CA Auto Bank Group

HALF-YEARLY CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

JUNE 30, 2023

CONSOLIDATED FINANCIAL REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2023

CA Auto Bank S.p.A.

Registered office: Corso Orbassano, 367 - 10137 Turin www.ca-autobank.it - Paid-up Share Capital: Euro 700,000,000 – Turin Company Register no. 08349560014 - Tax Code and VAT no. 08349560014 - Italian Register of Banks no. 5764 - Parent Company of CA Auto Bank" Banking Group - Entered 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. Company subject to coordination and management by Crédit Agricole Consumer Finance

Key figures

402 €/MLN
Net banking income and rental margin
↓
3.39%
on average portfolioi

46 €/MLN
Cost of risk
↓
0.39%
on average portfolio

116 €/MLN
Net operating expenses
↓
28.80%
cost/income ratio

7,773 €/MLN
New retail, leasing and rental/mobility volumes

→ **1,652** €/MLN
of which captive exFCA brands new leasing and financing volumes (*)

→ **5,636** €/MLN
of which other brands and non captive new retail, leasing volumes

→ **485** €/MLN
of which all brands rental/mobility volumes

+55%
Variation new production vs. June 30th 2022

1,342 THOUSAND
Retail financing and rental/mobility active contracts

→ **1,003** THOUSAND
of which captive exFCA brands retail financing active contracts portfolio (*)

→ **306** THOUSAND
of which other brands and non captive retail financing active contracts portfolio

→ **33** THOUSAND
of which rental/mobility active contracts

24.7 €/BLN (**)
End of period portfolio

→ **9.5** €/BLN (**)
of which captive exFCA brands, leasing and financing end of period portfolio

→ **14.4** €/BLN (**)
of which other brands and non captive, leasing and financing end of period portfolio

→ **0.8** €/BLN (**)
of which net value of vehicles Drivalia (rental/mobility)

23.7 €/BLN
Average portfolio

→ **12.2** €/BLN
of which captive exFCA brands, leasing and financing average portfolio

→ **10.9** €/BLN
of which other brands and non captive, leasing and financing average portfolio

→ **0.6** €/BLN
of which net value of vehicles Drivalia (rental/mobility)

(*) exFCA brands until March 31th 2023.

(**) 24,375 €/MLD is the total outstanding EoP amount net of provisions: of which captive, exFCA brands 9,238 €/MLD of which other brands and non captive 14,271 €/MLD.

12.58%
CET 1 Ratio

9.14%
Leverage Ratio

14.06%
Total Capital Ratio

240 €/MLN
Operating income CA Auto Bank Group

→ 44 €/MLN
of which Drivalia (rental/mobility)

267 €/MLN
Net profit CA Auto Bank Group

→ 32 €/MLN
of which Drivalia (rental/mobility)

18
Countries

1,821
Employees

→ 414
of which: Drivalia (rental/mobility)

71 THOUSAND
Drivalia (rental/mobility)
Fleet long- and short-term rental
and fleet management

43
Supported Brands

AIWAYS - ASTON MARTIN - CAKE - CHRYSLER - DODGE- DR - ELECTRICBRANDS - EVO - FANTIC - FERRARI - GASGAS - HARLEY DAVIDSON - HUSQVARNA - LOTUS - KTM - MAZDA - MCLAREN - MG - MORGAN CARS - NIO - QJ MOTOR - RAM - ROYAL - ENFIELD - SPORTSEQUIPE - TESLA - VINFAST - VMOTO - XEV - CARTHAGO - CONCORDE - GROUPE PILOTE - GROUPE RAPIDO - HYMER - KNAUS - ROBETA - WINGAMM - ABARTH*** - ALFA ROMEO*** - FIAT*** - FIAT PROFESSIONAL*** - JEEP*** - LANCIA*** - MASERATI***

(***) Only in the countries where Stellantis Financial Services is not present.

Abstract

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OVERVIEW

CA Auto Bank, Europe's only independent player with the know-how of a true captive

Giacomo Carelli – Chief Executive Officer & General Manager

In the early months of 2023, a significant and transformative moment unfolded for our Bank. In April, we proudly witnessed the official birth of Crédit Agricole Auto Bank, an international banking group operating across 17 European countries and Morocco that evolved out of FCA Bank. It was a crucial moment in our growth journey, welcomed with pride by the more than 1,800 employees and with interest and enthusiasm by all stakeholders, media, partners, and customers.

The new Bank emerged with a clear and ambitious mission – to become the leading force in vehicle financing, leasing, and mobility across Europe. What sets us apart is our unique status as the only independent, multi-brand player on the Continent, enriched by the expertise and experience of a true captive gained over nearly a century of history. Our distinct identity in the market is now defined by the vision of being the "Mobility Bank for a Better Planet." In this endeavor, we are determined to lead the ongoing energy transition in the industry, ensuring that access to zero- and low-emission vehicles becomes more democratic and affordable for everyone.

CA Auto Bank represents a key pillar in the strategy of our shareholder, Crédit Agricole Consumer Finance – a prominent player in the European consumer credit landscape. Through its unwavering support, we have seamlessly integrated into the world of Crédit Agricole, the largest retail bank in the European Union, with a global presence encompassing 47 countries, over 147,000 employees, and 53 million customers.

In its new role, the Bank has expanded its offerings, to include a comprehensive range of financial, insurance, and rental solutions, collaborating with over 40 prestigious brands across various sectors, including automotive, two-wheeler, leisure, and light and heavy commercial vehicles. Our services are not limited to manufacturer brands; we also extend our products to large distribution groups, dealerships, and online sales platforms. Additionally, we are actively working to broaden the Bank's scope to cover all mobility sectors, including marine and agricultural vehicles.

Throughout these months, we have reinforced existing partnerships and forged new ones. Among these exciting arrangements, worthy of note are those with DFSK, renowned for its premium SUVs, as well as esteemed motorcycle brands Royal Enfield and KTM

Sportmotorcycle. In the leisure sector, we have entered into an innovative agreement with Giottiline, one of the most important Italian manufacturers. And, looking ahead, we are laying the groundwork for more upcoming collaborations, which will be announced in the near future.

On the other hand, the expansion of Drivalia, the mobility company within the CA Auto Bank group, and its "Planet Mobility" initiative have been gathering momentum in Europe. Drivalia has made significant investments to bolster its fleet, projected to reach 300,000 vehicles by 2026, of which 55% will comprise electric and hybrid models. Furthermore, Drivalia is building its electric charging infrastructure, with plans to establish 3,500 charging stations across Europe within the next three years. As part of our growth strategy, we are also planning to acquire ALD's operations in Ireland and Norway, as well as LeasePlan's operations in the Czech Republic and Finland in the upcoming months.

We stand at the cusp of a new phase of growth and expansion. The mobility sector is undergoing profound transformations, especially concerning energy transition and utilization. Against this backdrop, our commitment, our century-long experience, and Crédit Agricole's strength will steer our business toward fresh horizons, embracing innovation and digitalization and focusing on sustainable development.

Macroeconomic context and financial policy of CA Auto Bank

Luca Caffaro – Chief Financial Officer

During the first half of 2023, the Eurozone economy exhibited generally improved conditions compared to the slowdown experienced in the second half of 2022. This positive trend was supported by the reopening of the Chinese economy and declining energy prices in Europe. However, ongoing monetary tightening measures during the first half of this year have started to exert increasing restraint, primarily due to continued rate hikes by central banks, which have also contributed to relative volatility in financial markets. Despite initial expectations that inflation would be transitory, it has persistently remained at elevated levels, showing only moderate signs of slowing.

As a consequence, central banks are expected to continue implementing monetary policy actions that have already led to a significant increase in interest rates throughout the first half of 2023 until at least the end of the year.

Despite the improvement in financial market conditions in the first half of 2023, with noticeable issuer activity returning to the capital markets, an air of uncertainty surrounding the macroeconomic outlook and inflation levels still lingers. Concerns persist that the economic environment may face further deterioration or evolve into a scenario of economic contraction coupled with high inflation.

In this context, the Bank remains vigilant in monitoring the evolution of the macroeconomic landscape, with a focus on preemptively addressing potential downward pressures on growth and their implications for financial markets. As part of its strategy, the Bank continues to diversify its funding sources, tapping into the capital market once again through a successful return to the public market between May and June 2023, raising €0.76 billion. Additionally, the Bank continues to issue commercial papers and relies on the steadfast support of its banking shareholder, Crédit Agricole Consumer Finance, for its financing needs.

By combining these activities with the finalization of new lines of credit with third-party banks for an additional €0.7 billion as well as the ongoing public deposit-taking programs in Italy and Germany, the Bank has secured the necessary funding for the increasing borrowing requirements determined by the growth of the Group's business volumes.

Management and Control Bodies

Board of Directors

Chairman

Stéphane Priami

Chief Executive Officer and General Manager

Giacomo Carelli

Directors

Richard Bouligny

Louise Chevalier

Paola De Vincentiis*

Anne Marie Guirchoux

Jerome Hombourger

Sophie Lazarevitch*

Vittorio Ratto

Valérie Wanquet

Board of Statutory Auditors

Chairwoman

Maria Ludovica Giovanardi

Standing Statutory Auditors

Mauro Ranalli

Vincenzo Maurizio Dispinzeri

Alternate Statutory Auditors

Francesca Pasqualin

Francesca Michela Maurelli

External Auditors

PriceWaterhouseCoopers S.p.A.

*independent directors.

Top Management Headquarters

- ***Giacomo Carelli:*** *Chief Executive Officer & General Manager*
- ***Alberto Sibille:*** *Corporate Affairs & Process Governance*
- ***Andrea Barcio:*** *Human Resources*
- ***Andrea Trapè:*** *Internal Audit*
- ***Claudia Daniela Beriava:*** *Wholesale Financing*
- ***Emanuela Demarchi:*** *Risk & Permanent Control*
- ***Enrico Favale:*** *Legal Affairs & Procurement*
- ***Juan Manuel Pino:*** *Sales, Marketing & CSR*
- ***Lionel Eric Lafon:*** *Credit*
- ***Luca Caffaro:*** *Group Chief Financial Officer*
- ***Luca Pollano:*** *ICT, Digital & Data Governance*
- ***Marcella Merli****: CA Auto Bank Italia*
- ***Paolo Manfreddi:*** *European Markets & Business Development and CEO of Drivalia*
- ***Patrizio Lattanzi:*** *Compliance, Supervisory Relations & Data Protection*
- ***Roberto Sportiello:*** *Ferrari Financial Services GmbH - CEO*

Background and Presentation

On April 4, 2023, a new era dawned in Turin, ushering in a fresh chapter for finance and motoring, with the Piedmontese capital taking center stage once again.

That day saw the birth of CA Auto Bank, the new pan-European player, a cutting-edge omnichannel digital bank specialized in green mobility, spanning 17 European countries and Morocco. Uniquely positioned as the only independent operator with the expertise of a captive, the Company emerged from the transformation of FCA Bank. In April 2023, it gained full independence from the Stellantis Group following the manufacturer's sale of its stake to Crédit Agricole, which now holds 100% of the new entity through Crédit Agricole Consumer Finance.

Rooted in well-established historical foundations, CA Auto Bank draws strength from its origins, underscoring the significance of its heritage while fostering a commitment to innovation and advancement in the automotive financing sector:

- *The Group traces its origins back to 1925, when it was founded as S.A.V.A., the first car finance company in Italy, established to facilitate the purchases of Fiat cars.*
- *In December 2006, Fiat Auto S.p.A. and Crédit Agricole S.A. created a 50/50 joint venture aimed at conducting financial activities in Europe. on December 28, 2006 Fiat Sava S.p.A and its parent company, Fidis Retail Italia, merged and the resulting entity was entered on the special list under article 107 of Legislative Decree 385/1993 and renamed Fiat Auto Financial Services S.p.A., with Crédit Agricole Group becoming a 50% shareholder.*
- *On April 5, 2007, the company underwent another name change and became Fiat Group Automobiles Financial Services S.p.A.*
- *By 2009, the Company, now known as FGA Capital, became the captive for all Chrysler brands in Europe, expanding its reach and services.*
- *On January 16, 2015, the Company was transformed into a bank and assumed the name FCA Bank S.p.A. Under this new identity, it continued to grow and establish itself as a significant player in the rental business throughout Italy and Europe, until it became CA Auto Bank in April 2013.*

Thus, the new pan-European player came into being with "an eye to the future but firmly rooted in a well-established historical tradition". Its ambition is to stand out as a leading independent and cross-brand player in the fields of car financing, rental, and mobility, providing its services to the automotive, motor vehicle, leisure, light and heavy commercial vehicle sectors and with plans to enter the marine and agricultural sectors.

The pace of change is evident, as the automotive sector undergoes a profound evolution in manufacturing technologies and vehicle usage patterns. One significant shift is the transition from mobility centered around thermal fuels to that driven by hybrid and electric cars. On the other hand, there is a transformation in the economy, with consumers moving away from the traditional notion of vehicle ownership and embracing usage and rental models.

Proof of the new direction is evident with the establishment of Drivalia, the Group's innovative rental and mobility company, succeeding Leasys Rent and positioning CA Auto Bank as an independent player, poised to embrace new collaborative opportunities to make mobility sustainable and accessible for all.

Unveiled at the Paris Motor Show in October 2022, Drivalia has already established a significant presence in ten European countries (Italy, the United Kingdom, Spain, Portugal, France, Belgium, the Netherlands, Poland, Greece, and Denmark), and plans to expand further by adding Germany, Switzerland, Finland, Norway, the Czech Republic, and Ireland in the second half of 2023.

Drivalia aims to be a key player in driving the transition towards sustainable mobility, and the expertise of CA Auto Bank is mission-critical. Additionally, the company offers tailored solutions to make electric and hybrid vehicles more accessible to a wider audience, ensuring a comprehensive range of innovative options.

The CA Auto Bank Group now stands as an exemplary pan-European model of innovation, leading the way towards more sustainable mobility. Embracing new technologies and digitalization will be paramount for the Group's future. As growth and diversification remain key objectives, the evolution of financial, insurance, and payment instruments will align with the latest developments in the fintech, insurtech, and open banking sectors.

CA Auto Bank will continue with unwavering determination on its path of energy transition, accelerating the ongoing transformation process. Through a wide array of financial products and green mobility solutions, customers can actively contribute to environmental protection. The Group aspires to establish itself as a leader in sustainable *mobility on a European scale and to be recognized as the "Mobility Bank for a better planet".*

Shareholder Structure

Crédit Agricole Consumer Finance

Crédit Agricole Consumer Finance is a leader in the consumer credit market, boasting a loan portfolio of €107 billion as of June 30, 2023. Providing flexible and responsible financing solutions tailored to the specific needs of its customers and business partners, it operates in 17 European markets, as well as in China and Morocco. Leveraging its extensive know-how and expertise, the company ensures that customer retention policies implemented by its partners, including vehicle manufacturers, dealers, banks, and institutional organizations, lead to commercial success.

CRÉDIT AGRICOLE S.A.

100 %

CRÉDIT AGRICOLE
CONSUMER FINANCE

100 %

AUTO BANK

Customer satisfaction lies at the core of its strategy, driving Crédit Agricole Consumer Finance to empower customers with the tools to make well-informed decisions about their projects.

Emphasizing innovation and investment in digital technologies, the company is committed to delivering the finest solutions to its stakeholders, thereby fostering a new and enhanced financing experience.

In 2006, Crédit Agricole Consumer Finance and Fiat Auto established a 50/50 joint venture known as FIAT GROUP AUTOMOBILES FINANCIAL SERVICES, later renamed FGA Capital in 2009. After transforming into a bank in 2015, the company adopted the name FCA Bank S.p.A.

However, on April 4, 2023, there was a significant change when Stellantis exited the partnership, and Crédit Agricole Consumer Finance acquired its entire stake. This development led to the birth of a new bank named Crédit Agricole Auto Bank.

Group Structure

AUTO BANK

Banking Group

- CA Auto Bank S.p.A. (Belgian Branch)
- CA Auto Bank S.p.A. (German Branch)
- CA Auto Bank S.p.A. (Spanish Branch)
- CA Auto Bank S.p.A. (French Branch)
- CA Auto Bank S.p.A. (Irish Branch)
- CA Auto Bank S.p.A. (Polish Branch)
- CA Auto Bank S.p.A. (Portuguese Branch)
- 50% CA Auto Bank GmbH (AT) (1)
  - CA Auto Bank GmbH (Hellenic Branch)
- 100% CA Auto Finance Suisse S.A.
- 50% Ferrari Financial Services GmbH (DE) (2)
  - Ferrari Financial Services GmbH (UK Branch)
- 100% CA Auto Finance Danmark A/S
  - CA Auto Finance Danmark A/S (Finnish Branch)
  - 100% CA Auto Finance Norge AS
  - 100% CA Auto Finance Sverige AB
- 99.99% Drivalia Lease France S.A. (3)
- 100% CA Auto Finance Nederland B.V.
  - 100% Findio N.V. (NL)
- 100% Drivalia Lease Polska Sp. z o.o.
- 100% CA Auto Finance UK Ltd.

Other companies

- 100% Drivalia S.p.A.
  - 100% Drivalia Lease Belgium S.A. (4)
  - 100% Drivalia Lease Danmark A/S
  - 100% Drivalia España S.L.U.
  - 100% Drivalia Lease España S.A.U. (5)
    - Drivalia Lease (Maroccan Branch)
  - 100% Drivalia France S.A.S.
  - 100% Drivalia Lease Hellas S.A.
  - 100% Drivalia Lease Nederland B.V. (6)
  - 100% Drivalia Portugal S.A.
  - 100% Drivalia UK Ltd.
  - 100% Drivalia Lease UK Ltd. (5)
- 100% CA Versicherungsservice GmbH (DE)
- 100% CA Auto Insurance Hellas S.A.
- 100% CA Auto Reinsurance DAC (IE)

Legal entity

Branch

Notes:

(1) CA Auto Bank GmbH - the remaining 50% is held by CA Consumer Finance S.A.

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

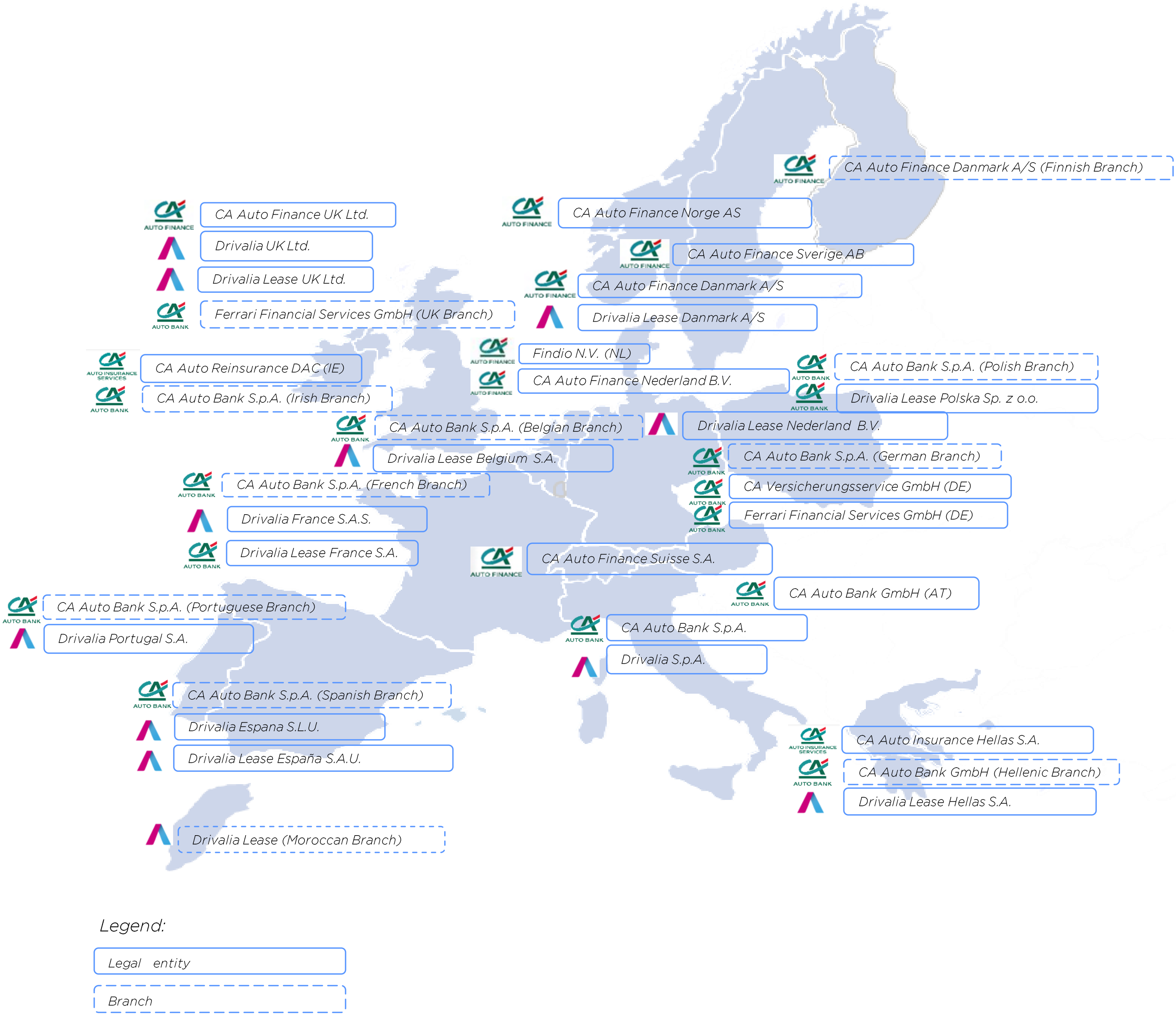
(3) Drivalia Lease France S.A. - the remaining 10 shares are held by Drivalia France S.A.S.

(4) Drivalia Lease Belgium S.A. was incorporated in May 24th 2023.

(5) Drivalia Lease España S.A.U. and Drivalia Lease UK Ltd. are included in the Banking Group perimeter.

(6) Drivalia Lease Nederland B.V. was incorporated in May 17th 2023.

