15.1 Impairment on intangible assets: breakdown

Asset/P&L items	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Intangible assets				
of which: software	(1,142)	-	-	(1,142)
A.1 Owned	(16,124)	(126)	-	(16,250)
- Generated internally by the Company	-	-	-	-
- Other	(16,124)	(126)	-	(16,250)
A.2 Licenses acquired through lease	-	-	-	-
Total	**(16,124)**	**(126)**	**-**	**(16,250)**

Section 16 – Other operating income and expenses– Item 230

16.1 Other operating expenses: breakdown

Items	Total 12/31/2022	Total 12/31/2021
1. Credit collection expenses	(6,169)	(10,665)
2. Information charges	(553)	(762)
3. Other expenses	(127,935)	(545,502)
3.1 operating lease charges	(41,258)	(466,288)
3.2 finance lease charges	(26,885)	(27,300)
3.3 contract expenses	(3,542)	(4,208)
3.4 sundry charges	(56,250)	(47,706)
Total	(134,657)	(556,929)

16.2 Other operating incomes: breakdown

Items	Total 12/31/2022	Total 12/31/2021
1. Expense recoveries	28,867	34,646
2. Income from operating leases	219,150	1,359,140
3. Income fron finance lease	40	290
4. Sundry income	77,415	58,556
Total	325,472	1,452,630

Section 19 – Goodwill impairment – Item 270

19.1 Goodwill impairment: breakdown

P&L items	Total 12/31/2022	Total 12/31/2021
Goodwill impairment	(86,858)	-

Please refer to Part A – Accounting Policies, 7 – Intangible assets for a description of the methods used to measure impairment of goodwill.

Please refer to Part B – Information on the Consolidated income statement, Section 10 – Intangible assets – Item 100 and, in particular, to paragraph 10.3 Other information for a description of goodwill impairment testing procedures and results.

Section 20 – Gains (losses) on disposals of investments – Item 280

20.1 Gains (losses) on disposals of investments: breakdown

P&L items/Values	Total 31/12/2022	Total 31/12/2021
A. Properties	-	-
- Gains on disposal	-	-
- Losses on disposal	-	-
B. Other assets	646,709	-
- Gains on disposal	646,709	-
- Losses on disposal	-	-
Net profit	**646,709**	**-**

Section 21 – Tax expense related to the profit (loss) from continuing operations – Item 300

21.1 Tax expense related to the profit (loss) from continuing operations: breakdown

P&L items/Sectors	Total 12/31/2022	Total 12/31/2021
1. Current taxes (-)	(129,588)	(185,224)
2. Change of current taxes of previous years (+/-)	(212)	(103)
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 (+/-)	(19,162)	35,800
5. Change of deferred tax liabilities (+/-)	(13,658)	(41,713)
6. Tax expenses for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5)	(162,620)	(191,240)

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

	Total 12/31/2022
Profit for the year before taxes	**1,100,087**
Theoretical tax liability	**302,524**
Increase effect of permanent differences	16,535
Decrease effect of permanent differences	(293,175)
Consolidation effect	119,476
Actual tax liability (A)	**145,360**
IRAP - Theoretical tax liability	**61,275**
Increase effect of permanent differences	3,365
Effect of charges that do not contribute to the tax base	(57,827)
Decrease effect of permanent differences	(2,997)
Consolidation effect	13,232
IRAP - Actual tax liability (B)	**17,048**
Prior years tax adjustments (C)	212
Actual tax liability recognized A+B+C	**162,620**

Section 23 - Minority portion of net income of the year - Item 340

23.1 Breakdown of item 340 "Minority portion of net income of the year"

Companies name	Total 12/31/2022	Total 12/31/2021
FCA Bank GmbH	1,568	1,815
Ferrari Financial Services GmbH	6,891	6,897
Others minorities	3	-
Total	8,462	8,712

The profit attributable to minority interests amounted to €8,462 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

	Items	Total 12/31/2022	Total 12/31/2021
10.	Net Profit (Loss) for the year	1,019,369	493,605
	Other comprehensive income after tax not to be recycled to income statement	11,362	2,134
70.	Defined benefit plans	14,637	2,264
100.	Income taxes relating to other income components without reversal to the income statement	(3,275)	(130)
	Other comprehensive income after tax to be recycled to income statement	(4,255)	32,132
120.	Exchange differrences	(5,025)	21,108
	c) Other changes	(5,025)	21,108
130.	Cash flow hedges	1,158	16,498
	a) Changes in fair value	1,158	16,498
180.	Income taxes relating to other income components with reversal to the income statement	(388)	(5,474)
190.	Total of other comprehensive income after tax	7,107	34,266
200.	Comprehensive income (Items 10+190)	1,026,476	527,87
210.	Consolidated comprehensive income attributable to minorities	8,722	8,705
220.	Consolidated comprehensive income attributable to Parent Company	1,017,754	519,165

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 Consolidated Non-Financial Statement, 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 during the first-half of 2022 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 half-yearly 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 and other global crisis scenarios

With the continuing the Covid-19 health emergency and its impacts on the social and economic context, the Group's risk measurement and control system has confirmed its effectiveness, highlighting the actions necessary for correct and prudent risk management, with the actions taken shared from time to time with the regulator.

During 2022, FCA Bank also had to deal with other unprecedented crisis scenarios, first and foremost the Russian-Ukrainian conflict. While the conflict did not pose direct risks to the Group, it did give rise to indirect ones, especially the energy crisis, which contributed significantly to the rise in inflation and interest rates, enhanced the risk of cybercrime and exacerbated the commodities crisis already underway.

Another crisis scenario faced for the first time in 2022 was the slowdown of new vehicle production, generated mainly by the shortage of raw materials and their consequent increase in price.

In relation to the above, FCA Bank very quickly measured the new risks and put in place control and monitoring plans to mitigate their impact.

In coping with the new crisis scenarios, the Bank has confirmed its responsiveness, adaptation to change, and resilience.

Section 1 - RISKS 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 (book values)

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 amortized cost		27,019	30,244	156,466	336,614	22,478,442	23,028,785
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	12/31/2022	27,019	30,244	156,466	336,614	22,487,747	23,038,090
Total	12/31/2021	39,483	38,480	110,786	581,624	19,971,326	20,741,699

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

Portfolios/Quality		Impaired				Not impaired			Total (net exposition)
		Gross exposure	Total accumulated impairments	Net exposure	Overall partial write-off*	Gross exposure	Total accumulated impairments	Net exposure	
1. Financial assets at amortised costs		381,581	(167,852)	213,729	69	22,950,297	(135,241)	22,815,056	23,028,785
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	12/31/2022	381,581	(167,852)	212,729	69	22,959,602	(135,241)	22,824,361	23,038,090
Total	12/31/2021	358,280	(169,351)	188,749	3,001	20,657,954	(105,004)	20,552,950	20,741,699

Portfolios/quality		Low credit quality assets		Other assets
		Cumulated losses	Net exposure	Net exposure
1. Financial assets held for trading		-	-	-
2. Hedging derivatives		-	-	550,433
Total	12/31/2022	-	-	550,433
Total	12/31/2021	-	-	45,706

Note:

(*) Value shown for information purposes.

Section 2 – RISKS 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 Simplified Standard 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.

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 Group Credit Guidelines 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/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 responsibilities

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 Group Credit Guidelines;

- 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/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 Group Credit Guidelines 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;
- 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/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/Branch and analysing the requests that must be submitted to the JV Credit Committee; and for evaluating any changes to Group credit policies;
- considering any changes in Group credit policies;
- evaluating, approving or submitting to the competent bodies the requests coming from the Market/Branches on single credit policy themes, as per the Governance of the FCAB Group Credit Guidelines;
- setting signatory powers for Markets/Branches within the range established by the Board of Directors;
- deciding changes to scorecards strategies delegated to it;
- analyzing the findings of monitoring scorecards and quarterly credit performance.

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.

The Financial Reporting process

This paragraph describes the "main features of the existing risk management and internal audit systems with regard to the financial reporting process", pursuant to art. 123-bis, paragraph 2, letter b) of the Consolidated Law on Finance.

The Directors of FCA Bank S.p.A. are responsible for maintaining an internal control system in compliance with the criteria set out in the "Internal Control - Integrated Framework" issued by COSO ("Committee of Sponsoring Organizations of the Treadway Commission").

The Internal Control System on corporate reporting is a process which, by involving various corporate functions, guarantees the reliability of financial reporting, the reliability of the financial statements and compliance with rules and regulations.

The oversight of accounting and financial reporting is carried out by the Group Chief Financial Officer and is based on:

- the adequacy of the processes and procedures used for the purpose of preparing the financial reports and any other financial disclosure;
- the monitoring of IT architectures and applications, especially with reference to the management of data processing and the actions taken to develop the summary systems used for financial reporting;
- the completeness and consistency of the disclosures made to the market.

In 2012 the Company had started a complete review of the internal control system connected with the preparation of financial reports (ICFR or "Internal Control over Financial Reporting"), so as to ensure the reliability of financial reports and the preparation of individual and Consolidated Financial Statements.

Over the years, the main processes referring to the individual and Consolidated Financial Statements were included in the ICFR, and the definition and assessment of the controls was carried out so as to ensure adequate coverage of the associated risks and to mitigate the possibility of significant errors in financial reporting.

Today, the risk control matrix is made up of 6 macro processes, for a total of 149 checks, 26 of which refer specifically to the Consolidated Financial Statements.

Independent audit

The FCA Bank Group has appointed a firm of independent auditors to carry out the activities provided for in article 14, paragraph 1 of Legislative Decree no. 39 of January 27th, 2010. In its reports, the Independent Auditors express an opinion on the separate and Consolidated Financial Statements, including the half-yearly financial report. The Independent Auditors appointed for the nine-year period 2021-2029 are PwC S.p.A..

Social responsibility

The FCA Bank Group, as a public interest entity with employee headcount, balance sheet and net revenue size limits in excess of the thresholds set forth in Legislative Decree No. 254 of 2016, annually publishes the Non-Financial Statement as an appendix to the Consolidated Financial Statements.

Corporate governance

The FCA Bank Group has adopted rules and procedures that define the responsibilities of the Governing Bodies, to ensure sound and prudent management by combining the profitability of the business with an informed assumption of risk and proper operational conduct.

The internal control system is designed to detect, measure and mitigate on an ongoing basis the risks associated with the performance of its activities, with the involvement of the Governing Bodies, the control functions and committees, the Supervisory Body, the independent auditors, senior management and all staff.

For a complete description of the functioning of governance and the internal control system, reference should be made to the Non-Financial Statement attached to the Consolidated Financial Statements.

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. In addition, during 2021, both the basic models and the forward-looking Retail and Wholesale Financing models were updated to incorporate the changes introduced by the New Definition of Default (NDD).

Expected credit losses (ECL) are measured as follows:

ECL= PDxLGDxEAD

- Probability of default (PD). Likelihood of a default by a counterparty or of a contract in a pre-established time horizon;
- Loss given default (LGD). 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 (EAD). Exposure at the time of default.

The Portfolio is divided into 3 buckets, with a classification of exposures into stages according to the level and variation over time of credit risk.

The change in stage can therefore arise from either a deterioration in credit risk or an improvement in the same.

FCA Bank has developed two model impairment, one for Dealer Financing and one for Retail Financing.

Both for Retail Financing and Wholesale Financing the Loss Given Default model (LGD) estimates the expected loss if the counterparty defaults.

For Retail Financing (New Rolling Evo framework) the LGD is equal to the Probability of Loss (PL) multiplied by the Loss Given Loss (LGL)

LGD=PL*LGL

where:

- the PL is the probability that a defaulted contract will go into loss (write off or managerial loss) within the 60 following months:

$$PL = \frac{\substack{All\ contracts\ in\ default\ 60\ months\ before\ the\ observation\ date\ that \\ subsequently\ went\ into\ loss\ during\ the\ following\ 60\ months}}{All\ the\ contracts\ in\ default\ 60\ months\ before\ the\ observation\ date}$$

- the LGL is the expected part of EAD of a contract that will be lost in case a contract goes into loss (last 36 months loss). The LGL is equal to:

$$LGL=\frac{\begin{array}{c}\textit{(Sum of EAD of all contracts that went into loss during the previous 36 months) -}\\ \textit{(Sum of all inflows, discounted to the moment default, collected after default event for contracts that}\\ \textit{went into loss during the previous 36 months)}\end{array}}{Sum\ of\ EAD\ of\ all\ the\ contracts\ that\ went\ into\ loss1\ during\ the\ previous\ 36\ months}$$

For Wholesale Financing, the Workout LGD consists of determining the Loss Given Default Rate (LGDR) as complementary to 1 of the recovery rate from the default date onward for closed and open transactions:

$$LGDR = 1 - RR$$

Where RR is the Recovery Rate, expressed as a percentage of the EAD.

The Recovery Rate parameters have been calculated for different macro-product clusters based on total FCA Bank perimeter data.

In order to include the forward looking impact on the ECL, two satellite models have been developed, one for Retail Financing and one for Wholesale Financing.

The output of the forward-looking models is a "calibrated PD" which takes into account the forecasts based on the two macroeconomic scenarios, base scenario and adverse scenario.

To build these two scenarios, following significance analysis, some macroeconomic variables (e.g. GDP) were used both for the Retail Financing model and for the Wholesale Financing model. For the Retail Financing model, variables linked to the business (e.g. Market share) were also introduced. The update of the forward looking amounts was conducted using a weight of 60% for the base scenario and a weight of 40% for the adverse scenario, for both the Retail Financing and the Wholesale Financing products.

The forward-looking impact was updated in Q2 2022 based on NDD Forward Looking models fed with Q1 2022 macroeconomic scenarios. The impact was a release of provisions in the amount of €7 million.

During Q4 2022 macroeconomic scenarios were updated based on Q3 2022. The updates would have led to a release of provisions, which was sterilized for the purposes of the Consolidated Financial Statements for €0.6 million considering the uncertainty of the macroeconomic situation (semiconductor shortage, inflation/interest rate trends).

Provisioning models are subject to validation by the Risk & Permanent Control department, following company procedures 12G.29. Model Risk Management procedure and 12G.34. Initial and Periodic Validation of Models procedure and related manuals (12G.35. Initial and Periodic Validation of Models Retail handbook and 12G.36. Initial and Periodic Validation of Models Dealer Financing handbook).

The purpose of the validation is to ensure the adequacy and accuracy of the methodological choices of the provisioning models adopted by the Group and to confirm their validity.

Significant Increase in Credit Risk

The IFRS 9 guiding principle requires the Bank identify the pattern of deterioration (or improvement) in the credit quality of the financial instruments. The staging model should therefore include the most effective quali-quantitative indicators that capture any significant deterioration (or increase) of the quality of each exposure.

The FCA Bank staging framework has been developed combining the regulatory requirements and the characteristics of the business.

For Retail Financing, past due information is deemed to be the most reliable data, among all the available information, to detect when credit risk has increased significantly, so there is a rebuttable presumption that credit risk has increased significantly since initial recognition when contractual payments are more than 1 day past due.

On top, relative criteria are considered in the individual provisions.

For Wholesale Financing the signal of a significant increase in credit risk is based on days past due and on the presence of the debtor in the “watch list” with specific watch list codes. The watch list assesses the VAT Code’s behavior over time.

Credit risk monitoring framework

Each Market must have an adequate and effective monitoring framework to ensure that information regarding their credit risk exposures, borrowers and collateral is relevant and updated, and that the reporting is reliable, complete, update and timely.

The monitoring framework has to enable each Market to manage and monitor their credit risk exposures in line with their credit risk appetite, strategy, policies and procedures at portfolio and, when relevant and material, individual exposure levels. The credit risk monitoring framework must be defined and documented in the local repository and procedures.

The credit risk monitoring framework covers the following:

- the payment behaviour of borrowers (presence of overdue, aging of the overdue, etc.);
- credit risk associated with both the borrower and the transaction in relation to:
  - group of connected clients;
  - portfolio (e.g. Retail Financing new and Retail Financing used, or Wholesale Financing floor plan new and spare parts);
- bad debt provisions, write-offs and credit level of coverage.

The monitoring framework and data infrastructure is relevant in order to follow the credit decision-making process, including the monitoring and reporting of all credit decisions, exceptions from the credit policies, and escalations to the higher levels of credit decision-makers (e.g. applications approved, rejected and suspended; number of requests approved at market level or managed at HQ level).

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:

- credit guidelines (including credit approval powers);
- scoring system;
- monitoring of specific KRIs (Key Risk Indicators) within the Risk Appetite Framework;
- second- and third-level control activities by the Risk & Permanent Control and Internal Audit departments, respectively;
- Credit Risk Mitigation (CRM) policy.

Group Credit Guidelines

CA Bank's Group Credit Guidelines (GCGs) follow, step by step, the various stages of the credit underwriting and management process by defining policy, approach, methodology and guidance in order to provide the necessary information for managing the credit processes.

The general and essential objective of FCA Bank's GCGs is the assumption of risks, which must be controlled, reasonable and contained within certain parameters.

The GCGs also aim to assist those responsible for approving lines of credit in their analyses and for establishing and maintaining the quality of credit standards.

The above requirements are intended to meet the credit needs of customers, to evaluate business opportunities originating from the Markets, and to limit losses.

Scoring system

The Scoring System tools used by FCA Bank to evaluate and measure counterparty risk are based on the statistical analysis of the performance of customer clusters. Scorecards are meant to be the first step in the "approval system" and take into account the most predictive credit elements and aspects in the acceptance and approval phase.

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:

- Incident Rate n Ratio, 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 department is responsible for the following activities: Credit and collection Reviews, which entail a number of controls over the activities of the underwriting departments (i.d. verifying compliance with Group credit policies and the existing procedures; considering any training requirements; identifying potential unemployment risks)

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.

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/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

FCA Bank continues to show low NPL levels:

FCA Bank, as a Holding of a Group engaged in multiple Markets/Branch:

- sets the NPL strategies within the RAF, the Risk Strategy, the consolidated budget, with a subsequent allocation at the level of the 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-offs

In the Group Credit Guidelines, FCA Bank governs the definition of exposures deemed irrecoverable, due to such conditions as the costly nature of the continuation of recovery actions, the stated impossibility to track down the debtor, the legal confirmation of the inability to prosecute the debtor in case of insolvency.

The write-off of the above receivables provides for the timely derecognition of the accounts to be carried out by the Markets/Branches in compliance with local legal and tax regulations.

The write-off, if envisaged by local legislation, may take place before the legal action to recover the debt has been fully concluded; the activity does not imply for the Bank the loss of the legal right to collect the debt.

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, write-downs, 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			Purchased or originated impaired		
	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	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days
1. Financial assets at amortized cost	66,092	19,056	3,908	141,722	72,539	32,099	6,934	16,833	175,540	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 12/31/2022	66,092	19,056	3,908	141,722	72,539	32,099	6,934	16,833	175,540	-	-	-
Total 12/31/2021	25,914	10,244	805,631	382,717	110,003	21,972	11,237	10,173	146,953	-	-	-

A.1.2 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: changes in total accumulated impairments and total provisions

p.1

Causal / risk stages	Total accumulated impairments																	
	First stage activities						Second stage activities						Activities included in the third stage					
	Credit to banks and	Financial assets measured at amortized cost	Financial assets	Financial assets held for	of which: individual	of which: collective writedowns	Credit to banks and	Financial assets measured at	Financial assets	Financial assets held for	of which: individual writedowns	of which: collective writedowns	Credit to banks and	Financial assets measured at amortized cost	Financial assets	Financial assets held for	of which: individual writedowns	of which: collective writedowns
Total opening adjustments	-	68,822	-	-	241	68,581	-	35,412	-	-	558	34,854	-	167,953	-	-	38,737	129,216
Changes in increase from financial assets acquired or originated	-	3,152	-	-	-	3,152	-	-	-	-	-	-	-	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,286)	-	-	-	(9,286)
Net write-downs / write-backs for credit risk	-	17,241	-	-	35	17,206	-	10,540	-	-	(336)	10,876	-	32,444	-	-	514	31,930
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	2,043	-	-	-	2,043	-	(50)	-	-	-	(50)	-	(955)	-	-	(955)	-
Write-offs non recorded directly in the income statement	-	(119)	-	-	-	(119)	-	-	-	-	-	-	-	(23,358)	-	-	(324)	(23,034)
Other variations	-	(10,716)	-	-	(44)	(10,672)	-	8,238	-	-	-	8,238	-	821	-	-	(1,946)	2,767
Total closing adjustments	-	80,423	-	-	232	80,190	-	54,140	-	-	222	53,918	-	167,619	-	-	36,026	131,593
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	270	-	-	90	180
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	(925)	-	-	-	(925)

A.1.2 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: changes in total accumulated impairments and total provisions

p.2

Causal/risk stages	Total accumulated impairments - Purchased or originated impaired financial assets					Total provisions on commitments to disburse funds and financial guarantees issued				Total
	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact on total profitability	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	First stage	Second stage	Third stage	Commitments to provide funds and financial guarantees issued impaired	
Total opening adjustments	-	-	-	-	-	-	-	-	-	272,187
Changes in increase from financial assets acquired or originated	X	X	X	X	X	-	-	-	-	3,152
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	(9,286)
Net write-downs/ write-backs for credit risk	-	-	-	-	-	-	-	-	-	60,225
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	1,038
Write-offs non recorded directly in the income statement	-	-	-	-	-	-	-	-	-	(23,476)
Other variations	-	-	-	-	-	-	-	-	-	(1,658)
Total closing adjustments	-	-	-	-	-	-	-	-	-	302,182
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	270
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	(925)

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

Portofolios/risk stages	Gross exposure/Nominal value					
	Transfers between first stage and second stage		Transfers between second stage to third stage		Transfer between first stage and third stage	
	From first stage to second stage	From second stage to first stage	From second stage to third stage	From third stage to second stage	From first stage to third stage	From third stage to first stage
1. Financial assets at amortized cost	401,644	236,418	38,886	14,759	79,408	1,646
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	41	2	1	-	100	-
Total 12/31/2022	401,685	236,420	38,887	14,759	79,508	1,646
Total 12/31/2021	491,722	88,034	49,125	1,882	69,225	2,175

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 third stage		Transfer between first stage and third stage	
		From first stage to second stage	From first stage to second stage	From second stage to third stage	From third stage to second stage	From first stage to third stage	From third stage to first stage
A. Financial assets at amortized cost		-	-	-	-	-	-
A.1 subject to EBA-compliant moratoria (legislative and non-legislative)		-	-	-	-	-	-
A.2. loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted		-	-	-	-	-	-
A.3 subject to Covid-19-related forbearance measures		-	-	-	-	-	-
A.4 newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis		-	-	-	-	-	-
B. Financial assets at fair value through other comprehensive income		-	-	-	-	-	-
B.1 subject to EBA-compliant moratoria (legislative and non-legislative)		-	-	-	-	-	-
B.2. loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted		-	-	-	-	-	-
B.3 subject to Covid-19-related forbearance measures		-	-	-	-	-	-
B.4 newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis		-	-	-	-	-	-
Total	12/31/2022	-	-	-	-	-	-
Total	12/31/2021	1,947	541	43	-	1,904	-

A.1.4 Prudential Consolidated - Cash and off-balance sheet credit exposures to banks: gross and net values

Type of exposure/amounts	Gross exposures					Total accumulated impairments and total credit risk provisions					Net Exposure	Total Write-off*
		First stage	Second stage	Third stage	Purchased or originated		First stage	Second stage	Third stage	Purchased or originated		
A. On-balance sheet credit exposures												
A.1 On demand	3,080,660	3,080,660	-	-	-	-	-	-	-	-	3,080,660	-
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	3,080,660	3,080,660	-	X	-	-	-	-	X	-	3,080,660	-
A.2 Others	117,901	117,901	-	-	-	-	-	-	-	-	117,901	-
a) Bad exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	117,901	117,901	-	X	-	-	-	-	X	-	117,901	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	**3,198,561**	**3,198,561**	-	-	-	-	-	-	-	-	**3,198,561**	-
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
Total (B)	-	-	-	-	-	-	-	-	-	-	-	-
Total (A+B)	**3,198,561**	**3,198,561**	-	-	-	-	-	-	-	-	**3,198,561**	-

(*) Value shown for information purposes.

A.1.5 Prudential consolidation - Cash and off-balance-sheet credit exposures to customers: gross and net values

Type of exposure/Amounts	Gross exposures					Total accumulated impairments and total credit risk provisions					Net Exposure	Total Write-off*
		First stage	Second stage	Third stage	Purchased or		First stage	Second stage	Third stage	Purchased or		
A. On-balance sheet credit exposures												
a) Bad exposures	92,463	X	-	92,463	-	65,558	X	-	65,558	-	26,905	69
- of which: forborne exposures	2,339	X	-	2,339	-	1,849	X	-	1,849	-	490	-
b) Unlikely to pay	62,915	X	-	62,915	-	32,688	X	-	32,688	-	30,227	-
- of which: forborne exposures	6,990	X	-	6,990	-	3,419	X	-	3,419	-	3,571	-
c) Non-performing past due	225,798	X	-	225,798	-	69,373	X	-	69,373	-	156,425	-
- of which: forborne exposures	25	X	-	25	-	4	X	-	4	-	21	-
d) Performing past due exposures	366,100	91,419	274,681	X	-	29,940	342	29,598	X	-	336,160	-
- of which: forborne exposures	79	-	79	X	-	5	-	5	X	-	74	-
e) Other performing exposures	22,443,827	21,700,403	743,424	X	-	104,623	80,081	24,542	X	-	22,339,204	-
- of which: forborne exposures	199	86	113	X	-	5	-	5	X	-	194	-
Total (A)	**23,191,103**	**21,791,822**	**1,018,105**	**381,176**	**-**	**302,182**	**80,423**	**54,140**	**167,619**	**-**	**22,888,921**	**69**
B. Off-balance sheet credit exposures												
a) Non-performing	113	X	-	113	-	1	X	-	1	-	112	-
b) Performing	1,980,755	1,980,714	41	X	-	-	-	-	X	-	1,980,755	-
Total (B)	**1,980,868**	**1,980,714**	**41**	**113**	**-**	**1**	**-**	**-**	**1**	**-**	**1,980,867**	**-**
Total (A+B)	**25,171,971**	**23,772,536**	**1,018,146**	**381,289**	**-**	**302,183**	**80,423**	**54,140**	**167,620**	**-**	**24,869,788**	**69**

(*) 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 accumulated impairments and total provisions					Net exposure	Write-off partial total*
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
A. NON-PERFORMING LOANS	-	-	-	-	-	-	-	-	-	-	-	-
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	-	-	-	-	-	-	-	-	-	-	-	-
b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to COVID-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
B. UNLIKELY TO PAY CREDIT LOANS	-	-	-	-	-	-	-	-	-	-	-	-
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	-	-	-	-	-	-	-	-	-	-	-	-
b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to COVID-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
C. NON-PERFORMING PAST DUE CREDIT LOANS	-	-	-	-	-	-	-	-	-	-	-	-
a) Subject to EBA-compliant moratoria	-	-	-	-	-	-	-	-	-	-	-	-

(legislative and non-legislative)												
b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to COVID-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
D. PERFORMING PAST DUE LOANS	-	-	-	-	-	-	-	-	-	-	-	-
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	-	-	-	-	-	-	-	-	-	-	-	-
b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to COVID-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
E. OTHER PERFORMING LOANS	108	108	-	-	-	-	(1)	(1)	-	-	107	-
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	108	108	-	-	-	-	(1)	(1)	-	-	107	-
b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to COVID-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (A+B+C+D+E)	108	108	-	-	-	-	(1)	(1)	-	-	107	-

A.1.7 Prudential Consolidation – On-balance sheet credit exposures to customers: changes of gross non-performing exposures

Causals/Categories	Bad Exposures	Unlikely to pay	Impaired past due exposures
A. Opening balance (gross amount)	105,024	74,039	175,846
- of which sold non-derecognized exposures	17,570	11,307	12,002
B. Increases	54,704	30,816	146,085
B.1 transfers from performing loans	5,063	16,004	90,311
B.2 entry from impaired financial assets acquired or originated	-	-	-
B.3 transfers from other impaired exposures	15,048	7,737	439
B.4 contractual changes without cancellations	-	-	-
B.5 other increases	34,593	7,075	55,335
C. Decreases	67,265	41,940	96,133
C.1 transfers to perfomorming loans	527	1,016	14,613
C.2 write-offs	24,914	-	-
C.3 recoveries	8,079	17,520	36,171
C.4 sales proceeds	859	-	-
C.5 losses on disposals	18,846	-	-
C.6 transfers to other impaired exposures	359	6,279	16,587
C.7 contractual changes without cancellations	-	-	-
C.8 other decreases	13,681	17,125	28,762
D. Closing balance (gross amounts)	92,463	62,915	225,798
- of which sold non-derecognized exposures	16,557	10,671	14,878

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

Causals/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening balance (gross amount)	**18,615**	**1,396**
- of which sold non-derecognized exposures	6,073	14
B. Increases	**1,414**	**426**
B.1 transfers from performing non-forborne exposures	116	2
B.2 transfers from performing forborne exposures	191	X
B.3 transfers from non-performing forborne exposures	X	128
B.4 transfers from non-performing non-forborne exposures	461	-
B.5 other increases	646	296
C. Decreases	**10,675**	**1,544**
C.1 transfers to performing non-forborne exposures	X	1,009
C.2 transfers to performing forborne exposures	128	X
C.3 transfers to non-performing forborne exposures	X	191
C.4 write-offs	124	-
C.5 collections	1,782	165
C.6 sales proceeds	-	-
C.7 losses on disposals	7	-
C.8 other decreases	8,633	179
D. Closing balance (gross amounts)	**9,354**	**278**
- of which sold non-derecognized exposures	2,630	-

A.1.9 Prudential Consolidation - On-balance sheet non-performing credit exposures to customers: changes in total accumulated impairments

Causals/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 write-downs	67,023	1,417	35,796	5,611	65,132	256
- of which sold non-derecognized exposures	12,019	43	6,465	2,846	6,145	-
B. Increases	40,862	681	15,201	1,142	30,590	9
B.1 Write-downs of acquired or originated impaired financial assets	-	X	8	X	-	X
B. 2 other write-downs	13,011	293	7,130	596	14,589	-
B.3 losses on disposal	2,535	7	-	-	-	-
B.4 transfers from other categories of non-performing exposures	6,985	352	3,234	244	238	3
B. 5 contractual changes without cancellations	-	-	-	-	-	-
B.6 other increases	18,331	29	4,829	304	15,763	6
C. Decreases	42,328	249	18,309	3,334	26,349	260
C.1 write-backs from valuation	2,512	125	1,304	463	3,059	11
C.2 write-backs from collection	35	-	-	-	761	2
C.3 gains on disposal	145	-	-	-	-	-
C.4 write-offs	24,914	124	-	-	-	-
C.5 transfers to other categories of non-performing exposures	204	-	3,042	355	7,212	244
C. 6 contractual changes without cancellations	-	-	-	-	-	-
C.7 other decreases	14,518	-	13,963	2,516	15,317	7
D. Closing balance overall amount of write-downs	65,557	1,849	32,688	3,419	69,373	5
- of which sold non-derecognized exposures	11,401	12	5,682	1,388	2,695	-

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						Without rating	Total
	class 1	class 2	class 3	class 4	class 5	class 6		
A. Financial assets valued at amortized cost	-	-	-	-	-	-	23,299,699	23,299,699
- First stage	-	-	-	-	-	-	21,900,419	21,900,419
- Second stage	-	-	-	-	-	-	1,018,104	1,018,104
- Third stage	-	-	-	-	-	-	381,176	381,176
- Purchased or originated impaired	-	-	-	-	-	-	-	-
B. Financial assets valued at fair value with impact on overall profitability	-	-	-	-	-	-	9,305	9,305
- First stage	-	-	-	-	-	-	9,305	9,305
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	-	-	-	-	-	-	-	-
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	-	-	-	-	-	-	23,309,004	23,309,004
D. Commitments and financial guarantees given	-	-	-	-	-	-	1,069,634	1,069,634
- First stage	-	-	-	-	-	-	1,069,634	1,069,634
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (D)	-	-	-	-	-	-	1,069,634	1,069,634
Total (A+B+C+D)	-	-	-	-	-	-	24,378,638	24,378,638

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 to banks

p.1

	Gross exposure	Net exposure	Collaterals (1)				Personal guarantees (2)	
							Credit derivatives	
								Other derivatives
			Property - mortgages	Property - Financial leases	Securities	Other collaterals	CLN	Central counterparties
1. Secured on-balance sheet credit exposures:	25,456	25,456	-	-	23,248	-	-	-
1.1 totally secured	23,351	23,351	-	-	23,248	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partially secured	2,105	2,105	-	-	-	-	-	-
- 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 to 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:	-	-	-	-	-	-	-	23,248
1.1 totally secured	-	-	-	-	-	-	-	23,248
- 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.3.2 Prudential consolidation - Secured on-balance and off-balance sheet credit exposures to customers

p.1

	Gross exposure	Net exposure	Collaterals (1)				Personal Guarantees (2)	
							Credit derivatives	
			Property - mortgages	Property - Financial leases	Securities	Other collaterals	CLN	Other derivatives: Central counterparties
1. Secured on-balance sheet credit exposures:	10,151,802	10,032,819	32,881	-	101,646	6,107,661	-	-
1.1 totally secured	6,188,150	6,107,661	-	-	-	6,107,661	-	-
- of which non-performing	117,252	61,913	-	-	-	61,913	-	-
1.2 partially secured	3,963,652	3,925,158	32,881	-	101,646	-	-	-
- of which non-performing	42,873	29,449	247	-	733	-	-	-
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 to 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:	-	-	-	-	474,440	174,539	1,024,410	7,915,577
1.1 totally secured	-	-	-	-	-	-	-	6,107,661
- of which non-performing	-	-	-	-	-	-	-	61,913
1.2 partially secured	-	-	-	-	474,440	174,539	1,024,410	1,807,916
- of which non-performing	-	-	-	-	3,560	1,309	7,686	13,535
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 - Breakdown by sector of on-balance and off-balance sheet credit 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	-	-	169	(117)	-	-
- of wich: forborne exposures	-	-	-	-	-	-
A.2 Unlikely to pay	618	(1)	78	(36)	-	-
- of wich: forborne exposures	-	-	-	-	-	-
A.3 Impaired past due exposures	41	(12)	725	(183)	-	-
- of wich: forborne exposures	-	-	-	-	-	-
A.4 Not impaired exposures	20,686	(46)	1,792,724	(651)	-	-
- of wich: forborne exposures	-		-	-	-	-
Total (A)	**21,345**	**(59)**	**1,793,696**	**(987)**	**-**	**-**
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures	-	-	-	-	-	-
B.2 Performing exposures	-	-	561,015	(25)	-	-
Total (B)	**-**	**-**	**561,015**	**(25)**	**-**	**-**
Total (A+B) 12/31/2022	**21,345**	**(59)**	**2,354,711**	**(1,012)**	**-**	**-**
Total (A+B) 12/31/2021	**23,505**	**(95)**	**353,931**	**(2,464)**	**-**	**-**

B.1 Prudential consolidation - Breakdown by sector of on-balance and off-balance sheet credit 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		9,171	(29,064)	17,566	(36,377)
- of wich: forborne exposures		248	(1,270)	242	(580)
A.2 Unlikely to pay		14,083	(15,855)	15,448	(16,796)
- of wich: forborne exposures		2,206	(2,406)	1,366	(1,013)
A.3 Impaired past due exposures		80,446	(29,616)	75,214	(39,562)
- of wich: forborne exposures		-	-	20	(4)
A.4 Not impaired exposures		9,500,566	(64,956)	11,361,385	(68,910)
- of wich: forborne exposures		30	(2)	238	(8)
Total (A)		9,604,266	(139,491)	11,469,613	(161,645)
B. Off-balance sheet credit exposures		-	-	-	-
B.1 Non-performing exposures		-	-	112	(1)
B.2 Performing exposures		124,492	-	6,370	(25)
Total (B)		124,492	-	6,482	(26)
Total (A+B)	12/31/2022	9,728,758	(139,491)	11,476,095	(161,671)
Total (A+B)	12/31/2021	7,275,321	(134,788)	12,234,385	(134,855)

B.2 Prudential consolidation - Distribution of on-balance and off-balance 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		12,945	(34,558)	13,960	(31,000)	-
A.2 Unlikely to pay		14,979	(18,196)	15,248	(14,492)	-
A.3 Impaired past due exposures		64,596	(38,764)	91,829	(30,610)	-
A.4 Not impaired exposures		15,226,586	(65,892)	7,448,777	(68,671)	-
Total (A)		15,319,106	(157,410)	7,569,814	(144,773)	-
B. Off-balance sheet credit exposures		-	-	-	-	
B.1 Non-performing exposures		112	(1)	-	-	-
B.2 Performing exposures		561,015	(25)	124,467	-	-
Total (B)		561,127	(26)	124,467	-	-
Total (A+B)	12/31/2022	15,880,233	(157,436)	7,694,281	(144,773)	-
Total (A+B)	12/31/2021	9,487,394	(129,132)	10,408,747	(143,070)	-

B.2 Prudential consolidation - Distribution of on-balance and off-balance 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 Non-performing exposures		-	-	-	-	-
B.2 Performing exposures		-	-	-	-	-
Total (B)		-	-	-	-	-
Total (A+B)	12/31/2022	-	-	-	-	-
Total (A+B)	12/31/2021	-	-	-	-	-

B.3 Prudential consolidation - Territorial distribution of credit exposures for cash and "off-balance sheet" to banks
p.1

Exposures / Geographical Area		Italy		Other european countries		United States
		Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures
A. Balance sheet credit exposures						
A.1 Bad Exposures		-	-	-	-	-
A.2 Unlikely to pay		-	-	-	-	-
A.3 Impaired past due exposures		-	-	-	-	-
A.4 Not impaired exposures		97,560	-	20,341	-	-
Total (A)		97,560	-	20,341	-	-
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures		-	-	-	-	-
B.2 Performing exposures		-	-	-	-	-
Total (B)		-	-	-	-	-
Total (A+B)	12/31/2022	97,560	-	20,341	-	-
Total (A+B)	12/31/2021	123,121	-	681,083	-	-

B.3 Prudential consolidation - Territorial distribution of credit exposures for cash and "off-balance sheet" to banks
p.2

Exposures / Geographical Area		United States	Asia		Rest of the world	
		Total write-downs	Net exposures	Total write-downs	Net exposures	Total write-downs
A. Balance sheet credit exposures						
A.1 Bad Exposures		-	-	-	-	-
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 Non-performing exposures		-	-	-	-	-
B.2 Performing exposures		-	-	-	-	-
Total (B)		-	-	-	-	-
Total (A+B)	12/31/2022	-	-	-	-	-
Total (A+B)	12/31/2021	-	-	-	-	-

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 Tier1 as defined by EU Regulation 575/2013 (CRR) and subsequent updates. The 'exposures' are defined as the sum of on-balance sheet assets at risk and and off-balance transactions 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 Tier1, for the purpose of large risk.