Geographical Footprint



Key Performance Data

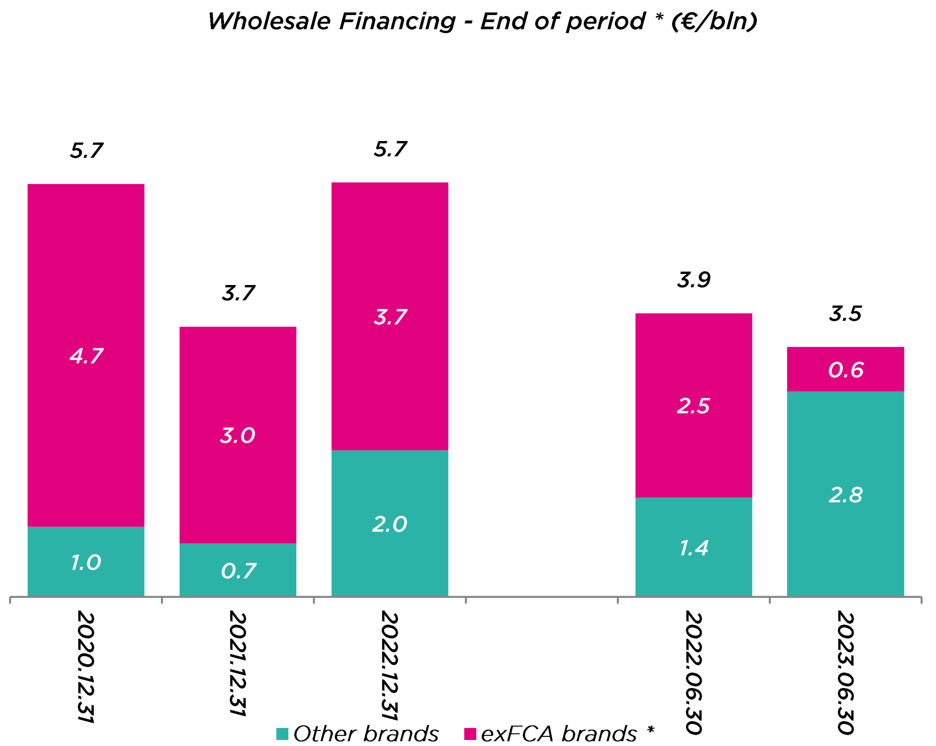
Key financial and operating data (€/mln)	June 30, 2023	June 30, 2022 (*)
Net Banking income and rental margin	402	386
Net operating expenses	(116)	(108)
Cost of risk	(46)	(39)
Operating Income	240	240
Other Income (Expenses)	(9)	(14)
Other Extraordinary Income (Expenses)	139	-
Profit before tax	370	226
Net profit	**267**	**158**
Outstandings		
Average	23,705	19,630
End of period	24,717	20,685
Ratios		
Net Banking Income and Rental margin/ Average Outstanding (1)	3.39%	3.93%
Cost/Income ratio	28.8%	28.0%
Cost of Risk/Average Outstanding (1)	0.39%	0.39%
CET1 (2)	12.58%	19.73%
Total Capital Ratio (TCR) (2)	14.06%	21.57%
Leverage Ratio (2)	9.14%	15.26%

(*)The income statement results and ratios for the first half of 2022 have been re-stated on a like-for-like basis, excluding Leasys and its subsidiaries, to accurately represent the Group's results.

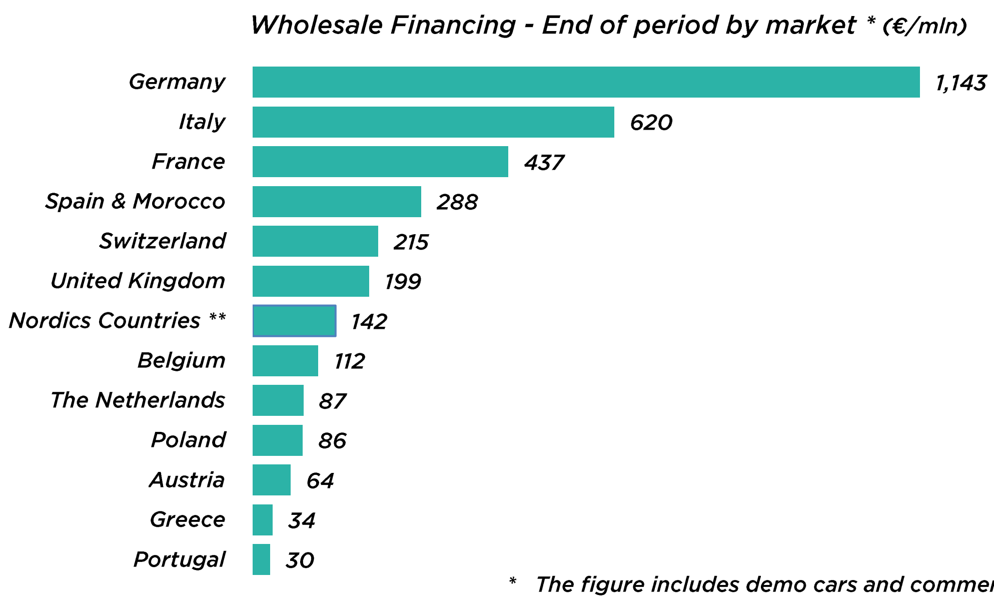
(1) annualized figures
(2) preliminary data as of June 30, 2023

THE BUSINESS LINES

BANKING –WHOLESALE FINANCING



(*) Captive financing balances exFCa brands in runoff from March 31, 2023



* The figure includes demo cars and commercial lending
** Nordics Countries: DK, FI, NO, SE

With the establishment of CA Auto Bank in 2023, a new chapter has begun for our business, bringing forth numerous novelties and opportunities for development.

Throughout the first half of 2023, CA Auto Bank received support from Crédit Agricole Consumer Finance and successfully reached an ever-expanding and diverse customer base.

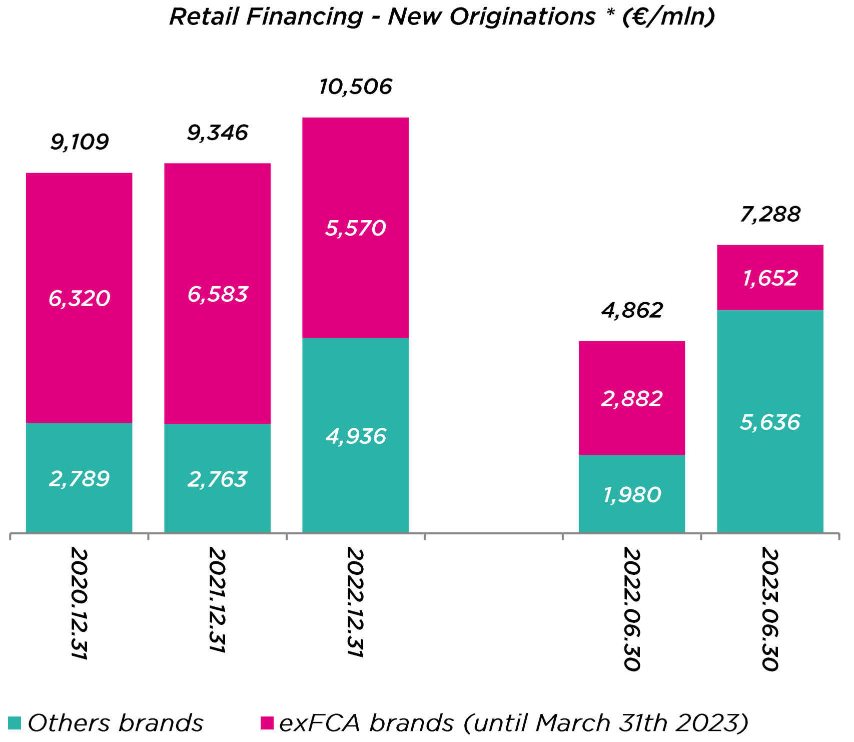
Wholesale financing by the end of the period amounted to €3.5 billion, showing a slight decrease from the end of December 2022. This decline in captive volumes for exFCA brands was partially offset by growth in other brands

A total of 39.6 thousand units were financed during this period, of which 4.2 thousand had a seniority of over 180 days, indicating a slower turnover of new stock compared to the one of the year 2022, which experienced faster turnover due to product shortages.

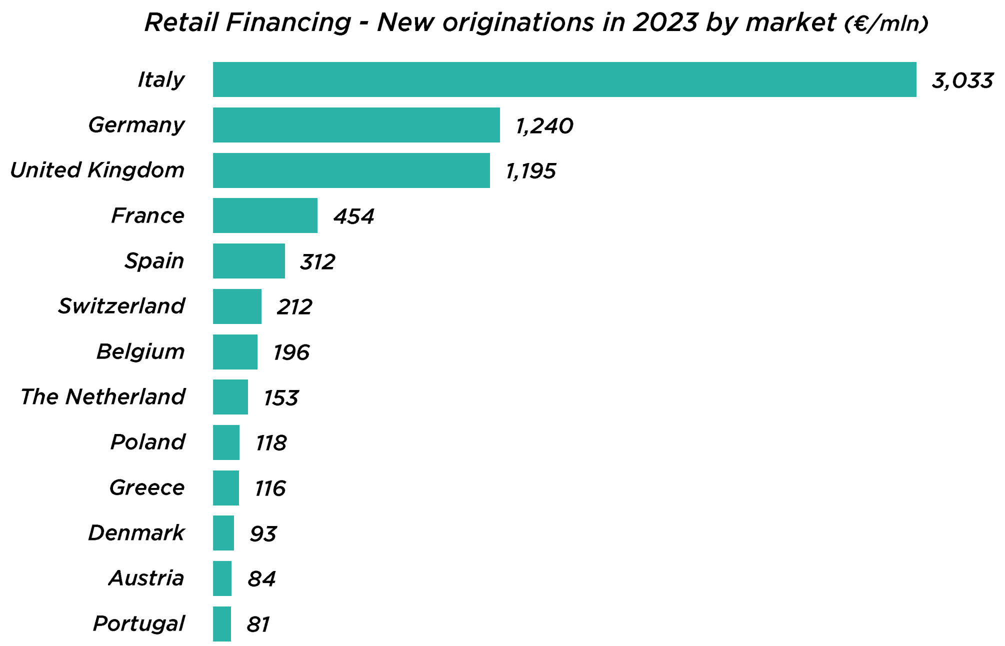
The payment performance across the entire portfolio remains strong, with overdue financing accounting for only 1.23 percent of the total.

Despite the ongoing decline in volumes, the business line performed well, achieving a 2.48% net banking income margin and meeting expectations with an operating income of €49 million.

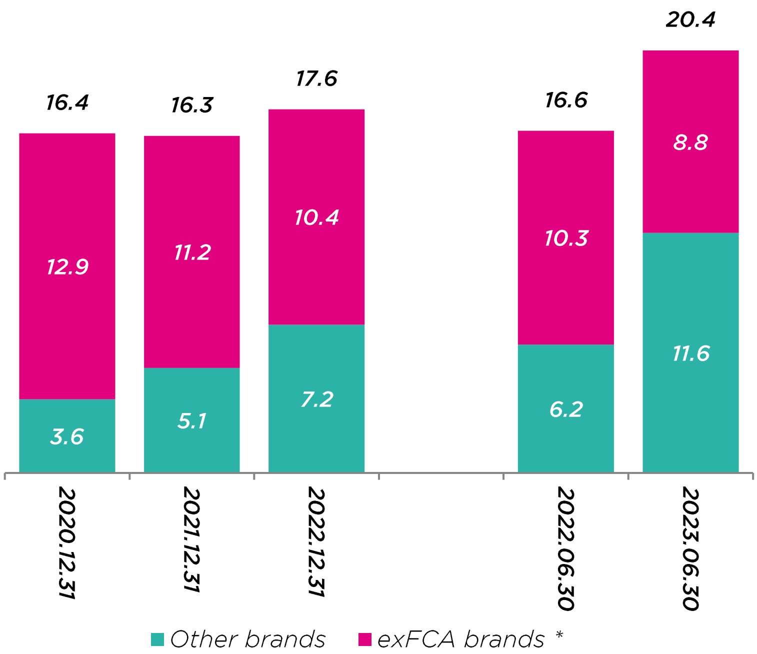
Italy, Germany and France were once again the key markets, as they generated volumes that accounted for about 64% of total financing. This share rises to 78% if volumes from Spain and Switzerland are also included.



(*) The new business exFCA brands ends on March 31th, 2023.

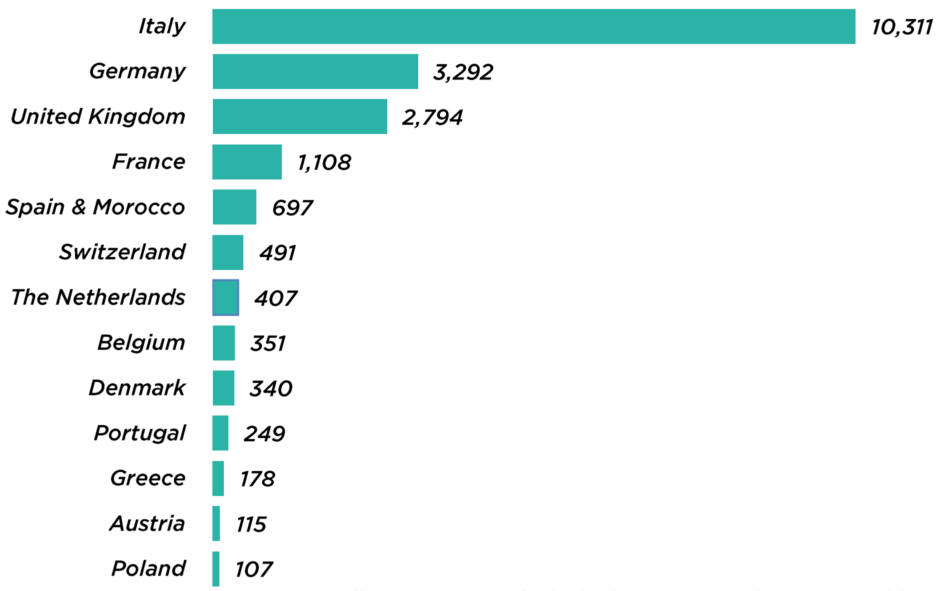


Retail Financing - End of period * (€/bln)



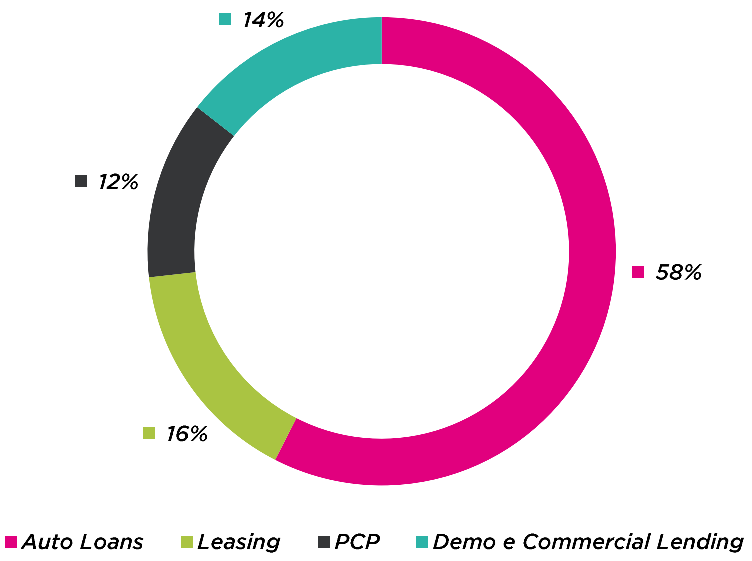
(*) Financing balances exFCA brands in Runoff from March 31, 2023

Retail Financing - End of period by market * (€/mln)



*The figure does not include demo cars and commercial lending

Financed Volumes by Product 2023



In an increasingly complex market environment, the CA Auto Bank Group is dedicated to expanding its offerings to Clients, providing a comprehensive range of products. Beyond financial solutions, we also offer insurance options to cater to the diverse needs of all customers.

Mindful that digitalization plays a crucial role in establishing and nurturing customer relationships, the CA Auto Bank Group is committed to supporting the sales phase, continuously refine and improving its tools to enhance customer satisfaction and loyalty.

In 2023, CA Auto Bank remained steadfast in its strategic pursuit of digitalization across processes and distribution channels. The introduction of a new e-commerce platform, offering a fully digital self-onboarding process for customers applying for car financing, was successfully extended to foreign markets. This digital initiative serves as a crucial support for major strategic partnerships, including the one with TESLA. Following the successful launch in Italy and Belgium in 2022, TESLA's collaboration expanded to the Netherlands in February and subsequently to Luxembourg and the United Kingdom in the second quarter of 2023. The bank plans to further extend this partnership in the second half of the year, with the upcoming launch in Spain, Portugal, Poland, Germany, and France.

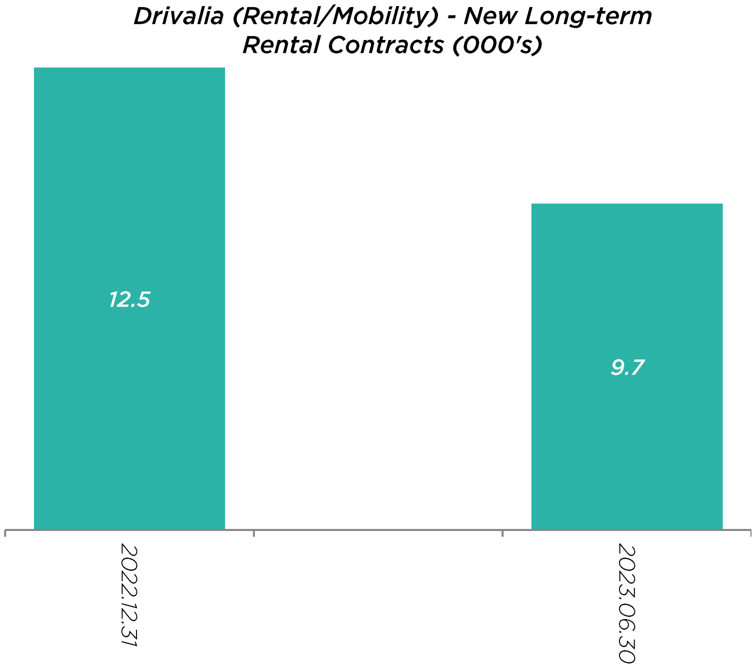
The CA Auto Bank Group's CRM strategy is evolving with the introduction of the new "Connection" tool, powered by Salesforce technology. As of now, it is available in Italy, France, Switzerland, Belgium, Holland, Portugal, and Greece, and efforts are underway to implement it across the rest of Europe, making it available in all markets by the beginning of 2024. The Group is committed to collaborating with industry-leading insurance companies to create a comprehensive product range. This includes coverage for events personally involving the customer as well as dedicated insurance options for the vehicle and its usage.

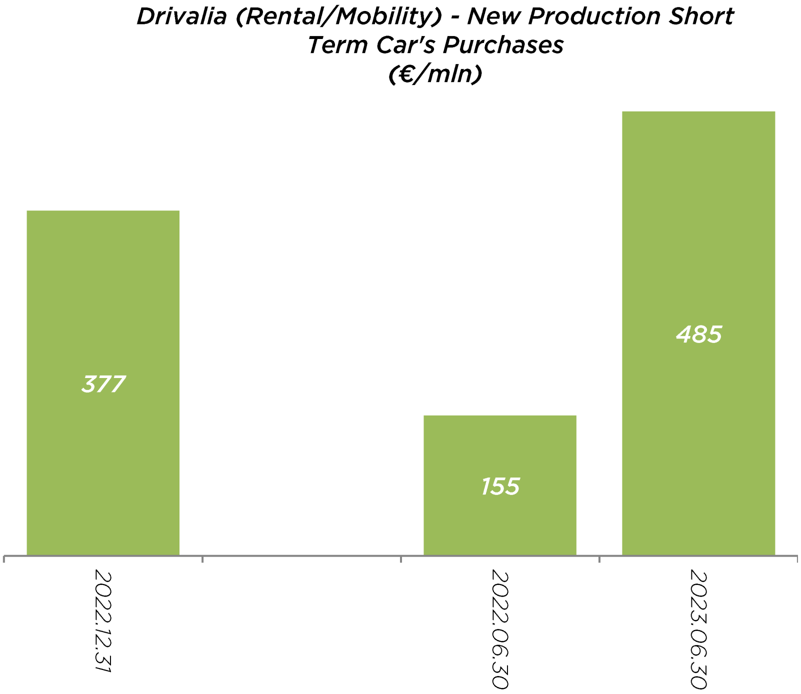
By integrating financial and insurance offerings, CA Auto Bank simplifies the customer experience, helping to manage and pay for the vehicle and related services.

With its focus on digitalization, the Bank is proud to introduce a new online platform dedicated to its primary insurance products, providing customers with an additional and complementary way to access its services.

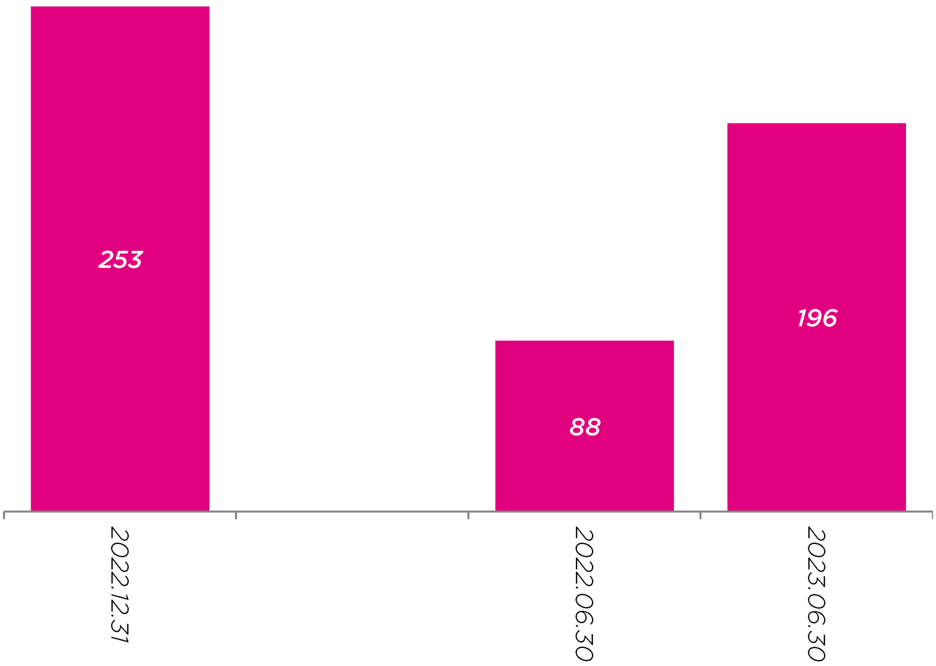
DRIVALIA (RENTAL/MOBILITY)

Drivalia's rental and mobility production comprises both long-term rental contract activations and the acquisition of cars for short-term rental.