(€/000)	Total 12/31/2022
A. Amount (book value)	1,725,852
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 subsequently amended and supplemented, are carried out by FCA Bank to achieve four 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 currently in place carried out by FCA Bank pursuant to Law no. 130/1999 involve the transfer of receivable portfolios to Special Purpose Entities (SPEs) set up for the purpose, the purchase of which is financed through the 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.

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 SPE 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, thereby optimizing the cost of the transaction.

The securitization companies with a revolving structure are, as at December 31st, 2022: A-Best Twentyone UG, Nixes Six PLc and Erasmus Finance DAC.

Liquidity management

The Originator may be required, depending on the assessment methodologies of the Rating Agencies, 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 SPE.

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.

The securitization Companies with a revolving structure are: A-Best Nineteen UG, A-Best Twentyone UG, Nixes Six PLc and Erasmus Finance DAC.

Waterfall structure

The payment waterfall identifies priorities in the allocation of the cash available within the SPE.

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 SPE, 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 SPE 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 SPE 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 SPE 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 SPE 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 by the SPE 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, at least the AA rating for the Senior Notes issued by the SPE. 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, 2022.

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
A-BEST FIFTEEN S.r.l.	06/20/2022
A-BEST EIGHTEEN S.r.l.	07/11/2022

Characteristics of securitization transactions

€/000	A-BEST FOURTEEN S.r.l.			A-BEST SIXTEEN UG		
Start date	May-16			December-18		
Transaction type	Public			Public		
Originator	FCA Bank S.p.A.			FCA Bank S.p.A. (German Branch)		
Servicer	FCA Bank S.p.A.			FCA Bank S.p.A. (German Branch)		
Arranger	Banca IMI / Unicredit / Crédit Agricole - CIB			BAML / Crédit Agricole-CIB / LBBW		
Joint Lead Manager	NA			BAML / Crédit Agricole-CIB / LBBW		
Underlying assets	Italian AutoLoans			German 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)	707,497	74.20%	40	127,481	58.20%	1M E+40
Class B (Mezzanine)	65,100	6.80%	75	18,000	8.20%	1M E+80
Class C (Mezzanine)	43,300	4.50%	250	20,000	9.10%	1M E+150
Class D (Mezzanine)	55,900	5.90%	343	16,000	7.30%	1M E+250
Class E (Mezzanine)	23,600	2.50%	464	11,000	5.00%	1M E+350
Class M/M1/Junior (Subordinated)	57,900	6.10%	717	26,600	12.10%	VR
Class M2 (Subordinated)	100	0.00%	VR			
ABS Tranches at issue	Amount	%	Tranche	Amount	%	Tranche
Class A (Senior)	1,487,000	88.70%	100% RETAINED	540,000	85.50%	5% RETAINED
Class B (Mezzanine)	50,000	3.00%	100% RETAINED	18,000	2.80%	100% RETAINED
Class C (Mezzanine)	33,300	2.00%	100% RETAINED	20,000	3.20%	100% RETAINED
Class D (Mezzanine)	43,000	2.60%	100% RETAINED	16,000	2.50%	100% RETAINED
Class E (Mezzanine)	18,200	1.10%	100% RETAINED	11,000	1.70%	100% RETAINED
Class M/M1/Junior (Subordinated)	44,500	2.70%	100% RETAINED	26,600	4.20%	100% RETAINED
Class M2 (Subordinated)	100	0.00%	100% RETAINED			
Current rating	Fitch	DBRS		S&P	Moody's	
Class A (Senior)	AA	Aaa		AAA	Aaa	
Class B (Mezzanine)	AA	Aah		AA+	Aaa	
Class C (Mezzanine)	AA	AA		AA-	Aaa	
Class D (Mezzanine)	AA	AL		A-	Aa2	
Class E (Mezzanine)	A+	BB		BBB	A2	
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

€/000	A-BEST SEVENTEEN S.r.l.			A-BEST NINETEEN UG		
Start date	November-15			November-20		
Transaction type	Public			Public		
Originator	FCA Bank S.p.A.			FCA Bank S.p.A. (German Branch)		
Servicer	FCA Bank S.p.A.			FCA Bank S.p.A. (German Branch)		
Arranger	Banca IMI / Unicredit / Crédit Agricole - CIB			Banca IMI / Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	Banca IMI / Unicredit / Crédit Agricole - CIB / Santander			Banca IMI / Unicredit / Crédit Agricole - CIB		
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)	261,386	84.10%	1M E+70	462,343	85.50%	1M E+70
Class B (Mezzanine)	11,058	3.60%	1M E+125	19,500	3.60%	1M E+65
Class C (Mezzanine)	7,372	2.40%	1M E+180	18,200	3.40%	1M E+125
Class D (Mezzanine)	9,584	3.10%	1M E+285	10,300	1.90%	1M E+198
Class E (Mezzanine)	4,055	1.30%	1M E+385	10,700	0.00%	1M E+350
Class M/M1/Junior (Subordinated)	17,392	5.60%	6,875	19,600	3.60%	6.5
Class M2 (Subordinated)	-	0.00%	-	-	0.00%	-
ABS Tranches at issue	Amount	%	Tranche	Amount	%	Tranche
Class A (Senior)	810,000	88.80%	5% RETAINED	483,500	86.10%	100% RETAINED
Class B (Mezzanine)	27,000	3.00%	5% RETAINED	19,500	3.50%	100% RETAINED
Class C (Mezzanine)	18,000	2.00%	5% RETAINED	18,200	3.20%	100% RETAINED
Class D (Mezzanine)	23,400	2.60%	5% RETAINED	10,300	1.80%	100% RETAINED
Class E (Mezzanine)	9,900	1.10%	5% RETAINED	10,700	1.90%	100% RETAINED
Class M/M1/Junior (Subordinated)	24,300	2.70%	5% RETAINED	19,600	3.50%	100% RETAINED
Class M2 (Subordinated)	-	0.00%	5% RETAINED	-	0.00%	100% RETAINED
Current rating	Fitch	DBRS		Fitch	DBRS	
Class A (Senior)	AA	AAA		AAA	Aaa	
Class B (Mezzanine)	AA	AAH		AA+	Aa1	
Class C (Mezzanine)	AA-	AA		A+	Aa2	
Class D (Mezzanine)	A-	A		A-	A2	
Class E (Mezzanine)	A-	AL		BBB-	Baa2	
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

€/000	A-BEST TWENTY			A-BEST TWENTYONE UG		
Start date	September-21			August-21		
Transaction type	Public			Public		
Originator	FCA BAN S.p.A. (Spanish Branch)			FCA BAN S.p.A. (German Branch)		
Servicer	FCA BAN S.p.A. (Spanish Branch)			FCA BAN S.p.A. (German Branch)		
Arranger	Unicredit /Crédit Agricole - CIB / Santander			Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	Unicredit /Crédit Agricole - CIB / Santander			Unicredit / Crédit Agricole - CIB		
Underlying assets	Espana AutoLoans			German 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)	19,913	82.80%	0	400,000	82.20%	1M E+70
Class B (Mezzanine)	16,900	7.10%	0.625	20,700	4.30%	0.65
Class C (Mezzanine)	-	0.00%	-	20,200	4.20%	1.25
Class D (Mezzanine)	-	0.00%	-	15,500	3.20%	1.98
Class E (Mezzanine)	-	0.00%	-	12,700	2.60%	3.5
Class M/M1/Junior (Subordinated)	24,200	10.10%	2.3	17,500	3.60%	6.5
Class M2 (Subordinated)	-	0.00%	-	-	0.00%	-
ABS Tranches at issue	Amount	%	Tranche	Amount	%	Tranche
Class A (Senior)	431,300	91.30%	100% RETAINED	400,000	82.20%	100% RETAINED
Class B (Mezzanine)	16,900	3.60%	100% RETAINED	20,700	4.30%	100% RETAINED
Class C (Mezzanine)	-	0.00%	-	20,200	4.20%	100% RETAINED
Class D (Mezzanine)	-	0.00%	-	15,500	3.20%	100% RETAINED
Class E (Mezzanine)	-	0.00%	-	12,700	2.60%	100% RETAINED
Class M/M1/Junior (Subordinated)	24,200	5.10%	100% RETAINED	17,500	3.60%	100% RETAINED
Class M2 (Subordinated)	-	0.00%	-	-	0.00%	-
Current rating	Fitch	DBRS		Fitch	Moody's	
Class A (Senior)	AA+	AAA		AAA	Aaa	
Class B (Mezzanine)	A+	AA		AA	Aaa	
Class C (Mezzanine)	NA	NA		A	Aa1	
Class D (Mezzanine)	NA	NA		BBB	A1	
Class E (Mezzanine)	NA	NA		BB	Baa1	
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

€/000	NIXES SIX PLc			ERASMUS FINANCE DAC		
Start date	December-13			June-06		
Transaction type	Private			Private		
Originator	FCA Automotive Services UK Ltd.			FCA Bank S.p.A. (German Branch) FCA Bank S.p.A. (French Branch) FCA Dealer Services España S.A.		
Servicer	FCA Automotive Services UK Ltd.			FCA Bank S.p.A. (German Branch) FCA Bank S.p.A. (French Branch) FCA Dealer Services España S.A.		
Arranger	Crédit Agricole-CIB			Crédit Agricole-CIB / BAML		
Underlying assets	UK AutoLoans			German/Spanish/French Dealers' Payables		
Currency (CCY)	GBP			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	490,000,000 (1)			800,000,000 (1)		
Notes outstanding	Amount	%	Coupon (bps)	Amount	%	Coupon (bps)
Class A (Senior)	475,498	74.10%	NA	691,488	63.30%	NA
Class B (Mezzanine)	NA	0.00%	NA	NA	0.00%	NA
Class C (Mezzanine)	NA	0.00%	NA	NA	0.00%	NA
Class D (Mezzanine)	NA	0.00%	NA	NA	0.00%	NA
Junior Tranche (Subordinated)	166,410	25.90%	VR	400,474	36.70%	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

C.1 Prudential Consolidation - Exposure from the main "in-house" securitization transaction broken down by type of securitized asset

p.1

Type of securitized 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 derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other loans		-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
B. Partially derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
C. Not derecognized from balance sheet						
Factoring	-	-	350,474	-	50,000	-
- of which non-performing	-	-	-	-	-	-
Other loans	36,210	-	121,194	-	234,694	-
- of which non-performing	-	-	-	-	-	-

C.1 Prudential Consolidation - Exposure from the main "in-house" securitization transaction broken down by type of securitized asset

p.2

Type of securitized 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 derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
B. Partially derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other loans						
- of which non-performing	-	-	-	-	-	-
C. Not derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-

C.1 Prudential Consolidation - Exposure from the main "in-house" securitization transaction broken down by type of securitized asset

p.3

Type of securitized assets/exposures	Credit facilities					
	Senior		Mezzanine		Junior	
	Net exposure	Write-downs/write-backs	Net exposure	Write-downs/write-backs	Net exposure	Write-downs/write-backs
A. Totally derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
B. Partially derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other loans						
- of which non-performing	-	-	-	-	-	-
C. Not derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-

C.3 Prudential Consolidation - Special Purpose Vehicles for securitizations

Name of securitization/Name of vehicle	Country of incorporation	Consolidation	Assets			Liabilities		
			Credits	Debt securities	Others	Senior	Mezzanine	Junior
A-Best Sixteen UG	Frankfurt am Main – Germany	Line-by-line	79,518	-	15,138	-	60,891	26,600
A-Best Seventeen S.r.l.	Conegliano (TV) – Italy	Line-by-line	289,148	-	29,520	261,386	32,068	17,392
A-Best Nineteen UG	Frankfurt am Main – Germany	Line-by-line	517,661	-	54,828	462,343	58,700	19,600
Nixes Six PLc	London – UK	Line-by-line	688,809	-	75,762	536,117	-	187,624
Erasmus Finance Limited	Dublin - Ireland	Line-by-line	767,494	-	318,989	691,488	350,474	50,000

C.4 Prudential Consolidation - Special Purpose Vehicles for securitization not included in the consolidation

Not applicable to the Group.

C.5 Prudential Consolidation - Servicer activities - "In-house" securitizations: collections of securitized loans and redemptions of securities issued by the securitization'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
FCA Bank S.p.A. (German Branch)	A-Best Sixteen UG	2,132	69,844	-	131,421	-	-	-	-	-	-
FCA Bank S.p.A.	A-Best Seventeen S.r.l.	3,291	264,887	2,896	276,350	-	-	-	-	-	-
FCA Bank S.p.A. (German Branch)	A-Best Nineteen UG	4,282	513,379	-	254,149	-	-	-	-	-	-
FCA Dealer Service España S.A.	Erasmus Finance Limited	18	83,417	-	777,294	-	-	-	-	-	-
FCA Bank S.p.A. (French Branch)	Erasmus Finance Limited	-	160,093	-	1,095,079	-	-	-	-	-	-
FCA Bank S.p.A. (German Branch)	Erasmus Finance Limited	279	539,269	-	2,802,500	-	-	-	-	-	-
FCA Automotive Service UK Ltd.	Nixes Six Plc	-	688,809	-	517,892	-	-	-	-	-	-

C.6 Prudential Consolidation - Consolidated securitization vehicles

NAME	COUNTRY
Nixes Six PLc	London - UK
Erasmus Finance DAC	Dublin - Ireland
A-BEST FOURTEEN 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 NINETEEN UG	Frankfurt am Main - Germany
A-BEST TWENTY	Madrid - Spain
A-BEST TWENTY-ONE UG	Frankfurt am Main - Germany

D. Sales transactions

A. Financial assets sold and not fully derecognized

Quanlitative disclosures

Qualitative disclosures

In addition to what has already been outlines in “C. Securitization Transactions”, to which reference is made, FCA Bank, residually, 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.

Quantitative disclosures

D.1 Prudential Consolidation - Financial assets sold and fully recognized and associated financial liabilities: book value

	Financial assets sold and fully recognized				Associated financial liabilities		
	Book value	of which: subject to securitization transactions	of which: subject to sale agreements with repurchase obligation	of which non-performing	Book value	of which: subject to securitization transactions	of which: subject to sale agreements 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. Loans	-	-	-	-	-	-	-
D. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets at amortized cost	3,920,778	3,920,778	-	10,002	1,962,111	1,962,111	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	3,920,778	3,920,778	-	10,002	1,962,111	1,962,111	-
Total 12/31/2022	3,920,778	3,920,778	-	10,002	1,962,111	1,962,111	-
Total 12/31/2021	4,515,976	4,515,976	-	10,147	2,042,351	2,042,351	-

B. Financial assets sold and fully deleted with recognition of continuous involvement (continuing involvement)

Qualitative disclosures

At the reporting date, as in the previous year, the FCA Bank Group does not hold any financial assets sold and fully derecognised for which there is evidence of continuous involvement.

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, or to borrowings in a currency other than that of the loan and lease portfolios. On December 31st, 2022 the impact of this kind of risk is not relevant as net balance amount in foreign currency is below the minimum threshold.

Position risk arises from derivative transactions entered into by the Company following the structuring of securitization transactions. For the Company, this risk is linked solely to derivative transactions necessary to hedge interest rate risk, as it does not hold other securities in its portfolio, except to meet the liquidity ratios.

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 ongoing, albeit attenuating, 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, without highlighting critical issues in relation to market risk.

1.2.1 Interest rate risk and price risk - Regulatory trading book

Qualitative disclosures

A. General aspects

Main management process of position risk consists in keeping exposure towards each counterparty below the threshold in coherence with a minimum credit rating - defined in "Asset and Liability policy" and measured by rating stated by main rating agencies – considered acceptable by the Company for counterparties in short-, medium- and long-term transactions.

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, FCA Bank's 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) and in keeping with the EBA Guidelines (EBA/GL/2018/02), FCA Bank Group measure the interest rate risk through the following methods:

- IRRBB Economic Value of Equity (EVE) – simplified method (IRRBB impact on EVE - Annex C of Circ.285/2013);

- IRRBB Net Interest Income (NII) simplified method (IRRBB impact on NII - Annex C -bis of Circ.285/2013).

As part of the ICAAP and for the purposes of calculating and allocating Pillar 2 capital to cover IRRBB risk, FCA Bank adopts the result of the more conservative methodology by comparing the results of the two approaches listed above.

To achieve if the risk indicator, calculated as correlation between the sum of the net positive weighted expositions with respect to both Tier 1 and Own Funds, 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 19 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 a theoretical rates variation and an estimate of the modified duration in relation to each bands. To calculate these elements the Group makes assumptions defined in "Attachment C – Banking portfolio tax interest rate" of the Circular 285/2013;

- the weighted exposures of the different bands are added together; the net weighted exposure obtained in this way approximates the change in the present value of items denominated in a certain currency in the event of the assumed interest rate shock. Exposures for individual " significant currencies" (€ and GBP) and the aggregate of " non-significant currencies" are added together. When combined, negative exposures are weighted by a factor of 50%. This results in an amount representing the change in economic value in connection with the assumed interest rate scenario.

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	**3,514,486**	**2,889,933**	**1,659,701**	**4,474,084**	**12,267,072**	**1,293,144**	**13,354**	**7,992**
1.1 Debt securities	-	-	-	9,305	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- others	-	-	-	9,305	-	-	-	-
1.2 Loans to bank	3,147,449	26,019	25,441	50	365	100	-	155
1.3 Loans to customers	367,038	2,863,914	1,634,260	4,464,730	12,266,707	1,293,045	13,354	7,837
- c/c	61,269	-	-	-	-	-	-	-
- others loans	305,769	2,863,914	1,634,260	4,464,730	12,266,707	1,293,045	13,354	7,837
- with early repayment option	-	-	-	-	-	-	-	-
- others	305,769	2,863,914	1,634,260	4,464,730	12,266,707	1,293,045	13,354	7,837
2. Cash liabilities	**671,152**	**10,287,011**	**3,070,675**	**2,950,473**	**5,262,905**	**112,483**	**578**	**-**
2.1 Debts to customers	521,318	728,662	187,985	207,812	1,022,512	112,483	-	-
- c/c	-	508,323	-	-	-	-	-	-
- others debts	521,318	220,339	187,985	207,812	1,022,512	112,483	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- others	521,318	220,339	187,985	207,812	1,022,512	112,483	-	-
2.2 Debt to bank	149,834	5,631,758	2,831,267	947,090	1,612,649	-	-	-
- c/c	147,834	-	-	-	-	-	-	-
- others debts	2,000	5,631,758	2,831,267	947,090	1,612,649	-	-	-
2.3 Debt securities	-	3,926,591	51,424	1,795,570	2,627,743	-	578	-
- with early repayment option	-	-	-	-	-	-	-	-
- others	-	3,926,591	51,424	1,795,570	2,627,743	-	578	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
3. Financial derivatives	**250,597**	**19,510,187**	**1,439,053**	**4,723,584**	**11,665,109**	**660,824**	**-**	**-**
3.1 With underlying title	-	2,474,701	96,797	523,371	451,137	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- other derivatives	-	2,474,701	96,797	523,371	451,137	-	-	-
+ Long positions	-	1,244,298	48,782	261,879	225,640	-	-	-
+ Short positions	-	1,230,403	48,015	261,493	225,497	-	-	-
3.2 Without underlying title	250,597	17,035,485	1,342,256	4,200,213	11,213,972	660,824	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Others derivatives	250,597	17,035,485	1,342,256	4,200,213	11,213,972	660,824	-	-
+ Long positions	243,980	10,686,207	189,589	2,311,005	3,759,012	161,883	-	-
+ Short positions	6,616	6,349,279	1,152,667	1,889,208	7,454,960	498,941	-	-
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, also through funding in currencies other that in which the loan and lease portfolios are denominated, but in any case, made by derivatives (Foreign Exchange Swap) according to ISDA standard.

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 12/31/2022				Total 12/31/2021			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparties	without central counterparties			Central Counterparts	without central counterparties		
		with netting agreements	without netting agreements			with clearing arrangements	without clearing arrangements	
1. Debt securities and interest rates	-	-	1,870,472	-	-	-	2,634,261	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	1,870,472	-	-	-	2,634,261	-
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	-	-	1,870,472	-	-	-	2,634,261	-

A.2 Trading financial derivatives: positive and negative fair value - regulatory trading portfolio

Types of derivatives	Total 12/31/2022				Total 12/31/2021			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparts	Without central counterparties			Central Counterparts	Without central counterparties		
		With clearing arrangements	Without clearing arrangements			With clearing arrangements	Without clearing arrangements	
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	-	-	868	-	-	-	1,987	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	-	-	868	-	-	-	1,987	-

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	1,870,472	-	-
- positive fair value	X	-	-	-
- negative fair value	X	868	-	-
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)Goods				
- 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)Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others				
- 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 years	Over 5 years	Total
A.1 Financial derivative contracts on debt securities and interest rates		1,809,581	-	60,891	1,870,472
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	12/31/2022	1,809,581	-	60,891	1,870,472
Total	12/31/2021	-	189,361	2,444,900	2,634,261

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 interest 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 test compares:

1. the run-off of the fixed-rate Retail portfolio outstanding at the observation date (hedged instrument);
2. 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, 2022);
- the notional amount of the portfolio and the notional value of the derivative projected from the last observation date (September 30th, 2022) to the reporting date (December 31st, 2022).

The retrospective effective test is met is the changes in notional value of the derivative instrument are highly effective in offsetting, within the hedge ratio 80%-125%, the changes in nominal value of the hedged instruments since the last observation date (September 30th, 2022).

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: end-of-period notional values

Underlying assets / Type of derivatives	Total 12/31/2022				Total 12/31/2021			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparts	without central counterparties			Central Counterparts	without central counterparties		
		with clearing arrangements	without clearing arrangements			with clearing arrangements	without clearing arrangements	
1. Debt securities and interest rate	**14,662,904**	**-**	**350,018**	**-**	**20,815,459**	**-**	**2,956,242**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	14,662,904	-	350.018	-	20,815,459	-	2,959,242	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equities and stock indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**-**	1,780,599	**-**	**-**	**-**	**1,567,468**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	1,780,599	-	-	-	1,567,468	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	14,662,904	-	**2,130,617**	-	**20,815,459**	-	**4,523,710**	-

A.2 Hedging financial derivatives: positive and negative fair value - breakdown by product

Types of derivatives	Positive and negative fair value							
	Total 12/31/2022				Total 12/31/2021			
	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	520,620	-	2,988	-	40,780	-	4,763	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	26,824	-	-	-	154	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	520,620	-	29,812	-	40,780	-	4,917	-
Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	173,925	-	4,510	-	41,355	-	4,773	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	2,089	-	-	-	16,592	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	173,925	-	6,599	-	41,355	-	21,365	-

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	350,018	-	-
- positive fair value	X	2,988	-	-
- negative fair value	X	4,510	-	-
2) Equity instruments and stock indexes				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	1,780,599	-	-
- positive fair value	X	26,824	-	-
- negative fair value	X	2,089	-	-
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	14,662,904	-	-	-
- positive fair value	520,620	-	-	-
- negative fair value	173,925	-	-	-
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 years	Over 5 years	Total
A.1 Financial derivative contracts on debt securities and interest rates		4,613,634	9,610,454	788,834	15,012,922
A.2 Financial derivative contracts on equity securities and stock indexes		-	-	-	-
A.3 Financial derivative contracts on currencies and gold		1,554,959	225,640	-	1,780,599
A.3 Financial derivative on commodities		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
Total	12/31/2022	6,168,593	9,836,094	788,834	16,793,521
Total	12/31/2021	8,040,447	15,444,815	1,853,907	25,339,168

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	14,662,904	2,220,490	-	-
- positive fair value	520,620	2,988	-	-
- negative fair value	173,925	5,379	-	-
2) Equity instruments and stock indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	1,780,599	-	-
- positive fair value	-	26,824	-	-
- negative fair value	-	2,089	-	-
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.

Likewise, FCA Bank S.p.A. monitors the Liquidity Coverage Ratio (LCR) on a daily basis.

With reference to the short-term liquidity indicator (LCR), FCA Bank manages the requirement through instruments that comply with the "Liquidity Policy".

The HQLAs required to meet the short-term liquidity ratio are managed jointly by the ALM and Treasury departments of FCA Bank S.p.A., which also acts as Parent Company for the purposes of coordinating the foreign subsidiaries subjected to similar individual LCR obligations by their local supervisory 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, 2022:

- Liquidity Coverage Ratio (LCR) 191%;
- Net Stable Funding Ratio (NSFR) 121%.

Regulatory threshold has 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 ongoing, albeit attenuating, Covid-19 emergency situation, the Bank has intensified liquidity monitoring, 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/Maturity	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 1 year	1 to 5 years	Over 5 years	Unspecified maturity
On-balance sheet assets	**1,919,273**	**123,021**	**79,110**	**262,088**	**1,531,879**	**2,196,608**	**7,962,472**	**12,393,691**	**1,168,827**	**48,771**
A.1 Government securities	-	-	-	-	-	-	9,305	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	1,919,273	123,021	79,110	262,088	1,531,879	2,196,608	7,953,168	12,393,691	1,168,827	48,771
- Banks	1,401,934	4,340	-	-	25,551	-	2,627,143	454,946	20,094	40,934
- Customers	517,339	118,681	79,110	262,088	1,506,328	2,196,608	5,326,024	11,938,745	1,148,733	7,837
On-balance sheet liabilities	**3,419,456**	**660,181**	**163,666**	**1,024,872**	**2,880,017**	**3,070,867**	**5,415,746**	**8,799,156**	**140,527**	**-**
B.1 Deposits and current accounts	992,642	633,628	-	-	-	-	2,665	-	31,017	-
- Banks	992,642	-	-	-	-	-	-	-	-	-
- Customers	-	633,628	-	-	-	-	2,665	-	31,017	-
B.2 Debt securities	578	-	127,000	368,966	1,282,059	534,677	2,255,143	4,120,227	-	-
B.3 Other liabilities	2,426,236	26,553	36,666	655,906	1,597,958	2,536,190	3,157,939	4,678,930	109,511	-
Off-balance sheet transactions										
C.1 Financial derivatives with capital swap										
- Long positions	-	-	192,740	1,045,109	6,449	48,782	261,879	225,640	-	-
- Short positions	-	-	187,162	1,036,682	6,559	48,015	261,493	225,497	-	-
C.2 Financial derivatives without capital swap										
- Long positions	2,339	-	-	23,241	38,446	71,021	150,548	-	-	-
- Short positions	484	-	3,505	3,933	30,212	45,120	102,704	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap										
- 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 Twenty Fondo de Titulazacion e A-Best Twentyone B.V..

As for the A-Best Nineteen transaction, which began as a self-securitization, about 95% of the senior notes were privately placed in December 2022 for a total of €439.6 million.

The financial assets securing the notes refer in relation to A-Best Fourteen S.r.l. to a portfolio of auto loans provided to retail customers, and, in relation to A-Best Twenty e A-Best Twenty-one, to a portfolio of auto loans and leases.

As at December 31st, 2022 these portfolios amount to €953 million for A-Best Fourteen S.r.l, to €239 million for A-Best Twenty and to €486 million for A-Best Twenty-one.

The Erasmus program was renewed on a short-term basis for €800 million.

Finally, it should be noted that as of December 31st, 2022, short-term repurchase agreements ("REPOs") totaling €106 million were outstanding, involving senior notes issued by A-Best Twenty-one.

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 at Group level;
- 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 property, plant and equipment;
- 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.

In 2021, FCA Bank Group also updated the internal procedure governing the mapping of operational risks, in order to make it better suited for the current market context and applicable to its subsidiaries and branches.

Without altering the approach described above, which over time has ensured that risks are adequately covered and managed, but with the aim of improving the method for identifying and assessing risks at the level of individual processes, the new procedure changes the definition of roles and responsibilities, makes the risk classifications by process more current, provides more up-to-date instructions regarding the frequency of mapping activities (more consistent with the risks identified), supports the various Company departments in defining any corrective actions and in monitoring them, and guarantees timely and adequate information for management.

Furthermore, and in line with the above, FCA Bank has reviewed and upgraded its internal policy for the management of business continuity by revising and bringing up to speed the Business Impact Analysis method and initiating the overhaul of the entire document framework (starting with the Crisis Management Procedure).

Impacts deriving from the Covid-19 pandemic

The continuation of the health emergency for most of 2022 led the Bank to reinforce and refine the operational measures that in 2021 had allowed it to respond effectively to the difficulties of the period, protecting its business and ensuring the necessary support for customers. Remote working and the renewed use of digital channels allowed the necessary flexibility to the Bank, which was therefore able to manage impacts arising from new customer needs.

Since the beginning of the emergency, 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), 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.

Credit risk

The credit risk arising from receivables with cedants is mitigated by the set-off rights in the individual reinsurance treaties.

At the balance sheet date the Company held the following cash and cash equivalents and receivables.

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 cost of the risks which occur over time are greater than the premiums received to cover such risks.

The Company has developed its reinsurance underwriting strategy to diversify the type of insurance risks and within each risk type, to maintain a sufficiently large population of risks to reduce the concentration of insurance risks and decrease the variability of the expected outcome. Risks covered include Life and Non-Life events with policy terms ranging from 1 month to 120 months.

In order to avoid excessive losses on the underwriting risks assumed, the Company has a retrocession strategy in place with Hannover Re in respect of CPI business and a stop loss arrangement with AXA in respect of GAP business. 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) as subsequently updated and integrated, 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 Group 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, 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

	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	12/31/2022
1. Share capital	703,389	1,000	7,057	(8,057)	703,389
2. Share premium reserve	195,623	5,000	19,400	(24,400)	195,623
3. Reserves	1,813,476	12,890	(102,646)	89,756	1,813,476
4. Equity instruments	-	-	-	-	-
5. Own share	-	-	-	-	-
6. Revaluation reserves:	(3,427)	-	1,080	(1,080)	(3,427)
- Financial assets (different from equity) at fair value through other comprehensive income	-	-	-	-	-
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Foreign investments hedging	(214)	-	-	-	(214)
- Cash flow hedging	1,789	-	-	-	1,789
- Exchange differences	3,291	-	-	-	3,291
- Non-current assets and disposal Groups classified as held for sale	-	-	-	-	-
- Actuarial gains (losses) on defined benefit plans	(8,747)	-	(48)	48	(8,747)
- Provisions for valuation reserves related to equity investments valued at shareholders' equity	-	-	-	-	-
- Special revaluation laws	454	-	1,128	(1,128)	454
7. Profit (Loss) of ethe year	1,019,369	2,390	188,236	(190,626)	1,019,369
Total	3,728,430	21,280	113,127	(134,407)	3,728,430

B.4 Revaluation reserves related to defined benefit plans: annual changes

	Changes in 2022				
	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Opening balance	28,659	-	(3,995)	3,995	28,659
2. Increases	11362	-	363	- 363	11,362
2.1 Increases in fair value	11,362	-	363	- 363	11,362
2.2 Other changes	-	-	-	-	-
3. Decreases	-	-	-	-	-
3.1 Decreases in fair value	-	-	-	-	-
3.2 Other changes	-	-	-	-	-
4. Closing balance	40,021	-	(3,632)	3,632	40,021

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

On April 29th, 2022, FCA Bank S.p.A. acquired all the shares outstanding of Drivalia S.p.A. (formerly Leasys Rent S.p.A.) from Leasys S.p.A. In addition, on May 31st, 2022, Drivalia S.p.A. (formerly Leasys Rent S.p.A.) acquired from Leasys S.p.A. all the shares outstanding of each of Drivalia France S. A.S. (former Leasys Rent France S.A.S.), Drivalia Espana S.L.U. (former Leasys Rent Espana S.L.U.), Drivalia UK Ltd. (former ER CAPITAL Ltd.) and Drivalia Lease Hellas SM S.A. (former Leasys Hellas SM S.A.).