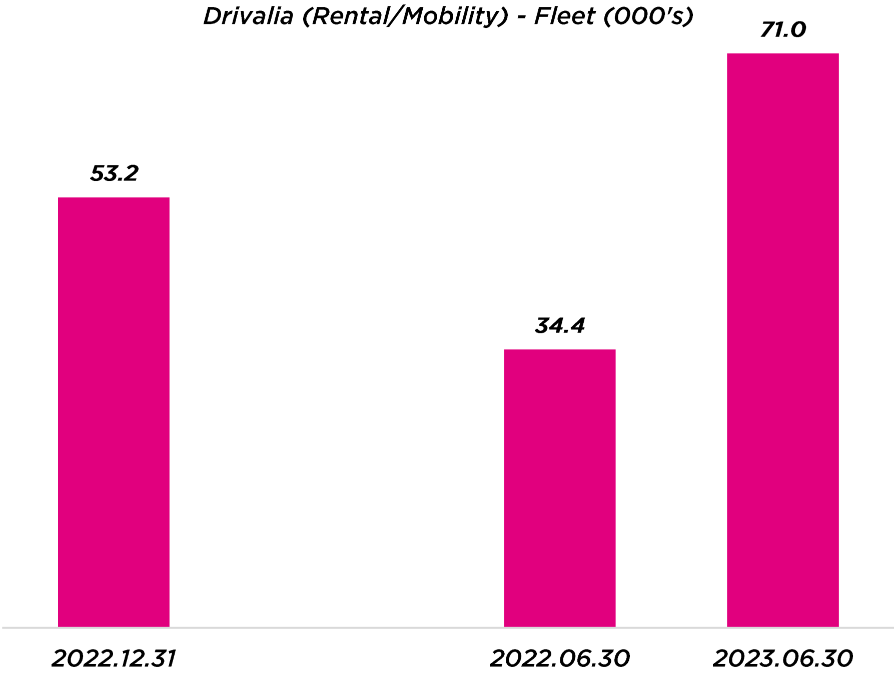




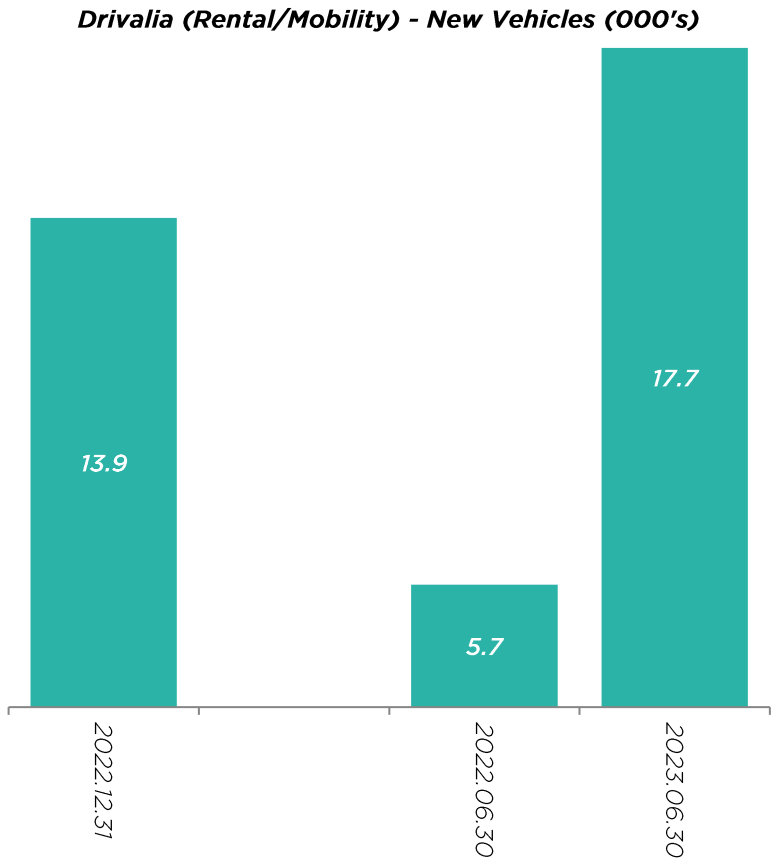
Drivalia (Rental/Mobility) - New Production End-User Turnover (€/mln)



Drivalia (Rental/Mobility) - Fleet (000's)



As of June 30, 2023, Drivalia's fleet (Rental/Mobility) included a total of 71,000 vehicles, with 18,000 new cars added to the fleet during the same period.



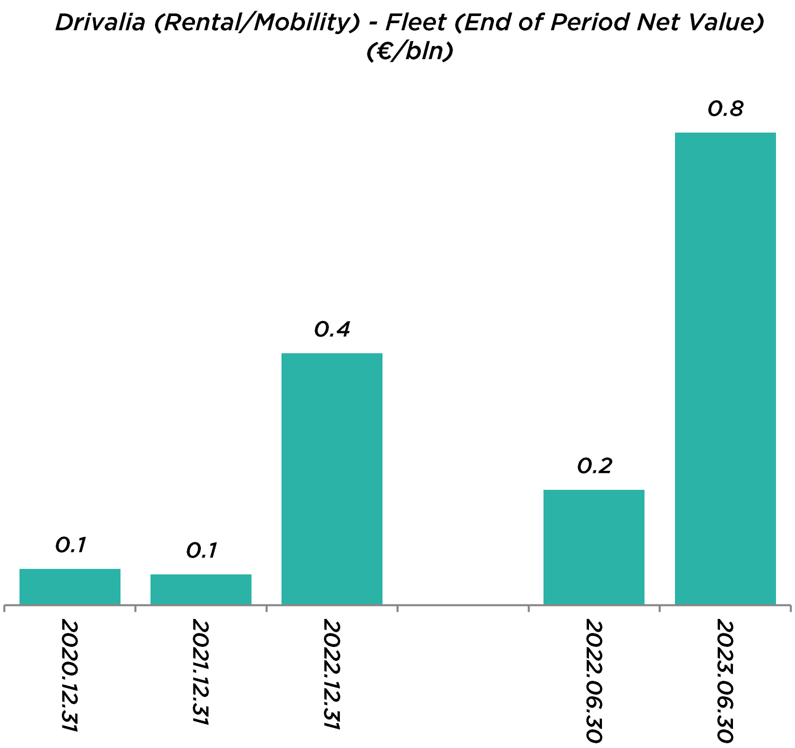
In the mobility sector, the CA Auto Bank Group operates through Drivalia in ten European countries (Italy, the United Kingdom, Spain, Portugal, France, Belgium, the Netherlands, Poland, Greece, and Denmark), with plans to expand to Germany, Switzerland, Finland, Norway, the Czech Republic, and Ireland in the second half of 2023. Drivalia's presence continues to grow, with 725 Mobility Stores and 1,600 charging stations across Europe as of June 2023.

CA Auto Bank and Drivalia remain at the forefront of the European electric and sustainable mobility revolution, investing significantly in infrastructure, fleet, and services.

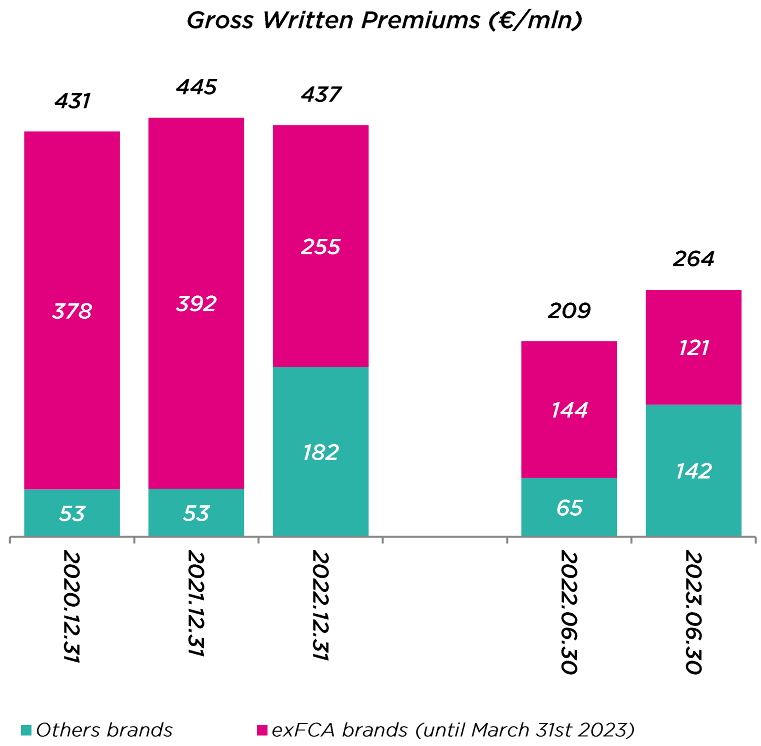
Through CarCloud - one of the pioneering subscription car rental services in Europe, where customers can enjoy the flexibility of renewing their subscription every month *without time restrictions or penalties – and CarBox - an annual subscription that ensures customers have the right car at the right time, all for a fixed monthly fee - Drivalia offers 21 different plans. Initially introduced in Italy, CarCloud has expanded its services to France, Spain, and Portugal, with plans to launch in the UK soon.*

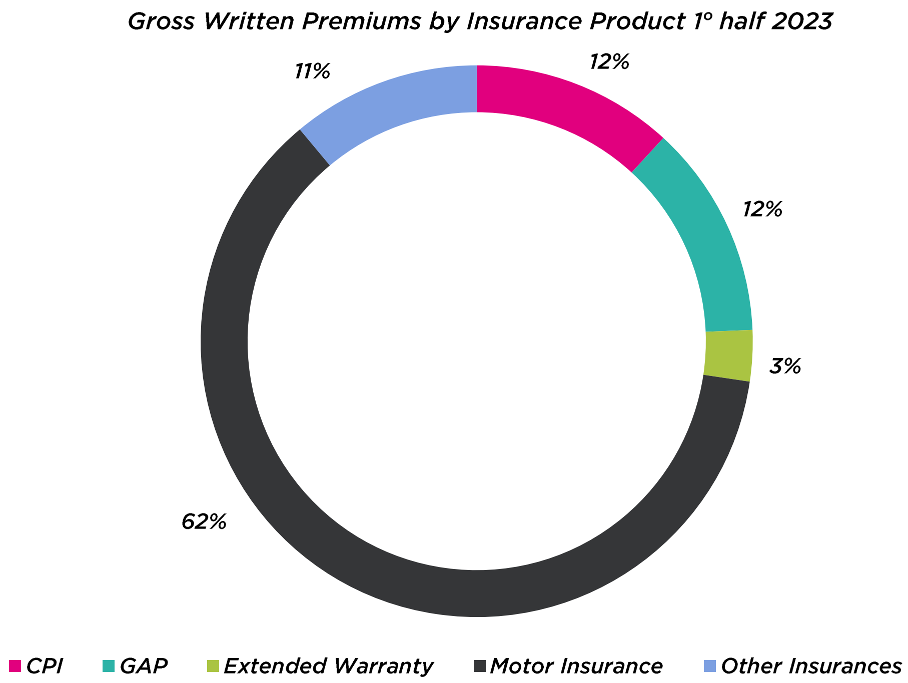
In addition, Drivalia offers a range of services, including Camper rentals and the flexibility of BeFree Evo. BeFree Evo provides access to a "no down payment" subscription program with a fixed fee for 24 months and the option of early exit without penalty. Furthermore, Drivalia features e-GO! DRIVALIA, a fully-electric car sharing service already operational in Turin, Rome, and Milan with a fleet of electric Fiat 500 cars in free-floating mode (with no parking restrictions). This innovative solution will soon debut in Lyon, France, and then expand to major European cities.

The CA Auto Bank Group is dedicated to meeting diverse mobility needs, catering to large companies, SMEs, professionals, and individuals alike.

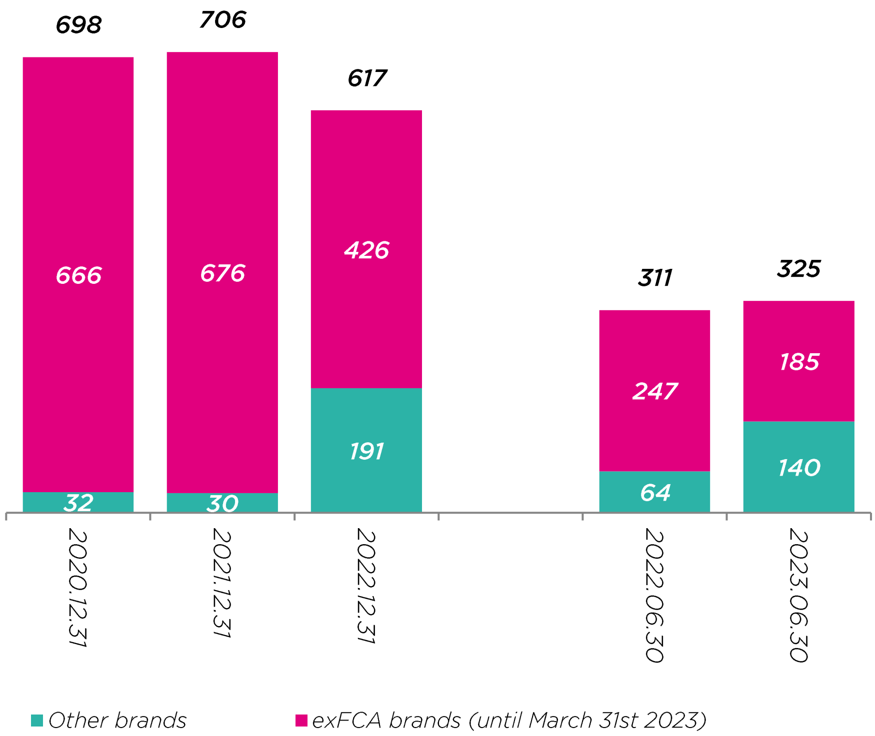


INSURANCE AND SERVICES





Insurance Contracts and intermediated services (000's) (*)



(*) New captive production for exFCA brands ended on March 31, 2023

The CA Auto Bank Group provides an extensive array of insurance products and services in conjunction with financing contracts, encompassing credit protection and vehicle protection. During the first half of 2023, this offering enabled the promotion of at least one policy per Financing and Rental/Mobility contract, benefiting the Bank's customers.

Below are the key insurance services offered in various European markets:

- *Credit Protection Insurance, which releases customers from the obligation to repay, in whole or in part, their debt in the presence of specific sudden and/or unexpected events;*
- *GAP (Guaranteed Asset Protection) Insurance, which protects the value of the vehicle purchased, in case of theft or total loss, with the payment of the vehicle for the full value for a given number of years after purchase or a substantial payment, which may vary depending on the laws applicable in the country;*

- *Glass/vehicle etching, an important anti-theft measure;*
- *Third-party liability insurance, which may or may not be financed;*
- *Theft and fire policy which, when it is financed throughout the term of the contract, covers theft, fire, robbery, natural events, socio-political events, vandalism and shattered glass;*
- *Kasko & Collision, Kasko insurance covers damages in case of collision with another vehicle, fixed and mobile object collision, vehicle overturning and roadway departure. Collision insurance kicks in only in case of collision with another identified vehicle;*
- *Warranty extension, which extends the manufacturer's standard guarantee period with a range of solutions that cover customer expenses in case of vehicle breakdown.*

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

The CA Auto Bank Group has developed a digital channel for the distribution of insurance policies to its customers, including policies not directly related to the vehicle.

MARKET AND AUTOMOTIVE BRAND DEVELOPMENTS

The automotive market in Europe (European Union + United Kingdom + EFTA) registered 6.4 million cars and commercial vehicles in the first half of 2023 (up 15% on the first half of 2022).

CA Auto Bank's partners

CA Auto Bank's extensive expertise in auto loan and leasing and in the mobility sector has positioned it as a trusted partner for numerous prestigious automotive brands. This has led to a diverse offering of vehicles, including a strong focus on electric and hybrid models, to support both brands and large distribution groups.

In the first half of 2023, CA Auto Bank achieved remarkable success in the white label channel, with €4,667 million in financed volumes (other brands and non-captive collaborations), accounting for 64% of the total financed volumes (compared to 41% in the same period of 2022).

Throughout the first six months of 2023, CA Auto Bank entered into valuable partnerships with new operators across Europe. These partners include Royal Enfield, V-Moto, Mazda, XEV, Electric Brands, Fantic, Ford Truck, and BMC. The Bank introduced a diverse range of innovative and flexible financial and mobility services, aimed at enhancing accessibility to the products of manufacturing partners.

In the spotlight: Reports from the different corporate areas

CA Auto Bank's digital strategy

ICT, DIGITAL & DATA GOVERNANCE – Rachele Bellezza

The early months of 2023 have ushered in a new era for the entire Group with the establishment of CA Auto Bank. However, amidst this new beginning, the unwavering commitment to change and technological innovation, which has always been ingrained in our Bank's ethos, remains steadfast.

Digitalization and cutting-edge technologies continue to be pivotal to CA Auto Bank's operations. Over the past six months, we have seamlessly progressed with the digital roadmap set forth years ago, aiming to provide omnichannel services of the highest caliber to customers and partners across our European footprint.

A noteworthy example of our digital offerings is the Finance Calculator, a sophisticated financial tool enabling customers to simulate their monthly installment by selecting one of the available retail products and including insurance and additional services. The version 3.0 of this innovative calculator, integrated with brands' management systems and configurators, is now operational in several countries, such as Germany, France, Italy, and Belgium.

The relentless pursuit of technological advancement has also left a notable impact on our e-commerce platform, the portal enabling 100% online applications for car financing. We have expanded the platform's reach to several European countries, all poised to go live soon (including prestigious partners like Tesla): from Switzerland to Poland, to Spain, to Portugal.

In the domain of Mobility and Rental Services, Drivalia has been actively working on the launch of the new pan-European management system, "Planet," which made its debut on May 29 at the Drivalia Mobility Store in Lingotto. Subsequently, the roll-out phase has commenced across all Mobility Stores in the Drivalia network, set to be completed in the second half of 2023. This phase will culminate with the simultaneous release of the new corporate website and the new Drivalia app to the market.

The new Drivalia application landscape has been meticulously designed to achieve process standardization and product optimization, ultimately accelerating internal operations and enhancing the overall customer experience, both in digital interactions and on-site.

Our team is committed to expanding the new system to additional markets, with France as the next target after Italy, anticipated to be implemented by mid-2024. Following that, the system will extend to Spain, Portugal, and the United Kingdom.

Through these ongoing development and expansion efforts, the CA Auto Bank Group is well-positioned to emerge as a pan-European model for innovation, providing access to increasingly sustainable and manageable mobility through digital tools.

CA Auto Bank and the development of the Wholesale department

WHOLESALE FINANCING – Claudia Daniela Beriava

With the advent of CA Auto Bank, 2023 has marked the beginning of a new era for our business, bringing with it exciting possibilities for growth and development. We are fortified by a remarkable historical legacy, built on the rich experience our Group has accumulated over nearly a century.

Throughout this extensive journey, we have preserved two key characteristics, despite all the large number of events that have changed the economy and the mobility sector: a forward-looking perspective and unwavering dedication to customer care.

This enduring legacy, based on our innovative approach to understanding socioeconomic trends, has been further enhanced with the support of Crédit Agricole Consumer Finance. This partnership has empowered us to serve a diverse and expanding customer base, perpetually striving to offer cutting-edge financial solutions tailored to meet every individual's unique requirements.

The Wholesale department of CA Auto Bank serves a vast distributor dealer network, comprising over 5,000 business partners, with approximately 80% of them being official or multi-brand dealers. Our primary focus is on the top five markets, that is Germany, Italy, France, Spain, and the United Kingdom

Our extensive knowledge and expertise are now accessible to more than 35 major brands, actively operating in 17 European markets. While most of our customers are dealers in the automotive sector, our scope has broadened since embarking on our independent financial journey. We have established collaborations with partners in the two-wheeler, leisure, light, and heavy commercial vehicle sectors.

Furthermore, we are deeply committed to playing an active role in the ongoing green transformation by promoting new brands, especially those producing all-electric models.

During the first half of 2023, we continued to drive the development and diversification of our wholesale portfolio, working diligently to lay the groundwork for new partnerships that will come to fruition later in the year.

As CA Auto Bank takes on the role of a trailblazer in the new era of mobility, our Wholesale department is proactively engaging with partners and dealers, guiding and promoting their activities to embrace a more environmentally sustainable future. Our goal *remains the constant creation of financial solutions that best align with the historical moments and evolving needs of the company, in keeping with its distinctive approach since its establishment in 1925.*

CA Auto Bank: a wealth of experience and energy in the Crédit Agricole Group

HUMAN RESOURCES - Andrea Barcio

The first half of 2023 marked the commencement of a new era.

Following a long and complex demerger process from the Stellantis Group, CA Auto Bank, known as the mobility bank for a better planet, was born.

CA Auto Bank has a workforce of over 1,800 dedicated professionals engaged in banking in 18 markets, from Morocco to Scandinavia, and in mobility services in 10 countries through Drivalia. The new entity started its life with a nearly century-long legacy in the automotive industry and holds a leadership position acknowledged by the market.

Adaptability and a forward-looking approach have always been ingrained in the DNA of this organization, evident in its constant pursuit of new business opportunities and the readiness to tackle new challenges.

This cultural shift, transitioning from a predominantly industrial and captive world to a more traditional banking environment, significantly impacts the employees.

CA Auto Bank has been diligently diversifying its operations within the open automotive market, leveraging its extensive captive experience. This new business approach necessitates a mindset adjustment among employees, as the focus intensifies on seizing the most promising opportunities. Embracing initiatives in previously uncharted territories is viewed as an opportunity to enhance and develop new professional skills.

The response from people has been overwhelmingly positive and supportive. The transformation of both our banking and mobility offerings has involved a thorough review of processes, renewal of products, and restructuring of organizations to enhance efficiency and focus on new, ambitious business objectives.

In just a few months, our company has been completely transformed, embracing a new brand under the umbrella of a prestigious banking group that recognizes the value of human capital and potential.

The integration into the corporate culture of Crédit Agricole Consumer Finance is a gradual process, starting with a deep exploration of the Group's values and aspirations.

The warm welcome from the Crédit Agricole Group was evident during a momentous event held in the initial days of the corporate transformation. We immediately initiated change management programs, such as the induction of all employees to the Crédit Agricole world through a specific format ("toolkit"). Moreover, training and professional development opportunities increased, with mutually beneficial exchanges of best practices.

CA Auto Bank reaffirms the traits that have propelled it to a leadership position in the automotive financial services market. We bring to Crédit Agricole Consumer Finance a wealth of experience, dynamism, and innovation that will prove instrumental in achieving even greater success on the international stage.

Drivalia: 360-degree mobility by CA Auto Bank

DRIVALIA – Dario Cerruti

The year 2023 marked a significant turning point for Drivalia as, with the birth of CA Auto Bank, it became an integral part of Crédit Agricole, one of the world's leading and most robust banking groups.
This new bank – a unique entity with mobility at its core thanks to Drivalia - has given us the opportunity to revitalize our ambitious project of becoming a key player in the European new mobility landscape. How are we achieving this? Through our growth strategy centered around "Planet Mobility," an ecosystem that offers flexible, integrated, and increasingly sustainable mobility products and services

Drivalia stands out in the international market for its comprehensive mobility offering, which includes short- and medium-term rentals, car subscriptions, car sharing, and emerging long-term rentals.
The all-encompassing nature of our services has attracted significant attention and interest from customers and competitors alike, establishing Drivalia as a veritable pace-setter in the evolving market in just a few months.

This approach has proven even more successful this year, thanks to a recovery in the automotive market, which was driven particularly by long-term rental and the development of short-term rental and car-sharing services.

As we embrace our new stand-alone dimension, we have strengthened our commercial structure to cater to diverse customer segments. Drivalia's newly established sales department operates through three distinct channels:
- The Leisure channel, focused on retail customers, offers its services through its own showcase (website) and manages commercial relationships with tour operators and "aggregators";
- The Direct channel, which serves corporate clients, including both SMEs and large corporations, by providing them and their employees with mobility services;
- The Indirect channel offers mobility services through brokers that have hitherto specialized primarily in the distribution of long-term rentals.

In recent months, we have been preparing for the imminent expansion of our company. By the end of the year, we will set up operations in several other European countries, *including Germany, Finland, Norway, and the Czech Republic, among others. Despite the challenges posed by the macro-economic context and the energy transition in the mobility industry, 2023 presents an opportunity for us to play a crucial role in the shift towards Caas (Car as a service) in the coming years. Our ambition is to emerge as one of the leading mobility companies in Europe.*

A new bank for a new digital, customer-centric experience

CUSTOMER EXPERIENCE – Laura Gastaldo

In recent years, customer expectations in the automotive sector in particular have increased significantly. People seek greener products and lifestyles while valuing the convenience of private mobility. Additionally, they desire a digital-first experience that seamlessly combines quick virtual interactions with transparent and reliable products.

As an early pioneer in 2020, CA Auto Bank launched a 100% online financial pathway to support OEMs (Original Equipment Manufacturer) in the e-commerce realm. In the first half of 2023, the Bank continued its commitment to innovation and customer-centricity by developing new digital sales experiences. The focus was not only on enabling fully autonomous online purchasing processes but also on elevating the digital experience in physical outlets and points of sale through reinvention and customer engagement. This path of evolution and revolution is pursued alongside leading international brands and direct sales partners like Tesla and Autohero, as well as emerging players in the electric vehicle market such as VinFast or DR Automobiles.

Creating products and services that truly cater to our customers' needs requires speed, accessibility, ease of use, and responsive service. CA Auto Bank has achieved this by continuously expanding its tech & innovation portfolio, providing cutting-edge digital tools to support a seamless e-commerce journey. Notable examples include the practical financial calculator, automatic remote recognition, and electronic signature, as well as the introduction of CA Auto Pay, an innovative buy now pay later option, and instant credit solutions.

The drive for internationalization has been relentless, with the e-commerce platform and the online E2E (end-to-end) process now reaching new markets - such as Switzerland, Spain, Portugal, and Poland, in addition to Italy, Germany, France, and Belux - in 2023 and with an offering extension encompassing a wide range of products that cater to diverse customer segments.

An excellent digital customer experience must also be aligned with customers' deepest values so as to build long-term relationships based on trust.

Consumers demand sustainable choices, conversational engagement, and transparent data usage. With the adoption of a new pan-European sales force for CRM, which will be fully internationalized by the end of 2023, CA Auto Bank has integrated its customer *engagement and support processes with advanced automation. By doing so, we can deliver targeted marketing campaigns, seamless, personalized, and transparent buying experiences, and efficient after-sales services that cater to our customers' needs on their digital journey.*

Our dedication to delivering excellent products within an increasingly sustainable and digital shopping experience defines CA Auto Bank's approach. We prioritize our customers' preferences and seek to foster strong connections that stand the test of time.

The new role of CA Auto Bank in Italy

CA AUTO BANK ITALIA - Marcella Merli

In the early months of 2023, the organization embarked on a significant transition following the establishment of CA Auto Bank. This restructuring process impacted all countries where the Bank operates, especially Italy —a key market for our Group. In this country, we have established agreements with 33 out of the more than 40 brands that collaborate with us.

As an independent and multi-brand player, our renewed focus centers on two main objectives, building on our efforts from the previous year, the signing of new partnerships with leading companies in their respective sectors, on one side, and the development of financial solutions tailored to meet the growing demand for the latest forms of mobility, mainly hybrid and electric, on the other.

In connection with the first objective, two important partnerships deserve mention. The first is with Valentino Motor Company, the Italian importer of Royal Enfield, a prestigious global motorcycle brand in the medium segment. The second significant partnership was signed with the Italian branch of KTM Sportmotorcycle Italia, a subsidiary of PIERER Mobility Group—the leading European manufacturer of road and off-road motorcycles—representing renowned brands such as KTM, Husqvarna Motorcycles, and GASGAS.

Through these strategic partnerships, CA Auto Bank is fully committed to providing innovative financial and insurance products that will enhance accessibility to all models offered by our partners. Specifically, with KTM Sportmotorcycle, we have gone a step further by extending Drivalia's rental plans to complement its offerings. As a result, CA Auto Bank is establishing a prominent position in the thriving two-wheeler market in Italy.

Regarding our second objective, we have persistently worked on the development of cutting-edge financial products. Among these, Maxirata Plus stands out with its early repayment option without any penalties. Furthermore, Go Easy - Auto, introduced in June, is now available for vehicles from all premium brands, while InstantCar is the first auto financing solution in Italy with instant approval. Additionally, we have expanded the range of available tenors, further reinforcing our commitment to digitalization.

The development of the new CA Auto Bank in Italy is just the beginning, as evidenced by the positive results recorded in both Retail and Wholesale financing, which have shown growth compared to 2022. With our extensive know-how, acquired over nearly a century *of experience, and the backing of Crédit Agricole, the Bank's progress will accelerate even further in the future.*

The evolution of daily banking with CA Auto Bank

NEW BANKING PRODUCTS – Federico Napoli

The birth of CA Auto Bank marked a pivotal moment of change for our entire Group. Our focus moving forward is increasingly centered on constant innovation in both our offerings and processes, aiming to provide our customers and partners with 100% digital, omnichannel, and cutting-edge solutions.

CA Auto Bank extends its offerings to cater to Daily Banking needs. Customers can conveniently access and manage a full range of banking products through our MY CA Auto Bank app and customer portal, ensuring a seamless digital experience. Throughout 2023, we continued to develop and expand several initiatives launched in the previous year:

- The new range of credit cards, including "Futura" - a card dedicated to fostering a more sustainable future through its €co Club loyalty program, which offers selected products and services to encourage sustainable lifestyle choices – and the Drivalia Card, providing access to numerous "Planet Mobility" products at favorable terms.

- We also launched the new buy now pay later platform, CA Auto Pay, available in-store, online, or through hybrid models with pay by link functionality. This cutting-edge platform features a proprietary payment gateway and leverages open banking for instant credit, offering great flexibility in configuration, a comprehensive range of products, and various payment methods.

- Furthermore, we introduced InstantCar, a straightforward, immediate, and flexible specific-purpose loan that utilizes SPID technologies for recognition and open banking for credit assessment.

We are also working in view of the launch of CA Auto Pay and InstantCar in France and Germany by the end of 2023. During the course of 2023, the CA Auto Pay payment gateway will gradually serve the payment stages of all Drivalia Mobility Stores in Italy, to achieve greater cost efficiency and the most advanced customer experience in the payment stage as well.

Attention is called to the work to revamp the CA Auto Bank Conto Deposito, which has always stood out in the Italian market for the great value offered to customers, thanks to its rates and its extreme flexibility, which allows withdrawals at any time without penalty.

Lastly, worthy of note are the attractive CA Auto Bank Personal Loans, available both online and through our selected partner networks of agents and brokers.

The path of daily banking for CA Auto Bank is built upon a set of few but effective strategic guidelines: continuous innovation, to be made available to the entire Group; comprehensive offering and customer value; forward-thinking mindset, always seeking to stay one step ahead of our competitors.

HALF-YEARLY REPORT ON OPERATIONS

SIGNIFICANT EVENTS AND STRATEGIC TRANSACTIONS

Russia Ukraine Conflict – Potential Impacts

The Russia-Ukraine conflict remains an ongoing concern for the business cycle, as leading analysts predict its prolonged duration and potential for escalation.

Additionally, oil and gas prices experienced a decline in the latter part of the previous year. The decrease in oil prices was primarily attributed to reduced demand, while the drop in gas prices was also influenced by milder weather conditions and increased storage capacity. Nevertheless, 2023 is considered a transition year in baseline scenarios, with a slight GDP growth projection and inflation rates still high, albeit lower than those of 2022, due to a continuing tight monetary policy. In the United States, the official rate hike phase is nearing its end, while in Europe further interest rate increases by the ECB are expected.

Although the picture is constantly evolving, ruling out extreme scenarios of conflict escalation that could lead to geopolitical and economic outcomes that are difficult to assess, it should be noted that the Group, since the beginning of the conflict, has been continuing to closely monitor the evolution of the fallout of the Russian-Ukrainian crisis on Italy's real economy and on the key financial variables.

Given the further tightening of the already heavy sanctions imposed on Russia by Western countries during 2022 and 2023, the Group does not have any exposures to Russian counterparties sanctioned at the European and international level and does not have subsidiaries operating in Russia or Ukraine.

Changes in the corporate structure of the CA Auto Bank Group

In 2023, significant changes reshaped the Group's corporate and rental business. Two key initiatives were undertaken: the reinforcement of Drivalia Group's presence in various countries and the transformation of CA Auto Bank S.p.A's shareholder structure.

n April 4, a milestone was reached in the European mobility sector with the birth of CA Auto Bank. This new international banking group operates in 17 European countries, along with Morocco, and represents the evolution of FCA Bank.

The establishment of the new Bank, a subsidiary of Crédit Agricole Consumer Finance (a part of Crédit Agricole S.A.), is the outcome of the agreement between the French Group and Stellantis, as announced in 2021, as both companies restructured their financial partnerships.

CA Auto Bank's mission is to emerge as a leading independent, multi-brand player in vehicle financing, leasing, and the mobility sector. The Bank, which will maintain its European headquarters in Turin, has a strong international presence.

Its establishment is a key component of CA Consumer Finance's overarching strategy to become a leading force in green mobility across Europe. Through its subsidiaries, the Group aims to offer a comprehensive range of solutions tailored to meet diverse customer needs.

Branded as the "mobility bank for a better planet," CA Auto Bank is committed to spearheading the energy transition within the industry, by making access to zero- and low-emission vehicles increasingly democratic and affordable for all.

Effective April 3, 2023, following completion of the acquisition by CA Consumer Finance S.A., which already held a 50% stake in FCA Bank S.p.A., of the remaining 50% owned by FCA Italy S.p.A., FCA Bank S.p.A changed its name to:

"CA Auto Bank S.p.A."

Also effective April 3, the following corporate name changes occurred:

CA Auto Finance UK Ltd. (ex FCA Automotive Services UK Ltd)

CA Auto Finance Nederland B.V. (ex FCA Capital Nederland B.V.)

CA Auto Insurance Hellas S.A. (ex FCA Insurance Hellas S.A.)

CA Auto Finance Norge AS (ex FCA Capital Norge AS)

CA Auto Finance Danmark A/S Filial I Finland. (ex FCA Capital Danmark A/S, Filial I Finland

Effective April 4, the following corporate name changes occurred:

CA Auto Finance Sverige AB (ex FCA Capital Sverige AB)

Effective April 5, the following corporate name changes occurred:

CA Auto Reinsurance Dac (ex FCA Capital RE Dac)

Moreover, effective April 17, 2023, the following corporate name change occurred:

CA Auto Finance Suisse SA (ex FCA Capital Suisse SA)

The branch names of CA Auto Bank S.p.A. also changed in April and May.

Drivalia Group

With reference to Drivalia Group, in 2022 the rental companies (present in nine countries) were transferred from Leasys S.p.A. to CA Auto Bank, 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.

Drivalia, the rental, leasing, and mobility company of the CA Auto Bank Group, aspires to be a leading force in the new mobility sector across Europe.

With a comprehensive array of mobility solutions - from electric car sharing to flexible car subscriptions and rentals - Drivalia caters to the needs of both individuals and businesses of all scales.

Throughout the first half of 2023, Drivalia has been actively engaged in reorganizing its operations and reinforcing its presence in the European market, as described in greater detail below.

Drivalia Lease Nederland B.V.

On May 22, 2023, Drivalia Lease Nederland B.V. was officially registered with the Dutch Chamber of Commerce. The company was incorporated on May 17, 2023, by Drivalia S.p.A., with an authorized share capital of €250,000, which has not been fully paid up yet.

As of May 17, 2023, Drivalia S.p.A. is the sole owner of all the shares representing 100% of the share capital of the newly formed Drivalia Lease Nederland B.V.

The primary activities of Drivalia Lease Nederland B.V. will revolve around rental and operating lease services, with no involvement in banking or financial activities.

Drivalia Lease Belgium S.A.

On May 24, 2023, Drivalia Lease Belgium S.A. was officially registered with the Belgian Chamber of Commerce. The company was incorporated on the same date, May 24, 2023, by Drivalia S.p.A., with an authorized share capital of €250,000, which has been fully paid up.

As of May 24, 2023, Drivalia S.p.A. is the sole owner of all the shares representing 100% of the share capital of the newly formed Drivalia Lease Belgium S.A.

The primary activities of Drivalia Lease Belgium S.A. will revolve around rental and operating lease services, with no involvement in banking or financial activities.

Drivalia Lease Espana S.A.U (ex FCA Dealer Services Espana S.A.)

On June 16, 2023, CA Auto Bank S.p.A. completed the transfer of all shares, representing full ownership, in Drivalia Lease España S.A.U. to Drivalia S.p.A.

As a result of this transaction, effective on the same date, Drivalia S.p.A. now owns 100% of the share capital of Drivalia Lease España S.A.U..

Drivalia Lease UK Ltd. (ex FCA Dealer Services UK Ltd)

On June 16, 2023, CA Auto Bank S.p.A. completed the transfer of all shares, representing full ownership, in Drivalia Lease UK Ltd. to Drivalia S.p.A.

As a result of this transaction, effective on the same date, Drivalia S.p.A. now owns 100% of the share capital of Drivalia Lease UK Ltd.

Other transactions

Findio N.V.

On February 1, FCA Capital Nederland B.V. (now CA Auto Finance Nederland B.V.) completed the acquisition of 100% of the share capital of Findio N.V. (formerly Ribank N.V.), a company based in Amsterdam and operating in the auto financing sector, from Crédit Agricole Consumer Finance Nederland B.V.

As a result of this acquisition, with effect from the same date, CA Auto Finance Nederland B.V. became the sole shareholder of Findio N.V.

CA Consumer Finance – Stellantis Agreement

On March 22, 2023, CA Consumer Finance announced that it had signed, together with partner Stellantis, an agreement to acquire ALD and LeasePlan in six European countries, following the proposed acquisition of 100% of LeasePlan by ALD announced in January 2022

This arrangement stems from the partnership agreements between CA Consumer Finance and Stellantis, announced back in December 2021 and implemented in late 2022 and early 2023, regarding in particular:

- *the creation of a NewCo, (LeaseCo.) a European leader in long-term vehicle leasing, and*
- *the acquisition by CA Consumer Finance of 100% of FCA Bank (now CA Auto Bank Sp.a.).*

The above-mentioned agreement involves the sale of ALD's operations in Ireland, Norway, and Portugal, as well as LeasePlan's operations in the Czech Republic, Finland, and Luxembourg.

These divestments are necessary to fulfill ALD's commitments to the European Commission, following its review of ALD's intention to all the shares outstanding of LeasePlan.

The ongoing acquisition transactions involve two key components:

- *on the one hand Leasys (the NewCo) which also incorporates the Free2Move Lease brand, equally owned by CA Consumer Finance and Stellantis, which will host ALD's business in Portugal and LeasePlan's business in Luxembourg.*

- *On the other hand, CA Auto Bank through Drivalia will host ALD's operations in Ireland and Norway, as well as LeasePlan's operations in the Czech Republic and Finland.*

These acquisition transactions further strengthen the partnership between CA Consumer Finance and Stellantis and accelerate the development of both companies in strategically important European countries, in line with their ambitious growth plans.

Outlook for the second half

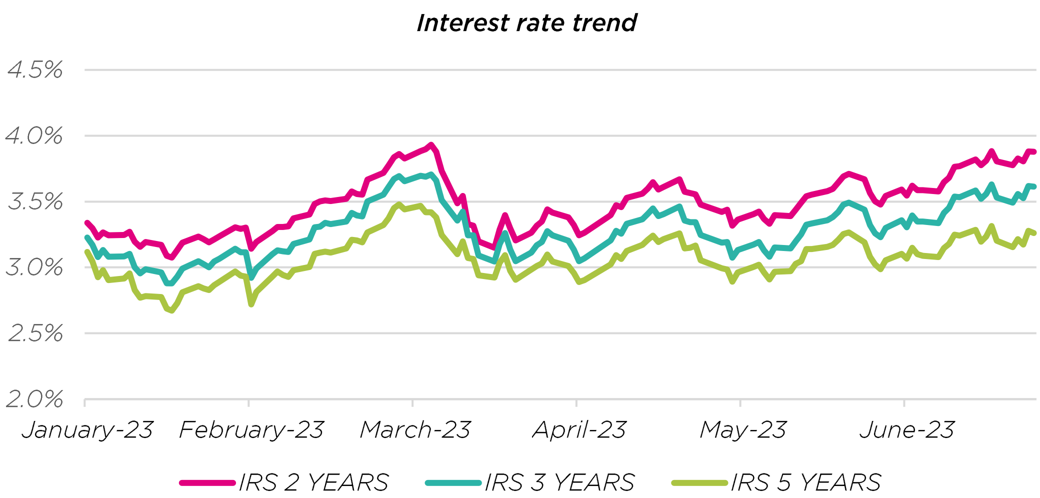
Commercial activities showed signs of improvement during the first half of the year, with new production up 55% year-on-year. Financial results are still absolutely outstanding with a net profit equal to €267 million (without the impact of extraordinary items), up 69.5% compared to the first-half of 2022, due to excellent commercial performance and extraordinary revenues related to the dissolution of the partnership with Stellantis.

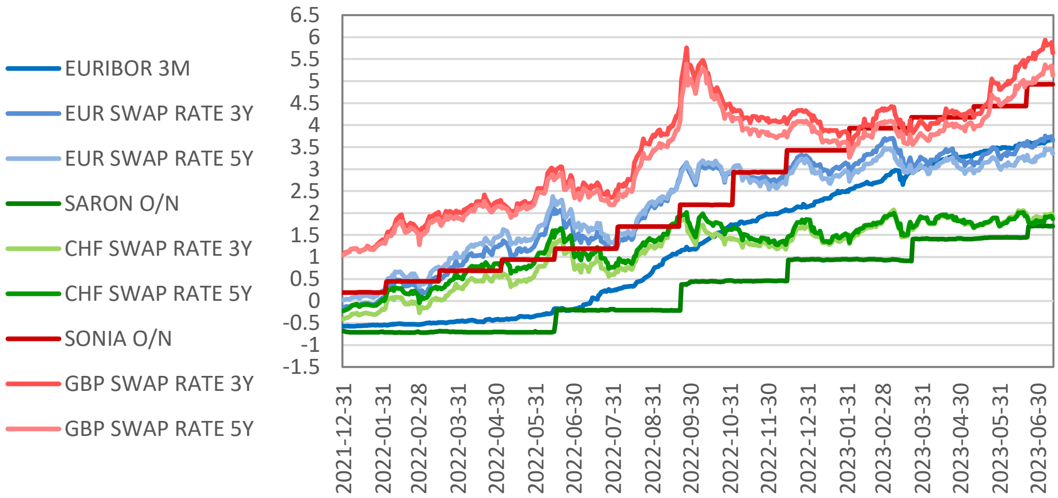
With the completion of the definition of the new corporate structures, the CA Auto Bank Group will continue the development of financing products under existing and future White Label Agreements. This transition from "captive bank" to "white label bank" has already been underway for some time (today, end-of-period "white label" loans and leases represent 58% of the end-of-period portfolio, with reference to the scope of the banking business), with rising monthly production volumes.

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 CA Auto Bank makes the Group ready to react to any deterioration of the conditions in which it operates and, at the same time, to seize any opportunities that may arise.

Financial Policy





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, and otherwise in keeping with laws and regulations, where applicable.*

During the first half of 2023, Treasury activities efficiently secured the necessary funding to support the Group's expanding operations. The growing borrowing requirements were driven by the substantial increase in volumes, despite the sudden rise in base rates observed during the year.