Effective October 3rd, 2022, Drivalia France S.A.S. acquired the 10 shares held in FCA Leasing France S.A. by Leasys France S.A.S. Therefore, the share capital of the company FCA Leasing France S.A., amounting to €68,954,580.86 and divided into 4,523,124 shares, is registered in the name of: FCA Bank S.p.A. for 4,523,114 shares (99.9998% of the share capital) and Drivalia France S.A.S. for the remaining 10 shares (0.0002% of the share capital).

Effective June 30th, 2022, the cross-border merger of FCA Bank Deutschland GmbH with and into FCA Bank S.p.A. was completed; the effective date for tax and accounting purposes was also June 30th, 2022. Since that date, FCA Bank S.p.A. has been operating in Germany through its own branch. It should also be noted that, as a result of the aforementioned merger, the shareholding that FCA Bank Deutschland GmbH held in the share capital of FCA Versicherungsservice GmbH was transferred directly to FCA Bank S.p.A., effective that same date.

Effective September 29th, 2022, the cross-border merger of FCA Capital Espana E.F.C. S.A. with and into FCA Bank S.p.A. was completed; the effective date for tax and accounting purposes was also September 29th, 2022. Since that date, FCA Bank S.p.A. has been operating in the Spanish territory through its own branch.

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, 2022 to the parent company's directors amounted to €774 thousand.

Compensation paid to parent company's statutory auditors as of December 31st, 2022 amounted to €222 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, 2022 by type of related party.

Related-party transactions: balance sheet

	Amounts at 12/31/2022			
	Shareholders	Key executive directors	Other related parties	Total
Cash and cash equivalents	1,193	-	23,180	24,373
Financial assets at fair value with effects on P&L	-	-	-	-
- Financial assets held for trading	-	-	-	-
Financial assets at amortized cost	6,918	-	27,521	34,439
- Loans and receivables with banks	3,400	-	-	3,400
- Loans and receivables with customers	3,518	-	27,521	31,039
Hedging derivatives	-	-	23,366	23,366
Other assets	13,413	-	288,005	301,418
Total Assets	21,524	-	362,072	383,596
Financial liabilities valued at amortized cost	3,575,876	-	1,649,219	5,225,095
- Deposits from banks	3,575,876	-	1,562,488	5,138,364
- Deposits from customers	-	-	86,731	86,731
Financial liabilities held for trading	-	-	1,187	1,187
Hedging derivatives	-	-	29,001	29,001
Other liabilities	5,615	-	421,893	427,508
Total Liabilities	3,581,491	-	2,101,300	5,682,791

Related-party transactions: income statement

	Amounts at 12/31/2022			
	Shareholders	Key executive directors	Other related parties	Total
Interest and similar income	76,507	-	45,442	121,949
Interest and similar expense	(48,976)	-	(25,746)	(74,722)
Net income financial assets and liabilities held for trading	6,498	-	26,318	32,816
Fair value adjustments in hedge accounting	-		(8,553)	(8,553)
Fee and commission income	-	-	-	-
Fee and commission expense	-	-	(6,741)	(6,741)
Administrative expenses	(7,711)	(996)	(7,031)	(15,738)
Other operating income/expenses	534	-	62,492	63,025
Profit (loss) on equity investments	-	-	646,709	646,709

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	12/31/2022
Audit	PricewaterhouseCoopers	2,535,777
Audit	Other	555,214
Audit related	PricewaterhouseCoopers	544,574
Audit related	Other	82,038
Other services	PricewaterhouseCoopers	89,224
Total		3,806,827

The above fees do not include indexing, CONSOB contribution, reimbursement of expenses and VAT.

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: Financing and Leasing, Wholesale Financing and Rental/Mobility.

Segment assets (accurate amounts) consist solely of receivables due from customers. At the end of 2022, the Financing and Leasing segment had total assets of €17,7 billion, up 7.3% on December 31st, 2021, while the Wholesale Financing segment assets were up 53.8% on the comparable amount at December 31st, 2021, settling at €5.7 billion. Rental/Mobility assets amounted to €0.4 billion. Overall, the end-of-year outstanding portfolio fell by 4.0% (-€1 billion) due to the sale of the Leasys Group. Without the sale of the Leasys Group, the end-of-year outstanding portfolio would have amounted to €29.3 billion, reflecting an 18.0% year-on-year increase (+€4.5 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)	Financing and Leasing	Wholesale Financing	Rental/ Mobility	Other	Total
	12/31/2022	12/31/2022	12/31/2022	12/31/2022	12/31/2022
Net Banking income and rental margin	643	87	358	-	1,088
Net operating expenses	(171)	(12)	(109)	-	(292)
Total cost of risk	(75)	(5)	(21)	-	(101)
Other net operating income	(13)	(3)	(1)	545	529
Profit before tax	**384**	**67**	**227**	**545**	**1,224**
Unallocated taxes	-	-	-	(205)	(205)
Net profit	**384**	**67**	**227**	**340**	**1,019**
Data as at 12/31/2022					
Assets					
End of year segment assets	17,697	5,729	400	-	23,826
Average segment assets	16,447	3,756	4,930	-	25,133
Unallocated assets	-	-	-	-	-

Segment reporting (€/mln)	Financing and Leasing	Wholesale Financing	Rental/ Mobility	Other	Total
	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Net Banking income and rental margin	658	117	271		1.046
Net operating expenses	(175)	(14)	(94)	-	(283)
Total cost of risk	(55)	13	(15)	-	(57)
Other net operating income	(15)	(4)	(2)	-	(21)
Profit before tax	**413**	**112**	**160**	**-**	**685**
Unallocated taxes	-	-	-	(191)	(191)
Net profit	**413**	**112**	**160**	**(191)**	**494**
Data as at 12/31/2021					
Assets					
End of year segment assets	16,495	3,725	4,602	-	24,823
Average segment assets	16,421	4,628	3,944	-	24,993
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, 2022 the rights to use assets under the lease contracts amounted to €24.3 million, including €40.2 million in accumulated depreciation. Lease debts as of the same date amounted to €24.2 million while interest expense on lease debts for 2022 amounted to €0.85 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	6,146	2,828	2,575	4,332	3,400	1,991	1,983	909	11	-

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 engaged in 2022 in the car rental industry through its Leasys subsidiaries: the Group has been sold on December 21st, 2022. The 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 12/31/2022 Lease payments receivables	Total 12/31/2021 Lease payments receivables
Up to 1 year	2,425,094	2,298,981
Over 1 year up to 2 years	1,677,318	1,515,135
Over 2 years up to 3 years	1,288,441	1,130,917
Over 3 years up to 4 years	1,029,580	733,580
Over 4 years up to 5 years	177,449	98,235
For over 5 years	113,065	95,837
Amount of the lease payments receivables	**6,710,947**	**5,872,686**
Reconciliation of the undiscounted lease payments		
Not accrued gains (-)	(329,499)	(88,562)
Not guarantee residual value (-)	(193,298)	(13,695)
Value adjustments and provisions (-)	(79,799)	(82,542)
Lease payments	**6,108,351**	**5,687,887**

The item "Value adjustments and provisions" has been included for the reconciliation with leasing loans recognized as assets and shown in part B of these Notes, Section 4 (4.2 Financial asset valued at amortized cost: breakdown product of receivables to customers).

3. Operating leasing

3.1 Maturity analysis of the lease payments receivables

Maturity ranges	Total 12/31/2022 Lease payments receivables	Total 12/31/2021 Lease payments receivables
Up to1 year	33,414	2,258,490
Over 1 year up to 2 years	-	1,217,632
Over 2 years up to 3 years	-	783,100
Over 3 years up to 4 years	-	408,937
Over 4 years up to 5 years	-	93,748
For over 5 years	-	21,448
Total	33,414	4,783,355

Turin, February 28th, 2023

On behalf of the Board of Directors

Chief Executive Officer and General Manager

Giacomo Carelli

COUNTRY BY COUNTRY REPORTING – DATA AS AT 12/31/2022 -

FCA Bank Group companies by country and business:

COUNTRY	COMPANY	BUSINESS
AUSTRIA	FCA Bank GmbH	BANK
	Leasys Austria GmbH	FINANCIAL COMPANY
BELGIUM	FCA Bank S.p.A. (Belgian Branch)	BANK
	Leasys S.p.A. (Branch Belgium)	NON-FINANCIAL COMPANY
DENMARK	FCA Capital Danmark A/S	FINANCIAL COMPANY
	Drivalia Lease Danmark A/S	NON-FINANCIAL COMPANY
	Leasys S.p.A (Danish Branch)	NON-FINANCIAL COMPANY
FINLAND	FCA Capital Danmark A/S (Branch Finland)	FINANCIAL COMPANY
FRANCE	FCA Bank S.p.A (Branch France)	BANK
	FCA Leasing France S.A.	FINANZIARIE
	Drivalia France S.A.S.	NON-FINANCIAL COMPANY
	Leasys France S.A.S.	NON-FINANCIAL COMPANY
GERMANY	FCA Bank S.p.A. (German Branch)	BANK
	FCA Versicherungsservice GmbH	NON-FINANCIAL COMPANY
	Leasys S.p.A. (German Branch)	NON-FINANCIAL COMPANY
	Ferrari Financial Services GmbH	FINANCIAL COMPANY
GREECE	FCA Bank GmbH (Hellenic Branch)	BANK
	Drivalia Lease Hellas SM S.A.	NON-FINANCIAL COMPANY
	FCA Insurance Hellas S.A.	NON-FINANCIAL COMPANY
IRELAND	FCA Bank S.p.A. (Irish Branch)	BANK
ITALY	Fca Bank S.p.A.	BANK
	FCA Capital RE Dac	NON-FINANCIAL COMPANY
	Drivalia S.p.A.	NON-FINANCIAL COMPANY
	Clickar S.r.l.	NON-FINANCIAL COMPANY
	Leasys S.p.A.	NON-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. (Polish Branch)	BANK
	FCA Leasing Polska Sp. z o.O.	FINANCIAL COMPANY
	Leasys Polska Sp. z o.O.	FINANCIAL COMPANY
PORTUGAL	FCA Bank S.p.A. (Portuguese Branch)	BANK
	Drivalia Portugal S.A.	NON-FINANCIAL COMPANY
	Leasys Portugal S.A.	NON-FINANCIAL COMPANY
UNITED KINDOM	FCA Automotive Services UK Ltd.	FINANCIAL COMPANY
	FCA Dealer Services UK Ltd.	FINANCIAL COMPANY
	Drivalia UK Ltd.	NON-FINANCIAL COMPANY
	Leasys UK Ltd.	NON-FINANCIAL COMPANY
SPAIN	FCA Auto Bank (Sucursal En España de Fca Bank S.p.A.)	BANK
	FCA Dealer Services España S.A.	FINANCIAL COMPANY
	Drivalia España S.L.U.	NON-FINANCIAL COMPANY
	Leasys S.p.A. (Spanish Branch)	NON-FINANCIAL COMPANY
MOROCCO	FCA Dealer Services España S.A. (Morocco Branch)	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 thousand of euro)	FULL TIME EQUIVALENT EMPLPOYEES	INCOME OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS (figures in thousand of euro)	TAX ON INCOME OR LOSS (figures in thousand of euro)
AUSTRIA	BANK	4,548	27	1,447	(7)
	FINANCIAL COMPANY	3,374	5	164	332
BELGIUM	BANK	8,578	43	1,309	(128)
	NON-FINANCIAL COMPANY	(298)	8	159	-
DENMARK	FINANCIAL COMPANY	77,269	37	38,357	8,438
	NON-FINANCIAL COMPANY	(4,811)	7	2,553	(515)
FINLAND	FINANCIAL COMPANY	34	1	(209)	(50)
FRANCE	BANK	21,794	147	(3,007)	1,973
	FINANCIAL COMPANY	33,366	-	30,002	8,048
	NON-FINANCIAL COMPANY	(7,443)	75	20,112	5,474
GERMANY	BANK	72,783	176	61,319	18,878
	NON-FINANCIAL COMPANY	(1,006)	17	7,807	2,644
	FINANCIAL COMPANY	29,598	41	19,118	5,336
GREECE	BANK	2,557	40	2,303	620
	NON-FINANCIAL COMPANY	5,071	7	3,242	988
IRELAND	BANK	815	2	450	36
ITALY	BANK	451,876	623	1,300,900	100,373
	NON-FINANCIAL COMPANY	(101,027)	531	173,631	43,545
NORWAY	FINANCIAL COMPANY	(352)	2	(2,287)	(549)
THE NETHERLAND	FINANCIAL COMPANY	6,589	23	437	232
	NON-FINANCIAL COMPANY	(230)	8	2,135	509
POLAND	BANK	44,589	51	33,019	6,496
	FINANZIARIE	4,654	24	(1,286)	330
PORTUGAL	BANK	9,044	46	3,996	1,006
	NON-FINANCIAL COMPANY	(1,087)	55	3,962	662
UNITED KINDOM	FINANCIAL COMPANY	41,559	137	21,860	4,337
	NON-FINANCIAL COMPANY	(7,241)	120	23,630	4,783
SPAIN	BANK	33,069	77	24,498	7,355
	FINANCIAL COMPANY	10,829	9	6,091	1,525
	NON-FINANCIAL COMPANY	(5,321)	99	14,777	3,675
MOROCCO	FINANCIAL COMPANY	13,881	3	9,344	3,416
SWEDEN	FINANCIAL COMPANY	2,179	1	(6,354)	(1,410)
SWITZERLAND	FINANCIAL COMPANY	18,614	36	10,686	2,184
Total Group companies		767,854	2,478	1,804,165	230,537
Consolidation adjustments		(12,216)		(472,767)	355
Group consolidated		755,638	2,478	1,331,398	230,892

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31st, 2022

FCA BANK S.p.A.

Registered office in Turin Corso Orbassano n. 367
Share capital €700,000,000 fully paid-up
Turin Companies Register no. 08349560014 - R.E.A. no. 965910
Bank Register no. 5764

Report of the Board of Statutory Auditors on the fiscal year ended December 31st, 2022 pursuant to article 2429, paragraph 2 of the Italian Civil Code

Dear Shareholders,

The duties of the Board of Statutory Auditors are mainly governed by the Articles of Association, the Italian Civil Code, Legislative Decree no. 39 of January 27th, 2010, Legislative Decree no. 385 of September 1st, 1993 and the Supervisory Provisions of the Bank of Italy, with particular reference to Circular 285 of 17.12.2013, Title IV, on the organization and corporate governance of banks and the EBA Guidelines on Internal Governance dated July 2nd, 2021. During fiscal year 2022, the Board of Statutory Auditors carried out the oversight activities required by the aforementioned regulatory provisions, also taking into account the principles of conduct of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC), the governing body of the Italian accounting profession.

We oversaw compliance with the law and the Articles of Association, observance of best practices, the adequacy of the organizational structure – especially the internal control System - of the administrative and accounting system adopted by the Company, as well as the reliability of the latter in correctly presenting Company transactions.

1. RESULTS OF THE YEAR

The separate financial statements for the year ended December 31st, 2022 shows a net banking income of €640 million, a pre-tax profit of €1,394 million and a net profit of €1,264 million. The equity amounts to €3,211 million; The Own Funds amount to €2,204 million, reflecting a total capital ratio of 11.66%, compared to a minimum regulatory requirement, including buffers, of 10.62% of total Risk Weighted Assets.

2. THE ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

The considerations illustrated below are made having regard to the manner in which the Board of Statutory Auditors' fulfilled its duties, and taking into account the guidance provided in Consob Communication no. DEM - 1025564 of April 6th, 2001, as updated by Communication no. 6031329 of April 7 th, 2006 - which, although it refers to listed companies on a regulated market, also applies to unlisted companies - as well as the guidelines issued by the Supervisory Authority and the Rules of Conduct of the Board of Statutory Auditors issued by the CNDCEC (document dated January 2021 for unlisted companies and document dated April 2018 for listed companies).

2.1 Considerations on the transactions with the greatest impact on the Company's operating results, financial condition and cash flows and their compliance with the law and the articles of association

The information obtained on the transactions with the greatest impact on the Bank's operating results, financial condition and cash flows has enabled us to ascertain their compliance with the law and the articles of association, and that they were undertaken in the Bank's best interests: the Board of Statutory Auditors has no specific remarks on these transactions.

The reorganization of the ownership structure

As described in the financial statement, following the announcement to the markets on December 17th, 2021, and the agreement signed on March 31st, 2022, Stellantis started a rationalization of the financing offering at the European level that:

1. lead, on July 29th, 2022, to the creation of a multi-brand operating long term rental company (LeaseCo.) in which Stellantis and CACF each have a 50% equity interest. On December 21st, 2022, Leasys S.p.A. was sold by FCA Bank to LeaseCo. to which the Free2Move businesses will be sold in 2023;
2. will be completed within the first half of 2023, once the necessary authorization has been obtained from the competent authorities, the sale to CACF of the 50% stake in FCA Bank, which will continue to operate in connection with existing and future White Label Agreements, thus losing the status of captive bank;
3. will be completed within the first half of 2023, once the necessary authorization has been obtained from the competent authorities, the formation of joint ventures with BNP Paribas Personal Finance and Santander Consumer Finance, in order to carry out financing activities as captives for Stellantis at a European level.

On April 29th, 2022, FCA Bank S.p.A. acquired from its subsidiary Leasys S.p.A. all the shares outstanding of Leasys Rent S.p.A.. The change of the company's name took place on June 16th, 2022.

Lastly, during 2022 Leasys S.p.A. transferred the short-term rental companies operating in seven countries under the Drivalia brand name to FCA Bank S.p.A. and Drivalia S.p.A..

Other operations

Other corporate actions carried out during the year were:

- the merger of FCA Bank Deutschland GmbH with and into FCA Bank S.p.A., with the simultaneous transformation of the German operation into a branch, effective for accounting and tax purposes as of January 1st, 2022;
- the merger of FCA Capital España EFC S.A. with and into FCA Bank S.p.A., with the simultaneous transformation of the Spanish operation into a branch, effective for accounting and tax purposes as of January 1st, 2022;

2.2 Indication of the existence of any atypical and/or unusual transactions, including intercompany or related party transactions.

During the year, we obtained adequate information on intercompany and related party transactions. These transactions are adequately described in the Report on Operations and in the Notes to the Financial Statements, in compliance with the provisions of Article 2428, paragraph 3 of the Italian Civil Code. To that end, we acknowledge their compliance with the law and the Articles of Association, their correspondence with the company's interests, as well as the absence of any situations that require further consideration or comment on our part.

We are not aware of any atypical or unusual transactions with related parties or third parties.

2.3 Observations and proposals on the qualifications and emphasis of matter paragraphs contained in the Independent Auditors' report

The Independent Auditors, with whom we have maintained continuous contact, have reported to us on the audit work carried out and on the absence of situations of uncertainty or any limitations in the audit.

We have read the report issued by the Independent Auditors on March 17th, 2023 and, in this regard, we note that there are no qualifications and that the key matter is the classification and measurement of customer exposures, the valuation of Leasys S.p.A.'s goodwill - adjusted in full as of December 31st, 2022 - and the accounting recognition of the sale of this subsidiary.

2.4 Indication of any complaints pursuant to article 2408 of the Italian Civil Code, of any initiatives taken and related outcomes

We acknowledge that during the year no complaints were submitted to the Board of Statutory Auditors pursuant to article 2408 of the Italian Civil Code.

2.5 Indication of any reports received, any initiatives taken and related outcomes

We acknowledge that the Board of Statutory Auditors did not receive any reports from anyone during the year.

2.6 Indication of any additional services rendered by the Independent Auditors

We acknowledge that the Independent Auditors and the network to which they belong provided services in addition to the independent audits of the separate and consolidated financial statements as at December 31st, 2022, mainly in relation to the performance of agreed procedures concerning attestation services connected with the audit and non-audit services authorized by us. Information on these activities is provided in the Notes to the Financial Statements.

2.7 Indication of the existence of opinions issued in accordance with the law during the year

During the year, the Board of Statutory Auditors issued the opinions required by regulations, including: ICAAP and ILAAP Reports; Reports of the Control Functions; Annual Report on the reviews of outsourced important functions.

2.8 Frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors

The Board of Statutory Auditors attended all meetings of the Board of obtaining, in keeping with article 2381, paragraph 5, of the Italian Civil Code and the Articles of Association, timely and adequate information on the general performance of operations and on the outlook, as well as on the most significant transactions, in terms of size or characteristics carried out by the Bank. In particular, the decision-making process of the Board of Directors appeared to us to be inspired by respect for the fundamental principle of acting in an informed manner.

The Board of Statutory Auditors attended the General Meeting of Shareholders on April 1st, 2022, on April 21st, 2022, on April 29th, 2022, on June 8th, 2022, on November 7th, 2022 and on December 2nd, 2022.

We carried out audits and checks, performing the oversight activity required by law, through 27 meetings maintaining constant and adequate liaison with the *Internal Audit, Risk & Permanent Control* and *Compliance & Supervisory Relations* departments and periodically meeting with the Managers of the various Organizational Units.

As a non-voting member, the Chairman of the Board of Statutory Auditors, or in his place a member of the Board, attended all 12 meetings of the Risk & Audit Committee.

2.9 Observations on compliance with best practices

We obtained knowledge of and oversaw, to the extent of our responsibility, compliance with the fundamental criterion of sound and prudent management of the Bank and with the more general principle of diligence, all on the basis of our participation in Board of Directors' meetings, of the documentation examined and of the timely information received from the various departments regarding the transactions implemented by the Bank, as well as through meetings with Top Management, analyses and specific checks. The information received enabled the Board of Directors to ascertain that the actions decided upon and implemented were in compliance with the law and the company's articles of association, and that they were not manifestly imprudent or risky.

We determined that the Bank has adopted an appropriate risk management policy, which is described in detail in the report on operations.

We ascertained, with the help of the Compliance department and periodic meetings with the various company departments involved, the substantial adequacy of the training activities on anti-money laundering and combating terrorism and on the procedures in place for identifying suspicious transactions in compliance with Legislative Decree no. 231/2007.

We monitored the points of attention highlighted by the Internal Audit, Risk & Permanent Control and Compliance departments, as part of their activities, and the relative actions planned to correct the anomalies found.

We found that the periodic communications required of banks have been sent to the Bank of Italy on time.

We have expressed, to the extent of our responsibility, an opinion on the overall adequacy of the process put in place by the Company to meet the regulatory requirements for ICAAP, as indicated in our report of April 27th, 2022.

Lastly, in line with the Bank of Italy's measure of March 26th, 2019, which attributes to the Board of Statutory Auditors the task of monitoring compliance with regulations and the completeness, functionality and adequacy of anti-money laundering controls, we confirm that we found suitable the procedures adopted by the Company for customer due diligence, for recording and storing information and for reporting suspicious transactions.

2.10 Observations on the adequacy of the organizational structure

We oversaw the appropriate definition of delegated powers and closely monitored the changes undertaken in the Bank's organizational structure to ensure its adequacy, as well as the functioning of such internal committees as the Risk & Audit Committee, the Nomination Committee and the Remuneration Committee.

We verified the effectiveness of the Supervisory Board's monitoring of the adequacy, observance and update of the Organizational Model for the purposes of preventing the crimes referred to in Legislative Decree no. 231/2001.

2.11 Observations on the adequacy of the internal control system

We oversaw the internal control system.

For our part, we believe that the *Internal Audit, Risk & Permanent Control* and *Compliance & Supervisory Relations* departments meet the requirements of autonomy and independence and that, together with the other bodies and departments to which a control function is assigned, they cooperate with one another by exchanging all useful information for the performance of their respective tasks.

2.12 Observations on the adequacy of the administrative and accounting system and on the reliability of the latter to present correctly Company transactions

We checked, to the extent of our responsibility, the reliability of the administrative and accounting system and its fitness in correctly capturing and presenting transactions, both through direct examination of company documents and by obtaining information from the heads of the various departments, periodic meetings with the Independent Auditors and analyses of the results of their work.

2.13 Concluding remarks on the oversight activity carried out, as well as on any omissions, reprehensible events or irregularities found during the activity

We acknowledge that our oversight activities were carried out in the normal course of business during the year and that no significant events emerged such as to require disclosure in this report.

3. Internal control and audit committee pursuant to article 19 of legislative decree no. 39/2010

With regard to the role as internal control and audit committee, assigned to the Board of Statutory Auditors by article 19 of Legislative Decree no. 39/2010, we specify that the Independent Auditors:

- submitted to the committee the report pursuant to article 11 of European Regulation no. 537/2014, which does not reveal any critical issues or significant deficiencies;
- published on their website the transparency report referred to in the first paragraph of article 13 of European Regulation no. 537/2014, as of June 30th, 2022.

As members of the committee, we have also:

- monitored the financial reporting process;
- checked the effectiveness of the internal control and risk management and internal audit systems, as regards financial reporting;
- monitored the independent audit of the separate and consolidated financial statements;
- verified the independence of the external auditors, especially as regards the adequacy of the provision of non-audit services.

Our supervisory activities did not give rise to any significant facts worthy of mention.

4. Observations and proposals regarding the financial statements and their approval

With regard to the check that the accounts are properly kept and that the transactions are correctly entered in the accounting records, as well as the checks that the information in the financial statements is consistent with the accounting records and that the separate financial statements comply with the law, it should be noted that these tasks are entrusted to the Independent Auditors. For our part, we oversaw the general approach to the preparation of the financial statements.

In particular, having first ascertained, through meetings with the heads of the departments concerned and with the Independent Auditors, the adequacy of the administrative and accounting system to incorporate and correctly present transactions and to translate them into reliable data systems for external reporting, it is noted that:

- we confirm that the financial statements have been prepared in accordance with the formats laid down in Legislative Decree no. 38 of February 28th, 2005, regarding the adoption of international accounting standards (IAS/IFRS) and in compliance with Bank of Italy Circular no. 262 of December 22nd, 2005, 7th amendment dated November 2th, 2021;
- we verified that the financial statements reflect the facts and information of which we became aware following our participation in the meetings of the Governing Bodies, which enabled us to obtain adequate information on the transactions with the greatest impact on the Company's operating results, financial condition and cash flows;

We confirm that there were no departures from the accounting policies due to exceptional circumstances.

We determined that the report on operations complies with current legislation, as well as with the resolutions adopted by the Board of Directors and the information available to the Board of Statutory Auditors; we believe that the information provided is consistent with the relevant provisions and provides a true, fair and comprehensive view of the Bank's situation, performance and results of operations, as well as an indication of the main risks to which the Bank is exposed.

5. Non-financial statement (NFS)

Pursuant to article 3 paragraph 7 of Legislative Decree no. 254/2016, the Board of Statutory Auditors attests that it oversaw the observance of the provisions on the Non-Financial Statement, in relation to the consolidated Group, receiving from the Independent Auditor the report referred to in article 3 paragraph 10 of the aforementioned Legislative Decree no. 254/2016 and article 5 Consob Regulation

20267/2018, attesting that no evidence has come to its attention that would cause it to consider that the Non-Financial Statement has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the aforementioned Law Decree and GRI Standars. The Non-Financial Statement is attached as an annex to the Consolidated Financial Statements.

* * * * *

As a result of the amendments to article 41 of Legislative Decree no. 127/91, which made it non-compulsory for the Board of Statutory Auditors, as opposed to the Independent Auditors, to draw up the report on the consolidated financial statements, we acknowledge, though solely for the purpose of providing greater disclosure to shareholders and third parties, that the Bank has prepared the consolidated financial statements in accordance with the instructions set out in Bank of Italy Circular no. 262 of December 22th, 2005, 7th update of November 2nd, 2021, which govern the formats and rules for banks, based on international accounting standards (IAS/IFRS), as illustrated in the Notes to the Financial Statements.

We verified the formation of the scope of consolidation and the coincidence of the reporting dates of the financial statements of the companies included in such scope.

All the information used for consolidation purposes refers to 2022 as a whole. The accounting standards and policies are consistent with those used in the previous year.

The financial statements provided by the subsidiaries to the Parent Company for the purpose of consolidation have been examined by the bodies and/or individuals responsible for the control of the individual companies, in accordance with the applicable laws, and by the Independent Auditors as part of the procedures followed to audit the consolidated financial statements.

As a result of the adoption of IAS/IFRS (in particular IFRS 10 and IFRS 12), the scope of consolidation also includes the special purpose entities involved in the securitization of receivables which, while not being directly owned by FCA Bank S.p.A., meet the requirements of effective control.

The scope of consolidation illustrated in the Notes to the Financial Statements contains a list of the companies included in it as of December 31st, 2022. There are a total of 31 such companies (inclusive of the consolidating company and 8 securitization vehicles), including FCA Bank GmbH (Austria), a 50%-held Subsidiary and Ferrari Financial Services GmbH, a 50.0001%-held Subsidiary.

The amount of consolidated equity and net profit attributable to non-controlling interests have been recorded in the Consolidated Financial Statements under "*Equity attributable to non-controlling interests*" and "*Net profit (loss) for the year attributable to non-controlling interests*", respectively. Total equity amounts to €3,728 thousand, and consolidated net profit for the year amounts to €1,019 thousand.

As is well known, the preparation of the consolidated financial statements is the responsibility of the company's Board of Directors. On the other hand, it is the responsibility of the Independent Auditors, PWC S.p.A., to express a professional opinion on the consolidated financial statements, based on their audit.

This opinion was issued on March 17th, 2023, without qualifications, with the report issued pursuant to article 14 of Legislative Decree no. 39 of January 27th, 2010 and 10 of EU Regulation no. 537/2014, certifying that the consolidated financial statements were prepared with clarity and give a true and fair view of the financial position, results of operations and cash flows of the Company and its subsidiaries.

On the basis of the reviews carried out directly, as well as the information provided by the Independent Auditors, PWC S.p.A., we believe that the definition of the scope of consolidation, the choice of consolidation methods and the procedures followed in applying them have made it possible to present the financial and capital structure and significant profit and loss items with adequate clarity, in light of the layouts of the Statement of Financial Position and Income Statement required by the relevant legislation.

The Report on Operations and the Notes to the Financial Statements provide information regarding the consolidated companies, their operating performance and financial position, as well as clarifications regarding assets and liabilities, in order to provide a comprehensive and clear picture of the situation. Information is also provided on the main risks and uncertainties to which the bank is exposed and on capital adequacy, as required by the third pillar of Basel II.

The Notes to the Financial Statements clearly illustrate the accounting policies adopted in determining the results of operations and financial position; they adequately indicate the composition of and changes in the assets and liabilities and in the items in the income statement and anything else required by current regulations.

The application of these criteria, absent any reason for departures, has made it possible to provide a true and fair view of the consolidated financial position, results of operations and cash flows.

* * * * *

We have no further comments or proposals to make regarding the Financial Statements and, insofar as our responsibilities are concerned, we express our opinion in favor of their approval and acceptance of the proposal formulated by the Board of Directors regarding the allocation of net profit for the year.

* * * * *

This unofficial English language courtesy translation of the original Italian language report of the board of statutory auditors of FCA Bank S.p.A. (the "company") pursuant to article 2429, paragraph 2, of the Italian civil code, dated March 18th, 2023 (the "report"), is for information purposes only and should not be relied upon. In case of any inconsistency between the two versions, the original Italian version shall prevail.

Turin, March 18th, 2023

Chairman (Mauro RANALLI)

Standing Statutory Auditor (Vincenzo Maurizio DISPINZERI)

Standing Statutory Auditor (Maria Ludovica GIOVANARDI)

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31st, 2022

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of FCA BANK SpA

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 of 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow 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 of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No 136/15.

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 this report. We are independent of FCA BANK SpA (the "Company" or the "Bank") pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. 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 judgement, 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.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*

Measurement of loans to customers carried at amortised cost

Notes to the consolidated financial statements:
Part A – Accounting policies
Part B – Information on the consolidated balance sheet, Assets, Section 4
Part C – Information on the consolidated income statement - Section 8
Part E - Information on risk and related risk management policies

As of 31 December 2022 'Loans and advances to customers' were equal to Euro 22,910.9 million, accounting for 81 per cent of total assets in the consolidated financial statements.
Net value adjustments to loans to customers recognised in the year were equal to Euro 65 million and reflect the directors' best estimate of expected losses on the loan portfolio at the reporting date, based on the applicable financial reporting standards.

Estimation processes for loans to customers involve a high degree of judgement and the use of relevant assumptions when verifying the significant increase in credit risk ("SICR"), for allocating portfolios to the various stages of risk ("staging") and when determining the hypotheses and inputs to the models used to determine the expected credit loss ("ECL"). Also with regard to loans measured individually (Stage 3), significant assumptions are made to determine the estimated realisable cash flows.

For the year under consideration FCA Bank Group, in addition to updating the inputs, scenarios and, consequently, risk parameters (PD, LGD), introduced management overlays in order to consider the uncertainty in the macroeconomic scenario as well as to factor in certain valuation elements that were not suitably reflected in the models used.