The first half of 2023 witnessed several significant activities, including:

- *A public bond issue under the EMTN program in euros by CA Auto Bank S.p.A. (through its Irish branch) in May 2023. The bonds were priced for a total amount of €600 million and are set to mature in June 2026*

- *A public bond issue placed on the Swiss domestic market by CA Auto Finance Suisse SA and guaranteed by CA Auto Bank in June 2023. The bonds were issued for a total amount of CHF 160 million and will mature in July 2026*

- *A placement of "Euro Commercial Paper" issued by CA Auto Bank S.p.A. (through its Irish branch) for a total aggregated amount of € 750 million. As of June 30, 2023, the outstanding amount of the Euro Commercial Paper was €745 million;*

- *The public placement of the A-Best Twentyone securities (originated as a self-securitization) in March 2023. The total amount of the Senior Securities issued in this placement was €400 million.*

- *The clean-up of the A-Best Fourteen transaction in June 2023. - a self-securitization, transaction, originated in 2016, collateralized by instalment loans originated in Italy by CA Auto Bank S.p.A. - and the Erasmus transaction, a securitization program initiated in 2006 and backed by dealer receivables originated in Germany, France, and Spain by subsidiaries of CA Auto Bank S.p.A.*

- *The issuance of three series of Credit Linked Notes as part of synthetic securitization transactions in April 2023. These transactions were related to installment loans and leases to individuals, installment loans and leases to SMEs, and receivables from dealers, all originated in different European jurisdictions, for a total amount of €906.2 million.*

- *The maintenance of the TLTRO-III monetary policy operations, amounting to a total of €1,900 million as of June 2023. These operations were collateralized not only by the loans included in the Bank of Italy's A.BA.CO. program but also by the Senior ABS securities issued as part of securitization transactions originated by the Group.*

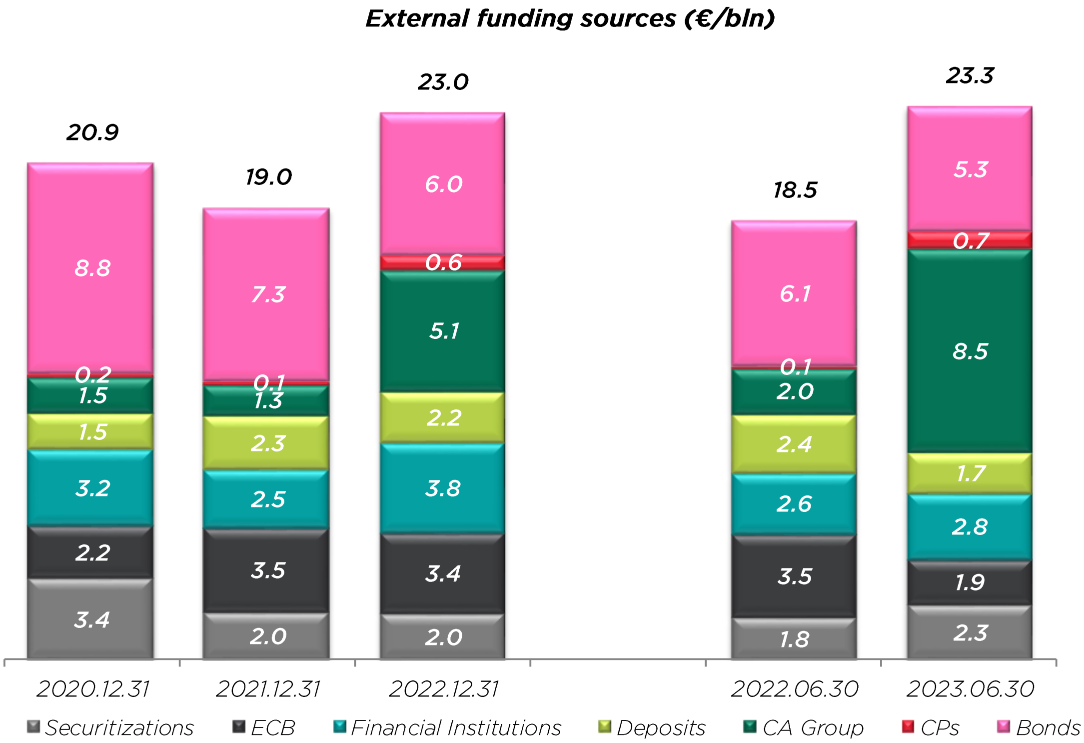
- *The renewal or establishment of new credit lines with third-party banks (excluding the Crédit Agricole Group) for an aggregate amount of approximately €0.7 billion, which includes repurchase agreements.*

- *The slight reduction in CA Auto Bank S.p.A.'s deposits from the public in Italy and Germany, with total deposits as of June 30, 2023 amounting to about €1.7 billion.*

Financial structure and funding sources

The table below shows the financial structure and funding sources as of June 30, 2023:

Description	as a % of total funding sources	as a % of total liabilities and equity
Crédit Agricole Group	37%	31%
Financial institutions	12%	10%
European Central Bank	8%	7%
Deposits	7%	6%
Securitizations	10%	8%
Bonds	23%	19%
Commercial Papers	3%	3%
Equity	-	10%
Non-financial liabilities	-	6%
Total	100%	100%



** The time series was restated by excluding Leasys figures for comparative consistency.*

The chart shows how the strategy to diversify the funding sources firmed up over the years, following transformation into a bank. Given the strong volume growth in the first half of 2023, financial support from the CA Group increased.

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" products in 2016 and the "Euro Commercial Papers" in 2018.

All these actions enabled CA Auto Bank to continue to secure the liquidity necessary to fund the growing business and to strengthen its liability and equity 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 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 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.

CA Auto Bank's programs and issues

The CA Auto Bank Group's issues are managed, as detailed in the following table, through:

- *The Euro Medium Term Note (EMTN) program, with CA Auto Bank S.p.A. as issuer (through its Irish branch). On June 30, 2023 the program has an aggregate maximum nominal amount of €12 billion, while the outstanding bonds amount to approximately €5 billion. The notes and the program have been assigned CA Auto Bank S.p.A.'s long-term rating by Moody's and Fitch.*

- *Stand-alone bonds denominated in Swiss francs issued by CA Auto Finance Suisse S.A. and guaranteed by CA Auto Bank S.p.A.. On June 30, 2022 there are two bonds outstanding for a total amount of 325 million Swiss francs (excluding the issue placed in June 2023 mentioned above, which was settled in July 2023). These bonds have been assigned CA Auto Bank S.p.A.'s long-term rating by Moody's and Fitch.*

- *The short-term Euro Commercial Paper program with CA Auto Bank S.p.A. as issuer (through its Irish branch). On June 30, 2023 the program has an aggregate maximum nominal amount of €750 million and approximately €745 million in commercial paper outstanding. The program has been assigned CA Auto Bank S.p.A.'s short-term rating by Moody's.*

Issuer	Instrument	ISIN	Currency	Settlement date	Maturity date	Amount (mln)
CA Auto Bank S.p.A. - Irish Branch	Public	XS2051914963	EUR	13-Sep-19	13-Sep-24	850
CA Auto Bank S.p.A. - Irish Branch	Public	XS2231792586	EUR	18-Sep-20	18-Sep-23	800
CA Auto Bank S.p.A. - Irish Branch	Public	XS2258558464	EUR	16-Nov-20	16-Nov-23	850
CA Auto Bank S.p.A. - Irish Branch	Public	XS2332254015	EUR	16-Apr-21	16-Apr-24	850
CA Auto Bank S.p.A. - Irish Branch	Private	XS2353016442	EUR	10-Jun-21	10-Dec-23	70
CA Auto Bank S.p.A. - Irish Branch	Private	XS2488119434	EUR	6-Jun-22	6-Jun-24	60
CA Auto Bank S.p.A. - Irish Branch	Public	XS2549047244	EUR	24-Oct-22	24-Mar-24	500
CA Auto Bank S.p.A. - Irish Branch	Public	XS2549047673	EUR	24-Oct-22	24-Mar-24	365
CA Auto Bank S.p.A. - Irish Branch	Public	XS2633552026	EUR	8-Jun-23	8-Jun-26	600
CA Auto Bank S.p.A. - Irish Branch	Private	XS2575155168	EUR	9-Jan-23	10-Jul-23	60
CA Auto Bank S.p.A. - Irish Branch	Private	XS2577118032	EUR	11-Jan-23	11-Jul-23	25
CA Auto Bank S.p.A. - Irish Branch	Private	XS2577132454	EUR	11-Jan-23	11-Jul-23	20
CA Auto Bank S.p.A. - Irish Branch	Private	XS2577132454	EUR	11-Jan-23	11-Jul-23	20
CA Auto Bank S.p.A. - Irish Branch	Private	XS2577123388	EUR	11-Jan-23	11-Jul-23	11
CA Auto Bank S.p.A. - Irish Branch	Private	XS2577831972	EUR	16-Jan-23	17-Jul-23	42
CA Auto Bank S.p.A. - Irish Branch	Private	XS2580717515	EUR	23-Jan-23	24-Jul-23	50
CA Auto Bank S.p.A. - Irish Branch	Private	XS2583647248	EUR	1-Feb-23	1-Aug-23	50
CA Auto Bank S.p.A. - Irish Branch	Private	XS2617161273	EUR	26-Apr-23	26-Oct-23	60
CA Auto Bank S.p.A. - Irish Branch	Private	XS2619352441	EUR	2-May-23	2-Nov-23	65
CA Auto Bank S.p.A. - Irish Branch	Private	XS2621759872	EUR	8-May-23	31-Jul-23	20
CA Auto Bank S.p.A. - Irish Branch	Private	XS2623997702	EUR	12-May-23	13-Nov-23	100
CA Auto Bank S.p.A. - Irish Branch	Private	XS2624683483	EUR	15-May-23	31-Oct-23	30
CA Auto Bank S.p.A. - Irish Branch	Private	XS2624683566	EUR	15-May-23	15-Nov-23	20
CA Auto Bank S.p.A. - Irish Branch	Private	XS2625028647	EUR	16-May-23	31-Oct-23	35
CA Auto Bank S.p.A. - Irish Branch	Private	XS2633113027	EUR	1-Jun-23	1-Sep-23	32
CA Auto Bank S.p.A. - Irish Branch	Private	XS2638452933	EUR	15-Jun-23	15-Sep-23	15
CA Auto Bank S.p.A. - Irish Branch	Private	XS2638452933	EUR	15-Jun-23	15-Sep-23	40
CA Auto Bank S.p.A. - Irish Branch	Private	XS2640922055	EUR	20-Jun-23	20-Sep-23	25
CA Auto Bank S.p.A. - Irish Branch	Private	XS2642517374	EUR	22-Jun-23	22-Sep-23	25
CA Auto Finance Suisse SA	Public	CH0498400586	CHF	23-Oct-19	23-Oct-23	125
CA Auto Finance Suisse SA	Public	CH1118483697	CHF	20-Jul-21	20-Dec-24	200

RATING

During the first half of 2023, following CA Consumer Finance's acquisition of full control of CA Auto Bank on April 3, 2023, contracts for the provision of rating services with Standard & Poor's and Scope Ratings were terminated at the request of CA Auto Bank. In addition, following the completion of the acquisition by CA Consumer Finance, on April 17 Fitch upgraded CA Auto Bank's rating to A- with a stable outlook.

The ratings assigned to CA Auto Bank as of June 30, 2023 are as follows:

Entity	*Long-term rating*	*Outlook*	*Short-term rating*	*Long-term deposit rating*
Moody's Investors Service	*Baa1*	*Negative*	*P-2*	*Baa1*
Fitch Ratings	*A-*	*Stabile*	*F1*	*-*

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.

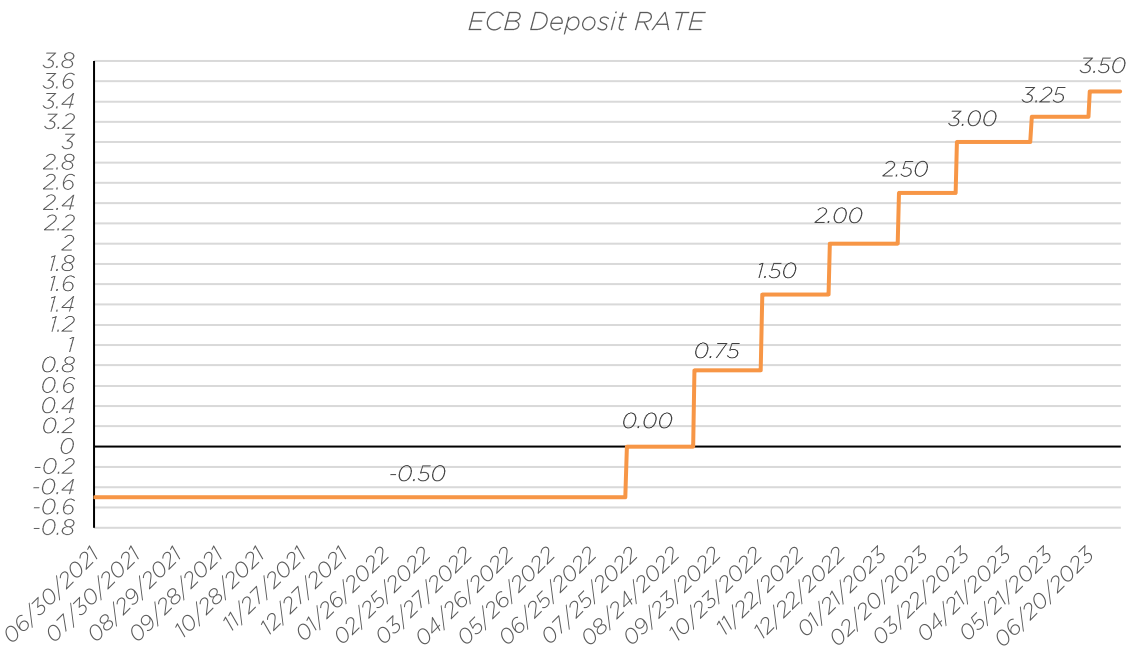
In March 2019, the Governing Council of the European Central Bank announced a third series of quarterly longer-term refinancing operations (i.e. TLTRO-III), each with a maturity of three years, starting in September 2019 and ending in March 2021, and eventually extended until December 2021, based on an ECB decision dated December 10, 2020.

In 2020, starting in March, in light of the Covid-19 emergency, the Governing Council of the ECB introduced also more favorable conditions for the operations in question, which would be applied first between June 24, 2020 and June 23, 2021 and then extended, with the ECB's decision of December 10, 2020, until June 2022.

Under the original terms of the TLTRO-III program, such favorable 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 31, 2019 and March 31, 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 favorable 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 24, 2020 and June 23, 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 10, 2020, this reduction was extended also to the period between June 24, 2021 and June 23, 2022, for counterparties whose eligible net lending between October 1, 2020 and December 31, 2021 is at least equal to the respective benchmark net lending.

As of June 24, 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 27, 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 23, 2022, the interest rate on TLTRO-III operations was indexed to the applicable reference interest rate, namely the Deposit Facility Rate, which has been raised in recent months.*



Total utilization of TLTRO-III funding as at June 30, 2023 was €1,900 million and refer to the drawdowns made in:

- September and December 2020 (for €100 million and €500 million, respectively).

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

Cost of risk and credit quality

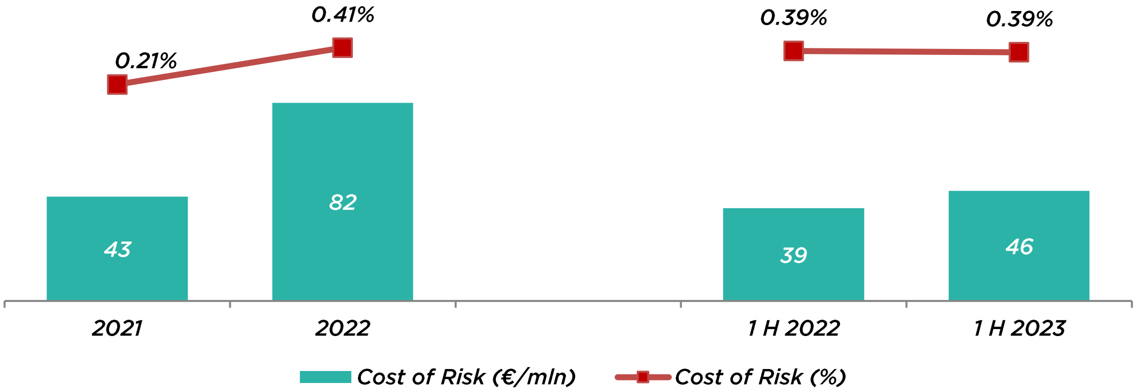
Cost of risk

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

- *Core financing activities: support to dealer network, rental companies*
- *Vehicle manufacturers, financing and offerings in all areas of mobility (motor vehicles, motorcycles, campers and caravans, industrial vehicles, etc.) for end-customers, diversification;*
- *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. For the first half of 2023, cost of risk performance remains positive, settling at 0.39% of the average outstanding portfolio which was slightly higher than the comparable metric at year-end 2022. The cost of risk

The performance of the cost of risk for 2023 is affected by the growth, in mix of the loan portfolio, of the Loan and Leasing business line, which has a higher cost than loans in the Wholesale business.



** The data for 2021 and the first half of 2023 was restated by excluding Leasys figures for comparative consistency,* *Non-Performing Loans*

The level of NPL (Non Performing Loan) as of June 30th, 2023 is 1.71%.

Financing and Leasing

In the first half of 2023, the cost of risk for the Financing and Leasing business line stood at 0.48% of average outstandings, rising by 2 basis points compared to December 2022. This change was primarily influenced by the shift in the composition of new production, with a higher proportion of used vehicle financing (considered riskier than newly registered vehicles) in the context of an inflationary environment.

Additionally, it's worth mentioning that during the first half of the year, the Company incorporated higher provision requirements resulting from the update of Forward Looking models based on Q1 2023 macroeconomic scenarios. This update led to higher provisions, amounting to €4.1 million in the Financing and Leasing business

Wholesale Financing

A total of 39.6 thousand units were financed during this period, of which 4.2 thousand had a seniority of over 180 days, indicating a slower turnover of new stock compared to the one of the year 2022, which experienced faster turnover due to product shortages.

The payment performance on the entire portfolio remains good, and the past due amounts stands at 1.23% of outstandings.

The cost of risk for the Wholesale Financing business line continues to be very low, accounting for 0.01% of average outstanding, with a significant decrease from the comparable metric at year-end 2022 (0.13%). The decline from the previous year-end is attributable to the significant reduction in the portfolio volume, which went from €5.7 billion in December 2022 to €3.5 billion in June 2023. This drop is due to the reduced financing for the Stellantis dealer network as a result of the transformation of CA Auto Bank from a Stellantis captive bank to a leading European, independent, multi-brand Bank, wholly owned by Credit Agricole Consumer Finance.

It should also be noted that, during the first half of the year, the Company saw an increase in its funding requirement following the update of Forward-Looking models based on Q1 2023 macroeconomic scenarios. The impact on the Wholesale business was higher funding requirements in the amount of €1.2 million.

Scoring models to evaluate "Retail" credit risk

The process to evaluate the creditworthiness of retail customers, outlined in the Credit Guidelines of the CA Auto 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 and the findings resulting from the application of internal credit policies (such as check of negative external events, status of internal risks, etc.)

Credit analysis is based on strategies that combine the outcome of scorecards, 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 the evaluation may be confirmed or revised as appropriate.

Currently, the CA Auto Bank Group uses 30 acceptance scorecards based on country, type of customer and, where possible, seniority of the vehicle and type of product.

In CA Auto 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 CA Auto 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 perspective, in the first half of 2023, in the Financing and Leasing Retail business line two scorecards for business customers in France and Belgium were successfully concluded and approved. Additionally, a new scorecard for business customers was implemented in Germany, along with a new scorecard for private customers in Italy, focusing on the personal loans and credit cards segment. Furthermore, rules were updated and approved to expand the scope of automatic decision-making for the private segment in Belgium, Italy, Germany, and the UK, as well as for the business segment in the Netherlands and the UK.

Rating models to evaluate "Corporate" credit risk

The evaluation of corporate customers is based on a comprehensive combined use of two systems, developed by the technical staff of Stellantis N.V. (CRIXP system) and CACF (ANADEFI system).

The CRIXP system is designed to evaluate the operating and financial profile of counterparties, along with their commercial and behavioral indicators. This evaluation leads to the assignment of a Rating for each individual counterparty and the management of credit limits (plafond) for each credit product.

On the other hand, the ANADEFI system, which is fed data by the CRIXP system, is dedicated to determining creditworthiness. It achieves this through a statistical model that thoroughly analyzes various aspects of the counterparty, including their operating, financial, qualitative, and behavioral characteristics. Additionally, the model takes into account the impact of factors such as the probability of default, any past default events, and whether the counterparty is a member of a business group.

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 CRIXP and ANADEFI Rating systems for Corporate Business are governed within the Credit Agricole Auto Bank Group Credit Guidelines approved by the Board of Directors.

Residual value risks

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.

CA Auto Bank has long adopted Group guidelines and processes to manage and monitor residual risk on an ongoing basis.

€/mln	12/31/2021	12/31/2022	06/30/2023
Financing, Leasing			
- Residual Risk borne by Gruppo CA Auto Bank	1,107	1,233	1,521
of which UK market	531	620	879
Provisions for residual value	32	30	29

Regarding Rental/Mobility operations, the risk associated with residual values of leased vehicles is typically borne by the Lessor, unless specific arrangements are made with third parties. This risk arises from the difference between the market value of the vehicle at the end of the Rental/Mobility period and its book value.

Within the Group, the Rental/Mobility business is handled by Drivalia S.p.A. and its subsidiaries. Drivalia S.p.A., which commenced operations at the end of 2022 (for more details, refer to the section on Significant Events and Strategic Transactions), is focused on enhancing risk control measures concerning residual values. This is achieved through vigilant monitoring of the used-vehicle market prices and the aging of the inventory of cars awaiting sale.