In consideration of the materiality of the balance, and of the complexity of the processes and

In the course of our audit we considered internal control relevant to the preparation of the consolidated financial statements. To address this key audit matter we performed the following main activities, also with the support of experts of the PwC network:

- We analysed the adequacy of the IT environment and verified the operating effectiveness of relevant controls on the systems and software applications used by the Group for evaluating loans;
- We understood and evaluated the design of controls relevant to the disbursement, monitoring and valuation of loans and verified the operating effectiveness of those controls;
- We analysed critically the tests carried out during the year by the controlling functions, the related findings and any corrective measures taken;
- We understood and verified the appropriateness of the policies, procedures and triggers used in the staging allocation and to measure the SICR, as well as to determine the ECL. We paid special attention to the method used to determine the management overlays applied, and we verified their nature and reasonableness;
- We understood and verified the method used to estimate the key risk parameters used in the models to determine the ECL;
- We verified the correct application of the measurement policies defined for the performing and non performing loans, the completeness and accuracy of the data bases used for the calculation of the ECL, as well as the accuracy of implementation of the algorithms for the calculation of the ECL in the IT systems;
- We carried out portfolio analyses to understand, also through discussion with

Key Audit Matters	Auditing procedures performed in response to key audit matters
methods applied, we considered the valuation of loans to customers a key matter in our audit of the consolidated financial statements of FCA BANK as of 31 December 2022.	management, the main changes and related coverage levels by stage compared with the previous year; • We verified, on a sample basis, the reasonableness of the classification of the performing and non performing loans, on the basis of information on the debtor's status and the trend of collections. With reference to the portion of impaired loans (Stage 3) measured individually, we performed specific analyses, on a sample basis, of the assumptions made with reference to the identification of the estimated realisable cash flows; • We verified the completeness and adequacy of disclosures made by the directors in the notes to the consolidated financial statements in accordance with IFRS and the regulatory framework as well as with communications from regulatory authorities.
Measurement and recoverability of the carrying amount of goodwill *Notes to the consolidated financial statements:* *Part A – Accounting policies* *Part B – Information on the consolidated balance sheet, Assets, Section 10* *Part C – Information on the consolidated income statement - Section 19* In the consolidated financial statements for the year ended 31 December 2022, the Bank reports goodwill of Euro 39.3 million within Intangible assets. As a matter of fact, IAS 36 requires the performance, at least annually, of a test to verify whether an indefinite-lived intangible asset has become impaired, by comparing the carrying amount with the recoverable value ("impairment test"). The outcome of the impairment test performed by the Bank led to the recognition as of 31 December 2022 of a "Goodwill impairment" equal to Euro 86.9 million.	In the course of our audit, to address this key audit matter we performed the following main activities, also with the support of experts of the PwC network: • We understood and evaluated the method and process of performance by the directors of the impairment test; specifically, we analysed critically the method used and the related valuation model (income method) as approved by the board of directors; • We verified the consistency of the valuation method adopted with the provision of the applicable financial reporting standards, also taking into account professional practice; • We discussed with the Bank's management to understand the key assumptions underlying the preparation of projections also in light of developments in the corporate structure;

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The model used for the impairment test, being based on financial projections developed on the basis of assumptions defined by the directors, which also incorporated the effects of foreseeable developments in the Bank's ownership structure, is subject to a high degree of judgement and the financial projections depend also on events outside the control of the directors. Moreover, the models normally adopted for the impairment test purpose, however well-established and recognised in prevailing practice, are extremely sensitive to the inputs and assumptions used and, by their very nature, incorporate a risk of incorrect valuation. In consideration of the intrinsic elements of subjectivity and uncertainty of the estimation process described above, and of the complexity of the methods applied, we considered the measurement and recoverability of goodwill a key matter in our audit of the consolidated financial statements of FCA BANK as of 31 December 2022.	• We assessed the reasonableness of the forecasts used to determine the prospective cash flows from the various CGUs and examined critically the reasonableness of the key assumptions used by the directors, also through comparison with external data, where available, of the key quantitative assumptions (cost of capital, discount rate and perpetual growth rate) used to determine the recoverable values of the CGUs; • We assessed the result of the sensitivity analyses performed by the directors for changes in the key inputs used; • We verified the mathematical accuracy of the calculations underlying the valuation model adopted and the accuracy of the resulting calculations; • We verified the completeness and adequacy of disclosures made by the directors in the notes to the consolidated financial statements in accordance with IFRS and the applicable regulatory framework.
Accounting treatment of the sale of the Leasys sub-group *Notes to the consolidated financial statements:* *Part A – Accounting policies* *Part B – Information on the consolidated income statement - Section 20* On 21 December 2022, the Bank executed the sale of its 100% equity investment in Leasys, transferring control of that entity and all its Italian and foreign subsidiaries (the "Transaction"), to LeaseCo SAS, a joint venture between Stellantis NV and Crédit Agricole Consumer Finance SA incorporated under the laws of France. The cash-settled transfer price was Euro 1,200 million. Following the execution of the above transaction, in the income statement, on the line "Gains (Losses) on disposal of investments" the	To address this key audit matter we performed the following main activities, also with the support of experts of the PwC network: • We obtained an understanding of the Transaction by obtaining and analysing the relevant documents and through discussion with management; • We verified whether the requirements of the International Financial Reporting Standards applicable in the circumstances for the derecognition of the business and consequent loss of control were met; • We obtained the business valuation of the investment sold, prepared by an external expert engaged by the Bank to determine the fair value of the investment;

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Company reported a gain of Euro 646.7 million, corresponding to the difference between the transfer price and the carrying amount of the Leasys sub-group in the consolidated financial statements, previously reported under non-current assets and disposal groups as of 30 June 2022. In consideration of the peculiarity of the related accounting entries and the materiality of the effects on the Group's financial position, result of operations and cashflows, we considered the Transaction, which was carried out with related parties, a key matter in our audit of the consolidated financial statements of FCA BANK as of 31 December 2022.	• We understood and analysed critically the transfer price and the process applied by management to verify it, through discussion with management and the external expert, also in consideration of the involvement of related parties; • We verified the reasonableness of the assumptions made and conclusions reached by the directors, and of the effects determined in light of the requirements of the applicable financial reporting standards; • We verified the completeness and adequacy of disclosures made by the directors in the notes to the consolidated financial statements in relation to the Transaction in accordance with IFRS.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated 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, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate FCA BANK SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we 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 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 evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify 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 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 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 on the consolidated financial statements.

We 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 identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 25 March 2020, the shareholders of FCA BANK SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2021 to 31 December 2029.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of FCA BANK SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the FCA BANK Group as of 31 December 2022, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the FCA BANK Group as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of FCA BANK Group as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of FCA ABK SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 17 March 2023

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267

To the Board of Directors of FCA Bank SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of FCA Bank SpA and its subsidiaries (the "Group") for the year ended on 31 December 2022 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on 28 February 2023 (the "NFS").

Our review does not extend to the information set out in the paragraph "EU Taxonomy" of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" published in 2021 by the GRI – Global Reporting Initiative (the "GRI Standards"), disclosed within the paragraph "Methodological Note" of the NFS, identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International

Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
    a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
    b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
    c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

    With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;
5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

    In detail, we held meetings and interviews with the management of FCA Bank SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
  a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
  b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for FCA Bank SpA, which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of FCA Bank Group for the year ended on 31 December 2022 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of FCA Bank Group do not extend to the information set out in the paragraph "EU Taxonomy" of the NSF, required by article 8 of European Regulation 2020/852.

Milan, 17 March 2023

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2022 translation

ANNEX – CONSOLIDATED NON-FINANCIAL STATEMENT AS AT DECEMBER 31st, 2022

Prepared in accordance with Legislative Decree 254/16

LETTER TO STAKEHOLDERS

The year just ended was marked by FCA Bank's commitment to solidify its ESG strategy, based on Environmental, Social and Governance principles. In keeping with the process begun in previous years, the Group continued to refine the Purpose and Pillars on which its strategy is based. The next step will be the definition of a sustainability policy and plan, thus laying the groundwork for the actions to be implemented in the near future.

The Purpose of FCA Bank can be summarized as follows: "Creating mobility solutions for a better planet every day". Linked to it are the four Pillars - Sustainable Mobility, Environment, People, Innovation and Digitization - on which the Bank's ESG identity rests. Taken together, these elements represent the core values of the Group, with its drive to democratize access to green mobility.

This goal can be achieved, first and foremost, thanks to our innovative and flexible financial solutions, which are designed to encourage the adoption of new-energy vehicles. These include GO4xe and GOeasy financing, awarded "Best 'ESG/Sustainability' Initiative of the Year" at the Motor Finance Europe Awards 2022. FCA Bank's efforts have also taken the form of partnerships with innovative, sustainability-conscious brands such as Tesla, VinFast, Aiways, XEV, and ElectricBrands

Our Group obtained significant results in the rental and mobility sector as well. As such, 2022 marked a turning point in that in October, at the Mondial de l'Auto Paris, the Group introduced officially Drivalia, its new rental and mobility company. The brand has the ambition to become a top European-level player in the mobility of tomorrow, making green mobility accessible to the greatest possible number of people. To do this, Drivalia provides plans based on sustainability, digital use, and an on-demand approach. Such plans include the CarCloud and Be Free EVO car subscriptions, appreciated by more than 30,000 users, and the fully-electric car sharing service e-GO! Drivalia (formerly LeasysGO!).

In addition, there is Drivalia's electrification strategy, intended to expand the fleet (by 2025 it will consist of 160,000 vehicles, half of which will be either fully electric or plug-in hybrid) and to ensure the widest availability of charging stations to customers through the development of an electric charging infrastructure in Europe (by 2025 there will be 3,100).

FCA Bank also continued along its growth path by focusing on sustainable daily banking, with the launch of the two new credit cards Futura (made of recycled PVC) and Drivalia, designed to convert every purchase into green and smart mobility. Both allow people to join the €co Club FCA Bank, the free loyalty program that helps transform purchases into a more environmentally conscious lifestyle.

Through its ongoing commitment, the FCA Bank Group has demonstrated its forward-looking nature, confirming its ability to generate earnings through a responsible and sustainability-oriented business model.

Giacomo Carelli
CEO and General Manager

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METHODOLOGICAL NOTE

On January 1st, 2017, the new regulations regarding the disclosure of non-financial information by large organizations and public-interest entities, contained in Legislative Decree No. 254 of December 30th, 2016 implementing EU Directive 2014/95/EU, came into force. This legislation has been applied with reference to each fiscal year from 2017 onwards.

FCA Bank, as a public-interest entity with size metrics - in terms of of employees, statement of financial position and net revenues - that exceed the thresholds set forth in Article 2 of Legislative Decree No. 254, publishes the Consolidated Non-Financial Statement as an annex to its Consolidated Financial Statements on an annual basis.

The Consolidated Non-Financial Statement of the FCA Bank Group is prepared in accordance with Article 4 of the aforementioned Legislative Decree 254/2016 and the GRI Standards 2021 according to the "with reference to" reporting option.

These “GRI Standards” are currently the most widely used and internationally recognized model for non-financial reporting.

The Board of Directors approves the Consolidated Non-Financial Statement in conjunction with the Consolidated Financial Statements 2022.

The Consolidated Non-Financial Statement, which has been audited by PricewaterhouseCoopers S.p.A., is published in the Group's Consolidated Financial Statements on the corporate website and sent to Consob by certified electronic mail.

In accordance with the aforementioned regulatory provisions, the FCA Bank Group provides its stakeholders with communication concerning the non-financial topics identified as relevant in light of the materiality analysis carried out, taking into account the Group's activities and characteristics, to ensure an understanding of its organizational model, policies, main risks and performance indicators. The relevant topics for the FCA Bank Group are indicated within the matrix included in the dedicated section, and concern Governance and the following thematic areas identified by Legislative Decree 254/2016:

- Environment
- Personnel
- Social
- Fight against active and passive corruption
- Respect for Human Rights

The identification and choice of the contents of this Statement, as required by Legislative Decree 254/2016, have been made so as to ensure an understanding of the activities carried out by the Group, their performance, results and impact, also in view of the "GRI Standards" principles of relevance, inclusiveness, sustainability context and completeness.

In keeping with the requirements of Legislative Decree no. 254/2016 and as defined by the reporting standards of the Global Reporting Initiative[1] (GRI), the FCA Bank Group carries out an annual update of the materiality analysis, to identify the topics deemed material by both the Stakeholders and the Group.

The positions of the various topics in the materiality matrix depend on the importance attributed to them, in relation to the Bank's business and the impact on stakeholders. Impacts are the positive or negative, current or potential, direct or indirect, short or long term effects that the Group generates on the economy, environment and society.

The material topics potentially relevant to FCA Bank Group and Stakeholders have been defined by:

- analyzing the context, on the basis of the publications Sustainable Development in the European Union by Eurostat and Reflection Paper towards a sustainable Europe by 2030 by the European Commission;
- reviewing sector benchmarks: an analysis of the sector in which FCA Bank operates was carried out, relating to banking and integrated services and, consequently, three players were identified, considered among the most innovative and digital on the Italian scene and with business volumes similar to those of FCA Bank;
- revising the 2021 materiality matrix.

[1] Global Reporting Initiative (GRI) is a non-profit organization based on a network involving thousands of professionals and organizations working in many sectors. The GRI Reporting Framework is a universally accepted model for reporting an organization's economic, environmental, and social performance. GRI's mission is to make sustainability reporting a standard practice and enable all companies and organizations to report on their economic, environmental, social, and governance performance and impacts. GRI publishes guidelines for sustainability reporting, which can be found at: www.globalreporting.org

REPORTING PROCESS

All corporate departments contribute to the preparation of the contents of the Consolidated Non-Financial Statement 2022 and to the dialogue activities with stakeholders. Data collection is centralized and the reporting process of the Statement has been formalized, since 2018, within a special internal procedure, called "04L.01.25. Non-Financial Statements Group procedure", published on the company intranet. This document governs the process, activities, roles and responsibilities of the Group departments and bodies involved in the preparation, approval and publication.

REPORTING PERIMETER

The scope of reporting for the purposes of the Consolidated Non-Financial Statement of the FCA Bank Group is the same as the scope of the Consolidated Financial Statements for the year ended December 31st, 2022, as specified in "Part A - Accounting Policies, A.1 - General Part, Section 3 - Scope and Methods of Consolidation" of the Notes to the Financial Statements.

According to the agreements between the shareholders of FCA Bank, disclosed in the press release of December 17th, 2021, Leasys and its subsidiaries were sold on December 21th, 2022 with the aim of creating a multi-brand operating leasing company, in which Stellantis and CACF each hold a 50% stake.

As a consequence of this corporate action, it should be noted that, with regard to quantitative data, the document includes three different cases:

1) post-sale data that have been reported as of December 31st, 2022 in keeping with the financial statements (see charts/tables relating to the distribution of the number of employees, company seniority by gender, age by category, hierarchical level, total number of employees, by contract type Employees broken down by geographic area and type of fixed-term/permanent employment contract, employees broken down by geographic area and full-time/part-time contract type, number of employees);
2) data that, reflecting the year's performance, refer to the pre-sale scope, such as environmental and financial data;
3) all remaining data, for which a dual view, pre-sale and post-sale, has been provided.

Directly measurable quantitative data have been reported using estimates where necessary. Below are the formulas and assumptions used to calculate the quantitative indicators, where not expressly provided for by the “GRI Standards”.

Assumptions and formulas directly covered by "GRI Standards"

With reference to personnel, the data are calculated on the precise number of employees as of December 31st, 2022. The accident frequency index is calculated as the number of accidents multiplied by 1,000,000, divided by the number of working hours. These are estimates and correspond to the paid hours of regular employees, including both regular hours and overtime, and excluding the main causes of absence, i.e. vacations, sick days, redundancy pay, etc..

It should be noted that only for the Italy market, the hours worked reflect the actual hours worked.

Environmental data are shown only partially, as they do not include energy consumption and the resulting emissions of the corporate fleet. Regarding energy consumption and the consequent emissions of the offices, the companies to date not included in the reporting are Drivalia France S.A.S., Drivalia UK Ltd., Drivalia España S.L.U., FCA Capital RE DAC and Ferrari Financial Services GmbH.

Assumptions and formulas not directly covered by "GRI Standards"

Below are the main definitions, assumptions and calculation formulas used that are not already covered by the "GRI Standards":

- Customer Satisfaction Index
- Complaints

The Customer Satisfaction indices is calculated as a weighted average of the responses to the question in the questionnaire regarding how satisfied the customer is with the service provided, on a scale of 1 to 5.

With regard to complaints, FCA Bank Group complies with what is defined on the subject in Annex I of the CRD - Capital Requirements Directive (Directive 2013/36/EU). Specifically, it is noted that a complaint is an expression of dissatisfaction submitted by a natural or legal person with reference to the banking services listed in Annex I to the CRD (Capital Requirements Directive - Directive 2013/36/EU).

MATERIALITY ANALYSIS AND STAKEHOLDER ENGAGEMENT

Non-financial reporting addresses relevant topics that reflect the positive or negative impacts generated by the Group's activities in the economic, social and environmental spheres, which can significantly influence the perception of its stakeholders.

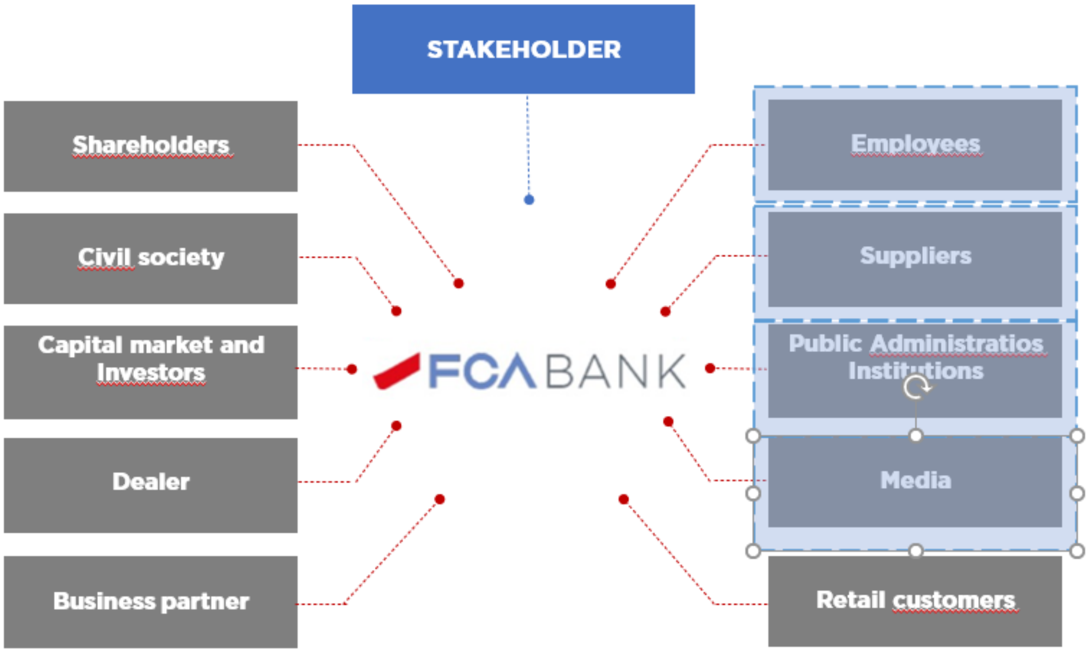
These topics represent the focus of non-financial reporting and are also fundamental for the identification and management of risks and opportunities.

In 2022, in order to identify the topics considered relevant, the Group followed a structured process, referring to perspectives both internal and external to the company boundaries, according to the following phases and activities:

- mapping of FCA Bank Group Stakeholders;
- identification of potential relevant topics on the basis of: benchmarking analysis, strategic priorities defined by the Board of Directors, with the involvement of the CSR (Corporate Social Responsibility) department;
- prioritization of the topics through the involvement of the Group's stakeholders and the Staff Meeting (Management Committee), in order to define the positioning of the relevant topics within the materiality matrix;
- validation of the materiality matrix.

The activities described above were monitored by the Risk and Audit Committee (RAC) in its role as advisor to the Board of Directors for the process of preparing the Non-Financial Statement.

In 2022, the Group confirmed the existing map of its Stakeholders:



Following a multi-year experience of stakeholder engagement, in 2022 the Group chose to involve the categories shown in the table above. Continuing the Stakeholder rotation process, the categories "Institutions and Public Administration" and "Media" were included for the first time.

For the 2022 materiality analysis, opinions were obtained from twenty-four parties:

- sixteen Group employees;
- three suppliers;
- two Municipalities to which the Bank provides financial leasing services;
- three trade journals.

With regard to the employee category, staff belonging to two corporate functions of the Parent Company (Internal Audit and Regulatory reporting) were selected.

Regarding the other categories (providers, Institutions and Public Administration, media) the selection was made through the support of the relevant corporate functions.

The selected parties were informed in advance about the Group's sustainability document, the function of the materiality matrix, and how to assign their scores.

The evaluation took place through the completion of a questionnaire by which stakeholders assigned a score from 1 to 5 to the various topics.

All scores obtained were considered for the purposes of the matrix, with no minimum exclusion threshold applied. The "Materiality Matrix" section shows the result of stakeholder opinions on the y-axis.

Potential topics material to the FCA Bank Group and its Stakeholders were identified through:

- the consolidated non-financial statements of other national and international banking and financial groups considered as benchmarks among the main peers of FCA Bank Group;
- the commitments expressed and formalized in the code of conduct of the FCA Bank Group;
- the consolidated non-financial statements of the last three years;
- internal interviews with FCA Bank Group representatives, who highlighted the point of view of each department on the topics, thus making it possible to focus on key aspects and the main project activities developed during the year in line with these aspects;
- the dialogue with the Corporate Social Responsibility department;
- internal company documents and minutes of Board of Directors' meetings.

Topics were prioritized through two main activities:

- direct involvement of the Group's external stakeholders, as mentioned above;
- internal assessment by the Staff Meeting, taking into account the importance of the topics in relation to company activities and strategies.

At the end of the process to update the materiality matrix relating to 2022, eleven topics were identified as material to the FCA Bank Group:

- ESG risk governance;
- Contrasting corruption and promoting integrity in the business;
- Transparency in services and business, financial inclusion;
- Security, privacy and reliability of services;
- Environmental impacts and management of climate challenges;

- Green finance and sustainable mobility;
- Dealers, customers and suppliers 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.

Below and in the following sections, these topics are associated with each of the areas indicated by Legislative Decree 254/2016 (environmental aspects, social aspects, personnel management, human rights and fight against corruption).

Environmental Aspects

- Environmental impacts and management of climate challenges
- Green finance and sustainable mobility

Social Aspects

- Transparency in services and business, financial inclusion
- Security, privacy and reliability of services
- Dealers, customers and suppliers relations
- Economic performance and value creation
- Innovation and digitalization
- ESG risk governance

Personnel management

- Training and development of human resources
- Welfare, employment and dialogue with social partners
- Employee health and safety

Respect for Human Rights

- Diversity, equal opportunities and human rights

Fight against corruption

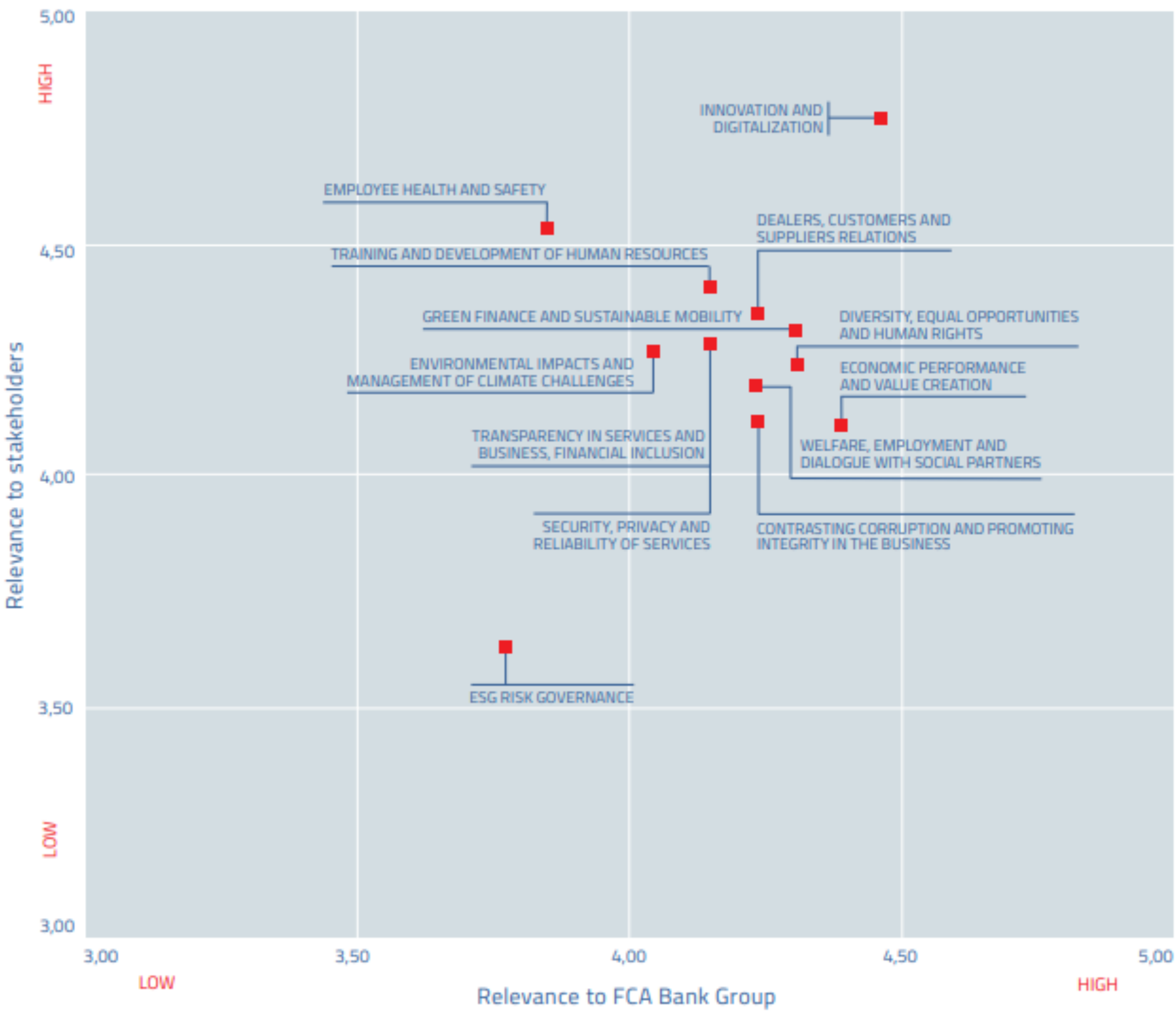
- Contrasting corruption and promoting integrity in the business

MATERIALITY MATRIX 2022

The results of the materiality analysis are depicted graphically by means of a Cartesian diagram called the materiality matrix, which shows on the x-axis the interest for FCA Bank Group and on the y-axis the interest for the Stakeholders.

All the material topics obtained an average score on the x-axis scale and on the y-axis scale of over 3 (on a scale from 1 to 5, as mentioned above). As such, for a clearer presentation of the matrix, the chart is shown on a scale from 3 to 5.

The materiality matrix, shown below, is first shared with the Risk and Audit Committee, a Board committee, and then with the Board of Directors.



The table below shows the average scores obtained for each topic from the Stakeholders and from the members of FCA Bank's Staff Meeting.

Material Topic	*Relevance to Stakeholders*	
	2022	*2021*
Innovation and digitalization	4.8	4.4
Employee health and safety	4.5	4.8
Training and development of human resources	4.4	4.2
Dealers, customers and suppliers relations	4.4	4.3
Green finance and sustainable mobility	4.3	4.4
Transparency in services and business, financial inclusion	4.3	4.4
Security, privacy and reliability of services	4.3	4.5
Environmental impacts and management of climate challenges	4.3	4.4
Diversity, equal opportunities and human rights	4.2	4.4
Welfare, employment and dialogue with social partners	4.2	4.2
Contrasting corruption and promoting integrity in the business	4.2	4.8
Economic performance and value creation	4.1	4.3
ESG risk governance	3.6	-

Material Topic	*Relevance to FCA Bank Group*	
	2022	*2021*
Innovation and digitalization	4.5	4.5
Economic performance and value creation	4.4	4.0
Green finance and sustainable mobility	4.3	4.1
Diversity, equal opportunities and human rights	4.3	3.5
Contrasting corruption and promoting integrity in the business	4.2	4.1
Dealers, customers and suppliers relations	4.2	3.9
Welfare, employment and dialogue with social partners	4.2	4.0
Transparency in services and business, financial inclusion	4.2	4.3
Training and development of human resources	4,2	4.0
Security, privacy and reliability of services	4.2	4.3
Environmental impacts and management of climate challenges	4.1	4.1
Employee health and safety	3.9	5.0
ESG risk governance	3.8	-

The topics found to be material have been linked to the contents indicated by Legislative Decree 254/2016, where reported. Each topic has been associated with the risks, policies, commitments made by the Group and the performance achieved in its management during the year.

Area of Legislative Decree 254/2016	*Material topic*	*Minimum content required by Legislative Decree 254/2016*
Environmental aspects	Green finance and sustainable mobility	Greenhouse gas emissions and air pollutant emissions.
	Environmental impacts and management of climate challenges	Greenhouse gas emissions and air pollutant emissions.
		The use of energy resources, distinguishing between those produced from renewable and non-renewable sources, and the use of water resources
Social aspects	Transparency in services and business, financial inclusion	Not specified by Legislative Decree 254/2016
	Security, privacy and reliability of services	
	Dealers, customers and suppliers relations	
	Economic performance and value creation	
	ESG risk governance	
	Innovation and digitalization	
Personnel management	Training and development of human resources	Social and personnel management aspects, including actions to ensure gender equality, the measures to implement the conventions of international and supranational organizations on the matter and the ways in which the dialogue with the social partners is carried out. The way in which the dialogue with the social partners is carried out
	Welfare, employment and dialogue with social partners	
	Employee health and safety	The impact, where possible on the basis of realistic assumptions or scenarios, including medium-term ones, on the environment as well as health and safety, associated with the risk factors referred to in paragraph 1(c) or other relevant environmental and health risk factors.
Respect for Human Rights	Diversity, equal opportunities and human rights	Respect for human rights, the measures adopted to prevent violations, as well as the actions taken to prevent discriminatory attitudes and actions.
Fight against corruption	Contrasting corruption and promoting integrity in the business	Fight against active and passive corruption, with an indication of the instruments adopted to that end

With reference to the requirements of Art. 3 of Legislative Decree 254/16, comma 2, letters a):

- the information related to "*the use of water resources*" is not reported, as FCA Bank considered that the management of water resources was not a material issue given its own peculiarities and business. In fact, the Group's water consumption mainly refers to sanitation use.

In order to facilitate the identification of information within the document, a GRI Content Index is provided at the end of the Non-Financial Statement.

Main changes in the 2022 materiality matrix

The process to update the 2022 materiality matrix substantially confirmed the material topics already reported in the previous year, with eleven topics material to the FCA Bank Group. All such topics meet the requirements contained in Legislative Decree 254/2016.

Following the analyses conducted, however, it should be noted that it was deemed appropriate to add the new topic "Governance of ESG risks" and divide the topic "Environmental impacts, finance and sustainable mobility" into two distinct topics, in order to provide specific reporting at the association with the "GRI Standard" and in parallel, divide the direct environmental impacts of the FCA Bank Group from green development projects.

The changes in the material topics that occurred in 2022 compared to 2021 are illustrated below.

MATERIAL TOPICS CHANGES	2021	2022
Δ	Environmental impact, Green finance and sustainable mobility	Green finance and sustainable mobility Environmental impacts and management of climate challenges
=	Dealers, customers and suppliers relations Transparency in services and business, financial inclusion Security, privacy and reliability of services Economic performance and value creation Innovation and digitalization Training and development of human resources Welfare, employment and dialogue with social partners Employee health and safety Diversity, equal opportunities and human rights Contrasting corruption and promoting integrity in the business	Dealers, customers and suppliers relations Transparency in services and business, financial inclusion Security, privacy and reliability of services Economic performance and value creation Innovation and digitalization Training and development of human resources Welfare, employment and dialogue with social partners Employee health and safety Diversity, equal opportunities and human rights Contrasting corruption and promoting integrity in the business
+	-	ESG risk governance

As in the previous year, all thirteen material topics obtained a value higher than 3 from both clusters involved in the process of defining the matrix itself, i.e. Stakeholders and FCA Bank Group.

GROUP PROFILE

SHAREHOLDER STRUCTURE

FCA Bank is a 50/50 joint venture established by FCA Italy S.p.A. and CA Consumer Finance S.A., both leaders in their respective fields of activity.

FCA Bank provides its financial products and services in 17 European markets and in Morocco mainly to dealers and end-customers of the Stellantis Group brands marketed by FCA Italy, which is part of it, as well as to other components of the Stellantis business and to brands of numerous independent partners.

For further details on the company profile and business model, reference should be made to the Report on Operations, section "*The FCA Bank Group - Presentation and milestones*".

GROUP STRUCTURE AND INTERNATIONAL PRESENCE

FCA Bank S.p.A., with registered office in Corso Orbassano 367, Turin, Italy, is the parent company of the FCA Bank Group with operations in 18 countries.

Country	Company/Branch
AUSTRIA	FCA Bank GmbH
BELGIUM	FCA Bank S.p.A. (Belgian Branch)
DENMARK	FCA Capital Danmark A/S Drivalia Lease Danmark A/S
FRANCE	FCA Leasing France S.A. FCA Bank S.p.A. (French Branch) Drivalia France S.A.S.
GERMANY	FCA Bank S.p.A. (German Branch) Ferrari Financial Services GmbH FCA Versicherungsservice GmbH
GREECE	FCA Insurance Hellas S.A. Drivalia Lease Hellas SM S.A. FCA Bank GmbH (Hellenic Branch)
FINLAND	FCA Capital Danmark A/S (Finland Branch)
IRELAND	FCA Capital RE DAC FCA Bank S.p.A. (Irish Branch)
ITALY	FCA Bank S.p.A. Drivalia S.p.A.
NORWAY	FCA Capital Norge AS
THE NEDERLAND	FCA Capital Nederland B.V.
POLAND	FCA Bank S.p.A. (Polska Branch) FCA Leasing Polska Sp. z o.o.
PORTUGAL	FCA Bank S.p.A. (Portuguese Branch) Drivalia Portugal S.A.
UNITED KINGDOM	FCA Automotive Services UK Ltd. FCA Dealer Services UK Ltd. Ferrari Financial Services GmbH (UK Branch) Drivalia UK Ltd.
SPAIN	FCA Bank S.p.A. (Spanish Branch) FCA Dealer Services España S.A. Drivalia España S.L.U.
MOROCCO	FCA Dealer Services España S.A. (Morocco Branch)
SWEDEN	FCA Capital Sverige AB
SWITZERLAND	FCA Capital Suisse S.A.

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 & Data Protection. 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 & Data Protection 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 aim to ensure the correct definition and implementation of the risk management process, the compliance of company operations with current regulations and the efficiency, safety and consistency of operating activities with internal and external regulations. Such controls are performed by non-operational departments, particularly Risk & Permanent Control and Compliance, Supervisory Relations & Data Protection;
- third-level controls, which are performed by Internal Audit to identify unusual patterns, procedures 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 and ILAAP - 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 the findings of the audits of the individual companies entails quarterly reporting to the supervisory bodies that includes:

- the progress of the audit plan and an explanation of any deviations;
- the summary of audit reports published in the reporting quarter that had an overall rating of "weak" or "critical";
- the status of implementation of the recommendations issued.

RISK AND PERMANENT CONTROL

The function's mission is to identify, measure and manage risks, as well as to supervise the implementation of the risk management group guidelines, performing 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;
- identify 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);
- manage the ICAAP, ILAAP and Contingency Funding Plan 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 independent 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 also responsible for the business continuity plan.

The R&PC function has a local staff member in every Group company.