The model for calculating Provisions for Residual Value is subject to quarterly updates to ensure the utmost accuracy in the provisioning process. As of today, there are no specific critical concerns observed regarding residual values.

euro/mln	06/30/2023
Drivalia (Rental/Mobility)	
- Residual Value CA Auto Bank Group	419
Provisions for Residual Value	1

(*) Figures as of December 31, 2022 omitted as they are not meaningful

Results of operations

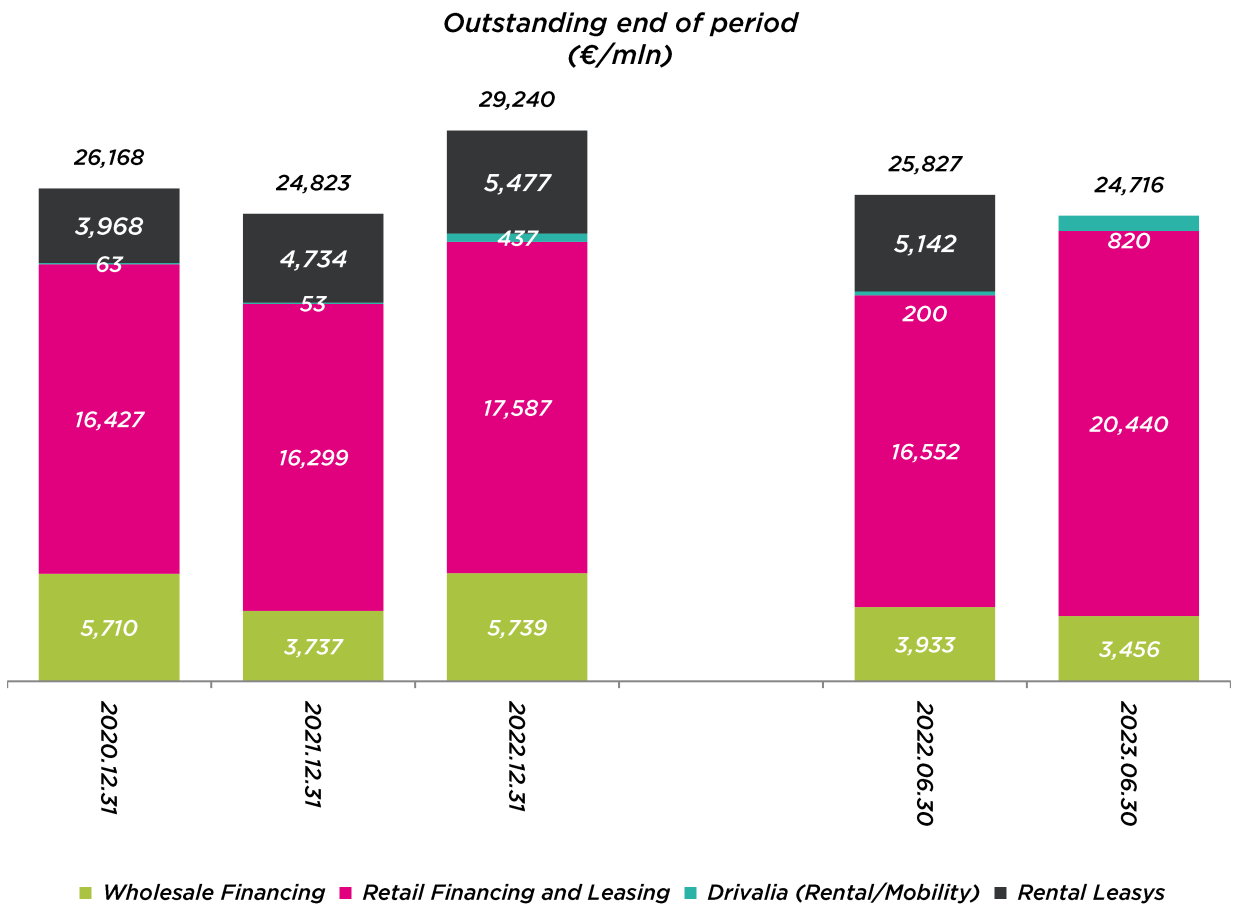
Operating data (€/mln)	06/30/2023	06/30/2022 (*)
Net Banking income and rental margin	402	386
Net operating expenses	(116)	(108)
Cost of risk	(46)	(39)
Other income/ (expenses)	(9)	(14)
Other extraordinary income/ (expenses)	139	-
Profit before tax	370	226
Net profit	**267**	**158**
Outstandings		
Average	23,705	19,630
End of period	24,717	20,685
Ratios		
Net Banking income and rental margin /Average outstanding (1)	3.39%	3.93%
Cost/Income Ratio	28.8%	28.0%
Cost of risk /Average outstanding (1)	0.39%	0.39%
CET1 (2)	12.58%	19.73%
Total Capital Ratio (TCR) (2)	14.06%	21.57%
Leverage Ratio (2)	9.14%	15.26%

(*) The income statement results and ratios for the first half of 2022 have been re-stated on a like-for-like basis, excluding Leasys and its subsidiaries, to accurately represent the Group's results.

(1) annualized figures
(2) preliminary data as of June 30, 2023

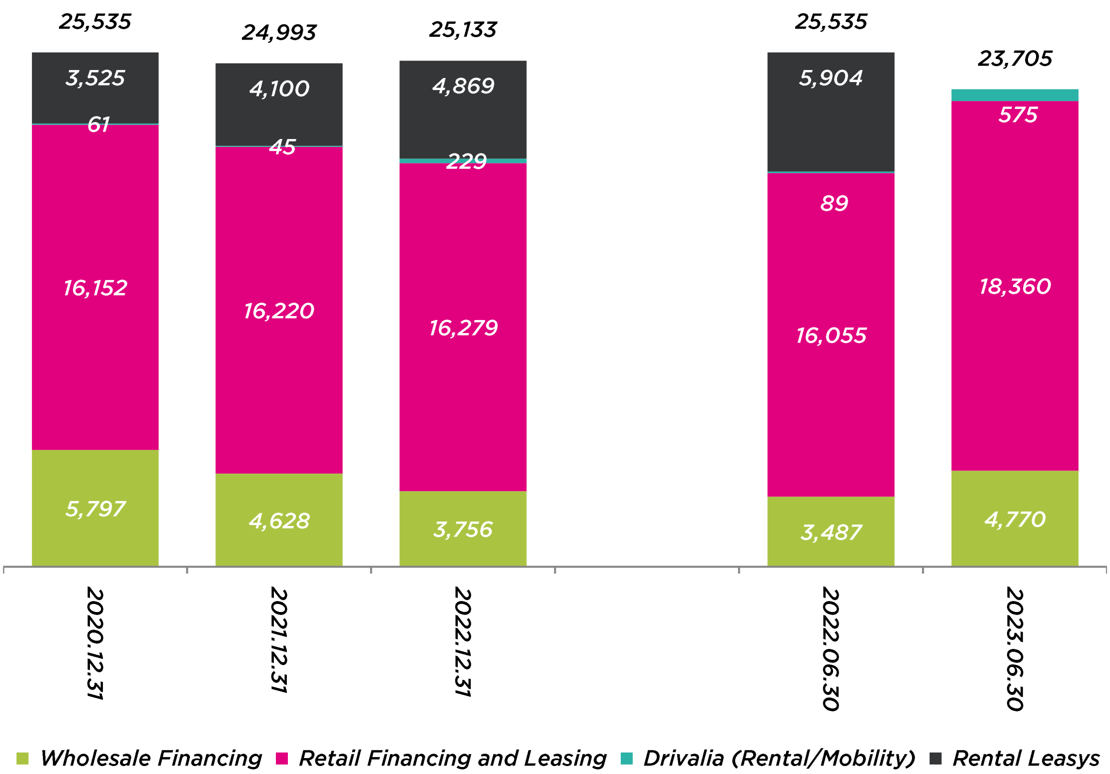
Balance sheet data (€/mln)	06/30/2023	12/31/2022
Cash and cash equivalents	1,377	3,140
Financial assets at fair value through other comprehensive income	9	9
Financial assets at amortized costs:	23,711	23,029
a) Loans and receivables with Banks	203	118
b) Loans and receivables with customers	23,508	22,911
Hedging derivatives	503	550
Changes in fair value of portfolio hedge items	(461)	(491)
Insurance reserves attributable to reinsurers	9	10
Property, plant and equipment	920	532
Intangible assets	121	121
of which: Goodwill	39	39
Tax assets	202	177
Other assets	1,536	1,232
Total assets	27,928	28,309
Total liabilities	25,028	24,581
Equity	2,900	3,728

During the first half of 2023, production volumes showed improvement compared to the same period the previous year. This progress was driven by a more efficient logistics network, leading to improved deliveries in the automotive sector, which commenced towards the end of 2022 and continued into 2023. Despite the challenging geopolitical environment determined by the Russia-Ukraine conflict, resulting in increased commodity prices, notably energy commodities, and a significant inflation surge countered by central banks with a sharp rise in interest rates, there was an overall increase in the end-of-period portfolio of 19.5%, excluding EoP balances of Leasys as of June 30th 2022. This growth was primarily attributed to the Financing and Leasing business line, which experienced a notable 23.5% increase, supported by fruitful collaborations with business partners, and the Rental/Mobility business line, which saw substantial growth, particularly in the long-term rental segment. Conversely, the Wholesale Financing business line experienced a decline compared to the first half of the previous year, mainly due to the exit of Stellantis in April 2023.

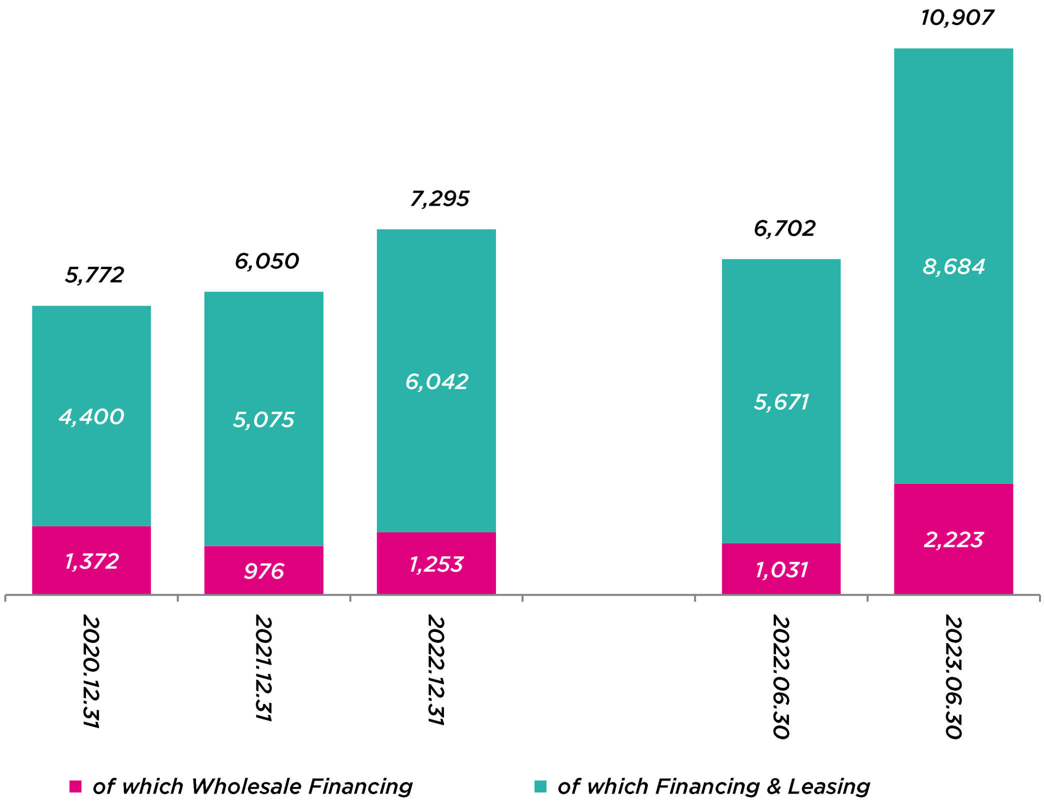


End of period portfolio - White Label (non-exFCA brands) (€/mln)

Average Portfolio (€/mln)

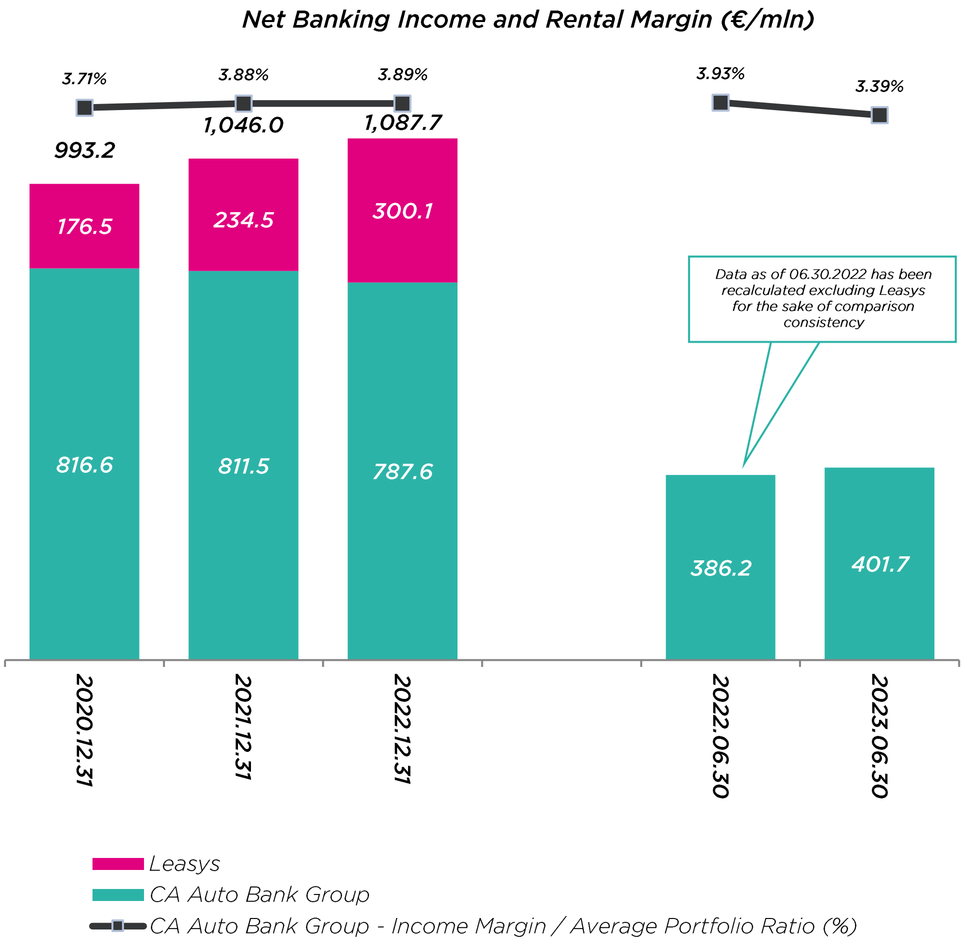


Average portfolio - White Label (non ex-FCA brands) (€/mln)

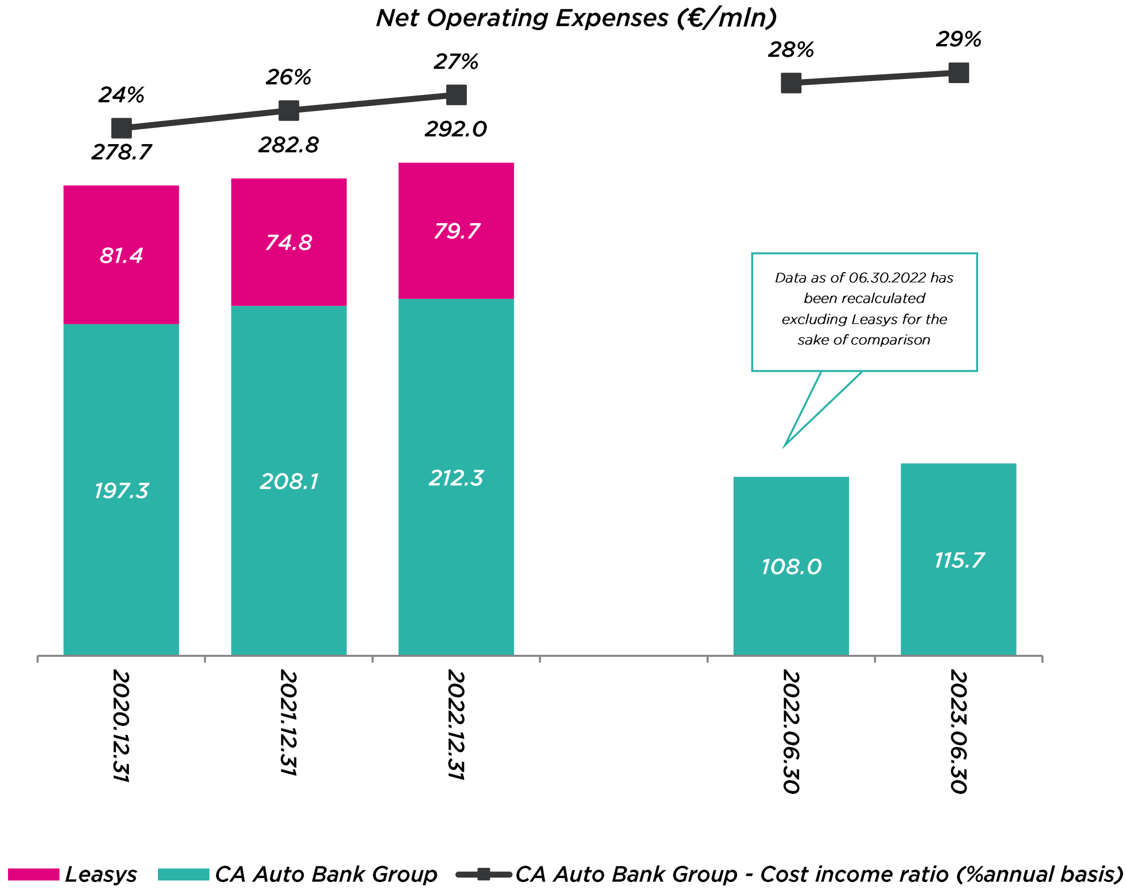


During the first half of 2023, the net banking margin reached €401.7 million, marking a 4% increase compared to the same period in 2022. This growth was primarily driven by higher volumes resulting from new business partnerships established in recent months.

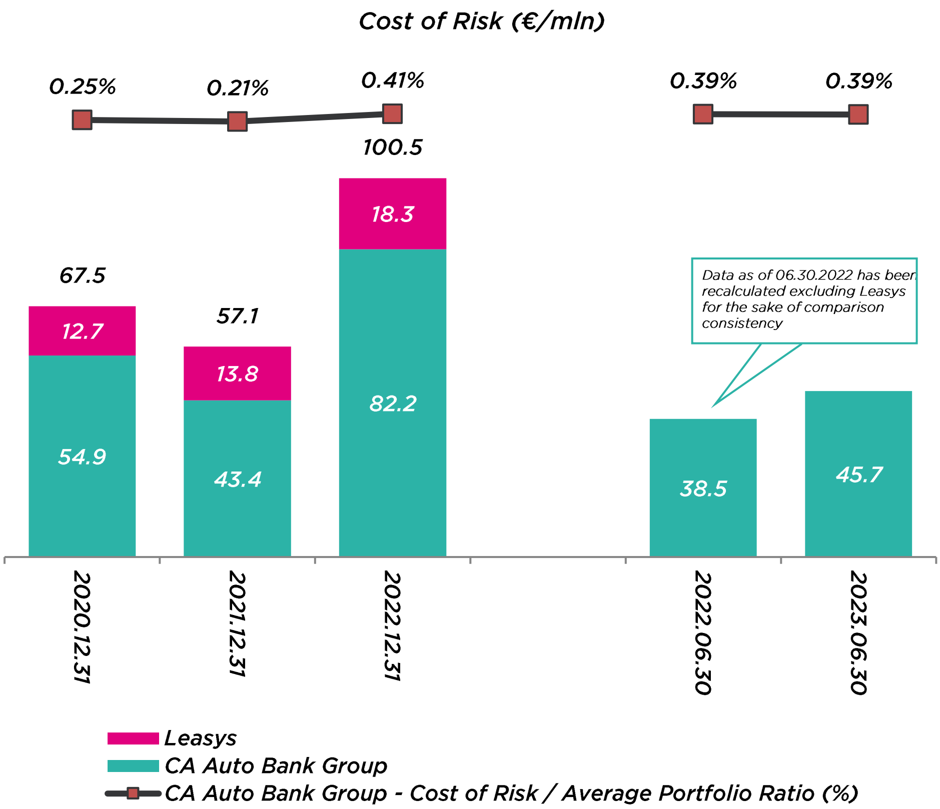
However, the net banking margin to average loans ratio declined to 3.4%, representing a decrease of 54 basis points from the first half of 2022. This decrease was influenced by the higher cost of funding, which was impacted by the European Central Bank's tighter monetary policy implemented to address the challenges of rising inflation.



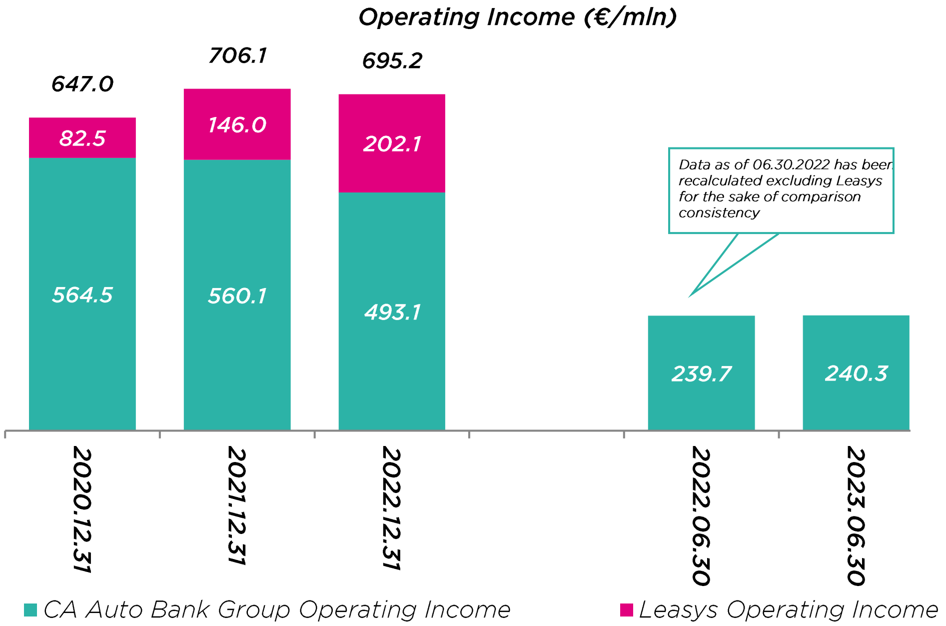
Net operating expenses increased by approximately €8 million compared to the first half of 2022, primarily due to the launch of the new CA Auto Bank brand and the expansion of the Rental/Mobility business in Europe through Drivalia. Consequently, the cost-income ratio, which was 28% in the first half of 2022, marginally declined to 28.8%.