The supervision 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 local risk profile (RAF);
- 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 to the Internal Control Report (ICR). The Bank's risk profile is presented in the Group Internal Risk Committee (GIRC).

COMPLIANCE, SUPERVISORY RELATIONS AND DATA PROTECTION

Compliance, Supervisory Relations & Data Protection (CSR&DP) is a second-level control function, which operates according to the principles of independence, authority, autonomy, adequacy of resources, and it is 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. This oversight, besides being aimed at avoiding the risk that the bank may be sanctioned as not compliant to the applicable rules, is also aimed at their observance (and compliance with the guiding principles of self-regulation contained in the code of conduct), in the interest of its customers. This is to protect against another risk, perhaps the most important of all, the reputational risk, to protect the most precious asset, trust;

- 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, compliance with local laws and Group policies;

- 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 developing and spreading the risk's culture to all employees and consultants.

The findings of controls are adequately documented and shared with the heads of the areas under analysis, with the objective of defining, when necessary, action plans 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[2] and the foreign markets.

[2] According to the FCA Bank shareholder agreements disclosed in the press release of December 17th, 2021, Leasys and its subsidiaries were divested on December 21st, 2022..

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 with regard to risks and the system of internal controls, as well as the assessment of the correct use of accounting standards for the preparation of the separate and consolidated financial statements.

With particular reference to the tasks relating to risk management and control, the Committee supports the Board of Directors:

- in the definition and approval of strategic guidelines and risk management policies; within the Risk Appetite Framework (RAF), the Committee carries out the necessary evaluation and proposal activity so that the Board of Directors can set and approve the risk targets ("Risk Appetite") and the tolerance threshold ("Risk Tolerance");
- in verifying the correct implementation of the strategies of the risk management policies and the RAF;
- in the definition of policies and processes for the valuation of company assets;
- in reviewing in advance the audit plan, the activity plans of the second-level control functions and the periodic reports from the company control functions submitted to the Board of Directors;
- in verifying the adequacy of the functions that monitor company risks, of the internal control procedures and of the information flows required to ensure that the Board of Directors is provided with correct and exhaustive information.

Without prejudice to the responsibilities assigned to it by law and the applicable regulations, the Board of Directors has identified the Risk & Audit Committee as the Board committee that - as part of its proposal-making, advisory and fact-finding functions - supports the Board in the process of drafting the Non-Financial Statement, examining. To that end, the Committee examines, together with management, the general outline and the structure of its contents at the beginning of the annual reporting process, monitoring the preparation stages, as well as assessing the completeness of the communication provided to the public by means of said document, issuing a prior opinion on the subject to the Board of Directors, which is called upon to approve it.

More generally, the Board of Directors has assigned to the Risk & Audit Committee, as part of its duties as advisor to the Board, the task of monitoring the progress of the plans on social and environmental sustainability topics defined and implemented by management, by first checking their consistency with the strategies defined by the Board and then assessing the level of implementation. To this end, it is periodically informed by the corporate departments concerned, as well as by CSR (for social responsibility initiatives) and by Finance - Consolidated & Regulatory Reporting with regard to the preparation of the Non-Financial Statement, and it ensures a constant dialogue with the Board of Statutory Auditors, by examining the remarks and suggestions resulting from this body's supervisory activity concerning compliance with the law, and by submitting proposals, where applicable, to the CEO and the Board of Directors.

The Committee is made up of two independent Directors, one who acts as Chairman on a rotation basis and a non-executive Director; another non-executive Director is invited on a permanent basis. A member of the Board of Statutory Auditors and the Head of Internal Audit, who acts as secretary, attend the Committee's meetings. The heads of the second-level control functions and the company's management can be called upon to take part in the committee's work on specific issues.

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 annually 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 Joint Venture 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 the activities carried out by the 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 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.

The GIRC in its restricted composition, called New Products and Activities (NPA), evaluates and approves proposals for new products and activities. In addition, the call is envisaged in the event of a market or Bank liquidity crisis, with the activation of the business continuity plan.

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.

In the case of NPA, the heads of the three internal control functions express themselves with an opinion ensuring, among other things, the full separation between management and control.

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, to oversee the proper application of the Compliance Program and the Code of Conduct.

The Supervisory Board:

- meets at least once a quarter or upon request 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 & Data Protection, 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 decisions on the approval of the credits that are not delegated to corporate functions, according to the organizational model in force. This delegation is given in all those cases where the date of the first planned Board of Directors is not consistent with the urgency of the credit decisions to be resolved.

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.

With regard to the Consolidated Non-Financial Statement, the Board of Statutory Auditors monitors compliance with the provisions set out in Decree 254 of December 30th, 2016 and reports on this in its annual report to the General Meeting.

The Board of Statutory Auditors currently in office was appointed by the Shareholders at the Ordinary General Meeting of March 29th, 2021 for the fiscal years 2021 - 2023 and its term of office will expire with the approval of the financial statements for the year ending December 31st, 2023.

Mauro Ranalli*
Chairman

Vincenzo Maurizio Dispinzeri
Auditor

Maria Ludovica Giovanardi
Auditor

Luigi Matta*
Alternate Auditor

Francesca Pasqualin
Alternate Auditor

* appointed on November 7th, 2022

GOVERNANCE AND RISK MANAGEMENT

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.

Governance structure and composition

This material refers to Disclosure 2-9 c) of GRI 2: General Disclosure 2021 and Disclosure 405-1 a. i) of GRI 405: Diversity and Equal Opportunity 2016.

	BoD	RAC	Nomination Committee	Remuneration Committee	BECC
Number of Directors	10	3	3	3	4
of which executive	1	0	0	0	1
of which non-executive	9	3	3	3	3
of which independent	2	2	2	2	0
of which women	3	1	1	1	1
of which men	7	2	2	2	3

Governance structure and composition - directors divided by competence

This material refers to Disclosure 2-9 c) of GRI 2: General Disclosure 2021

	Value
Governance structure and composition	10
Banking and financial business	10
Other financial businesses	10
Legal-economic and/or accounting experience	10
Strategic Planning, awareness of the corporate strategic guidelines or industrial plan of a credit institution and related implementation	10
IT and Digital	5
Governance and Organizational Structures	8
Human Resources and Remuneration Systems	7
Risks and Controls	9
Marketing and Commercial	9
ESG	6

Corporate Governance and Organizational structure

The Corporate Governance system and Organizational 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 characterize 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 e

Andrea Giorio
Indipendent director

Valérie Wanquet
Director

Magalie Thoreux Durreche*
Director

Richard Bouligny
Director

Philippe De Rovira
Director

* appointed on April 21th, 2022

SUSTAINABILITY GOVERNANCE

In 2022, the organizational system described so far saw a rationalization of, and a progressive focus on, sustainability governance. While the attributions of responsibilities and tasks at the different levels of the corporate organization defined in previous years were unchanged, this process made it possible to improve the integration between the different parties involved in carrying out the multiple activities intended to enhance the sustainability of FCA Bank's business and to implement the main projects regarded as fundamental to achieve such objective. Such projects took into account (i) the characteristics of the company and its core business, translated for the first time into a clear and evocative purpose; (ii) the important evolution planned for the company and the Group in general starting in 2023 which, on the basis of the well-known arrangements between its shareholders, is designed to become a major independent and international player in the provision of financial services and sustainable mobility; (iii) the expectations and needs of its stakeholders, and (iv) the Regulator's growing attention and dedication to sustainability aspects.

The organization referred to in the preceding pages can therefore, with reference to sustainability aspects, be described as follows.

In terms of governance bodies

- the Board of Directors as the strategic supervision body defines the sustainability strategies that the company intends to pursue, monitoring their implementation;

- the Risk & Audit Committee - in its recommendation, advisory, and research capacities - supports the Board of Directors in the preparation of the Non-Financial Statement. It examines with management the Non-Financial Statement's general approach and the structure of its contents at the beginning of the annual reporting process, monitoring the preparation stages, as well as considering the completeness of the communication provided to the public through this document, issuing in this regard a prior opinion to the Board of Directors at the meeting convened to approve it;

- the Board of Directors has assigned to the Risk & Audit Committee, in its role as advisor to the Board, the tasks of monitoring the progress of programs relating to social and environmental sustainability issues defined and implemented by management, preliminarily checking their consistency with the strategies defined by the Board, and assessing their level of implementation. To this end, the Committee is periodically informed by the corporate departments concerned, as well as by CSR (for social responsibility initiatives) and by Finance - Consolidated & Regulatory Reporting with regard to the preparation of the Non-Financial Statement, and ensures constant interaction with the Board of Statutory Auditors, examining the findings and suggestions arising from its supervisory activities over compliance with the provisions established in this regard by law and, if necessary, making recommendations to the CEO and the Board of Directors.

- the Nomination Committee and the Remuneration Committee, as part of their support to the Board, consider, with respect to the issues within their purview, the consistency of management's proposals with sustainability programs, with particular reference to the issues of gender equity and more generally of social responsibility, especially with respect to the way employees are managed;

- the Board of Statutory Auditors, as the oversight body, supervises, with reference to the preparation of the Non-Financial Statement, compliance with the provisions of Decree No. 254 of December 30th, 2016, and reports on it in the annual report to the General Meeting of Shareholders.

In terms of corporate organization

- The Finance Function (and in particular the Consolidated and Regulatory Reporting unit) prepares the annual Non-Financial Statement, based on inputs received from the Board of Directors and the Risk & Audit Committee, and measures, on an operating and financial level, the progress achieved by the company and the Group with respect to the sustainability targets set by company strategies, plans and budgets.

- The Sales & Marketing and Corporate & Social Responsibility Function coordinates ESG projects, their monitoring and communication at both central and local levels, providing support to the functions as appropriate. The Head of CSR cooperates with all corporate functions to reinforce in the company the values related to the environment and social engagement, steering governance in such direction, and consistently manages external and shareholder relations, also to have the company undergo third-party evaluations on ESG criteria. The Head of CSR also contributes, to the extent of his or her responsibilities, to preventing and, where appropriate, managing related reputational risks, together with the Business and Internal Control Functions.

- The Human Resources Function makes recommendations and implements employee programs, with particular attention to all initiatives intended to ensure internal equity and improve working conditions at the office and remotely.

- The Internal Control Functions (Risk & Permanent Control, Compliance, Supervisory Relations and Data Protection, and Internal Audit) participate, each to the extent of its responsibilities, in the sustainability process, not only through the specific second- and third-level control activities that they are called upon to perform, but also by participating in the implementation projects required by developments in the legal and regulatory context, taking the lead as appropriate.

In 2022, FCA Bank undertook an important process at the behest of the Risk & Audit Committee, shared and supported by the Board of Directors, with the assistance of a specialized external consultant. The activity was geared toward building a Group Environmental Social and Governance strategy. The CSR function coordinated the project by involving various departments.

This process, which was fully endorsed by the Board of Statutory Auditors, with which exchanges of information took place, materialized in the second half of the year and made it possible to identify the purpose and the Pillars of FCA Bank's underlying the ESG strategy.

The purpose "*We create mobility solutions for a better planet every day*" sums up the Group's mission, which is to lead the transition to sustainable mobility, making it accessible to the largest number of people.

The four ESG Pillars are Sustainable Mobility, Environment, People, Innovation, and Digitalization. They represent FCA Bank's ESG identity and guide both internal and external processes for the creation of stakeholder value.

The initiative has indirectly enabled the different areas of expertise in the company to operate in a more integrated and structured manner than in the past in the spirit of sustainability, contributing, among other things, to the establishment of a monthly coordination and alignment meeting among the different functions, as coordinated by the CSR function to prevent the dispersion or isolation of the activities designed to adequately address the different challenges of sustainability.

In the Environment, Social & Governance area, the definition and mapping of a series of projects (new or already underway) is being pursued, each with ownership attributed to the appropriate functions, so as not to neglect the fundamental need to have a clear accountability system in place.

The year 2023, intended to be a milestone in the history of the company and the Group, will represent a further period of systematization, structuring, and growth for the organization and the sustainability activities carried out by FCA Bank, which will see, among other things, the issuance for the first time of the FCA Bank Sustainability Policy, which was of necessity postponed for a year, but is now ready for release.

Sustainable Development Goals or SDGs

The 2030 Agenda for Sustainable Development is an action plan consisting of 169 targets to be achieved in the environmental, economic, social and institutional spheres by 2030, signed on September 25th, 2015 by the governments of the 193 member countries of the United Nations, and approved by the UN General Assembly. The Agenda is composed of 17 Goals for Sustainable Development.

In 2022 the FCA Bank Group identified eight goals through which it intends to contribute to sustainable development:

INTERNAL CONTROL AND RISK MANAGEMENT

The internal control system

FCA Bank has adopted a system of internal controls to detect, measure and verify on an ongoing basis the risks connected with the performance of its activities, and which provides for the involvement of the Governing Bodies, the control functions and committees, the Supervisory Body, the Independent Auditors, senior management and all personnel.

The internal control system consists of the set of rules, functions, structures, resources, processes and procedures designed to ensure the achievement of the following purposes:

- verifying implementation of the Group's strategies and policies;
- containment of risk within the limits indicated in the reference framework for determining the Bank's propensity to accept risk - Risk Appetite Framework "RAF";
- safeguarding the value of assets and protection against losses;
- effectiveness and efficiency of business processes;
- reliability and security of company information and IT procedures;
- prevention of the risk that the Bank may be involved, even involuntarily, in unlawful activities - with particular reference to those connected with money laundering, usury and terrorist financing;
- compliance of operations with the law and supervisory regulations, as well as with internal policies, regulations and procedures.

MANAGEMENT OBJECTIVES AND POLICIES

FCA Bank attaches great importance to the measurement, management and control of risks. In this case, the parent company plays a role of overall guidance, management and control of risks at Group level, activating operational action plans that enable reliable monitoring of all risk contexts.

The fundamental principles that inspire risk management and control activities are:

- a clear identification of responsibilities in assuming risks;
- measurement and control systems in line with supervisory instructions and the solutions most commonly adopted at international level;
- organizational separation between operational and control functions.

FCA Bank updates its Risk Strategy on an annual basis, establishing the risk levels that the Group considers appropriate to its growth strategy. Through the strategy, which is submitted for approval to the Group Internal Risk Committee, global limits (alert thresholds) are identified, suitably supplemented by operating limits for each Group entity. This system of limits and/or alert thresholds is submitted for approval to the Board of Directors of the parent company, FCA Bank S.p.A.

The aforementioned framework aims to ensure close consistency between the business model, the strategic and budget plan, the ICAAP and ILAAP process and the internal control system, setting the maximum risk that can be assumed for the various contexts.

In the light of the above, it is stressed that the risk management processes have at their base such fundamental elements as the definition of the governance profiles, the statement of the risk propensity, the identification of the risk takers and that such processes are structured in all the phases required by the regulations and foreseen by the professional practice (identification, measurement/evaluation, monitoring, reporting, management of criticalities).

For this reason, the risk management processes are deemed to be adequate to verify the effective performance of the company's activities in accordance with the principles of sound and prudent management, compliance with the operating limits, timely communication to the pre-established hierarchical levels, and the adoption of appropriate corrective measures when any criticalities arise.

Moreover, the adequacy of risk management is ensured through specific committees, in which the Risk & Permanent Control department is an active part, together with the first line of defense:

- the Internal Control Committee (ICC), which coordinates the control functions (Internal Audit, Compliance & Supervisory Relations, Risk & Permanent Control), as well as all the internal control systems;

- the Group Internal Risk Committee (GIRC), which carries out analyses and assessments and directs the risk strategy in the management and monitoring of global and operational limits, including credit risk;

- the Asset Liability Management (ALM) Meeting, which is responsible for monitoring and controlling all issues relating to financial (market and counterparty in liquidity management transactions), interest rate and exchange rate risks;

- the New Products and Activities Committee (NPA), with the task of measuring the specific risks relating to new activities and products that may change the Bank's risk profile;

- Risk and Audit Committee (RAC), set up by the Board of Directors on September 17th, 2014 as part of the transformation into a Bank and in accordance with the Bank of Italy's corporate governance provisions. The Risk and Audit Committee supports the Board of Directors with regard to risks and the system of internal controls, and assesses the correct use of accounting standards for the preparation of the separate and consolidated financial statements. In particular, it is responsible for all activities that are instrumental and necessary for the Board of Directors to arrive at a correct and effective determination of the Risk Appetite Framework (RAF) and the risk management policies.

Each foreign company ensures an adequate level of risk management in proportion to its size and activities and in line with the guidelines defined annually by the parent company. Effectiveness is maintained over time through the maintenance, update and evolution of methodologies, organizational controls, processes, procedures, applications and tools.

Risk & Permanent Control monitors risks through its annual operating plan of controls and activities, which includes:

- the creation and update of new procedures in the area of risk management;

- analysis and issue of opinions on credit, financial and operational risk issues (e.g. NPA, Scoring, etc.);

- support for Human Resources in the development of training activities to disseminate an integrated risk culture.

The peculiarities of FCA Bank's Risk Management framework include:

- verifying the implementation of company strategies and policies;

- the containment of risk within the limits indicated in the framework for determining the Bank's risk appetite (Risk Appetite Framework, RAF);

- safeguarding the value of assets and protection against losses.

The first safeguard of the reliability of the internal control system is the professionalism of the human resources who, within the framework of the company's organizational rules and references, are responsible for carrying out the control activities, examining the results, prospectively assessing the risk factors and the level of exposure. The employees of the Risk & Permanent Control department, who are adequate in terms of quality, generally have a university education, mainly in economics or mathematics and statistics, and have a good knowledge of regulatory and methodological aspects, adequate technical skills and professional experience commensurate with the tasks at hand.

The methodologies, models and applications used are commonly used in the banking sector and have been adequately tested and validated in the corporate sector.

Non-financial risks

In addition to the typical risks of the banking sector, the FCA Bank Group is also aware of the importance of monitoring non-financial risks:

- strategic risk: this is the risk of incurring financial or capital losses that could result from inadequate business decisions, their incorrect implementation, inappropriate allocation of resources or failure to respond to changes in the business environment;

- reputational risk: this is the current or prospective risk of financial or capital losses deriving from the negative perception of the Bank's image by clients, counterparties, shareholders, investors and authorities. The Group considers this as an " indirect risk" as it derives from other risk categories that may also have consequences on the Bank's image, including operational risk and compliance risk;

- compliance risk: this is the risk of incurring judicial or administrative sanctions, significant financial losses or reputational damage as a result of violation of imperative (laws, rules, regulations) or self-regulatory provisions (e.g. articles of association, codes of conduct, codes of ethics). This risk can therefore generate a reputational risk;

- conduct risk: defined as the present or potential risk of loss arising from inadequate management of the financial services provided, including cases of fraud or negligence.

During 2022 the Bank underwent an ESG risk assessment by Sustainalytics (a Morningstar Group company), which rated it as a low risk, as it had done in 2021. Accordingly, no capital was allocated in ICAAP 2021. On the other hand, in connection with the ICAAP 2022, the Bank performed an additional assessment on the basis of a specific stress scenario for climate risk, which resulted in an allocation of capital.

The monitoring of these risks is a necessary condition to ensure the generation and protection of sustainable value over time and has an impact on aspects considered priorities for the Group, such as maintaining a high quality of service combined with customer satisfaction, transparency of information on products and services, innovation, multi-channel, digitalization and data security, to guarantee ethics, integrity in business and brand protection.

In particular, this assessment was designed to estimate the impacts on credit risk and concentration risk. Regarding credit risk, FCA Bank referred to the scenarios proposed by NGFS (Network for Greening the Financial System) and, in particular, the final impact was estimated based on the so-called "Disorderly Scenario", which estimates a reduction in European GDP and related impact on the Probability of Default (PD). On the other hand, with regard to concentration risk (sectorial and geographic), FCA Bank relied on a scenario prepared by the CMCC (Euro-Mediterranean Center on Climate Change) that considered the impact on Italian GDP (region by region) resulting from the physical risks caused by extreme weather events (e.g., floods, heat waves, droughts) [3], for an estimated impact on the economic capital of €24.4 million. Further impact of climate risk on the economic capital was estimated with respect to residual values, assuming that the introduction of limits on the use of diesel- and gasoline-powered cars results in an increase in the percentage of cars returned, for an estimated impact of €2.5 million. These analyses are a first step in integrating climate risks into the Bank's strategy and broader risk management.

[3] It should be noted that the "sundry risks" policies, which cover potential damage to the car following atmospheric events, are among the services offered by FCA Bank in combination with car financing and, to date, do not show signs of criticality in terms of quotation by insurance companies.

CORRELATION MATERIAL TOPICS, POTENTIAL RISKS AND RISK CONTROLS

Scope of Legislative Decree 254/2016	Material topic	Potential risks	Risk management
Environmental aspects	Environmental impacts and management of climate challenges	Negative impact of business activity on the environment and climate resulting in reputational risk	FCA Bank monitors direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) starting with the organization's energy consumption. It also monitors indirect emissions with reference to the retail finance business. In addition, as part of Crédit Agricole Consumer Finance's Carbon Footprint project, FCA Bank reports data pertaining to the main sources of emissions, such as: Energy consumption, Purchase of goods and services, Employee travel, Capital goods. The project aims to monitor the main sources of GHG emissions and take action to reduce the carbon footprint. Through its subsidiary Drivalia, FCA Bank contributes to the mitigation of environmental impacts and the management of climate challenges by investing to accelerate the transition to a sustainable mobility system and by supporting customers' choice toward PHEV and BEV vehicles. This includes the electrification strategy and the targets of low-carbon vehicles (less than 50g CO2/km) in Drivalia's fleet.
	Green finance and sustainable mobility	Financing and transactions associated with negative environmental and climate change impacts	The risk is mitigated by FCA Bank's focus on developing and promoting financial products and services characterized by alternatives to conventional fuels and by sustainable and shared mobility. In recognition of FCA Bank's commitment to financial solutions developed to drive the transition to sustainable mobility, the GO4xe and GOeasy financing products launched and promoted in the Italian Market received the award for the category "Best 'ESG/Sustainability' Initiative of the Year" at the Motor Finance Awards 2022 event.
Social aspects	Transparency in services and business, financial inclusion	Provision of products that are unsuited to customers' financial requirements and not in compliance with transparency regulations and responsible credit principles	A major pan-European-scale program has been completed in order to equip all Group companies with a new portal to provide customers with a new communication channel to enable them to better manage information related to financing contracts. The foreign markets that have implemented the new customer portal are: France, Poland, Belgium, Holland, Greece, Denmark, Switzerland, Germany, Austria, Portugal and Spain. New self-service features have been introduced in all the markets concerned in order to enable customers to operate as autonomously as possible.

			Given that the issue of responsible lending also affects the regulation of the initial stage of its disbursement, the European Supervisory Authority has asked banks to strengthen their governance, tools and processes for assessing creditworthiness and monitoring positions, to ensure the high credit quality of new exposures from the moment they are granted and to prevent credit risk. Recent European legislative and regulatory initiatives, first and foremost the EBA Guidelines on the provision and monitoring of credit, testify to the fact that the financial sector will be increasingly called upon to pursue sustainable development objectives by integrating its internal processes. During the year, activities were carried out to analyze internal rules with a view to implementing and updating procedures.
		Customer complaints regarding products and services offered	An internal Group policy is in place for the prompt and rapid handling of any complaints received from customers, which was updated in Q1 2021; on the compliance side, qualitative checks were defined to verify not only compliance with customer response time, but also the completeness and accuracy of the information provided to meet customer requests. Throughout 2022, constant attention was paid to the handling of customer complaints.

	Security, privacy and reliability of services	Loss or theft of customer data	FCA Bank has designed and implemented a robust system of IT security policies and procedures. More specifically, the IT security framework consists of 15 policies that have been drafted in line with the international standard ISO 27001 addressing various issues including: - security of payment services; - access control; - physical and environmental security; - security software development and maintenance; - information classification; - e-mail and Internet use; - hardware and software use; - asset management; - security incident management; - management of ICT operations. To address the principles defined in the policies, the Bank has implemented an information security management system (security controls framework) based on processes, people and technologies.
		Risk of non-compliance with data protection regulations and transparency in the distribution of banking and financial services	The Group implements the "Privacy by Design" principle in the more comprehensive privacy by default framework, integrating data protection principles into the design and development phases of new services and products. In this regard, a group policy has been established that explains these aspects in greater detail. Special attention has been paid to the issues of data breach management, in order to prevent and deter the occurrence of any such breach, and the processing of data coming from geolocation devices.

		Cyber-attacks via e.g. malware and phishing, loss of critical assets, delays in IT incident management.	The Group's IT security staff constantly monitors new cyber threats in order to be able to better assess the security measures put in place or to be enhanced. The main existing security measures are: - an information security management system, based on the ISO 27001 standard, comprising technical, organizational and process control systems; - activities, methodologies and tools of the CSIRT (Computer Security Incident Response Team), which protects the network used by the Group (methodologies of "Prevent", "Detect" and "React"); among the tools, the Threat Intelligence one stands out; - an awareness and training program for employees and collaborators; among the initiatives of particular interest are those aimed at increasing awareness of phishing and social engineering; - a specific procedure for managing IT security incidents, integrated into the business continuity plan and the data breach procedure.
	Dealers, customers and suppliers relations	Anti-money laundering and counter-terrorism non-compliance risk	The Bank pays utmost attention in the performance of anti-money-laundering activities. In this regard, it monitors constantly the transactions made with its customers, who are required to fill in a Know Your Customer (KYC) questionnaire for the purpose of assigning a reference risk profile. During the year, the Anti-Money Laundering procedure underwent updates to incorporate EBA/GL/2021/02, the new Due Diligence review rules, and Ivass Measure No. 111 with reference to the annual self-assessment associated with the distribution of Insurance Products, as well as to formalize new processes such as "the new remote onboarding."
		Mismanagement of commercial offers	To avoid misselling practices by FCA Bank's service distribution network, new key risk indicators have been introduced to monitor the fairness of conduct towards clients, providing for the application of malus mechanisms where appropriate. The same principles constitute indispensable elements of the Group Companies' marketing plans, with such principles being adhered to also in 2022.

		Customer complaints, inadequate functioning of Customer Relationship Management processes	The FCA Bank Group deployed a digital lead management platform in all the countries in which it operates, integrated with the Customer Relationship Management (CRM) processes of the relevant Brands. The process of deploying the lead management platform has made it possible, even during periods of great stress due to the Covid-19 emergency, to manage the process relating to customer complaints within the timescales set and under the central supervision of the parent company, FCA Bank.
	Economic performance and value creation	Credit risk, downgrading of ratings by agencies	Long-term business sustainability and long-term value creation for all Group stakeholders are the drivers of the Group's economic sustainability. Credit and Compliance risk are monitored within the Group's RAF through a series of strategic indicators (e.g. for compliance: customer identification and proper handling of complaints) that allow the Board of Directors and Management to verify the dynamics of value creation.
		Reputational risk due to non-compliance with applicable regulations	
	Innovation and digitalization	Disruption of services and consequent loss of business	Digital solutions for customers are secure and protected by IT security systems (e.g. one time passwords for confirming actions on the Group portal). Moreover, there are: - at contractual level specific SLAs to ensure the availability of digital signature services 99.9% of the time. Specific SLAs are also envisaged to ensure that specific platform problems are addressed and resolved (for each market in scope); - monthly monitoring of the supplier's compliance with the contracted service levels; - convening and monitoring of war rooms in the event of problems spread throughout the market. The Group has adopted a set of rules and a plan for the management of business continuity and carries out an annual test.
		Failure to update IT technologies for internal operations and to meet regulatory requirements and customer expectations.	The digital platforms offered by the bank both for internal operations and for end-customers are constantly upgraded. Proposals are considered and planned at HQ level, trying to create as much synergy as possible between markets both in terms of process design and provider use. During 2022, there has been a gradual introduction in European markets of remote upload capabilities for customer documentation and remote contract signing.

		Setback or stagnation in offering/technology projects within the bank	During 2022, the Digital Factory initiative led to the launch of a new call for proposals to find new technology solutions offered by startups. At the end of the process, the pilot phase for the selected solution is proceeding. The partnership with I3P, incubator of the Polytechnic of Turin, was renewed, to support all Open Innovation activities designed to scout and introduce within the group advanced technological solutions offered by startups.
	ESG risk management	Decline of competitiveness and long-term business sustainability	In an effort to focus on emerging environmental, social, and governance risks in 2022, FCA Bank undertook a project designed to strengthen its ESG governance. The project made it possible to: • identify the Purpose and Pillars underlying the Group's sustainability vision; • digitalize the Group's ESG data management processes.
Personnel management	Training and development of human resources	Loss of knowledge and experience critical to business development, failure to upgrade skills	The risk is mitigated by continuous (managerial and technical) training aimed at the population, by coaching and by the "lead" function taken on by managers with their subordinates and by the professional family with its members.
		Loss of key personnel, negative impact of turnover on business continuity, failure to attract talent	The risk is mitigated through the annual Performance & Leadership Management, Talent Review and Succession Plan processes.
	Welfare, employment and dialogue with social partners	Increased conflict between social partners	On this topic FCA Bank engages in an ongoing dialogue with the Trade Union Representatives, in particular through the implementation of the committees provided for by the CSSL.
		Diminished sense of belonging and brand image	FCA Bank adopts various Company engagement initiatives (i.e. web conferences, conventions, open doors, internal communication).
	Employee health and safety	Disruptions to the Prevention and Protection service	This risk is mitigated through: - Prevention and Protection Service Manager and Prevention and Protection Service Officer always reachable by phone; - 24-hour company fire brigade service;

			- active FCA Security surveillance whenever employees are present at work; - implementation of the First Aid procedure in case of emergency on Saturdays, Sundays and holidays.
		Risk of non-compliance with regulations governing the health and safety of employees and labor legislation	This risk is mitigated not only by the preparation and update of procedures relating to the Prevention and Protection Service, which are saved and updated on the company's internal repository (sharepoint), where they can be consulted by all Group employees, but also by the update on regulations provided periodically by the Prevention and Protection Service to the Supervisory Board.
		Failure to update health and safety training	The risk of non-compliance inherent in the failure to update health and safety training is managed through monitoring of training reported on excel files, archives of attendance records, final tests and certificates of attendance.
		Biological risk	FCA Bank continues to cope with the effects of the emergency linked to the spread of the Covid-19 virus, maintaining as a priority the protection of the health of employees while continuing to ensure business continuity; Health Safety & Environment and Human Resources continue to keep active the specific precautionary measures necessary to protect the health of workers by undertaking specific remote working actions, sanitization and hygienization of offices, distancing, PPE, training and systematic monitoring of all cases of employees infected or who have had contact with positive persons until the conclusion of each individual case with a swab test or the end of the observation/quarantine period.
		Failure to manage work-related stress	The assessment of work-related stress is updated every two years unless there are changes in the production process and work organization that are significant for the health and safety of workers; last update in May 2021, which places the risk level in the green area (non-significant risk).
Human rights	Diversity, equal opportunities and human rights	Risk of equal opportunity violations, through discriminatory statements or behaviors	Setting improvement objectives on significant KPIs, with specific targets assigned to the HR professional family (i.e. gender balance recruiting, increased representation of women in managerial positions, gender-neutral remuneration). Coaching initiative to foster "inclusiveness" for managers (Italian and foreign).

Fight against corruption	Contrasting corruption and promoting integrity in the business	Non-compliance by the Group with anti-corruption laws and possible ineffectiveness of the Ethics Platform	This risk is mitigated by the periodic training plan and the set of internal controls (for example, the Code of Conduct and the Organizational Model pursuant to Legislative Decree 231/2001 for the Italian market and the Anti-Corruption Plan at Group level). In addition, ad hoc anti-corruption training has been prepared during 2022 involving all Group employees. An Anticorruption contact person has also been appointed and a dedicated Policy has been published on the company intranet.
		Inadequate training of personnel and failure to update skills on corporate integrity	This risk is mitigated through the Mandatory Training Procedure, which provides for the preparation of an annual training plan for the personnel and FCA Bank's internal and external sales network, in order to spread a corporate culture based on the principles of honesty, fairness and respect for the spirit of the laws. The procedure is saved and updated on the company's internal repository (sharepoint) and can be consulted by all Group employees. Training on the principles of the Code of Conduct, the Whistleblowing system and the 231 Organizational Model has been provided to all FCA Bank employees.

ENVIRONMENTAL ASPECTS

Relevant topics

Green finance and sustainable mobility

Environmental impacts and management of climate challenges

Green finance and sustainable mobility

FCA Bank and Drivalia continue to be committed to the environment by investing in sustainability as a driver of innovation in their business, developing a range of services increasingly geared toward promoting electric and low-carbon mobility, implementing an electrification strategy, and pursuing partnership projects aimed at CSR and environmental protection initiatives.

Sustainability, in fact, is a strategic driver of innovation for the Group's business, informing the transition to zero-carbon mobility through the democratization of the electric car.

The Group's strategy in relation to the issue, however, differs, depending on whether the rental or the consumer credit business is involved.

In the case of rental (both short- and long-term), the company - first with Leasys and then with Drivalia - has taken on the role of change agent in recent years by offering specific solutions, such as that of electric car sharing in metropolitan territorial areas, where infrastructure is being rapidly developed by both public entities and private operators.

The strategic approach on the issue with regard to consumer credit banking products, which also incorporate a social role of supporting families, is different. The ecological transition process - which remains a mainstay of the Group's objectives - is accompanied by public and private infrastructure investments, which will require a reasonable amount of time for implementation. It is no coincidence that the European Commission itself has placed a ban on the production of internal combustion cars only starting in 2035. Thus, in the coming years there will still be many cases of customers/consumers residing in areas where the infrastructure has not yet been adapted. In the presence of a dual need on the part of the consumer, for mobility on the one hand and financial support on the other, the social role of credit remains important, albeit not always in lockstep with evolving ecological awareness.

In 2022, FCA Bank further strengthened its commitment, undertaken years ago, to adapt to the change taking place in the automotive sector toward greener and more sustainable mobility. It is against this backdrop that all the partnerships entered into by FCA Bank with major automotive players - born of the common vision of making urban mobility more sustainable and accessible and promoting an environmentally and city-friendly lifestyle through the range of financial services - should be set.

As evidence to the soundness of the path taken, there are certain supporting data: to date, the range of hybrid and electric vehicles has come to represent more than 37% of the Bank's total financed volumes and the trend is expected to rise in the near future, given the higher cost of the new-energy vehicles, compared to traditional ones, which drives customers to prefer financial arrangements with affordable installments.

FCA Bank is promoting a range of innovative financial products on the market, such as:

- GO4xe, financing dedicated to those who want to choose to drive hybrid with Jeep Renegade and Compass 4xe Plug In Hybrid.

- GREEN CHANGE, a plan that allows customers to keep, replace or return the car at the end of the contract, as well as to change car at each annual window, depending on the length oof the contract. In this way, we help customers overcome mistrust of hybrids and electrics: if they have second thoughts or new needs, they can replace the car with another model of the same brand without penalties and additional costs, as long as they apply for new financing with FCA Bank.

- GO-EASY, a flexible financial plan dedicated to the launch of the New 500, which enables customers to drive green with a low monthly installment and, at the end of the contract, to choose between replacing the car by buying a new one, keeping the car by paying off the remaining amount or returning it.

- MILES RECHARGE, the new service designed for customers approaching new and used electric or hybrid vehicles. Customers will have access to several charging stations throughout Europe and prepaid credit to charge their new vehicle;

It should be noted that GREEN CHANGE and MILES RECHARGE are non-continuing initiatives as they are additional services to classic financing.

During the annual Motor Finance Awards 2022 event, GO4xe and GOeasy, were awarded for the "Best 'ESG/Sustainability' Initiative of the Year" category.

In order to encourage the use and experimentation of electric mobility, Futura, a credit card made of recycled PVC, was launched. With each purchase made with Futura, customers accumulate €co points with which to access Drivalia's sustainable mobility solutions.

In 2022, FCA Bank entered into several partnerships with leading e-mobility brands such as Tesla, VinFast, ElectricBrands and XEV, and groups such as Campiello and Koelliker.

In the meantime, Drivalia aims to accelerate the electric transition by supporting customers' choice of PHEVs and BEVs.

The strategy to accelerate this transition is based on 3 key elements:

1 - Invest in the development of charging infrastructure to ensure its availability;

2- Invest in the development of tailor-made products to stimulate customers' approach to new electric technologies through mobility offerings designed to facilitate the experience, while ensuring maximum flexibility to reassess needs at any time;

3- PHEVs and BEVs in the fleet.

The number of Drivalia Mobility Stores as of December 31st, 2022 stands at 650. Drivalia Mobility Stores are physical outlets located in Italy, France, Spain, Portugal, and the UK where customers can have access to the full range of Drivalia's services. In Denmark and Greece currently customers can pick up and drop off cars booked through apps on the brand's long-term services.

Total charging stations today number more than 1,600, in all major cities, airports, and train stations. A development plan is in the making, both domestically and in the rest of Europe, to reach 3,100 charging stations by 2025.

The fleet, currently composed of 55,000 vehicles, will consist of 160,000 vehicles in 2025, 50% of which will be either PHEVs or EVs.

Drivalia provides rental solutions that aim to make sustainable mobility accessible.

Carbox and CarCloud are flexible car subscription programs that are renewable every month. They allow customers to pick up and drop off vehicles in different cities and to choose the vehicle best suited to their needs from the models offered in the subscription package.

CarCloud was voted "Subscriptions Product Development 2022" at the "Asset Finance Connect Summer Awards" to underscore Drivalia's focus on promoting new forms of mobility, such as car subscriptions.

Be Free EVO is Drivalia's plan for long-term rentals, up to 24 months, managed with the flexibility of short-term rental. It can be signed up by credit card and allows customers to choose a car, including PHEVs or BEVs, and to drive it after only 48 hours.

These programs are available for hybrid and electric models as well.

In the partnership area, worthy of note is the agreement signed with Tesla, a brand that is a global pace-setter for the electric transition and the application of innovative technologies to the automotive sector. In fact, in 2022, Be Free EVO and CarCloud introduced the possibility of renting a Tesla car, the Model Y.

In 2022, CarCloud YOYO was launched. This is the first subscription in Europe that can be used by young people under the age of 18, allowing them to rent the XEV YOYO, a 100% electric urban car.

The electric carsharing service e-GO! (formerly LeasysGO!) as of December 31st, 2022 has a fleet of 1,200 vehicles (New Fiat 500s). It is available in Italy in Turin, Milan, and Rome and, from 2023, in Lyon, France. The subscription can be activated from the Drivalia website and on Amazon in two formats: prepaid, for continuous use, and pay-per-use.

The service reduces the impact of CO_2 emissions by 35 tons per month compared to using the same type of heat-powered car.

An important milestone reached in 2022 was the launch of the "Drivalia Recharge" app, created in partnership with Bosch, available on Android and Apple stores. The app gives people access to Drivalia's network of 480 charging stations in Turin, even if they are not rental or sharing customers of Drivalia and Leasys.

As part of a broader electrification strategy to bring people closer to new electric mobility solutions, Drivalia has been pursuing Corporate Social Responsibility projects with its shareholders and partners. In October 2020, thanks to a partnership with Crédit Agricole Italia, the Green Way project inaugurated sustainable mobility in the bank as well, through the opening of a Mobility Store inside the Parma branch and the installation of five electric charging stations in the neighboring parking lot. Over 2021, the project continued with the opening of Mobility Stores in branches in Milan and Rome, and then arrived in Treviso in 2022, planning to expand further in the coming years.

Still in 2020, ArtElectric was launched, in partnership with the Reggia di Venaria, a UNESCO heritage site. This project, now well-established, is intended to support art and sustainable tourism, promoting Drivalia's rental services and e-GO! car sharing, for local residents and tourists.

Among other CSR projects in 2022, Drivalia supported during the Paris Show the Perce-Neige Foundation, a French nonprofit organization, to assist the differently-abled.

Drivalia's support on the 6th World Day of the Poor, celebrated by Pope Francis, took the form of providing 5 vans to distribute 5,000 food parcels to needy families.

Indirect GHG emissions (Scope 3)

This material refers to Disclosure 305-3 of GRI 305: Emissions 2016

Retail Financing	12/31/2022	12/31/2021	12/31/2020
Production (units)	326,480	313,144	316,350
of which < 95g CO2 /km (units)	60,978	97,915	27,711
of which < 60g CO2 /km (units)	6,227	16,639	2,290
of which = 0g CO2/km (units)	20,470	11,282	1,023
Production (million euro)	6,848	5,759	5,647
of which < 95g CO2 /km (million euro)	793	1,346	356
of which < 60g CO2 /km (million euro)	199	413	75
of which = 0g CO2/km (million euro)	468	256	42
% production < 95g CO2 /km (million euro)	11.6%	23.4%	6.3%
% production < 60g CO2 /km (million euro)	2.9%	7.2%	1.3%
% production = 0g CO2/km (million euro)	6.8%	4.5%	0.7%
Average production CO2 emission level	118	117	124

Rental	12/31/2022	12/31/2021	12/31/2020
Production (units)	101,053	113,222	80,535
of which < 95g CO2 /km (units)	6,269	29,251	7,194
of which < 60g CO2 /km (units)	4.311	13,449	1,168
of which = 0g CO2/km (units)	9,849	6,507	271
Production (million euro)	1,912	2,093	1,483
of which < 95g CO2 /km (million euro)	102	525	102
of which < 60g CO2 /km (million euro)	132	343	31
of which = 0g CO2/km (million euro)	190	145	6
% production < 95g CO2 /km (million euro)	5.3%	25.1%	6.9%
% production < 60g CO2 /km (million euro)	6.9%	16.4%	2.1%
% production = 0g CO2/km (million euro)	9.9%	6.9%	0.4%
Average production CO2 emission level	110	112	124

The tables above show the financing provided in the retail finance business and the rental business for fiscal years 2020, 2021 and 2022. With respect to this amount, the following have been calculated:

- the proportion of financing for vehicles with emissions <95g CO_2/km;
- the proportion of financing for vehicles with emissions <60g CO_2/km (2030 target for reducing CO_2 emissions);
- the proportion of financing for vehicles with emissions =0g CO_2/km (this figure applies to 2020 and 2021)
- average CO_2 emissions.

Environmental impacts and management of climate challenges

In the context of the global climate change challenge, FCA Bank aims to achieve greater awareness of its current environmental impact on planet Earth by participating in the Carbon Footprint project with Crédit Agricole Consumer Finance.

The project involves reporting data on the main sources of emissions, which generally account for more than 90% of emissions from banking and insurance activities, such as:

- Energy consumption
- Purchase of goods and services
- Employee travel
- Capital goods

The project is designed to strengthen governance on climate-related issues and improve operational efficiency, i.e. identify the main sources of GHG emissions, monitor emissions and take action to reduce the carbon footprint.

The methodology used to calculate the carbon footprint is Bilan Carbone, which classifies emissions according to different criteria, areas and categories.

Three "Scopes" are considered:

SCOPE 1: direct GHG emissions from fixed or mobile installations located within the company (e.g. gas heating)

SCOPE 2: indirect GHG emissions from the generation of electrical energy purchased and consumed by the company. These emissions occur physically at the plant where the electricity is generated (e.g. electric heating, air conditioning)

SCOPE 3: All other indirect emissions necessary to operate the business (e.g. purchases, travel, capital goods) and everything used by employees (e.g. PCs, company cars). These emissions are a consequence of the company's activities but occur upstream or downstream in the value chain.

These greenhouse gas emissions are accounted for and then converted into a CO_2 common unit (CO_2 equivalent), based on their global warming potential (GWP).

Energy consumed within the organization

This material refers to Disclosure 302-1 of GRI 302: Energy 2016

	2022	
ENERGY CONSUMPTION FOR THE OFFICES	Value	GJ
A - TOTAL FUEL CONSUMPTION FROM NON-RENEWABLE SOURCES	32,463	1,147
Natural Gas (SMC)	32,463	1,147
for heating (SMC)	32,463	1,147
C - TOTAL CONSUMPTION OF PURCHASED ELECTRICITY	8,479,803	30,527
Electricity purchased - from third parties (kWh)	7,811,098	28,120
of which from renewable sources - from third parties (kWh)	455,088	1,638
Energy for district cooling (kWh)	31,198	112
Energy for district heating (kWh)	637,507	2,295

Conversions to GJ were made using the factors given in the UNFCCC 2022 National Inventory

Direct GHG emissions (Scope 1)

This material refers to Disclosure 305-1 of GRI 305: Emissions 2016

	2022	
	Quantità	Quantità (tCO2e)
Total consumption of fuel from non-renewable sources	32,463	64,633
of which Natural Gas (SMC)	32,463	64,633
Total SCOPE 1	32,463	64,633

Emissions were calculated using the atmospheric CO2 emission factors given in the UNFCCC 2022 National Inventory

It should be noted that GRI 302-1 and 305-1 are partially presented, as they do not include energy consumption and consequent emissions of the corporate fleet, since data are not fully available in all countries where the Group operates.

In any case, it should be borne in mind that the company car fleet has less than 500 units, so it is considered that they would not have a significant impact compared to the total direct emissions reported above.

The Group is gearing up in the various markets in which it operates to provide full reporting.

Indirect GHG emissions from energy consumption (SCOPE 2)

This material refers to Disclosure 305-2 of GRI 305: Emissions 2016

	2022
Total Scope 2 (t CO2e) electricity purchased - Location Based	1,919
Total scope 2 (t CO2e) electricity purchased - Market Based	3,359

Intensity of GHG emissions

This material refers to Disclosure 305-4 of GRI 305: Emissions 2016

	2022
Average number of employees	2,570
Scope 1 + Scope 2 Location Based	66,553
mission Intensity Scope 1 + Scope 2 Location Based (tCO2/average number of employees)	25.90
Scope 1 + Scope 2 Market Based	67,992
Emission Intensity Scope 1 + Scope 2 Market Based (tCO2/average number of employees)	26.46

SOCIAL ASPECTS

Relevant topics

Transparency in services and business, financial inclusion

Security, privacy and reliability of services

Dealers, customers and suppliers relations

Economic performance and value creation

Innovation and digitalization

ESG risk governance

Transparency in services and business, financial inclusion

The FCA Bank Group is committed to providing its customers with clear, complete and transparent information at all times during the business relationship. For this reason, transparency principles and regulations have been adopted through an extensive internal rule framework. The set of policies and procedures implemented by the Group governs all those aspects that may affect transparency with customers. By way of example, Group policies govern the set of information to be provided to customers at the beginning and during the business relationship, the approval process (including solvency checks), information on costs charged to customers, the advertising process, complaint management, and product governance.

Moreover, the distribution network should also be inspired and based on the principles and practices of transparency as the first point of contact between potential customers and FCA Bank.

For this reason, FCA Bank has implemented a comprehensive monitoring system to prevent any conduct of its network against business transparency. In addition, during 2022, new Transparency training was provided to the sales network to protect the customer.

The same principles mentioned above regarding transparency are in place for the other sales channels, in particular for all e-commerce platforms offered to customers, which are increasing their presence among the sales channels of banking products (e.g. Tesla financing is currently fully digital).

For the FCA Bank Group, "Transparency" is not just a set of rules to be complied with, but rather a tool intended to protect the interests of its customers, through conduct inspired by principles of openness and fairness, in order to establish a relationship based on trust and mutual benefit, on the one hand, and to protect the company itself and its shareholders, on the other, reducing any fines imposed and curbing reputational risk.

A business model can be considered virtuous only when in each of its phases it is centred on the interests and respect for the needs and demands of its customers, starting from the design of the product, during the marketing phase, up to its implementation, including attention to the needs expressed by customers in the after-sale phase.

The FCA Bank Group centres its conduct on the customer's real perception of the company itself, its products and processes, in order to discern what works from what should be further improved. To this end, it is essential to measure customers' satisfaction by conducting periodic surveys, ensuring an attentive and proactive customer service, and constantly analysing the complaints received with a critical approach.

Authorities, including the AGCM in Italy, are turning the spotlight on advertising content to avoid misleading and incorrect information to consumers. The increasing digitalisation and use of the e-commerce channel requires banks to review and adapt internal processes and procedures in order to provide customers with clear and comprehensive information regardless of the sales channel chosen (dealership or e-commerce platform).

In 2022, FCA Bank paid special attention to the advertising process, also in close cooperation with the Brands, in order to provide clear and transparent communication to consumers. With this in mind, FCA Bank has also reviewed and integrated its internal procedures:

- to ensure such completeness and clarity from the point at which a potential customer comes into contact with the Bank's financial offering,

- to cope with the transformation of product sales and distribution processes increasingly focused on digital solutions and e-commerce platforms. For example, attention was also paid to the advertising strategy for the launch of the new credit card "Carta Futura", which was fundamental to prevent any risk of misleading and incorrect presentation of the product to customers.

The third and final meeting of the G20 Global Partnership for Financial Inclusion (GPFI) Working Group under the Indonesian Chair took place on October 5th, 2022. The Group approved the "G20 Financial Inclusion Framework on Harnessing the Benefit of Digitalization", with the objective of increasing productivity and promoting a sustainable and inclusive economy for the disadvantaged.

The Framework will be sent to Finance Ministers and Central Bank Governors, as well as to the leaders of the G20 countries for their approval. The Framework aims to be a concrete reference for the different countries on the actions to be taken to close the gaps and make the most of the opportunities of digitalization to enhance productivity, sustainability and financial inclusion, especially of young people, women and small and medium-sized enterprises.

In 2022, the working group set up in 2021 on the requirements of the EBA Guidelines on the granting and monitoring of credit facilities continued. Compliance continued to implement the requirements of Section 5 of the Guidelines, which also applied to loans and advances already in existence on June 30th, 2021, whose terms and conditions were changed after June 30th, 2022, (provided that the changes followed a specific approval and that their implementation required a new loan agreement with the borrower or an addendum to the existing agreement).

Transparency at FCA Bank S.p.A.

To be as close as possible to customers, and to create a climate of trust with them, the Transparency section of FCA Bank Italia's website, for the individual brands and products, contains the main products and services offered by the bank and the relevant informative documents to illustrate and clarify the terms and conditions for their use.

In addition to the documents relating to the offering, FCA Bank Italia publishes in the transparency section all the documentation useful for the client to understand the products and services offered and to view the guidelines set out by the Bank of Italy.

Furthermore, to describe in greater depth the products and services introduced on the basis of the individual needs expressed by customers, the bank has updated and improved the delivery of pre-contractual forms, so as to provide promptly to customers with the main documents of the offer, drafted specifically for clarity and comprehension. This process is also the basis for the training of the dealer network with which the bank cooperates. In fact, dealers are asked from time to time to take training classes on transparency, to ensure that products and services are offered in accordance with the applicable regulations.

Transparency with the market and authorities

FCA Bank is committed to implementing the organizational and technological changes required by the evolving regulatory environment. At the same time, the Group guarantees maximum transparency and customer protection in accordance with the expectations of the banking and market supervision authorities.

In recent years, the European Court of Justice (the "CJEU") has handed down a number of decisions designed to further strengthen the protection of customers who enter into consumer credit agreements. In this context, the FCA Bank Group promptly aligned itself with the stance expressed by these decisions, in line with the "Customer Protection" policy pursued by the Group.

Specifically, reference is made to the "Lexitor Sentence" of the CJEU in September 2019 regarding the customer's right to be refunded the loan expenses in the event of early repayment of the loan. In Italy, the "Decreto Sostegni Bis", enacted in May 2021, represented the first regulatory implementation of the "Lexitor Sentence", amending the "Early Repayment" article of the Consolidated Banking Act. FCA Bank's approach was already aligned with the regulations as the Bank, since December 2019, pursuant to a request from the Bank of Italy and in line with its "Customer Protection" policy, had taken steps to also to consider the expenses incurred by its customers in the calculation of the refund. Because of this, the entry into force of the new obligations did not require any additional action. During 2022, in ruling No. 263 of December 22nd, 2022, the Italian Constitutional Court upheld the principle of the refundability of all types of costs in case of early repayment of the loan and declared the unconstitutionality of article. 11-octies, paragraph 2, of Law Decree No. 73/2021 ("Decreto sostegni bis"-converted by Law No. 106/2021) in the specific part where the Courts were prevented from applying the "Lexitor" principles also to early repayments of loans received before July 25th, 2021.

Another decision of the CGUE, dated September 9th, 2021, related to Case 33/20 UK v. Volkswagen Bank GmbH et al, found that if the information contained in loan agreements is not in line with the Consumer Credit Directive, consumers can exercise their right to withdraw from such an agreement at any time, regardless of when the loan was originally contracted, as well as have a right to a refund. Following this judgment, FCA Bank launched an investigation to assess whether there are any impacts on the individual markets but such investigation did not reveal any potential criticality. With specific reference to the situation in Germany, the FCA Bank branch has not seen any increase in contract withdrawal requests, and the market is still waiting to hear the decision of the European Court of Justice about the local Supreme Court's appeal to clarify how to proceed for contracts that have now been concluded. The decision on this is expected to be handed down in 2023.

In terms of customer protection, it is worth mentioning the publication, in April 2022, of the "Guidelines on the accessibility of IT tools - for providers under article 3 paragraph 1-bis of Law No. 4/2004", which lays down the technical rules that private entities must comply with in order to ensure accessibility to their services, including apps and websites. Law No. 4/2004, known as the "Stanca Law," outlined the provisions to facilitate the access of disabled people to IT tools, originally including in the scope of application only Public Administrations and then progressively including private companies as well. As of June 2025, in compliance with the provisions of European Directive 2019/882, accessibility obligations will be extended to additional services provided by private entities. The most relevant for the FCA Bank Group include "consumer banking services" and "electronic commerce services". The Group has already set to work to identify any necessary adaptations.

Moreover, the Group is compliant with all laws and/or regulations on social and economic matters.

Complaints

In accordance with the guidelines on the management of complaints issued by the EBA, FCA Bank S.p.A. has adopted an internal policy for the management of complaints in order to ensure a prompt and comprehensive response to customers who submit a complaint. Generally speaking, a complaint is an expression of dissatisfaction submitted 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).

	Geographical area	12/31/2022	12/31/2021
N.	AUSTRIA	21	49
%	complaints out of active contracts	0.22%	0.45%
N.	BELGIUM	70	132
%	complaints out of active contracts	0.64%	1.44%
N.	DENMARK and NORDIC POLE	32	13
%	complaints out of active contracts	0.18%	0.08%
N.	FRANCE	203	228
%	complaints out of active contracts	0.35%	0.34%
N.	GERMANY	225	317
%	complaints out of active contracts	0.15%	0.51%
N.	GREECE	6	7
%	complaints out of active contracts	0.05%	0.06%
N.	ITALY	5,625	5,920
%	complaints out of active contracts	0.70%	0.72%
N.	THE NETHERLANDS	4	1
%	complaints out of active contracts	0.06%	0.02%
N.	POLAND	49	9
%	complaints out of active contracts	0.24%	0.04%
N.	PORTUGAL	92	13
%	complaints out of active contracts	0.64%	0.12%
N.	UNITED KINGDOM	1,954	634
%	complaints out of active contracts	1.39%	0.60%
N.	SPAIN and MOROCCO	40	33
%	complaints out of active contracts	0.08%	0.06%
N.	SWITZERLAND	8	3
%	complaints out of active contracts	0.04%	0.02%
	TOTAL COMPLAINTS	8,329	7,359

All complaints were sent to the relevant departments and a response was provided within the maximum timeframe foreseen by the local regulations of each country (FCA Bank S.p.A. provides a response to complaints received within 30 days, although the regulations foresee a longer period of 60 days).

Security, privacy and reliability of services

Data protection and cyber security

In line with the results of previous years, FCA Bank continues to pay special attention to matters relating to the protection of personal data processed within its organization and information systems in order to ensure an adequate level of security in terms of confidentiality, integrity and availability of information and to protect the rights and interests of its customers and employees.

In accordance with the requirements of the EU Data Protection Regulation No. 2016/679, the corporate governance system includes:

- a regulation that defines the organizational model, describing duties and responsibilities, attributing to each employee a specific role in the protection of personal data in order to strengthen and ensure the proper management of personal data according to specific needs and peculiarities of the company;
- a solid system of policies and procedures:
    - a Group policy designed to illustrate the general principles, responsibilities and main processes in the field of the protection of personal data with which FCA Bank S.p.A. and its subsidiaries must comply in order to ensure an adequate level of compliance with the laws on the protection of personal data, also taking into consideration the relevant local regulations. As a general rule, the goal is to ensure that the principle of data protection is always considered from the earliest stages of development in accordance with the principles of privacy by design and by default;
    - special attention is paid to the management of personal data breaches in order to prevent, hinder or avoid the occurrence of such breaches, indicating the activities, roles and responsibilities for correct, rapid and efficient action;

  - similar attention was also paid to the subject of data retention, through the revision of the Group Data Retention Policy. In addition to sharing with FCA Bank Group entities a methodology and best practices useful for defining data retention periods, this policy requires compliance with the following principles: the retention of the data of each data subject must be justified on the basis of the service provided; the principle of accountability, which involves the adoption of appropriate technical and organizational measures to ensure and demonstrate that the processing of personal data carried out complies with the provisions of the Regulation; the principle of minimization, which translates into the need to combine this principle with the need to protect the bank's right within the limits of the prescription of the rights of the data subject;

- taking into account the regulatory changes regarding the Public Opt-Out Registry (RPO - Registro Pubblico delle Opposizioni), the FCA Bank Group has updated its disclosures on the processing of personal data by providing specific evidence of the change that has occurred;

- in light of the new standard contractual clauses (SCCs) drafted by the European Commission, FCA Bank has taken steps to update the information in its possession by verifying and mapping all transfers of personal data from providers that render any service that involves the treatment (storage, access, processing, etc.) of personal data in order to understand which of them process personal data outside the EU/EEA and avoid situations of non-compliance by requesting the adoption of the safeguards provided by the applicable regulations;

- a specific and innovative training plan, to disseminate, improve and raise employee awareness of data protection issues. This will make these matters understandable and enable employees to incorporate key aspects of them into their daily routines. Training and awareness are two closely related core concepts: if people are not aware of what they are processing, they are also unaware of the consequences and responsibilities that can result from incorrect data handling. During 2022, the approach taken was to provide specific and different training courses: a course, for all employees, to provide an overview of data protection; a course, also for all subsidiaries of the FCA Bank Group, to offer guidance on the correct use of the GDPR Tool; activities aimed at increasing awareness of data processing related to the fraud governance and geolocation process, in accordance with the provisions of Guidelines 01/2020 on the processing of personal data, in the context of connected vehicles and mobility-related applications adopted on March 9th, 2021 by the European Data Protection Board (EDPB);

- tools available to data subjects to ensure they can exercise their rights;

- the project to develop a platform (GDPR Tool) for more orderly management of Data Protection processes is being finalized. This platform, which is already being used by the Italian business, is intended to strengthen and automate personal data protection processes on the basis of four pillars, dedicated to: processing register, data protection impact assessment (DPIA - data protection impact assessment), data breach and controls. The goal is to have a single storage, management and control tool in the area of data protection in compliance with common and uniform guidelines and evaluation criteria (e.g., data breach, controls) for the entire FCA Bank Group.

In addition, in order to spread and broaden the focus on personal data protection topics and to mitigate risks related to confidentiality, integrity, availability and traceability of data, FCA Bank has designed and implemented a robust system of IT security policies and procedures. Key corporate policies include the following:

- security of Internet payment services;
- information classification;
- logical access control;
- management of ICT operations and communications;
- physical and environmental security;
- security incident management;
- use of email and internet;
- hardware and software use;
- ICT asset management;
- management of change in information systems.

In-depth analyses of new threats are performed regularly applying industry best practices to contain the risks detected. In this regard, the company has taken steps to improve employee awareness of these issues through specific cybersecurity training activities. Furthermore, FCA Bank uses Threat Intelligence tools to monitor cyber threats on the web, also in view of the growing risks detected in studies by security analysts at an international level.

With reference to remote working as a measure to mitigate the risks deriving from the Coronavirus pandemic, the related security measures were further strengthened, not only at a technical level but also in terms of employee awareness.

The FCA Bank Group did not receive any complaints regarding the loss of data, as this circumstance did not occur; the FCA Bank Group did receive complaints regarding manual errors that were the subject of prompt action aimed at remedying the fault found.

In addition, during 2022, there was an increase in the number of security alerts and, in general, cyber threats that were promptly handled without significant impacts to the Group from cyber attacks.

In order to identify and prevent violations of procedures and internal and sector rules, the architecture of the IT system and the internal control system are constantly being improved.

Substantiated complaints concerning breaches of customer privacy and losses of customer data

This material refers to the GRI 418-1 Disclosure.

	12/31/2022	12/31/2021	12/31/2020
Complaints received from outside parties and substantiated by the organization	-	-	-
Complaints from regulatory bodies	-	-	-
Total	-	-	-
Total number of identified leaks, thefts, or losses of customer data	-	-	-

During 2022, there are no substantiated complaints regarding breaches of customer privacy, nor leaks of customer data.

There are no proven breaches related to events in preceding years.

Dealers, customers and suppliers relations

The first principle of the Group Code of Conduct is dedicated to " Relations with Customers ": in fact, FCA Bank places the trust and satisfaction of its customers and shareholders at the center of its actions.

The Group Code of Conduct also includes a principle called "Fair and Equitable Choice of Suppliers," as a result of fair competition among all participating companies and a choice based on objective elements. The Code requires reasonable due diligence to ensure that all players in the supply chain act in accordance with a number of commitments and principles, particularly regarding respect for human rights and fundamental freedoms, labor standards, combating all forms of discrimination, promoting diversity as well as environmental protection and business ethics.

FCA Bank thinks that a clear and transparent attitude helps to maintain lasting relationships with its suppliers and that integrity is a fundamental prerequisite.

FCA Bank has over the years adopted a number of different policies and procedures designed to provide guidelines to employees and third parties in order to pursue the aforementioned principles: in particular, the Group policy for handling customer complaints, the Duty to Customer policy, the AML policy, the procedures related to the sanctions list, and the Group policy for New Products and Activities.

The outbreak of war in Ukraine and the tightening of sanctions against Russia and Belarus make it necessary to strengthen International Sanction List controls on both customers and other third parties; this strengthening of controls will be implemented from 2023.

Service quality and customer satisfaction

Following approval by the EU Parliament of the ban on the the sale of new petrol and diesel cars from 2035, the automotive industry has undergone a profound technological change in the short term by directing all investments to electric technology.

The automotive industry and major European players have reorganized through mergers and Cross-Brands collaborations to cope with the strong technological know-how of Chinese competitors, with quotas on major automotive components and with the substantial financial resources required. In addition, to maximize profits and to remove intermediaries, major European players are moving toward a direct business model, with agents/showrooms in the territory. FCA Bank, taking into account the developments in the automotive market and thanks to its foresight as well as perseverance in the pursuit of customer centricity, is the only one able to integrate seamlessly with the OEM and to offer a totally online Journey that accompanies the customer in the purchase phase and throughout the life of the contract, ensuring on a daily basis the highest degree of accessibility and transparency of the Bank's products and services.

The FCA Bank Group places the customer's real perception of the Company, its products and processes at the center of its conduct in order to offer a quality customer experience and identify areas that can be further improved. To this end, it is crucial to measure the degree of satisfaction of its customers by conducting periodic surveys, ensuring attentive and proactive customer service, and constantly analyzing with a critical approach the complaints received.

FCA Bank has a highly comprehensive information and reporting system throughout Europe; the tools used make it possible to understand the peculiarities of individual business contexts, monitor sales processes and verify relations with the network and end customers.

The objective is the constant improvement of the commercial offering and partnership relationships to be able to develop state-of-the-art solutions and plans applicable to the entire European footprint.

Within the framework of market research, Customer Satisfaction is one of the most consolidated techniques that FCA Bank uses to verify its customers' satisfaction on an ongoing basis.

The survey covers several areas regarding the purchasing process, the experience in the dealership, the digital tools, as well as specific aspects of the financing products and services offered by FCA Bank.

It is carried out every year, the survey areas are the same in each country involved and the questionnaire is constantly updated. These features enable FCA Bank to obtain the trend, but also to have the flexibility to measure any new needed information.

Pursuing this goal and in view of the rapid spread of the E-commerce channel and the redistribution of the weight of the various European markets within the automotive industry in the EU, due to the increasing share of electric vehicles in the Nordic countries, in 2022 the Customer Satisfaction Survey was conducted on the 13 European markets introducing new elements, such as:

- research - in addition to the captive customers Jaguar Land Rover and Fiat Chrysler Automobiles, typically surveyed in previous years - also into the Multi-brand and Used Vehicle business
- special attention to the interaction and use of digital tools throughout the buying experience.
- introduction o f new KPIs to capture not only overall satisfaction but also specific measures of advocacy and ease of interaction with FCA Bank products/services.

During 2022, FCA Bank conducted a highly representative pan-European pilot satisfaction survey, massively involving customers from 13 markets. The objective was to understand the degree of satisfaction and promotion in the EU of the brand and the countless FCA Bank financing and mobility products as well as the simplicity of the purchasing processes. Some the main indicators analyzed to support the new partnerships were Customer Satisfaction Index (CSI), NPS (Net Promoter Score) and CES (Customer Effort Score).

The Customer Satisfaction Survey is one of the most consolidated tools that FCA Bank uses to verify its customers' satisfaction on an ongoing basis.

The survey covers a wide range of information sources on customers' habits and their areas of satisfaction such as: reasons for choosing the payment method, "shopping around", means of communication used to gather information about the car chosen, evaluation of the seller's conduct, satisfaction with the financial solution signed up for, and the service received from FCA Bank.

It also makes it possible to have a consistent historical trend, with some key areas always present and other sections constantly being updated to gain new insights. The survey format is the same for all the countries involved, thus making it possible to monitor market performance on key issues and to draw comparisons on quality levels.

Customer Satisfaction in 2022 confirms FCA Bank's desire to annually increase both the number of respondents and their engagement. The Bank is aware that deeply understanding the context of its customers' needs is the source of inspiration to offer them value on an ongoing basis. In 2022, 2098 customers were surveyed (+95% vs. 2021) and the results confirm a positive rating in all markets under analysis, with an average rate equal to 4, on a scale of 1 to 5 with the positive threshold at 3.70.

In addition, FCA Bank, starting this year, in order to maximize the current relationship of trust with its customers and to constantly increase the level of service, which has been considered a priority within the company's strategy for years, has decided to equip itself with additional new indicators including the CES (Customer Effort Score) and the NPS (Net Promoter Score) for the evaluation of the overall liking, quality and simplicity of the shopping experience with FCA Bank.

The NPS is a long-term loyalty relationship metric and determines the cluster of FCA Bank ambassador customers. The latter is in concert with CES, which determines the ease with which the customer purchased a financial product, thereby minimizing his or her efforts. Both of these indicators should be viewed as a range from -100 (not acceptable) to +100 (excellent).

Considering that FCA Bank is presenting the measurement of these indicators for the first time, it must be highlighted that at the European level FCA Bank scored 52.4 for CES and 24.6 for NPS, positioning itself, compared to what its competitors did in the year 2021, equal to and in certain cases above the largest European credit institutions and competing captives. Both indicators are indicative of excellence in terms of simplicity and reduced effort on the part of the customer as well as of the high reliability of the FCA Bank brand and products.

Finally, FCA Bank intends to monitor these indicators in future years in order to solidify a trend and maintain a virtuous system of timely customer knowledge and continuous improvement of the products and processes offered.

Sustainability in the FCA Bank Group

On the websites of the markets in which it operates, FCA Bank makes available financial tools that allow customers to calculate their instalments and develop independently the financing plans best suited to their needs, also in relation to the most appropriate vehicle model.

FCA Bank is aware that, in order to maintain a high level of competitiveness and to build a long-term relationship with customers, a finance company must conduct its activities taking into account the economic, environmental and social impacts associated with them.

Given the need for sustainable development, FCA Bank is committed to providing its customers access to responsible credit based on principles of fairness, responsibility and care, and to offering it on suitable terms, through transparent, comprehensible reports and in full compliance with current regulations.

This approach is systematically monitored in the Customer Satisfaction surveys, where there is a particular focus on the aspects of fairness and transparency of salespeople at the dealership when financing is being offered.

As part of training plans, employees are also continually made aware of the importance of using clear and comprehensible language when providing financial and insurance products, as well as of identifying specific consumption and credit needs in order to select the most suitable financing solution.

Business partner and dealer relationship management

FCA Bank manages its relations with dealers by providing useful financial tools to support the sale of vehicles of the relevant Brands.

In fact, the new pan-European **Customer Relationship Management (CRM)** platform, based on Salesforce technology, is designed to create a direct and transparent relationship with the customer, with the aim of maximizing contacts throughout the contract lifecycle. The platform's main strengths include Marketing Automation, thanks to which automated marketing campaigns (Direct Email Marketing, SMS) can be managed, and the revamped Lead Management System, which offers FCA Bank's network of Dealers and partners highly integrated and automated processes dedicated to Lead and customer management. The interface as well as the user experience are highly intuitive, plus the platform features widgets designed to manage priorities, record calls or events, and track contact feedback in a simple and intuitive way. . The system enables a complete, 360-degree view of all FCA Bank customers, tracking all interactions and every aspect of the financing contract and associated services, as well as creating customized workflows and customized lists based on different criteria, such as the brand of the car or the financing obtained, all digitally via FCA Bank touchpoints. The initiative, launched in Italy in April 2021 and later extended to Switzerland and Greece, continued its internationalization plan in 2022 by going live also in the France, Belgium, Netherlands, and Denmark markets; the European footprint is expected to be completed in 2023.

Responsible supplier management

The FCA Bank Group entertains relations with its suppliers based on principles of transparency, fairness and uniformity of treatment, in line with the Code of Conduct approved by the Board of Directors of FCA Bank, which defines the principles of conduct in the business of the Group.