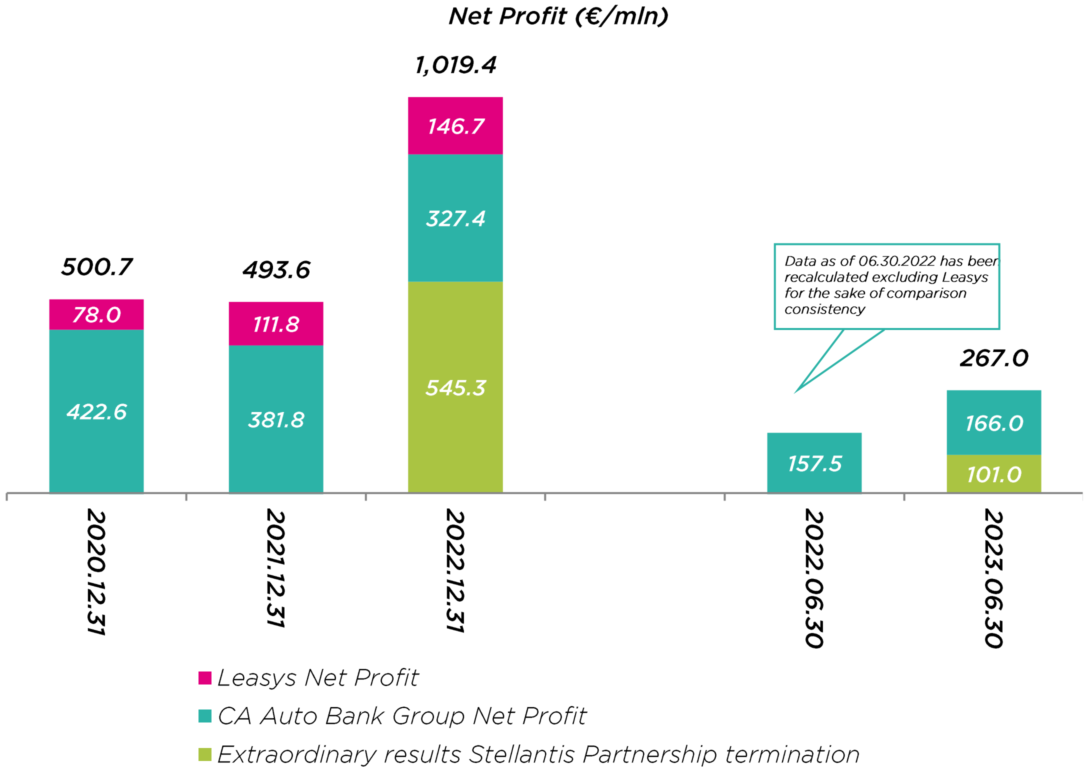


The 2023 cost of risk was 0.39% of average outstanding, aligning with the first half of the previous year. This performance reflects, in particular, the changes in the loan and lease portfolio mix of the Financing and Leasing business line.



Operating income for the first half of 2023 amounts to €240 million. Net profit rose by a remarkable 69.5% on the first half of 2022, to €267 million. This growth can be attributed to the outstanding commercial performance and the one-time gain resulting from the dissolution of the partnership with Stellantis.





Own funds and capital ratios

Own Funds and Capital Ratios (€/000)	06/30/2023*	12/31/2022
Common Equity Tier 1 - CET1	2,524,551	2,836,749
Additional Tier 1 - AT1	8,025	7,671
Tier 1 - T1	**2,532,576**	2,844,420
Tier 2 - T2	290,755	322,813
Own Funds	**2,823,331**	3,167,233
Risk Weighted Assets (RWA)	**20,088,290**	20,381,187
REGULATORY RATIOS		
CET 1	12.58%	13.92%
Total Capital Ratio (TCR)	14.06%	15.54%
LCR	147%	186%
NSFR	103%	112%
OTHER RATIOS		
Leverage Ratio	9.14%	10.22%
RONE (Net Profit/Average Normative Equity)	18.39%	24.48%

*provisional data

As of June 30, 2023, the Total Capital Ratio was reported at 14.06%, showing a decrease of 1.48% compared to December 31, 2022, mainly due to dividend payments and retained earnings. The CET1 (Common Equity Tier 1) ratio at the end of the first half of the year stood at 12.58%, while the RONE (Return On Normative Equity), calculated with Normative Equity equal to 9.5% of RWA (Risk-Weighted Assets), was at 18.39%.

Reconciliation between reclassified and reported income statement figures and outstandings

Statement of reconciliation between reported income statement ad reclassified income statement (€/mln)

	06/30/2023	06/30/2022
10. Interest and similar income	624	389
20. Interest and similar expenses	(341)	(69)
40. Fee and commission income	69	58
50. Fee and commission expenses	(18)	(23)
80. Net income financial assets and liabilities held for trading	(1)	1
90. Fair value adjustments in hedge accounting	(6)	(4)
160. Net premium earned	-	3
170. Net other operating income/ charges from insurance activities	(1)	(2)
190. Administrative costs	(6)	(1)
200. Net provisions for risks and charges	3	(2)
210. Depreciation-Impairment/Recoveries on property, plant and equipment	(39)	(6)
230. Other operating income/expenses	118	42
Net banking income and rental margin	402	387
40. Fee and commission incomes	6	9
190. Administrative costs	(107)	(109)
210. Depreciation-Impairment/Recoveries on property, plant and equipment	(7)	(7)
220. Amortization-Impairment/Recoveries on intangible assets	(9)	(8)
230. Other operating income/expenses	1	7
Net operating expenses	(116)	(109)
50. Fee and commission expenses	(4)	(4)
100. Gains (losses) on disposal or repurchase of	-	(2)
a) financial assets at amortized cost	(39)	(31)
230. Other operating income/charges	(3)	(2)
Cost of risk	(46)	(39)
190. Administrative costs	(9)	-
230. Other operating income/expenses	138	(14)
Net operating income (expenses)	130	(14)
300. Taxes on earnings from continuing operations	(103)	(68)
Income tax for the period	(103)	(68)
Net profit for the period	267	157

Statement of reconciliation between Outstandings and Receivables from Customers (€/mln)

	06/30/2023
Outstandings	*24,717*
90. Property, plant and equipment (*)	*(664)*
130. Other assets	*(239)*
80. Other liabilities	*6*
40.b) Receivables from customers not included in Outstandings	*26*
40.b) Loans and advances to customers	*23,846*
Lease and loan loss provisions – Management Accounts	*342*
130. Other assets	*(5)*
Lease and loan loss provisions Item 40.b) Loans and advances to customers	*337*

(*) Includes assets related to the rental activity.

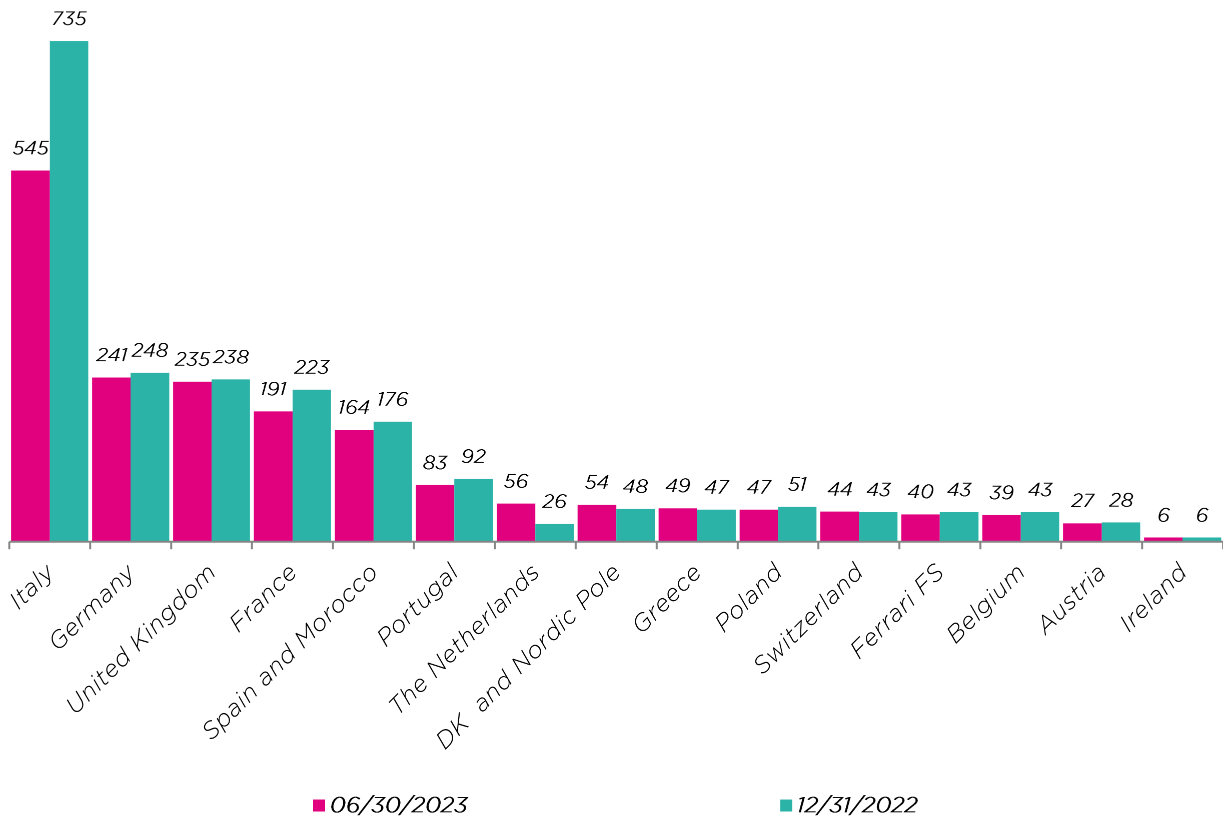
Reconciliation between Parent Company and consolidated equity and net profit (€/000)

	Equity	of which: Profit for the period
CA Auto Bank S.p.A.'s equity and net profit for the period	2,432,394	320,615
Equity and net profit of subsidiaries less non-controlling interests	950,275	64,961
Consolidation adjustments:	(565,860)	(122,687)
Elimination of carrying amount of consolidated companies	(621,053)	-
InterCompany dividends	-	-
Other consolidation adjustments	55,192	(122,687)
Equity and net profit attributable to the Shareholders of CA Auto Bank S.p.A.	2,816,808	262,889
Equity and profit attributable to non-controlling interests	82,952	4,094
Consolidated equity and net profit	2,899,760	266,983

Organization and human resources

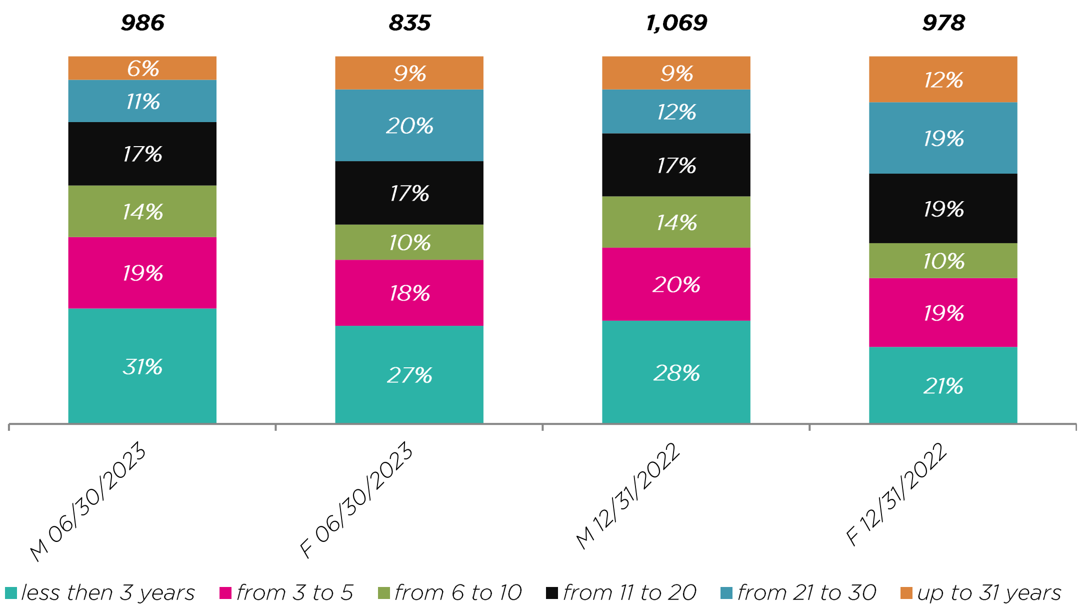
As of June 30, 2023, the CA Auto Bank Group's total workforce was 1,821, representing a decrease of 226 employees compared to December 31, 2022. This decrease is primarily attributed to the organizational restructuring resulting from the agreements between CACF and Stellantis, whereby all banking and related activities were sold to Crédit Agricole while the FCA Brands' assets and employees in Italy were transferred to Stellantis Financial Services Italy.

Distribution of the number of employees in the group as of June 30, 2023

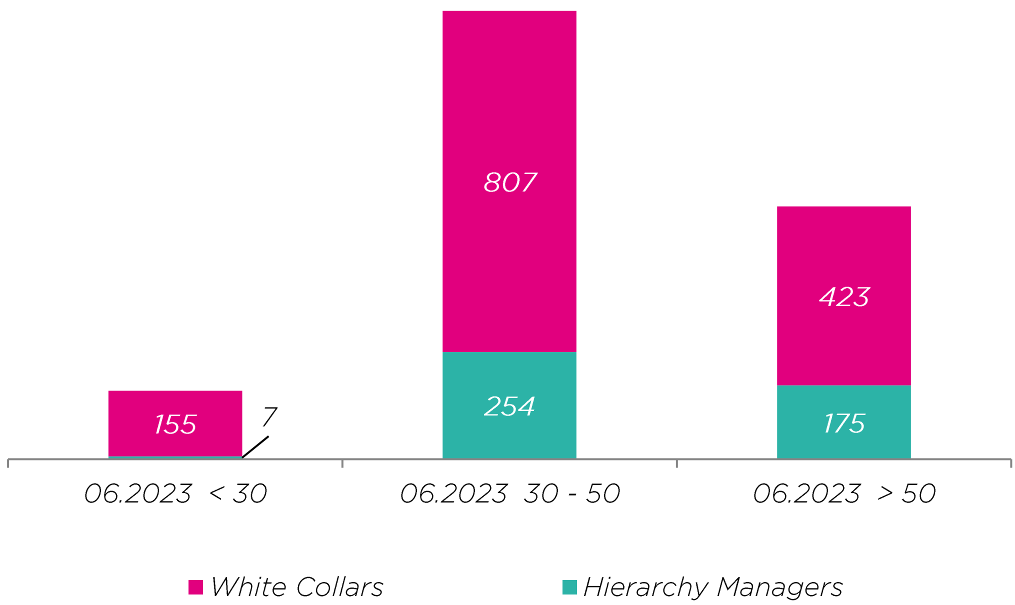


Data analysis reveals that the two Italian companies contribute to 29.9% of the total workforce. As of June 2023, female employees constitute 45.90% of the total workforce, with the average age of the group's employees being 47.7 years (44.2 for males and 49.2 for females). Furthermore, the average company seniority is 10.8 years (9.6 for males and 12.1 for females). A noteworthy 6.2% of the workforce (113 people, of whom 103 are women) work part-time.

Company seniority by gender



Hierarchy level by age



Hierarchical level

23.9% of the workforce has Hierarchy Managers.

Human resource management

With regard to human resource management, the following activities were carried out during the six-month period.

Organizational development

Activities to enhance the central oversight of various processes related to human resource management and governance mechanisms continued in 2023. The focus was on the following key activities:

- *The revision of CA Auto Bank Holding's first-level organizational structure to establish itself as an independent, multi-brand pan-European player in the financing and mobility business within Crédit Agricole Consumer Finance. This involved the packaging into a business unit of the activities and personnel of the FCA Brands HQ & Italia department and consequent sale to Stellantis Financial Services Italy.*
- *The integration of Finance activities in the Italian market into the Finance department of CA Auto Bank HQ, aiming to optimize the coordination of Controlling and Accounting activities.*
- *The transfer of responsibility for New Banking Product (previously managed by the Italy market) to CA Auto Bank's first-level entity "Sales & Marketing and CSR.*
- *The launch of Drivalia's new organization, including the establishment of HQ entities and functional coordination on foreign markets, reporting hierarchically to CA Auto Bank's Country Manager.*

From an Industrial Relations perspective, attention is called to the new Specific Collective Labor Agreement (CCSL) in Italy for the period 2023 - 2026. This agreement reinforces the participatory approach, allowing employees to share in the company's success through the efficiency-based pay factor, assessed annually. Additionally, we continue with to be committed to corporate welfare and remote working initiatives.

Training

Throughout the first half of 2023, the CA Auto Bank Group remained dedicated to staff development, emphasizing training programs for control function, though focusing constantly on cost management.

Performance Leadership Management

Through the "PLM" (Performance & Leadership Management) process, the CA Auto Bank Group ensures a cohesive alignment between individual conduct and the company's and the shareholders' annual and long-term objectives. The PLM process promotes transparent and two-way communication with employees, enabling them to understand how their contributions impact the organization's results. It fosters a shared commitment to effectively achieve agreed-upon goals and offers appropriate support for personal improvement and development.

The "PLM" methodology operates on two essential dimensions: the focus on goals and their related outcomes, and the emphasis on individual skills and conduct. By incorporating both aspects, we can hold our team members accountable and actively involve them in their professional growth.

In 2023, the PLM process will encompass all Material Risk Takers, as well as the rest of our corporate population, to create a harmonious alignment between strategic objectives and individual performance.

Gender Equity e inclusivity

The Group is steadfast in its commitment to upholding remuneration policies that promote equal opportunities and discourage any form of discrimination, both in fixed and variable components. To bolster this dedication and further heighten awareness of these principles at the Group level in line with the guidelines set forth by the European Banking Authority, we continued to emphasize these issues throughout the first half of 2023. In particular working in this area, we have reintroduced the digital coaching project started in 2022 across all markets. This innovative approach combines methodical flexibility with the imperative to address inclusivity in managerial leadership attributes.

HEALTH AND SAFETY AT WORK

All companies within the Group comply strictly with laws and regulations on occupational safety. Within the Italian market, CA Auto Bank S.p.A. takes a systematic approach to manage worker health and safety risks, following these key stages:

- *Risk assessment;*
- *Identification and preparation of prevention and protection measures;*
- *Action llan, to continuously improve safety levels over time;*
- *Implementation of the actions outlined in the safety improvement program;*
- *Preparation of worker information and training programs;*
- *Residual risk management.*

CA Auto Bank S.p.A., as the employer, works collaboratively with the Prevention and Protection Service Manager and Competent Doctors to ensure a safe working environment. Together, they prepare and regularly update the risk assessment document. The most recent update was completed on June 29, 2021.

Furthermore, the risk assessment and associated document are promptly updated whenever significant changes occur within the company's organization that may impact the risk exposure of workers. Additionally, the biennial assessment of work-related stress risk is carefully taken into consideration during the updating process.

Work-Related Stress

The work-related stress assessment is updated every two years, unless there are substantial changes in the production process or work organization that could impact worker health and safety. The latest update of the work-related stress assessment took place in July 2023, indicating that the risk level falls within the green area (non-significant risk).

Information technology

During the first half of 2023, the Information and Communication Technology (ICT) department focused on certain processes to strengthen its digitalization and product diversification strategy. Some key areas of focus during this period were:

- *The consolidation and expansion of the e-commerce platform, catering to new clients and offering a dynamic and integrated approach to managing the contract component. This was made possible through the Financial Calculator 3.0 application, enabling efficient financing proposal calculations for vehicle purchases, and the remote onboarding of customers through the application managing remote document upload, video-self recognition, and remote signature. The platform ensures customers can access the services from any device, making the process for vehicle purchases, and their finalization, seamless and immediate.*
- *Further development and expansion of products of the Payment Gateway platform which enables CA Auto Bank to support digital payment solutions comparable to those of the best global providers, as well as to introduce innovative payment options like Instant Credit and Buy Now Pay Later. This solution was integrated at the end of May into the new Drivalia platform for managing Car Sharing, Short Term Rental, and Subscriptions processes.*
- *The business intelligence roadmap was successfully completed, and the Cross Market component of the corporate Data Warehouse is now in full production.*
- *The implementation of the Salesforce Customer Care and CRM platform has been fully carried out, extending its coverage to the last European markets.*

Across all European markets, there is a strong collaborative synergy with CA Auto Bank Headquarters, actively working together on e-commerce, Payment Gateway, and CRM projects.

In certain foreign markets, the cluster approach to upgrading management and accounting systems has been pursued. Specifically, the CRFS solution has been successfully consolidated in the Portugal and Spain markets. In Denmark, the release of the Triton platform is progressing well, with the transition to production confirmed for September 2023.

Regarding Drivalia operations, the first phase of the Pan-European Platform project for managing Car Sharing, Short-Term Rental, and Subscription processes was launched in the Italian market at the end of May. This phase includes all the management, web, and app components.

The journey of process automation in the CA Auto Bank and Drivalia world is continuously expanding, especially in the RPA (Robotic Process Automation) domain. This expansion reinforces the strategic plan of automating repetitive tasks across various operational areas, leading to optimized processes and allowing business employees to focus on higher value-added activities. Moreover, as part of managing the demerger between CA Auto Bank and Stellantis, impact analyses have been initiated, to address specifically infrastructure, network, and customer authentication issues.

The internal control system

To ensure a sound and prudent management approach, the CA Auto Bank Group seamlessly integrates profitability, informed risk-taking, and ethical business conduct.

To achieve this, the Group has established an effective internal control system, which continuously identifies, assesses, and mitigates risks associated with its operations. This system involves governing bodies, control functions, committees, the Supervisory Board, senior management, and all personnel.

To oversee the internal controls comprehensively, the Group relies on centralized supervision led by dedicated departments, namely Internal Audit, Risk & Permanent Control, Compliance, and Supervisory Relations & Data Protection. These departments operate independently from each other in organizational terms but maintain strong connections with corresponding units in the subsidiaries. Notably, "Compliance, Supervisory Relations & Data Protection" and "Risk & Permanent Control" report directly to the CEO and General Manager (CEO&GM), while the Internal Audit department reports directly to the Board of Directors.

Operationally, the CA Auto Bank Group implements three types of controls:

- *First-level controls, which focus on the day-to-day operations and individual transactions, verifying their proper conduct. They are either integrated into IT procedures or carried out by operational structures;*

- Second-level controls, *which are designed to ensure the proper definition and implementation of the risk management process, the compliance of business operations with current regulation and the effectiveness, safety, and consistency of operational activities, as well as compliance with internal and external rules and regulations. These controls are managed by such dedicated departments as "Risk & Permanent Control" and "Compliance, Supervisory Relations & Data Protection," which are separate from the operational units.*

- Third-level controls, *which are conducted by the Internal Audit department to identify abnormal trends, detect breaches of procedures and regulations, and assess the functioning of the overall internal control system.*

Control functions

Internal Audit

The Internal Audit department is responsible for third-level controls. Based on an annual plan submitted to the Board of Directors for approval, it checks the adequacy of the internal control system and provides the Board of Directors and management with a professional and impartial assessment of the effectiveness of internal controls.

The Head of Internal Audit is responsible for:

- *Preparing the audit plan based on periodic risk assessments and coordinating audit activities;*

- *Providing regular reports on the results and progress of the audit plan to the Board of Directors, the Risk and Audit Committee, the Internal Control Committee, and the Board of Statutory Auditors;*

- *Conducting internal audits, at least annually, of the ICAAP (Internal Capital Adequacy Assessment Process) to ensure compliance with regulatory requirements and conducting periodic reviews of the individual risk assessment process.*

he audit process involves annual risk mapping at the level of individual companies, utilizing a standardized methodology issued by the Parent Company. For subsidiaries without local Internal Audit departments, risk mapping is conducted centrally.