The Group manages the purchase of goods and services via two specific centralized applications, one handled at Parent Company level for ICT purchases and one, which is being introduced in all European subsidiaries and is already consolidated in Italy, for the purchase of other goods and services. This application, managed at local level on a central platform, enables uniform management of the purchasing process from the request for approval of expenditure to the issue of the order. (PAT – Purchasing Activity Tracking).

The PAT application has been upgraded with a new release that went live in the first half of November 2022.

For the Italy market, supplier selection is done through the use of a specific portal, in which suppliers proceed, under their own responsibility for what they state, to sign disclaimers regarding the NDA (Non Disclosure Agreement), GDPR (General Data Protection Regulation), Code of Ethics and General Terms and Conditions of Supply. These documents will be resubmitted at the time of stipulation of the supply contract.

The registration of suppliers on the portal takes place mainly through three information channels: supplier already used, notification of the requesting function or research by Procurement.

At the time of their engagement for a tender or RFQ (Request For Quotation), a due diligence is carried out through the analysis of a commercial report (credit Bureau), together with the Compliance and R&PC (Risk & Permanent Control) departments, in which the main financial ratios are reported together with reports referring to events related to the property register, AML and Antiterrorism.

Due diligence was further detailed in a specific procedure, with a list of individual cases and related actions needed/functions involved for data verification based on the type of deliverable and its estimated amount.

At the same time, the Security function searches for any reputational reports by consulting open sources of information.

In addition, the IT security check (where applicable, in relation to the type of purchase) has been further implemented through the mandatory completion of a special Security Checklist by suppliers. Successful completion of the questionnaire evaluation is essential to proceed with the awarding of the contract and is therefore an integral part of the supplier verification process.

The tendering process, carried out through a specific platform (4Buyer), makes it possible to:

- manage official communications (tender opening, timing of bid submission, Q&A, last call);
- define technical and financial weights;
- collect technical reports;
- collect bids;
- collect evaluations;
- attribute a rating;
- draw up the minutes of the tender;
- notify the award.

The contract entered into with the supplier, following the tendering process, also provides for its monitoring through the platform by:

- indicating the expiration of the contract for the supply of goods/services in place with a reminder via e-mail to the requesting function;
- requiring the performance evaluation on an annual basis (requesting function – vendor rating);
- informing about the expiration of the documents inserted during the procurement phase.

All suppliers which fail to comply with contractual requirements on an ongoing basis during the supply phase, or which are witnessing administrative/judicial proceedings for any reason whatsoever against one of the members of the management or shareholder body, resulting in a high reputational risk, are placed on a special list (the SAC - Supplier Analysis Committee - has been established, with different company functions in attendance which, based on the findings, decides whether or not to continue business with a particular supplier).

This is necessary in light of a continuously evolving regulatory context that requires a high level of attention to ESG risk ("EBA Guidelines on Loan Origination and Monitoring"; Directive on Non-Financial Reporting revised on initiatives linked to the European Green Deal).

ESG (Environmental, Social and Governance) means using environmental, social and governance factors as an integral part of decision-making processes to assess the level of sustainability of a counterparty.

Indeed, there is a growing awareness that ESG factors play a crucial role in determining the risk and return of an investment (e.g. reputational, legal and operational risks).

ESG principles must be part of business strategy, including supplier management.

The traditional metrics for evaluating suppliers (reliability, operating/financial soundness, quality, technical capacity, performance, total cost of ownership, etc.) must be combined with ESG metrics from the early stages of search and selection. With this in mind, starting in 2023 and through an initial test phase involving a number of suppliers, information in the ESG area will be collected that can become an integral part of the evaluation of a supplier within a tendering process.

Adherence to ESG principles allows companies to contribute actively to the SDGs and at the same time to obtain positive business, financial and reputational benefits. In order to identify the positioning of suppliers with respect to ESG issues, a project involving approximately 30 quite large suppliers, selected in the different product categories. Through an external provider and its platform, they are asked to provide answers to a questionnaire based on 4 macro areas:

In relation to the business, information is requested about:

- the corporate sustainability strategy;
- the management of ESG risks;
- the relevance of research and development;
- the digitalization of services;
- labelling and disclosure of products/services.

Regarding environmental aspects, information is requested about:

- water, energy and waste;
- environmental certifications.

With respect to social aspects, information is requested on:

- personnel management;
- certifications and standards;
- relations with stakeholders;
- relations with the local community.

Lastly, with reference to governance, information is requested on:

- the structure and composition of the Board of Directors;
- certifications and standards.

For each supplier/partner then it will be possible to obtain an overall Score that summarizes:

➢ Business Score;

➢ Social Score;

➢ Environment Score;

➢ Governance Score;

➢ Sector Score.

The visibility of this information will make it possible to have a summary assessment of the company's ESG performance, to identify easily the strengths and areas for improvement and to contribute to the choice of the best performing suppliers.

Economic performance and value creation

Economic responsibility for the FCA Bank Group is driven by financial strength, which is a fundamental condition for ensuring the long-term sustainability of the business, and the creation of long-term value for all the Group's stakeholders. Within the Group's RAF and ICAAP documents, explicit reference is made to these topics.

FINANCIAL SOLIDITY

Own Funds

Own Funds represent the minimum capital that banks must have to cover Pillar 1 (credit risk, market risk, exchange rate risk, operational risk) and Pillar 2 (concentration risk, interest rate risk, liquidity risk, strategic risk, reputational risk) risks, and constitute the main point of reference for the Supervisory Authority's assessment of the Bank's stability.

As per current regulations, the minimum capital requirement for the FCA Bank Group for total capital is 10.83% of risk-weighted assets. As of December 31st, 2022, the Total Capital Ratio level was 15.54%. Tier 1 Capital consists of prime quality components, comprising mainly capital instruments (e.g. ordinary shares) and reserves. The minimum regulatory requirement for FCA Bank is 8.00%: as at December 31st, 2022 the CET 1 was 13.92%.

Leverage ratio

The Leverage Ratio is an indicator of financial leverage, introduced in order to limit the degree of leverage in the banking sector. As at December 31st, 2022, Fca Bank's leverage ratio was 10.22%, well above the minimum regulatory requirements.

Rating

During 2022, following the announcements on FCA Bank's future corporate developments made in December 2021 and ratified in April, Fitch and Scope improved their outlooks on FCA Bank's ratings. In particular:

- on January 12th, 2022, following the announcements on the future corporate developments of FCA Bank and Leasys made in December, Fitch placed both ratings on "positive rating watch".
- on May 17th, 2022, Scope upgraded the outlook on FCA Bank's rating to positive (from stable);
- in addition, following similar actions on Italy's rating, in July Standard & Poor's upgraded the outlook on FCA Bank's rating to stable (from positive), while in August Moody's changed the outlook on FCA Bank's rating to negative (from stable).

The ratings assigned to FCA Bank at December 31st, 2022 are as follows:

Entity	Long-term Rating	Outlook	Short-term Rating	Long-term Deposits Rating
Moody's	Baa1	Negative	P-2	Baa1
Fitch	BBB+	Stable. Positive rating watch	F1	-
Standard & Poor's	BBB	Stable	A-2	-
Scope Ratings	A	Positive	-	-

LONG-TERM VALUE CREATION

The statement of economic value generated and distributed provides an indication of how FCA Bank Group has created value for its stakeholders.

In 2022, the Group generated a total economic value of approximately €1,529 million, distributing 112% of it. Of this value, 22% was distributed to employees, suppliers and service providers, 11% was distributed to the Government in the various jurisdictions where the FCA Bank Group operates and 79% was distributed to shareholders.

Economic value directly generated and distributed

This material refers to the 201-1 a) Disclosure of GRI 201: Economic Performance 2016

	12/31/2022		12/31/2021	
Economic value generated	1,529,019	100.0%	993,269	100.0%
Economic value distributed	1,709,649	111.8%	779,665	78.5%
Employees, suppliers and service providers	337,289	22.1%	296,413	29.8%
Shareholders	1,200,000	78.5%	280,000	28.2%
Governments	172,360	11.3%	203,252	20.5%
Economic value retained by the Group	(180,631)	-11.8%	213,605	21.5%

VALUE-ADDED STATEMENT	31/12/2022	31/12/2021
10. INTEREST INCOME AND SIMILAR REVENUES	829,697	834,633
20. INTEREST EXPENSES AND SIMIALR CHARGES	(165,401)	(196,586)
40. FEE AND COMMISSION INCOME	133,904	127,658
50. FEE AND COMMISSION EXPENSES	(61,231)	(49,488)
80. NET INCOME FINANCIAL ASSETS AND LIABILTIES HELD FOR TRADING	945	2,791
90. FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(8,567)	(4,285)
100. GAINS (LOSSES) ON DISPOSAL OF:		
a) Financial assets at amortized cost	(2,834)	(934)
130. IMPAIRMENT/REINSTATEMENT FOR CREDIT RISK:		
a) Financial assets at amortized cost	(65,703)	(29,748)
160. NET PREMIUM EARNED	0	2,948
170. NET OTHER OPERATING INCOME/ CHARGES FROM INSURANCE ACTIVITIES	(740)	(715)
200. NET PROVISIONS FOR RISK AND CHARGES	(11,109)	(12,337)
210. IMPAIRMENT ON PROPERTY, PLAN AND EQUIPMENT	(39,370)	(577,921)
230. OTHER OPERATING INCOME / CHARGES	190,815	897,253
280. GAINS AND LOSSES ON DISPOSAL OF INVESTMENTS	646,709	-
320. INCOME (LOSS) AFTER TAX FROM DISCONTINUES OPERATIONS	81,903	-
A. TOTAL ECONOMIC VALUE GENERATED	1,529,019	993,269
190. ADMINISTRATIVE COSTS:		
b) Other administrative costs	(69,487)	(90,232)
220. IMPAIRMENT ON INTANGIBLE ASSETS	(16,250)	(20,749)
270. GOODWILL IMPAIRMENT	(86,858)	
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	**(172,595)**	**(110,982)**
190. ADMINISTRATIVE COSTS:		
a) Payroll costs	(164,694)	(185,431)
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND COWORKERS	**(164,694)**	**(185,431)**
340. MINORITY PORTION OF NET INCOME (LOSS)		
PROFIT ATTRIBUTED TO SHAREHOLDERS	(1,200,000)	(280,000)
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	**(1,200,000)**	**(280,000)**
200. NET PROVISIONS FOR RISKS AND CHARGES		
other administrative expenses: indirect taxes and fees	(9,679)	(10,460)
other administrative expenses: penalties	-	-
other operating expenses / income: tax costs and recoveries on tax costs	(61)	(1,552)
300. TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS	(129,801)	(185,327)
300. TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS (DEFERRED)	(32,819)	(5,913)
ECONOMIC VALUE DISTRIBUTED TO THE PUBBLIC ADMINISTRATION	**(172,360)**	**(203,252)**
other administrative expenses: liberality and sponsorships	-	-
B. TOTAL ECONOMIC VALUE DISTRIBUTED	(1,709,649)	(779,665)
RETAINED PROFITS	180,631	(213,605)
C. TOTAL ECONOMIC VALUE RETAINED BY THE GROUP	180,631	(213,605)

Innovation and digitalization

To be able to deliver cutting-edge solutions and projects that are applicable throughout Europe, FCA Bank is continuously looking for innovative projects and partners that can support the implementation of the its strategy. Also in 2022, in keeping with an open innovation-oriented approach, FCA Bank has partnered with I3P, the Incubator of the Politecnico di Torino, a company that supports the birth and development of innovative startups with high growth potential.

Projects continued during 2022 are outlined below.

Digital Factory

Digital Factory is the project with which FCA Bank and I3P, the Innovative Company Incubator of the Politecnico di Torino, intend to contribute to the bank's technological and digital transformation. Wanting to "innovate" means, on the one hand, betting on uncertain paths with results that are not always predictable and, on the other, exploring existing innovations on the national and international level, to promote solutions through Open Innovation and thus contribute to the technological and digital transformation of the bank. To this end, after an initial scouting phase, the jury of FCA Bank and I3P-Politecnico di Torino identified two Startup as winners of the competition: Reefilla e Screevo.

Founded in 2021, innovative startup Reefilla wants to make the user forget about the problem of charging the battery of electric vehicles by offering a mobile charging service that predictively calculates the time to recharge. The young company's service monitors the location and state of charge of the car: when the battery level falls below a certain threshold, Reefilla suggests a recharge. For its part, Screevo, which was founded in 2021, has created a virtual assistant that enables data input into any system through its voice. The solution employs an AI system to transform voice data into text data and, through the use of Robotic Process Automation (RPA), automates repetitive tasks without the need for human supervision. In addition, computer vision technology is provided to recognize items on the screen and simulate the user's actions, without the need for the user to interact directly with his or her device.

Finance calculator 3.0

The Finance Calculator (FC) is a pan-European digital tool that allows users to simulate their monthly installment by choosing from the full range of Retail products (HP, PCP and Leasing), including insurance and additional services. In conjunction with the rapid spread of online direct sales, during 2022 the FC followed a path of technological and functional upgrade to be aligned with the new trend. The new version (3.0), already operational in Germany and France, was launched in Italy and Belgium during 2022, integrating with each market's management systems and Brands configurators.

E-commerce

Following the rapid expansion of the online channel for car purchases and new emerging players for the world of electric vehicles, FCA Bank grows also by launching its E-commerce platform in several European countries, making it possible to apply for a car loan completely online. Through the FC 3.0 customers are given the option to purchase the chosen product through financing. After uploading their documents and entering the necessary information, the platform certifies the documentation remotely and proceeds with the recognition of the applicants in line with local Best Practice. The pillars of the FCA Bank customer experience are smooth user experience, simplification of Back Office operations, ensuring compliance with current regulations and security as well as traceability of the process.

Digital Onboarding

The digital onboarding project is divided into four macro areas: dematerialization of documents, electronic signature, simplified acquisition of documents (simplified uploading for both the dealer and the end customer, in person or remotely), digital archiving in accordance with the law. In 2022, the positive adoption trend of previous years was confirmed: 85% of FCA Bank customers across Europe signed their financing contracts digitally during the year. Also during the year, a number of actions were taken to improve the process or introduce new features.

Customer Portal

The pan-European Customer Portal has been developed to provide all the bank's customers with a simple and intuitive hub where they can keep track of their activities. In a single area all car financing, leasing and banking products obtained from FCA Bank can be found and managed conveniently and quickly. Both the portal and the App created by FCA Bank with ensure a smooth customer experience, as well as robust user authentication: the security of customer data is one of the fundamental pillars. There are many different self functionalities that permit a good degree of autonomy on the part of the customer on the portal: starting from the management of car financing, monthly installments, viewing the repayment schedule, requesting the early termination of a contract, to the management of one's credit card and conto deposito in the markets that offer these services. Moreover, it is possible to modify at any time privacy consents, personal and contact data such as email address and phone number, and payment methods. Finally, from the portal it is possible to download documents and templates made available by FCA Bank. During 2022, with a view to continuous improvement, new cross-market features were released in order to provide greater autonomy and engagement to customers operating on the portal.

On the other hand, in terms of new projects for the year, Split Payment is the BuyNowPayLater product linked to the Payment Gateway platform presented to users (merchants and end customers) as FCA Bank Pay.

The product, which was created for participating operators (to date car and moto mechanics) to sell goods and services on credit, is configured as factoring and features fully digital onboarding and instant credit approval.

Through the Split Payment product, the end customer (customer of the participating merchant) will have the possibility to buy on credit at no additional cost, through a paper free and highly inclusive onboarding process with access channels both from commercial points of sale and remotely with the Pay By Link functionality.

The user experience is also extremely simplified also thanks to remote recognition functions, OCR features for completing personal data and identification documents, and proof of income replaced by a statement made by the end customer.

With the BuyNowPayLater product, merchants will be able to provide their customers with the option of buying goods and services from €200 to €2,000 (depending on the access channel) on credit, with 3, 6 or 9 monthly payments, making the services or goods offered more accessible.

To date the product is active in the Italian market and will be launched in France and Germany during 2023.

DIGITALIZATION	12/31/2022
Customers who have downloaded the Customer Portal app	30%
Fully digital changes out of total changes in master data	85%
Employees enabled to work remotely	100%
News published on the portal	85
Content published on LinkedIn	659
Increase in LinkedIn followers	+30.58%

ESG risk management

In April 2022, the Bank of Italy, in line with similar initiatives by the ECB and other national supervisory authorities, developed an initial set of 12 supervisory "*Expectations*" on the integration of climate and environmental risks into the business strategies, governance, control and risk management systems and the market disclosures of supervised intermediaries.

These Expectations, which are general and non-binding in nature, only consider the climate and environmental component of typical ESG risks at present. However, they may be supplemented in the future by the Authority, with the possible expansion of the scope of their impact through the inclusion of social and governance issues as well.

The 12 Expectations issued by the regulator include such recommendations as the development of the ability to identify climate and environmental risks that could affect the business environment and to understand and measure their impacts, so as to ensure that the business model is resilient, or their influence on the intermediary's ordinary financial transactions, to minimize the risk of losses. The Bank of Italy calls on operators to map events that could occur as a result of climate and environmental risks in order to reinforce the risk management system, as well as to prepare a database on risk profiles that is "comprehensive and of high quality as well as integrated into an information system suitable to support the development of metrics for the assessment of climate and environmental risks".

In addition to the highlighted risks, the current transformation, necessary to cope with the effects of climate change, also presents new opportunities for the financial sector. "It is important," as outlined in the Bank of Italy's official document, "that operators put in place appropriate safeguards and develop adequate practices to identify, measure, monitor and mitigate these risks, while continuing to ensure the necessary access to credit .... Equally important is the ability to adequately communicate the inclusion of climate and environmental risks in their strategic and operational model, avoiding unfair practices (e.g., greenwashing) that, on the contrary, would discourage the development of sustainable finance and undermine the reputation of the operators".

In a context in which the investments needed to facilitate the green transition require private capital, the role of the banking and finance industry in allocating resources efficiently and effectively appears to be central.

In light of the importance of the topic, all relevant corporate departments have been duly informed and have started their own assessment of the issues raised by the specific Expectations that fall within their purview. In order to ensure a unified approach to the analysis of the Expectations, the FCA Bank's Compliance department initiated in 2022 a "working group" dedicated to the discussion and sharing of the actions necessary to meet the Supervisory Authority's Expectations.

The year just ended was marked by FCA Bank's commitment to strengthen its ESG governance in view of the definition of a solid ESG strategy for the continuous improvement of the management of the Group's impacts on its stakeholders as well as the ESG risks related to its activities. In keeping with the process begun in previous years, a project was undertaken, with the support of external advisors, to bolster the governance of ESG issues, define the pillars underlying the sustainability vision, develop a Corporate Purpose to be integrated into the value set, and digitalize the Group's ESG data management processes

In fact, FCA Bank knows how important it is to give due consideration to environmental, social and governance aspects and to develop a culture of sustainability in the company by actively involving, through a long-term commitment, all levels of the organization, from top management to project leaders and all employees.

In addition to a phase of industry ESG analysis and benchmarking and critical analysis of structure and processes, the ESG project involved top management in a series of engagement interviews designed to investigate perceptions of sustainability in the company.

This process led to the identification and validation by the CEO of the ESG Pillars. These are key themes that represent the Group's ESG identity, and the Purpose of FCA Bank, as well as the identification of improvement actions to strengthen ESG Governance, thus laying the foundation for the Group's ESG strategy, which will see the approval of a sustainability policy and plan in the near future, with goals and targets set for the coming years.

The Purpose "Creating everyday mobility solutions for a better planet" sums up FCA Bank Group's mission: to lead the transition to sustainable mobility by democratizing electric mobility.

This is made possible both through the financial solutions provided by the bank and through the comprehensive range of mobility solutions of its subsidiary Drivalia.

The approach combines Environmental, Social and Governance (ESG) aspects in 4 Pillars:

- Sustainable Mobility;
- Environment;
- People;
- Innovation and Digitalization.

They form the Group's sustainability framework and guide processes both internally and towards the community, for the creation of stakeholder value.

PERSONNEL MANAGEMENT

Relevant topics

Training and development of human resources

Welfare, employment and dialogue with social partners

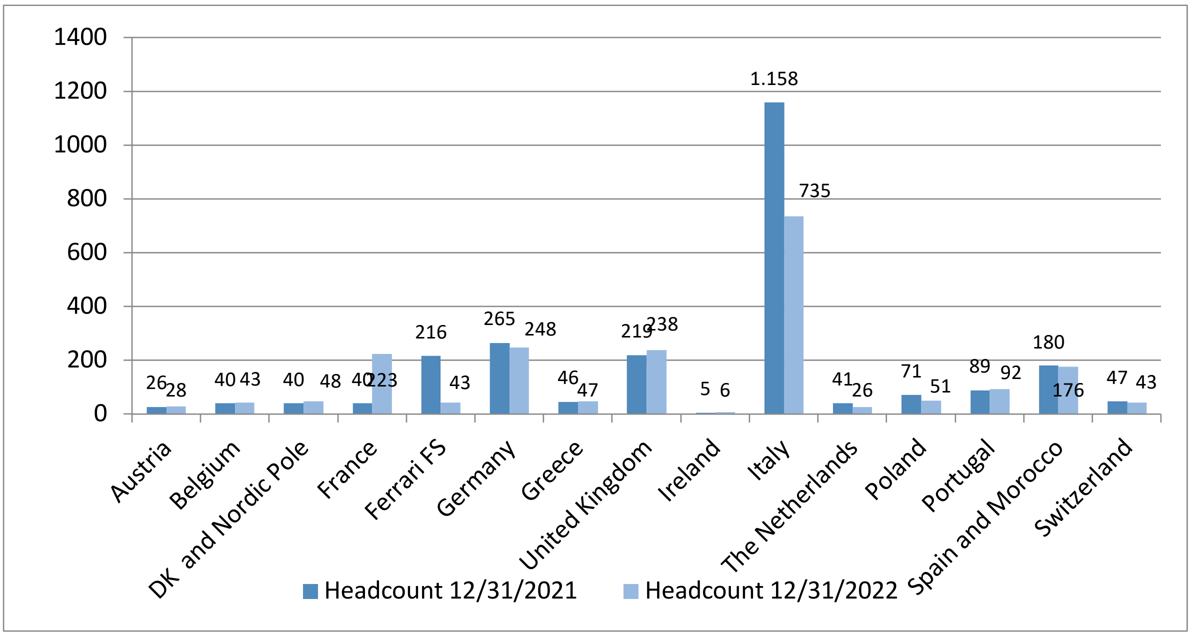
Employee health and safety

FCA Bank is a company of people serving people. Its primary objective is to attract, retain and motivate highly qualified personnel, but also to reward those who carry on, believe in and support the company's values with remuneration structures linked to the creation of long-term value.

At December 31st, 2022, the FCA Bank Group's workforce consisted of a total of 2,047 employees, a decrease of 436 compared to December 31st, 2021.

This decrease is mainly related to the sale of the Leasys Group companies to LeaseCo S.a.s. on December 21st, 2022. The number of employees of the Leasys Group as of December 31st, was 557.

Distribution of the number of employees



Data analysis shows that Italian companies account for 35.9% of total employees.

At the end of December 2022 the female component represented 47.8% of the total workforce, the average age of the Group's employees was 44.6 (44.7 for men and 44.4 for women), and the average seniority in the company was 11.8 years (10.5 for men and 13.2 for women). Part-time employees account for 5.6% of the workforce (113 people, including 107 women).

Gender Neutrality project

The Group applies in a structural manner remuneration policies that aim to achieve equal opportunities and non-discrimination (both in the fixed and variable components).

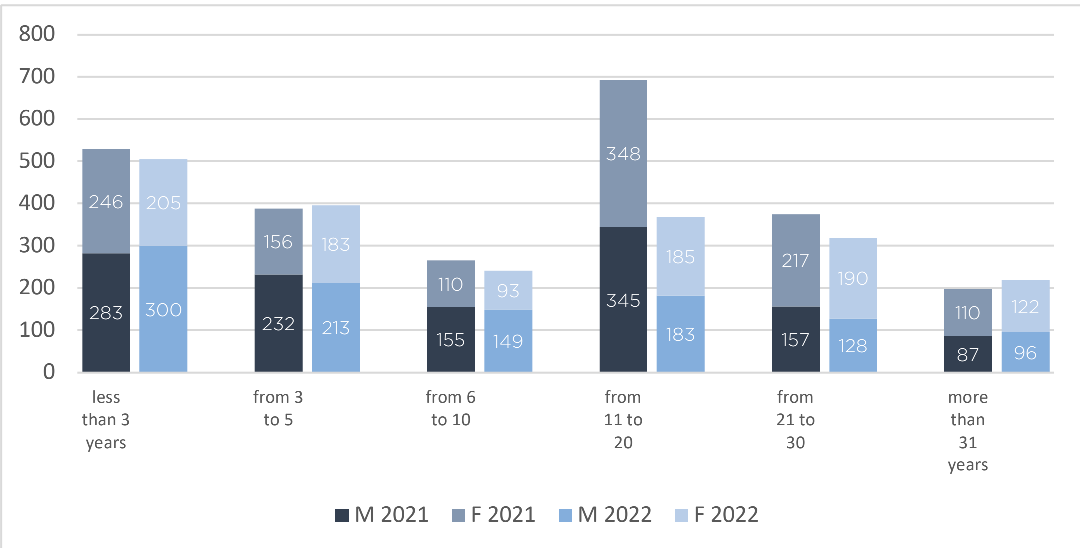
In order to strengthen this commitment and increase sensitivity to the issue at Group level, during 2021 - also taking into account the new guidelines issued by the European Banking Authority - a further project, the Gender Neutrality project, was defined and implemented.

The key elements of the project are designed to ensure gender neutrality in recruitment policies, in the definition of succession plans, in development and growth opportunities and in remuneration policies.

To this end, several initiatives have been launched, including:

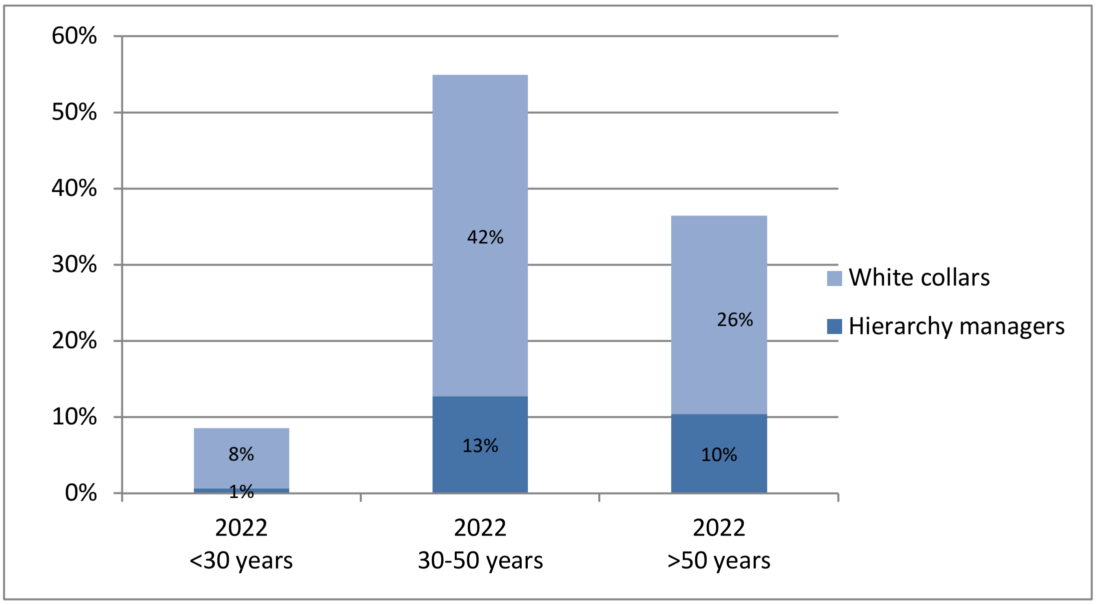
- setting of improvement objectives on significant KPIs, with specific targets assigned to the HR professional family (i.e. gender balance recruiting, increased representation of women in managerial positions, gender-neutral remuneration);
- raising awareness within the organization by highlighting, both in external (i.e. LinkedIn) and in internal communication, the contribution of female staff to relevant activities and/or projects.

Company seniority by gender



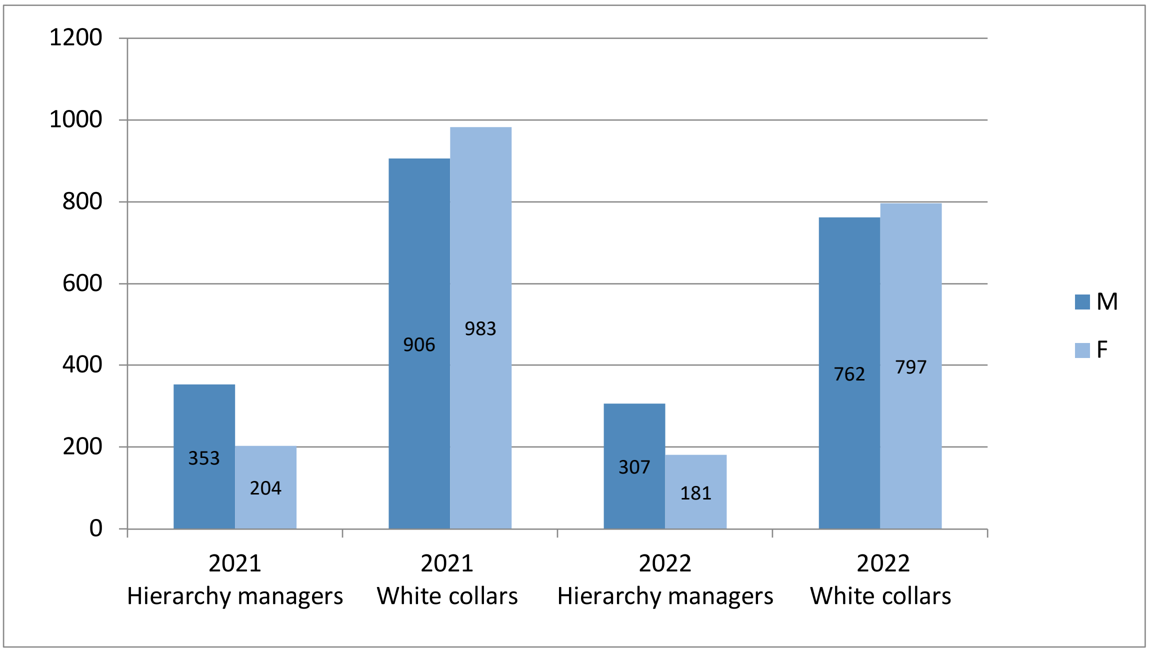
Hierarchy level by age

This material refers to Disclosure 405-1 b)ii) of GRI 405: Diversity and Equal Opportunity 2016



Hierarchy level by gender

This material refers to Disclosure 405-1 b)i) of GRI 405: Diversity and Equal Opportunity 2016



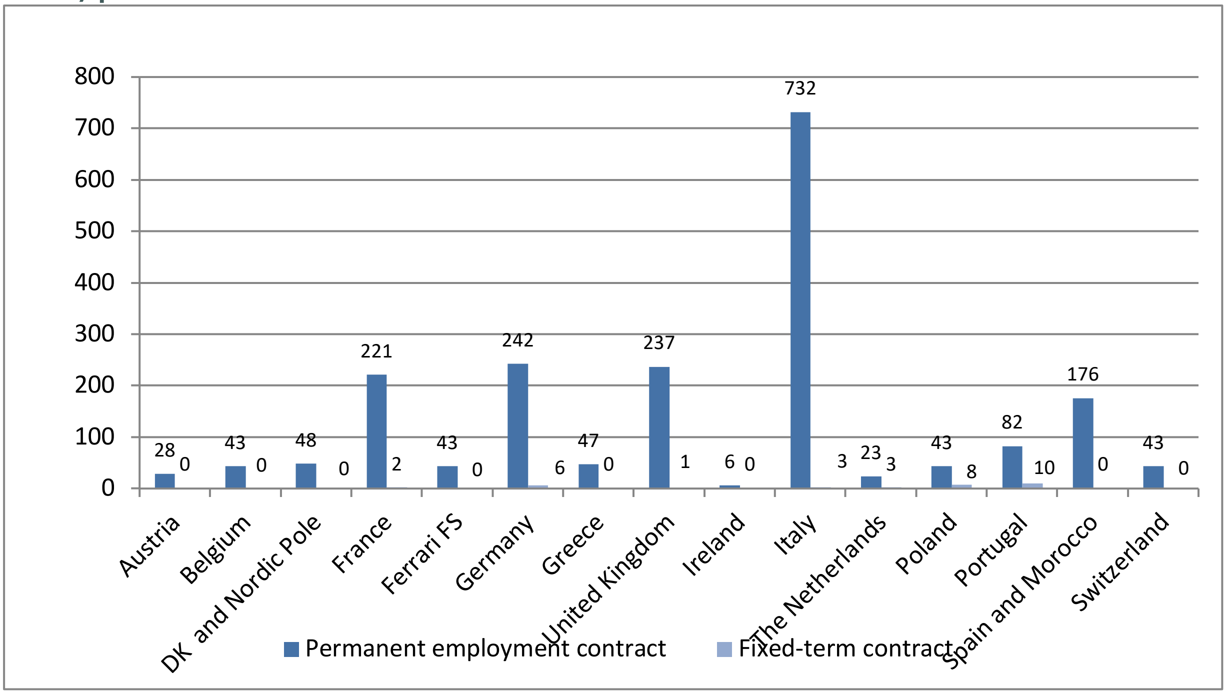
Of the workforce, 23.8% has management responsibility.

Total number of employees – Breakdown by employment contract

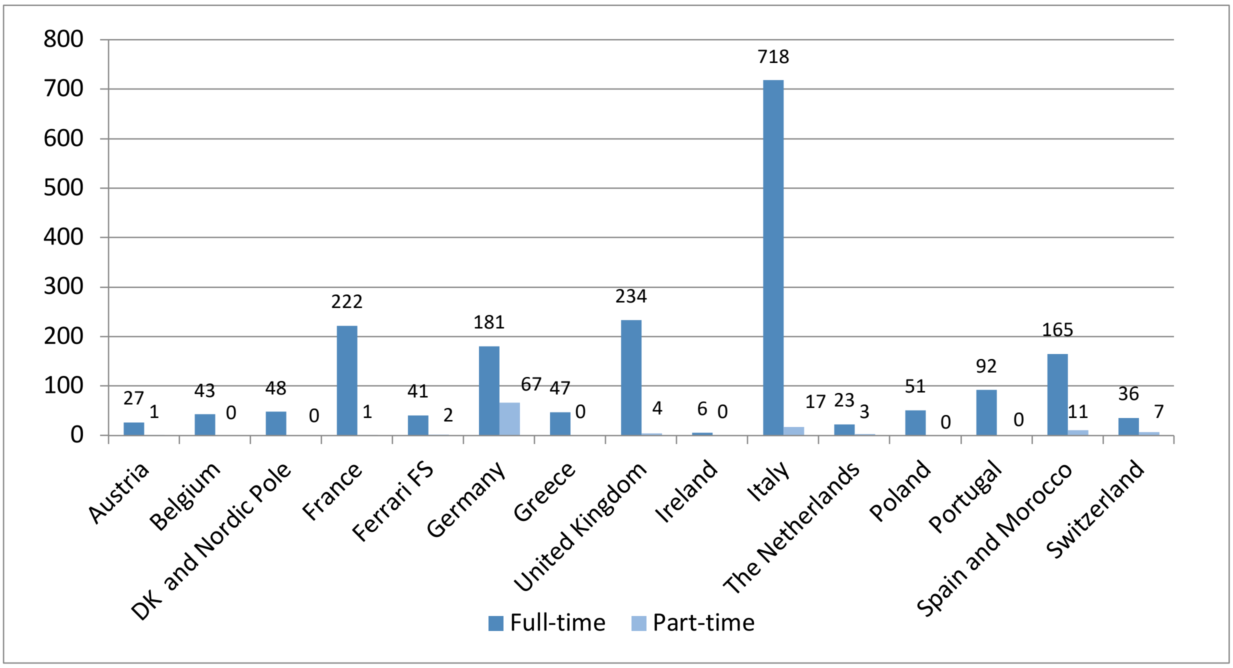
This material refers to the GRI Disclosures 2-7 a) and b).

	12/31/2022	12/31/2021	12/31/2020
Fixed-term contract	33	38	37
of wich women	*13*	*16*	*21*
of which men	*20*	*22*	*16*
Permanent employment contract	2,014	2,408	2,378
of wich women	*965*	*1.171*	*1,161*
of which men	*1,049*	*1.237*	*1,217*
Total	2,047	2,446	2,415
Full-time	1,934	2,310	2,273
of wich women	*871*	*1,059*	*1.050*
of which men	*1,063*	*1,251*	*1,223*
Part-time	113	136	142
of wich women	*107*	*128*	*132*
of which men	*6*	*8*	*10*
Total	2,047	2,446	2,415

Employees divided by geographical area and type of fixed-term/permanent contract



Employees divided by geographical area and type of full-time/part-time contract



Turn-over

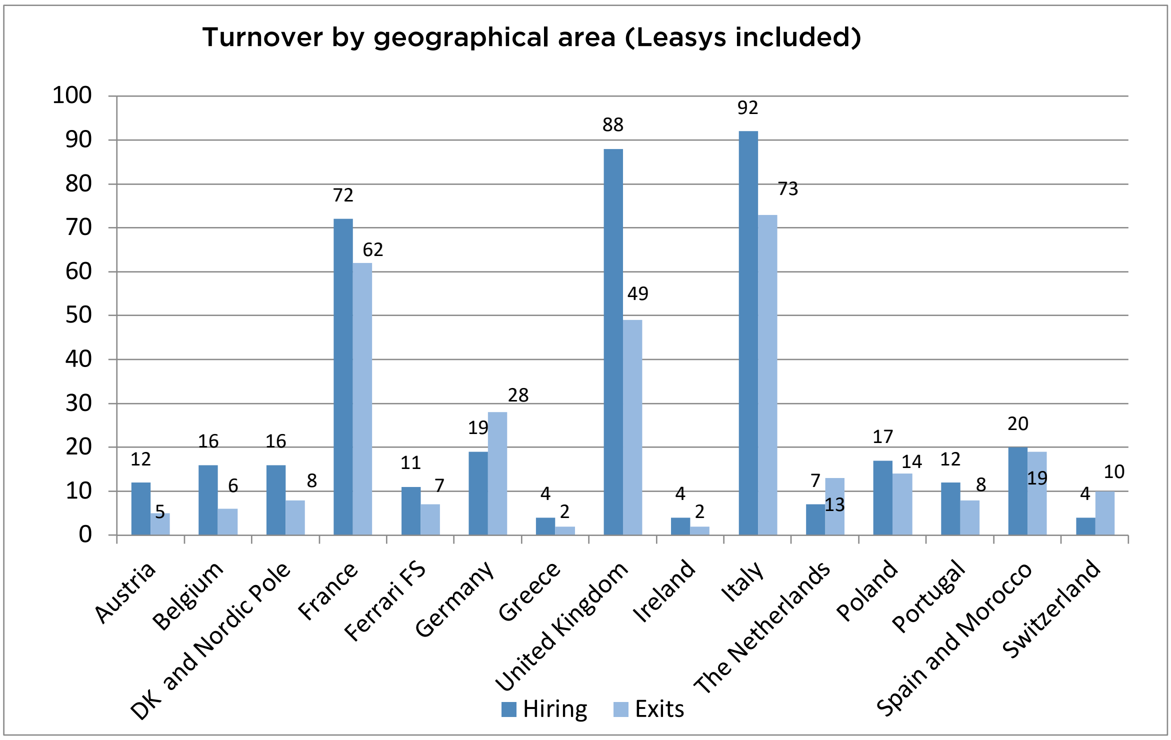
This material refers to Disclosures 401-1 a) and b) of GRI 401: Employment 2016

Hiring	FCA Bank Group (Leasys included) 12/31/2022	FCA Bank Group (Leasys excluded) 12/31/2022	12/31/2021	12/31/2020
% Hiring rate	15.3	16.8	8.0	6.7
By age	394	338	196	153
N. <30	116	99	62	55
N. 30 - 50 years	231	196	120	87
N. >50 years	47	43	14	11
By Gender	394	338	196	153
N. Women	151	129	89	66
N. Men	243	209	107	87
By Professional group	394	338	196	153
N. hierarchy managers	30	26	14	25
N. white collars	364	312	182	128

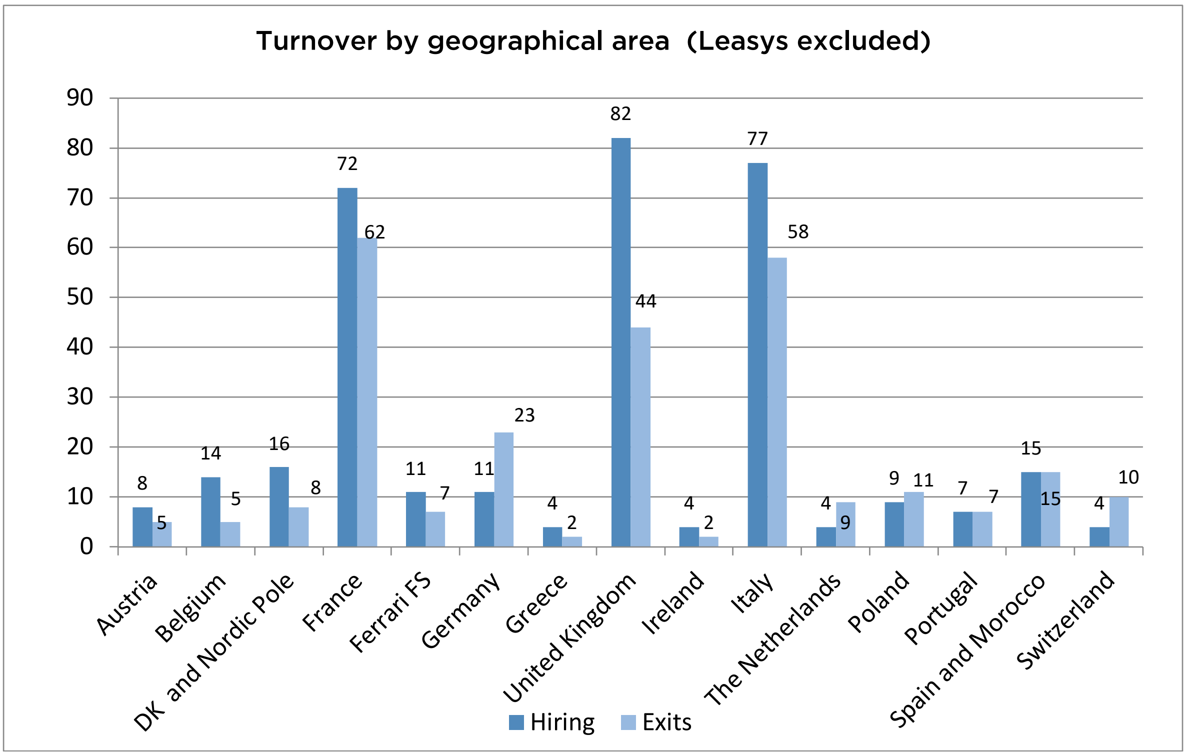
Exits	FCA Bank Group (Leasys included) 12/31/2022	FCA Bank Group (Leasys excluded) 12/31/2022	12/31/2021	12/31/2020
% Termination rate	11.9	13.3	10.6	6.8
Motivation	306	268	258	154
N. Resignations	209	175	162	76
N. Dismissal	39	37	39	22
N. Solidarity fund	0	0	0	0
N. Working contract Expiration (fixed term)	7	7	21	13
N. Retirement	20	20	24	25
N. Other	31	29	12	18
By age	306	268	258	154
N. <30	62	59	58	24
N. 30 - 50 years	172	140	148	87
N. >50 years	72	69	52	43
By gender	306	268	258	154
N. Women	126	112	117	70
N. Men	180	156	141	84
By professional group	306	268	258	154
N. hierarchy managers	47	40	37	29
N. white collars	259	228	221	125

With reference to the Leasys Group, in 2022 the number of hires was 56 while the number of exits was 38.

Hiring and termination rates were calculated based on the average headcount (hiring rate: total number of hires 2022 divided by average headcount 2022; termination rate: total number of exits 2022 divided by average headcount 2022; average headcount 2022: sum of the headcount at end of each month divided by 12).



Below is the turnover by geographic area for the FCA Bank Group (Leasys Group excluded).



Training and development of human resources

Also in 2022 expenditure on staff training for the Group as a whole was kept at an appropriate level, while constantly focusing on costs. As a result of the Covid-19 emergency, the online-only mode of delivery continued to be used. Across the Group, more than 1,890 training days were provided, with an average of 7.4 hours per employee

This material refers to Disclosure 404-1 a)i) of GRI 404: Training and education 2016

	FCA Bank Group (Leasys included) 12/31/2022	FCA Bank Group (Leasys excluded) 12/31/2022	12/31/2021	12/31/2020
N. of employees trained	1,969	1,462	1,890	1,834
- of wich women	907	680	958	908
- of which men	1,062	782	932	926
N. of partecipation in courses (training sessions by employee)	4,430	3,234	4,921	11,118
- of wich women	2,124	1,622	2,528	5,973
- of which men	2,306	1,612	2,393	5,145
N. total training hours	17,226	15,145	17,902	30,485
- of wich women	8,325	7,625	8,659	15,591
- of which men	8,901	7,520	9,243	14,894
N. average training hours per employee	6.6	7.4	7.3	13.4
- of wich women	8.5	7.8	7.3	13.7
- of which men	6.5	7.0	7.3	13.1

The table above includes the training of Leasys Group personnel, which involved 507 employees.

Average training per employee calculated on average headcount per year.

MANAGEMENT DEVELOPMENT TRACKS

Performance Leadership Management

Through the "PLM" process, the FCA Bank Group ensures the alignment of individual conduct with the annual and long-term goals of the company and its shareholders. The idea is to set up a transparent and bi-lateral communication with people in order to define how they can contribute to the results of the organization, how they are working towards the effective achievement of the agreed objectives and, finally, to provide them with adequate support for improvement and development.

The "Performance & Leadership Management" methodology is based on two dimensions, focusing on objectives and related results, and on individual aptitudes and conduct, in order to make people responsible, involving them directly in their development.

In 2022, the CEO & General Manager and all Material Risk Takers participated in the PLM, as did the rest of the corporate population in order to align strategic objectives with individuals.

This material refers to Disclosure 404-3 of GRI 404: Training and education 2016

	FCA Bank Group (Leasys included*)	FCA Bank Group (Leasys excluded)		
Assessed people during the year	12/31/2022	12/31/2022	12/31/2021	12/31/2020
Hierarchy managers	96.65%	96.11%	99.28%	97.78%
Women	96.30%	95.58%	99.02%	98.99%
Men	96.85%	96.42%	99.43%	97.07%
White collars	92.28%	91.53%	95.13%	96.80%
Women	93.94%	93.73%	95.73%	96.44%
Men	90.55%	89.24%	94.48%	97.20%

*The population evaluated in the year referring to the Leasys Group is equal to 95%.

Welfare, employment and dialogue with social partners

The Group supports fair maternity, paternity and adoption choices that encourage employees to balance parental responsibilities with their careers. While labor law requirements may vary from country to country, parental leave is provided to all employees to the extent necessary to comply with local regulations. In some countries, the Group exceeds local requirements with dedicated policies. Back-to-work and retention rates after parental leave are two key indicators of the bank's medium- and long-term ability to provide employees with opportunities for professional growth and achieve work-life balance. Financial health is also an important aspect of work-life balance. An FCA initiative in Italy called Conto Welfare allows employees to convert part of their pre-tax earnings into an expense account that they can use on a wide range of health, wellness, care, education and retirement benefits or services. In addition to the tax benefit, the company contributes an additional 5 to 10 percent to their expense account.

Parental leave and turnover

This material refers to Disclosure 401-3 a), b), c), e) (partial) of GRI 401: Employment 2016

	FCA Bank Group (Leasys included)	FCA Bank Group (Leasys excluded)		
	12/31/2022	12/31/2022	12/31/2021	12/31/2020
Total number of employees	2,604	2,047	2,446	2,415
Number of employees who have required parental leave in 2022	121	83	87	51
- of which women	80	55	61	41
Number of employees who have returned from parental leave confirming the same position	93	60	62	34
- of which women	53	33	39	25
Number of employees currently in parental leave	31	24	34	30
Number of employees returned from parental leave who have changed position within the same professional family	4	3	3	3
- of which women	4	3	3	3
Percentage of employees returned from parental leave	79%	76%	75%	73%
- of which women	71%	65%	69%	68%
Collective bargaining and unionization				
(number of collective bargaining and unionization done during the year)	18	14	14	33
Employees covered by collective labor agreement	1,713	1,246	1,590	1,715
(number of employees having a collective labor agreement)	66%	61%	65%	71%

The number of Leasys Group employees who have taken parental leave is 38, while the number of employees participating in collective bargaining is 467.

Absences (number of calendar days)

	FCA Bank Group (Leasys included*)	FCA Bank Group (Leasys excluded)		
	12/31/2022	12/31/2022	12/31/2021	12/31/2020
N. sickness	20,416	17,614	14,274	14,858
N. injury (on the way to or from work, and at work)	93	60	71	376
N. parental leave	10,842	8,800	6,624	8,012
N. authorised leave (family-related, special leave)	1,146	818	1,755	1,776
N. other reason	68	36	138	391
Total	**32,565**	**27,328**	22,862	**25,413**

*The number of days of absence related to Leasys Group employees is 5,237.

Workers' welfare and safety

HUMAN RESOURCE MANAGEMENT

As regards the management of human resources, the activities listed below were carried out during the year.

Organizational development

Activities to strengthen the central oversight of various processes related to human resource management and Governance mechanisms continued in 2022. Some of the activities that received the most attention include:

- the revision of the first-level organizational structure of FCA Bank Holding with:
    - the creation of the "FCA Brands HQ & Italy" unit to focus on FCA Brands, within a broader reorganization of the entire FCA Bank, both on FCA Brands and other Brands (current and new)
    - the creation of "Drivalia", following the direct acquisition from Leasys S.p.A. of Drivalia S.p.A. (formerly Leasys Rent S.p.A.) and its subsidiaries
    - the derecognition of "Leasys" as a result of the sale of Leasys S.p.A. and its subsidiaries to LeaseCo S.a.s. (equally owned by CA Consumer Finance S.A. and Stellantis N.V.)
    - the revision of FCA Bank's first-level organizational structure "Sales & Marketing and CSR" with
        - the creation of the "Global Accounts Management" unit to identify and coordinate new business opportunities and partnerships together with the markets
        - the expansion of responsibilities of the Italy market, particularly on Customer Experience, Pricing and Marketing Intelligence and Brands Communication

  - the shifting of responsibility for the Conto Deposito (previously managed by the Italy market) to FCA Bank's first-level department "Finance - Treasury"

- the revision of Drivalia's first-level organizational structure with:
  - the creation of the Sales, Business Process & Data Governance, Remarketing departments
  - the split of “Fleet Operation” in two new departments, “Fleet Operation” and “Fleet Procurement & Supply Chain”

- Completion of activities by cross-border merger of FCA Bank Deutschland GmbH with and into FCA Bank S.p.A, which took place in July 2022

- Completion of activities by cross-border merger of FCA Capital Espana EFC SA with and into FCA Bank S.p.A, which took place in October 2022

- Transfer of all assets and employees of the Leasys S.p.A. branch office in Denmark to Drivalia Lease Danmark A/S

- Start of activities in the Netherlands for the acquisition of Ribank N.V. from CA Consumer Finance Nederland B.V. by the subsidiary FCA Capital Nederland B.V.

From the point of view of internal communication, the distribution of the FCA Bank Magazine continued, online to all Group employees, on a six-monthly basis.

From the point of view of Industrial Relations, in 2022 the Specific Collective Labor Agreement (CCSL) for the period 2019 – 2022 continued to be applied in Italy, confirming the rationale of employees sharing in company results through performance-based pay as measured on an annual basis.

<u>HEALTH AND SAFETY AT WORK</u>

All the companies of the Group scrupulously observe the legal regulations regarding safety at work.

In the Italian market, FCA Bank S.p.A. manages occupational health and safety risks in the following phases:

- risk assessment;

- identification and preparation of prevention and protection measures and procedures;

- definition of an action plan as part of a program to guarantee the improvement of safety levels over time;

- implementation of the actions planned as part of the program;

- definition of worker information and training programs;
- management of residual risk.

FCA Bank S.p.A. (as the employer) with the collaboration of the Head of the Prevention and Protection Service and the Competent Physicians, after consultation with the Workers' Safety Representatives, prepares and keeps updated the risk assessment document. The document was last updated on June 29th, 2021.

The assessment and the relative document are updated every time there are significant changes to the company's organization, such as to affect the workers' exposure to risk and following the biennial assessment of the risk of work-related stress.

Work-related Stress

The assessment of work-related stress is updated every two years, unless there are changes in the production process and work organization that are significant for the health and safety of workers. The last update was in May 2021 and places the risk level in the green area (non-significant risk).

Worker health and safety training

All parties (Managers, Supervisors, Safety Workers, Health and Safety Representatives, Emergency and First Aid workers) involved in various ways in the preventive and permanent Safety management system receive adequate training to fulfill their duties; Managers/Supervisors/Workers and Health and Safety Representatives are trained with basic, specific and upgrading courses, delivered in e-learning mode due to Covid-19, while first aid and evacuation workers are trained with external instructors.

Training is provided during paid working hours and is evaluated with a final test.

All documents relating to training (attendance register, final test and certificates) are filed in both electronic and paper format in the office of the Prevention and Protection Service.

Accidents at work

During the reporting period, 12 accidents occurred in the group; of these, 1 took place in Italy.

None of the accidents had significant consequences on the life and health of employees.

No individual protection devices (PPE) or collective protection devices (CPD) are provided for in the work activities carried out within the Group (video terminal workers).

Health and safety at work

This material refers to Disclosure 403-9 a. iii) e v) of GRI 403: Occupational Health and Safety 2016

Injury rate	FCA Bank Group (Leasys included) 12/31/2022	FCA Bank Group (Leasys excluded) 12/31/2022	12/31/2021	12/31/2020
Number of injuries happened at work	14	12	2	4
Injury rate: number of accidents multiplied by 1,000,000, divided by the number of working hours (paid hours of regular employees, including both regular hours and overtime, and excluding the main causes of absence, i.e. vacations, sick days, redundancy pay, etc..)	3.20	3.47	0.46	1.00

Type of injuries by market	FCA Bank Group (Leasys included) 12/31/2022	FCA Bank Group (Leasys excluded) 12/31/2022	12/31/2021	12/31/2020
France	3	3	1	1
Germany	-	-	-	2
Italy	2	1	2	1
Portugal	1	1	-	-
Spain & Morocco	6	5	-	-
UK	2	2	-	-
Total	14	12	3	4

The number of Leasys Group employees who had an injury during 2022 is 2.

Covid-19

In order to cope with the effects deriving from the emergency linked to the spread of Covid-19, also in 2022 FCA Bank Group acted with the primary objective of protecting the health of employees and continuing to ensure business continuity.

In order to limit the presence of employees on company premises, remote working continued to be used at all Group companies, also in compliance with any lock-down plans envisaged by the various governments. At the same time, employees were specifically informed of the health and safety measures applicable in the event of remote working (ergonomic workstations and correct working habits). As a precautionary measure, persons identified as "at higher risk" have always worked in remote working mode.

Attendance at the office, planned on the basis of the opening plans defined by the various governments, provides for the following safety measures, adopted by all Group companies:

- regular monitoring and any necessary adjustment of the layout to ensure social distancing;
- constant communication to employees on the rules and conduct to be observed;
- indication to continue to use the online mode for meetings also for people in attendance at the office.

At Group level, Health Safety & Environment and Human Resources have continued to apply the specific precautionary measures necessary to protect the health of workers, with systematic monitoring of all cases of employees who are infected or have had contact with persons who have tested positive, until the end of each individual case with a swab result or the end of the observation/quarantine period. In particular:

- all employees were informed of the need to notify the company (Health & Safety, Human Resources and their supervisor) immediately in the event of a Covid infection or contact with a person who has tested positive;
- in the event of infection or contact, Health & Safety will interview each employee (with the support of Human Resources when necessary, particularly in foreign markets) in order to verify the possible physical presence in the company after the moment of infection - or suspected infection - and/or any contact with other colleagues;
- all persons who have had contact with infected persons work remotely or by wearing an FFP2 mask as a precautionary measure as a precautionary measure;
- Health & Safety keeps in contact with each case (with the support of Human Resources when necessary, particularly in foreign markets) until recovery in case of infection and/or the end of the period of precautionary measures in case of contact;

- all information concerning the employees involved is shared in a dedicated and confidential file between Health & Safety and Human Resources HQ; management and shareholders are kept constantly informed, but without any identification data, so as to guarantee respect for the privacy of the people involved.

HUMAN RIGHTS

Relevant topics

Diversity, equal opportunities and human rights

Diversity, equal opportunities and human rights

Respect for the fundamental rights of people is an important driver for the FCA Bank Group in its role as an intermediary and in the value chain that involves the Group's stakeholders and, especially, its employees.

All Group companies respect and work to ensure the right to diversity and equal opportunities for all employees.

For FCA Bank Group, the Code of Conduct (hereinafter the "Code") is an important tool that creates the conditions for a working environment that embodies the highest ethical standards of business conduct. The Code, in fact, includes a specific section dedicated to social and environmental issues, providing guidelines in order to prevent and punish discriminatory treatment, preserve diversity and gender equality and support the fight against harassment. In addition, two principles contained therein are specifically dedicated to ensuring the application of a strategy of environmental protection and community support.

Thus, FCA Bank's integrity system lays the foundation for the Group's corporate governance and includes a critical framework of principles, policies and procedures.

The whistleblowing system makes it possible to report violations of the Code and any other rules, laws and regulations (issued both at national and EU level) applicable to Group companies (i.e. subsidiaries and branches). In fact, in accordance with the provisions contained in Bank of Italy's Circular no. 285, this system allows employees to report acts or facts that could constitute a violation of the bank's rules.

The Code of Conduct of the FCA Bank Group formalizes and clearly enshrines the commitment of all Group companies to ensure that reports from employees are analyzed with diligence and properly investigated. Employees identified as being responsible for the analysis of such reports shall, in the first instance, evaluate the allegations of violations of the Code, or any other applicable law. In addition, they should also pay close attention to any other expressions of concern or reports of problems raised by staff, as these are also circumstances that should be investigated appropriately. Finally, the analysis activity may be carried out, if deemed necessary, by qualified personnel or experts in the field. If unlawful conduct is detected and ascertained, the necessary and appropriate corrective actions are applied regardless of the level or hierarchical position of the personnel involved. All investigated cases are tracked through to final resolution.

Confidentiality is a fundamental principle; with the exception of certain limitations arising from local law, reports may be submitted on an anonymous basis. All information provided and the identity of the individual making the report is shared on a need-to-know basis with those responsible for assessing the report and investigating the potential violation and and those with the power of taking corrective action.

Any form of retaliation is neither permitted nor tolerated. The FCA Bank Group expressly prohibits any member of the company from engaging in vindictive or discriminatory acts or attitudes towards those who have made a report or cooperated during the investigation. Any person who engages in retaliatory conduct against such individuals will be subject to disciplinary action up to and including dismissal. In fact, the fundamental principles that inspire the conduct of the FCA Bank Group prohibit, with respect to each employee, any form of demotion, dismissal, suspension, threat, harassment, coercion into certain actions or acts of intimidation as a result of reporting, in good faith, unethical behavior, or as a result of participating in an investigation of facts or acts contrary to the Code.

The FCA Bank Group shares, and its Code of Conduct incorporates, the principles of the United Nations ("UN") "Universal Declaration of Human Rights," the International Labor Organization ("ILO") Conventions, and the Organization for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises.

No incidents of discrimination were encountered during the reporting period.

The Group applies in a structural manner remuneration policies that aim to achieve equal opportunities and non-discrimination (both in the fixed and variable components).

Details of staff and female presence

This material refers to Disclosure 2-7: General disclosures 2021

	12/31/2022	12/31/2021	12/31/2020
N. Total employees	2,047	2,446	2,415
Average age	44.5	44.6	41
N. females	978	1,187	1,182
of which Hierarchy managers	181	204	199
of which White collars	797	983	983
Part-time			
n. Employees with part-time contract	113	136	142
of which women	107	128	132

FIGHT AGAINST CORRUPTION

Relevant topics

Contrasting corruption and promoting integrity in the business

Fight against corruption and business integrity

The FCA Bank Group has adopted guiding principles to identify and apply the highest ethical standards in the conduct of its business through the adoption of the Group Code of Conduct (hereinafter the "Code"). This document constitutes the cornerstone of the Group's conduct, which must be based on the fundamental and inescapable concept of integrity on which the Group's corporate governance is founded and which includes principles, policies and procedures resulting from the combination of the company's experience, the constantly updated research of the regulatory reference framework and the best operational practices, together with the critical and comparative analysis of ethics and corporate compliance.

The topic of anti-corruption is currently included in FCA Bank's Code of Conduct (document published on the company intranet and therefore communicated through this channel to all employees), as is conflict of interest, a topic that cuts across business functions. In particular, since the fight against corruption is considered of crucial importance for the pursuit of the highest objective of the greater good of both the company and the community in which we live and operate, the FCA Bank Group adheres to and respects the values of honesty, integrity, loyalty, transparency and impartiality.

The anti-corruption component incorporates all those fundamental principles aimed at the application of appropriate measures to prevent, detect and discourage any corrupt practices, including "zero tolerance" in case of detection of corrupt behavior. Other areas that are duly regulated and monitored include gifts and invitations, preferential payments, conflicts of interest, patronage, sponsorship and lobbying activities, which are to be considered highly sensitive and, as such, duly regulated within the Group's policy framework and consequently integrated into the relative processes.

This risk is mitigated by the periodic training plan and the set of internal controls (for example, the Code of Conduct and the Organizational Model pursuant to Legislative Decree 231/2001 for the Italian market and the Anti-Corruption Plan at Group level).

During 2022, there were no events that had a negative impact on business integrity, particularly events related to corruption or conduct contrary to free competition. Furthermore, the dedicated portal for reporting potential wrongdoing (whistleblowing) that the bank has made available to all employees and third parties has not received any reports in this regard.

In order to further strengthen the culture of business integrity throughout the Group, the Board of Directors of FCA Bank approved a special Anti-Corruption Policy in July 2022 and appointed the Anti-Corruption Officer in October 2022.

The principles described in the new Anti-Corruption Policy stem from FCA Bank's commitment to integrity and a sustainable way of doing business. Through this Policy and its principles, the Board of Directors of FCA Bank, the Chief Executive Officer and General Manager, and the rest of Top Management explicitly require the Group to adhere to the core values of integrity, transparency, and accountability, consistently throughout the Group and in all jurisdictions where business is conducted, and to promote a culture of compliance in which corruption is never acceptable.

With a view to continuing to strengthen its Anti-Corruption program, FCA Bank has planned to provide all Group employees with new online training on Anti-Corruption and a review of anti-corruption risk map in all its companies by 2023.

Also taking into account the increasing attention of Italian and EU authorities on Anti-corruption and the increase of new offense schemes, the Company will continue to monitor the evolution of the regulatory framework and best market practices in order to adequately enhance the prevention system currently applied to the Group's processes and business.

As for the Italian market, on November 16th, 2022, the Anac (National Authority for Anti-Corruption) Council approved the National Anti-Corruption Plan (NAP) 2022, which aims to strengthen public integrity and the design of effective corruption prevention in government while simplifying and speeding up administrative procedures.

In the European Union, Commission president Von Der Leyen announced in her 2022 State of the Union address that in 2023 the Commission will present measures to update the EU's legislative framework in the fight against corruption.

EU TAXONOMY

The EU Regulation 2020/852 (European taxonomy) aims to raise awareness among companies on the issue of climate change, defining objectives to be achieved and increasing transparency on the environmental impacts of their activities.

The EU Taxonomy represents an important step in the EU's pursuit of the goals of the Paris Agreement, according to which climate neutrality is to be achieved by 2050.

The scope of the Taxonomy Regulation includes inter alia undertakings which are subject to the obligation to publish a Non-Financial Statement or a Consolidated Non-Financial Statement.

The Regulation requires credit institutions to report information about their exposures as assets eligible and ineligible for the EU Taxonomy as of January 1st, 2022. FCA Bank reports the disclosure related to the EU Taxonomy, in continuity with the previous year.

In particular, the Art. 8 Delegated Act (EU Regulation 2021/2178) defines what information companies must submit starting from the 2021 reporting period, in relation to their business.

It should be noted that this delegated act foresees a phased entry into force with simplified reporting requirements (2021 and 2022).

In particular, simplified reporting requires credit institutions to present the following indicators:

- the proportion of exposures to "Taxonomy-eligible" economic activities in the total balance sheet assets;
- the proportion of exposures to central governments, central banks and supranational entities, and derivatives in the total balance sheet assets;
- the proportion of the trading book and on demand inter-bank loans in the total balance sheet assets.

The assets subject to analysis, as required by law, are the prudential ones pursuant to EU Regulation 575/2013, Title II, Chapter 2, Section 2.

First, FCA Bank Group, as a credit institution, analyzed its own assets, as per supervisory reporting, identified the so-called "covered" component, i.e., covered by Regulation and subject to valuation (excluding exposures to governments and Central Banks), and indicated the "eligible" component.

The business of most of the Group's counterparties falls within the activities listed and described in the delegated regulation, that is the economic activity "Sale, financing, leasing, rental and management of urban and suburban transport vehicles for passengers and road passenger transport" (6.3, Annex I, Regulation 2021/2139).

Since the Group's portfolio is entirely dedicated to the aforementioned activity, the percentage of "Taxonomy-eligible" assets is 89%.

The source of the KPIs below is the Parent Company's reporting system.

Financial assets	12/31/2022	12/31/2021
Loans and receivables to customers	22,879,616	19,872,621
Loans and receivables to central banks	40,471	37,575
Derivatives	550,433	41,641
of which held for trading	-	513
On demand inter-bank loans	3,080,660	2,068,938
of which to central banks	1,795,033	1,008,528
Total prudential assets (as per supervisory reporting)	*27,554,069*	*24,159,033*
Total "covered" assets	*25,709,263*	*23,103,626*
Proportion of the exposures to Taxonomy-eligible economic activities in the total assets	89%	86%
Proportion of the exposures to central banks, central governments, supranational issuers and derivatives in the total assets	9%	5%
Proportion of the trading derivatives and on demand inter-bank loans in the total assets	11%	9%

COMPLIANCE WITH TAX LAWS

The FCA Bank Group carries out its activities in the tax field through the definition, by the parent company, of guidelines, principles and rules for the application of tax laws by its direct or indirect subsidiaries, in order to ensure compliance with tax laws and to contain tax risk, i.e. the risk of operating in violation of tax laws or in contrast with the principles or aims of the system in the various jurisdictions in which the Group operates.

The Group has established a relationship of utmost transparency and full cooperation with the tax authorities. As such, over the years FCA Bank has promoted forms of dialogue (unilateral and bilateral rulings) in order to create stronger relationships with the tax authorities.

The Tax department is the corporate unit of FCA Bank that:

- monitors external regulations and ensures that they are translated into the Group's internal guidelines, processes and procedures;
- continuously identifies and interprets the tax regulations applicable to the companies of the Group (banking and commercial companies) in order to ensure an unambiguous and shared interpretation;
- assesses the impact of the applicable regulations on company processes and the consequent adoption of procedural changes to mitigate the risk of non-compliance.

Tax management is carried out through the involvement of the Tax department in the planning and definition of corporate and product choices.

Special attention is paid to reducing the interpretative uncertainty arising from complex regulations: in order to mitigate this risk, there is frequent dialogue with the tax authorities through the submission of rulings.

The Tax department is also in charge of tax compliance activities.

With reference to the latter activities, the Tax department defines the monitoring and control system for the tax risk relating to the company's processes, carries out the planned first-level control activities, while the Compliance department supervises the correct performance of the compliance activities as well as compliance with the defined methodologies and standards, acquiring the results and coordinating the periodic reporting.

In order to ensure an adequate level of management and control of tax risk, the Tax department has defined and implemented a procedure for the management of tax obligations in which the "tax risk areas" have been identified through a link between tax obligations and tax-relevant processes/products. Through this procedure the potential tax risks deriving from the activities of the companies of the FCA Bank Group are pinpointed.

Operational and managerial conduct guidelines in terms of taxation have therefore been prepared for each tax obligation applicable to Group companies for the various corporate functions involved in the management of business processes and/or the management of tax compliance. These guidelines also constitute the basis of support for the performance of second-level control activities that are assigned to third-party organizations.

In detail, the assessment of tax risk is carried out by adopting the methodology defined by the Compliance department. The potential risk is determinated and an assessment of the adequacy and effectiveness of the organizational and control measures is carried out.

During 2021 the Group recognized income taxes for the year amounting to €220 million.

As far as income taxes are concerned, FCA Bank opted for the branch exemption regime. Therefore, income from permanent establishments abroad is taxed locally.

Reference should be made to the table "Country-by-Country reporting" at the end of the financial statements, for the details required by GRI 207-4, as highlighted in the Content Index.

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FCA Bank Group has reported the information cited in this GRI content index for the period January 1st – December 31st, 2022 with reference to the GRI Standards.

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