Monitoring the results of audit activities on individual companies includes quarterly reporting on:

- *Progress of the audit plan and explanations for any deviations;*
- *Audit reports for all completed audits during the relevant quarter;*
- *Status of implementation of issued recommendations and related action plans.*

The Board of Directors is periodically informed about the progress of the plan, the results of the audits, the action plans undertaken, and the level of implementation of the recommendations issued.

Risk & Permanent Control

The mission of the department is to identify, measure and manage risks, as well as supervise the implementation of Group guidelines in terms of risk management, while also directly managing second-level permanent controls.

The main objectives of Risk & Permanent Control (R&PC) are:

- *Develop and establish the Group's risk management and permanent control guidelines;*
- *Promote a strong risk culture at all levels of the organization;*
- *Identify and assess various types of risk, with the exception of Compliance risks, which are handled by a dedicated Control Department;*
- *Monitor the Group's exposure to different types of risk (RAF - Risk Appetite Framework);*
- *Collaborate with other departments involved in the process to manage ICAAP (Internal Capital Adequacy Assessment Process), ILAAP (Internal Liquidity Adequacy Assessment Process), and Contingency Funding Plan;*
- *Ensure effective communication of risk-related information to other corporate functions, governing bodies, and senior management;*
- *Collaborate with the Group's other Control Departments (Compliance and Internal Audit) to ensure comprehensive monitoring of the entire internal control scope;*
- *Provide independent opinions on significant transactions;*

- *coordinate the Group Risk Strategy, issuing own of opinions and verifying its effective implementation.*

The head of R&PC is also responsible for the business continuity plan. The R&PC department is represented in each Group Company by its own local contact person

Oversight of the Group Companies is performed by:

- *Providing Group-wide guidelines on risk management and second-level controls;*
- *Monitoring the effectiveness of local control plans and the local risk profile (RAF);*
- *Supervising the annual Budget formation process, ensuring alignment with the Group Risk Appetite.*

The results of second-level controls carried out by Risk & Permanent Control are presented quarterly during the Internal Control Committee (ICC), and reported annually in the Internal Control Report (ICR). In contrast, the Bank's risk profile is presented in the Group Internal Risk Committee (GIRC).

Compliance, Supervisory Relations & Data Protection

Compliance, Supervisory Relations & Data Protection (CSR&DP) operates as a second-level control function, guided by principles of independence, authority, autonomy, and the adequacy of its resources. The function encompasses the following key areas of expertise:

- *Compliance: CSR&DP focuses on overseeing the risk of non-compliance, which involves potential legal or administrative penalties, financial losses, or reputational harm stemming from breaches of laws or self-regulatory provisions. This dedication to safeguarding the Bank against potential sanctions ensures that the Bank adheres diligently to applicable rules and self-regulatory principles outlined in the code of conduct. By upholding compliance, CSR&DP prioritizes the interests of customers and aims to preserve the invaluable asset of trust while mitigating reputational risks.*
- *Supervisory Relations: In this area CSR&DP is dedicated to effectively managing relations with Italian and supranational Supervisory Authorities. Through periodic meetings and comprehensive reporting, it ensures transparent communication of the Group's initiatives and projects. Moreover, it plays a vital role in coordinating interactions with local*

Supervisory Authorities by diligently monitoring and reporting on inspections, as well as implementing any necessary action plans.

- *Data Protection, Within this domain, the focus lies on safeguarding personal data and ensuring its adequate protection. The team defines clear roles and responsibilities to facilitate the proper management of data in accordance with the specific needs and unique characteristics of the Company.*

The head of the department is also the Anti-Money Laundering Officer, Whistleblowing Officer, Antitrust Compliance Manager and was appointed Data Protection Officer (DPO) on September 25, 2020; he is also, delegated to the reporting of suspicious transactions and is a member of the Company's Supervisory Board.

CSR&DP conducts an annual Compliance Risk Mapping to identify potential non-compliance risks, followed by diligent monitoring through a plan of activities and controls. This comprehensive plan includes:

- *Controls to assess the effectiveness of existing processes and procedures in alignment with local regulations and Group Policy.*
- *Involvement in various projects, activities, and initiatives, whether ongoing or newly initiated, to ensure compliance from the outset.*
- *Organizing training courses to instill a cohesive and comprehensive risk culture among all employees and collaborators.*

The outcomes of these controls are meticulously documented and shared with the respective area managers, enabling the development of action plans to reinforce the control of non-compliance risks faced by the Company.

The CSR&DP function operates across the Parent Company and extends its coordination and supervision to branches and subsidiaries in foreign markets, as well as the Drivalia Group.

Board committees

Risk And Audit Committee

The Risk and Audit Committee (RAC) plays a pivotal role in supporting the Board of Directors with regards to risk management, internal controls, and adherence to accounting standards for both separate and consolidated financial statements, in compliance with supervisory provisions on corporate governance.

Specifically, the Committee supports the Board of Directors in the areas of risk management and control by:

- *Defining and approving strategic guidelines and risk governance policies. Within the Risk Appetite Framework (RAF), the Committee provides critical evaluation and proposals to enable the Board to establish risk objectives ("Risk Appetite") and tolerance thresholds ("Risk Tolerance").*
- *Verifying the effective implementation of risk governance policies and the RAF's strategies.*
- *Formulating policies and processes for evaluating business activities.*
- *Reviewing and providing input on the audit plan, activity programs of second-level control functions, and periodic reports from corporate control functions that are presented to the Board of Directors in advance.*
- *Ensuring the effectiveness of corporate risk control functions, internal control procedures, and information flows to guarantee the Board of Directors receives accurate and comprehensive information.*

The Board of Directors, without prejudice to the responsibilities assigned to it by law and regulations, has designated the Risk & Audit Committee as the key committee responsible for providing recommendations, advice, and conducting investigations to support the preparation of the Non-Financial Statement. As part of this role, the committee collaborates with management to outline and structure the contents of the statement during the annual reporting process. It diligently monitors each stage of preparation and ensures the completeness and accuracy of the information communicated to the public through this document. Subsequently, the committee issues a prior opinion to the Board of Directors in connection with the latter's approval of the Non-Financial Statement.

As part of its advisory role to the Board, the Risk & Audit Committee takes on the responsibility of monitoring the progress of social and environmental sustainability programs initiated and implemented by management. It ensures these initiatives align with the strategies defined by the Board and evaluates their level of execution. The committee maintains regular communication with relevant corporate functions, including CSR for social responsibility initiatives and Finance - Consolidated & Regulatory Reporting for the preparation of the Non-Financial Statement. Furthermore, the committee fosters a continuous dialogue with the Board of Statutory Auditors, carefully examining its findings and suggestions stemming from its supervisory activities on compliance with legal provisions in this domain. If necessary, the Risk & Audit Committee puts forth proposals to the management and strategic supervision bodies, including the CEO and the Board of Directors.

The Committee comprises two Independent Directors, with one of them assuming the rotating chairmanship, along with one Non-Executive Director. Additionally, a Non-Executive Director is consistently invited to attend its sessions. Meetings are attended also by a member of the Board of Statutory Auditors and the Head of Internal Audit, who serves as the secretary. In specific instances, the heads of second-level control functions and the company's management may be invited to participate, contributing their expertise and insights on relevant topics under consideration by the Committee.

Nomination Committee

As per the corporate governance supervisory provisions, the Nomination Committee plays a crucial role in supporting the Board of Directors in various important processes. These include the appointment or co-opting of directors, the self-assessment of the Board of Directors, the succession planning of the CEO and General Manager, and the assignment of positions for key senior management roles.

The Committee operates in accordance with the Articles of Association and provides recommendations and opinions to the Board of Directors. For the Committee to effectively carry out its responsibilities, the Board of Directors provides the necessary resources, including the option to engage external consultants, within the budgetary limits and through the Company's established structures.

Established on March 23, 2016, through a resolution of the Board of Directors, the Nomination Committee has been active since June 30, 2017. It comprises three non-executive directors, with two of them being independent directors. Additionally, one other non-executive director is invited on a permanent basis.

An independent director chairs the Committee. In case of the Chairman's absence, the Committee is chaired by the other independent director.

Remuneration Committee

As per the corporate governance supervisory provisions, the Remuneration Committee fulfills advisory and consultative roles for the CA Bank Group's Board of Directors concerning compensation and incentive practices and policies.

In particular, the Committee, after consulting with the CEO and General Manager, submits proposals to the Board of Directors on incentives, the remuneration policy document, and the report detailing their application (ex-post disclosure). These proposals are then subject to annual approval by the General Meeting of Shareholders.

Annually, the Committee ensures that the Board of Directors and shareholders are furnished with comprehensive information about its activities.

For the Committee to effectively carry out its responsibilities, the Board of Directors provides the necessary resources, including the option to engage external consultants, within the budgetary limits and through the Company's established structures.

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.

Established on March 23, 2016, following a resolution of the Board of Directors, the Remuneration Committee consists of three non-executive directors, two of whom are independent directors.

The Committee, established on March 23, 2016, pursuant to a resolution of the Board of Directors, is made up since June 30, 2017 of 3 non-executive directors, including 2 independent members.

An independent director chairs the Committee. In case of the Chairman's absence, the Committee is chaired by the other independent director.

Other committees involved in the Internal Control System (ICS)

To supplement and complement the ICS, the Group has, in addition to the Control Functions and Board Committees, the following committees.

Internal Control Committee

The Internal Control Committee (ICC) plays a vital role in providing essential information to CACF about the internal control system. Additionally, the committee offers support to the CEO, the Board of Statutory Auditors, and the Risk and Audit Committee in their respective functions concerning the internal control system.

The key objectives of the ICC include:

- *Monitoring the findings and action plans resulting from internal control activities;*
- *Analyzing any issues and situations related to the internal control system;*
- *Overseeing fraud events and evaluating the effectiveness of prevention measures.*

The ICC convenes quarterly meetings, which are also attended by representatives from CACF.

During these gatherings, the committee also presents findings and recommendations resulting from inspections conducted by local supervisory authorities.

Furthermore, the presence of the CEO and General Manager completes the upstream communication process of the internal control system, as the CEO is responsible for implementing necessary operational adjustments in case of deficiencies or anomalies. This ensures a comprehensive and integrated overview of the findings of the conducted controls.

Group Internal Risk Committee

The Group Internal Risk Committee (GIRC) assumes a critical guiding and monitoring role, ensuring the effective functioning of the Group's internal control system in risk prevention and management.

Unlike the other control committees, the GIRC's activities are more analytical in nature. It involves a thorough review of various aspects, including the Risk Appetite Framework

(RAF) and the Risk Strategy developed by each manager of the Group's companies. These strategies must align with the Group's Risk Appetite and are submitted annually to the GIRC, following the Group Risk Management policy approved by the Board of Directors.

Additionally, the GIRC has a restricted composition known as the New Products and Activities (NPA) committee. The NPA committee reviews and approves proposals for new products and activities. It also convenes during market or Bank liquidity crises, activating the business continuity plan.

Chaired by the CEO and General Manager, the GIRC includes its first-line representatives and, when necessary, the heads of the Group's companies.

In cases involving the NPA, the heads of the three internal control functions express their opinions based on their specific expertise, ensuring a clear separation between management and control functions.

Supervisory Board

In line with the aim of preventing administrative liability under Legislative Decree 231/01, a Supervisory Board (SB) has been established for both the Parent Company and its Italian subsidiary, Drivalia S.p.A. The primary responsibility of this board is to ensure the effective implementation of the "Organization, Management, and Control Model" and the Code of Conduct.

The Supervisory Board:

- *Convenes at least quarterly and as needed, providing periodic reports to the CEO, General Manager, Board of Directors, and Board of Statutory Auditors;*
- *Conducts regular assessments of the Model's effectiveness in preventing predicate offenses. For this purpose, it collaborates with CA Auto Bank's Compliance Department, Internal Audit Department, and Risk & Permanent Control Department, along with other internal departments that may be relevant from time to time.*

The Supervisory Board for the Parent Company is composed of three members, the Head of Compliance, Supervisory Relations & Data Protection, the Head of Internal Audit and an external professional with expertise in legal matters, serving as Chair.

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, and the continuing semiconductor shortage) 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.

The CA Auto 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 the first half of 2023, 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.

Management and coordination activities

CA Auto Bank S.p.A., as a sole shareholder company, is under the management and coordination of CA Consumer Finance S.A., in accordance with article 2497 bis of the Civil Code.
CA Auto Bank S.p.A.'s direct and indirect subsidiaries are also subject to its management and coordination activities. As the Group's Parent Company, CA Auto Bank S.p.A. plays a crucial role in defining and establishing the overall strategic and operational guidelines for

the entire Group. These guidelines are geared towards promoting the stability of the Group while outlining general policies on various aspects such as human resource management, sustainable business development, financial and credit management, risk prevention, mitigation, and management, as well as communication with stakeholders

Furthermore, for the companies within the CA Auto Bank Group, the Parent Company, CA Auto Bank S.p.A., establishes clear guidelines in accordance with the instructions issued by the Banking and Financial Supervisory Authorities. These guidelines aim to ensure the sound and prudent management of activities and business operations.

One of the primary objectives is to achieve economies of scale across all Group companies. This is pursued through the utilization of professional and specialized services with an emphasis on increasing quality. The goal is to maintain the managerial and operational autonomy of individual companies while avoiding the dispersion of employee focus on core business management. To achieve this, certain services are centrally managed, and close connections are fostered between the Group companies and the central functions of the Parent Company. The specifics of this centralization may evolve over time based on continuous monitoring conducted by the system and internal control bodies and the decisions of the Board of Directors and the management body.

Dividends and reserve distributions

On April 3, 2023, with approval from the general meeting of shareholders on the same date, a distribution of €1.1 billion was made. This distribution comprised €785.4 million from the previous year's earnings and €314.6 million from available reserves. This distribution forms part of a comprehensive set of actions devised to facilitate the closing of the joint venture, in line with the agreements reached between the shareholders in 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.

	Consolidated Income Statement details and reconciliation with the reclassified Income Statement (€/mln)	06/30/2023	Reclassified income statement items
10	INTEREST AND SIMILAR INCOME	624	NBI
80	NET INCOME FINANCIAL ASSETS AND LIABILTIES HELD FOR TRADING	(1)	NBI
40	FEE AND COMMISSION INCOME	75	
	FINANCIAL INCOME	698	
	TOTAL FINANCIAL INCOME	698	
20	INTEREST AND SIMILAR EXPENSES	(341)	NBI
90	FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(6)	NBI
50	FEE AND COMMISSION EXPENSES	(22)	
	Fee and commission expenses	(18)	NBI
	Insurance credit costs	(4)	COR
	TOTAL FINANCIAL EXPENSE	(370)	
130	CREDIT IMPAIRMENT/RECOVERIES, NET	(39)	COR
180	INCOME (LOSS) ON FINANCIAL AND INSURANCE ACTIVITIES	289	
190	ADMINISTRATIVE COSTS	(122)	
200	NET PROVISIONS FOR RISKS AND CHARGES	2	
210	DEPRECIATION-IMPAIMENT/RECOVERIES ON PROPERTY, PLANT AND EQUIPMENT	(46)	
	Depreciation of rental assets (rental/mobility business)	(39)	NBI
	Depreciation of property, plant and equipment	(7)	NOE
220	AMORTIZATION-IMPAIRMENT/RECOVERIES ON INTANGIBLE ASSETS	(9)	NOE
230	OTHER OPERATING INCOME/EXPENSES	255	
	Rental incomes/expenses (rental/mobility business)	118	NBI
	Credit collection expenses	1	NOE
	Allowance for doubtful accounts (rental business)	(3)	COR
	Other	138	OTH
240	OPERATING COSTS	81	
290	PRE-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS	369	
300	TAX ON INCOME FROM CONTINUING OPERATIONS	(103)	TAX
330	NET PROFIT (LOSS) FOR THE PERIOD	267	
340	PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	4	
350	PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS	263	

Reclassified income statement items (€/mln)	06/30/2023	
Net Banking Income	402	NBI
Net Operating Expenses	(116)	NOE
Cost of risk	(46)	COR
Operating Income	240	
Other expenses/income	130	OTH
Pre-tax profit	370	
Income tax	(103)	TAX
Profit (loss) for the period	267	

Turin, July 20, 2023

Chief Executive Officer and General Manager
Giacomo Carelli

HALF-YEARLY CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Consolidated statement of financial position

Consolidated income statement

Consolidated statement of comprehensive income

Consolidated statement of changes in equity

Consolidated statement of cash flow

Consolidated statement of financial position

	Assets (€/000)	06/30/2023	12/31/2022
10.	Cash and cash equivalents	1,377,466	3,139,786
30.	Financial assets at fair value through other comprehensive income (FVOCI)	9,386	9,305
40.	Financial assets at amortized cost	23,710,654	23,028,785
	a) loans and advances to banks	202,526	117,901
	b) loans and advances to customers	23,508,128	22,910,884
50.	Hedging derivatives	503,121	550,433
60.	Changes in fair value of portfolio hedge items (+/-)	(460,982)	(491,289)
70.	Equity investments	54	54
80.	Insurance reserves attributable to reinsurers	9,230	9,831
90.	Property, plant and equipment	919,961	532,135
100.	Intangible assets	120,652	121,054
	of which:		
	- goodwill	39,326	39,260
110.	Tax assets	202,363	176,560
	a) current	45,613	44,882
	b) deferred	156,750	131,678
130.	Other assets	1,535,909	1,232,132
	Total assets	27,927,814	28,308,786

	Liabilities and Equity (€/000)	06/30/2023	12/31/2022
10.	Financial liabilities at amortized cost	23,292,993	23,056,671
	a) deposits from banks	12,574,590	11,874,254
	b) deposits from customers	2,424,079	2,780,511
	c) debt securities in issue	8,294,323	8,401,906
20.	Financial liabilities held for trading	559	868
40.	Hedging derivatives	147,003	180,524
60.	Tax liabilities	173,672	178,256
	a) current	906	29,374
	b) deferred	172,766	148,882
80.	Other liabilities	1,268,352	1,009,608
90.	Provision for employee severance pay	3,593	6,174
100.	Provisions for risks and charges	112,232	123,328
	a) commitments and guarantees given	-	28
	b) post-retirement benefit obligations	28,066	31,138
	c) other provisions for risks and charges	84,166	92,162
110.	Insurance reserves	29,650	24,927
120.	Valuation reserves	(6,936)	(4,134)
150.	Reserves	1,668,109	1,750,053
160.	Share premium reserve	192,746	192,746
170.	Share capital	700,000	700,000
190.	Non-controlling interests (+/-)	82,952	78,858
200.	Net Profit (Loss) for the year (+/-)	262,889	1,010,907
	Total liabilities and equity	27,927,814	28,308,786

Consolidated income statement

	Description (€/000)	06/30/2023	06/30/2022
10.	Interest and similar income	624,071	391,267
20.	Interest and similar expenses	(340,989)	(67,369)
30.	**Net interest margin**	**283,082**	**323,898**
40.	Fee and commission income	75,445	66,053
50.	Fee and commission expenses	(22,251)	(26,827)
60.	**Fee and commission income (expenses), net**	**53,194**	**39,225**
80.	Net gains (Losses) on financial assets and liabilities held for trading	(1,275)	1,020
90.	Net Gains (Losses) on hedge accounting	(6,412)	(3,603)
100.	Gains (Losses) on disposal or repurchase of:	-	(1,820)
	a) financial assets at amortized cost	-	(1,820)
120.	**Operating income**	**328,588**	**358,721**
130.	Net impairment/reinstatement for credit risk:	(39,212)	(30,871)
	a) financial assets at amortized cost	(39,212)	(30,871)
150.	**Net income from financial activities**	**289,376**	**327,850**
170.	Net financial income/expenses related to insurance activities	(613)	886
	b Net financial income/expenses related to policies ceded to reinsurers	(613)	886
180.	**Net income from financial and insurance activities**	**288,763**	**328,736**
190.	Administrative costs:	(121,669)	(120,173)
	a) payroll costs	(77,390)	(73,312)
	b) other administrative costs	(44,279)	(46,862)
200.	Net provisions for risks and charges	2,436	(2,522)
	a) commitments and financial guarantees given	-	(5)
	b) other net provisions	2,436	(2,517)
210.	Impairment-depreciation/recoveries on property, plant and equipment	(46,249)	(11,325)
220.	Impairment-amortization/recoveries on intangible assets	(8,839)	(7,930)
230.	Other operating income/expenses	255,074	63,509
240.	**Operating costs**	**80,753**	**(78,441)**
250.	Gains (Losses) on disposal of investments	-	16
290.	**Pre-tax profit (loss) from continuing operations**	**369,516**	**250,311**
300.	Tax on income from continuing operations	(102,533)	(66,237)
310.	**Net profit (loss) from continuing operations**	**266,983**	**184,074**
320.	Net income (loss) from discontinued operations	-	46,065
330.	**Net profit (loss) for the period**	**266,983**	**230,139**
340.	Net income (loss) attributable to non-controlling interests	(4,094)	(4,659)
350.	**Net income (loss) attributable to the shareholders of the Parent Company**	**262,889**	**225,481**

Consolidated statement of comprehensive income

	Description (€/000)	06/30/2023	06/30/2022
10.	Net profit (loss) for the period	266,983	230,139
	Other comprehensive after-tax income not reclassified to profit or loss	(348)	-
40.	Defined-benefit plans	(348)	-
	Other comprehensive income after tax reclassified to profit or loss	4,695	46,439
80.	Exchange rate differences	6,549	(3,461)
90.	Cash flow hedging	(1,854)	49,900
130.	Total other comprehensive income after tax	4,347	46,439
	of which:		
	- related to discontinued operations	-	46,817
140.	Total comprehensive income (voce 10+130)	271,330	276,578
150.	Total comprehensive income attributable to non-controlling interests	4,094	4,659
160.	Total comprehensive income attributable to the Shareholders of the Parent Company	267,236	271,919

Consolidated statement of changes in equity as of 06/30/2023 and 06/30/2022

(€/000)

	Closing balance as at 12/31/2022	Changes in opening balance	Balance as at 01/01/2023	Allocation of profit from previous year		Changes during the period									Equity as at 06/30/2023	Equity attributable to Parent Company's shareholders as at 06/30/2023	Equity attributable to non-controlling interests as at 06/30/2023
							Equity transactions										
				Reserves	Dividends and other allocations	Changes in reserves	New share issues	Share buyback	Interim dividends	Special dividends paid	Changes in equity instruments	Derivatives on own shares	Stock options	Consolidated comprehensive income for the period			
Share capital:																	
a) common shares	703,389		703,389												703,389	700,000	3,389
b) other shares																	
Share premium reserve	195,623		195,623												195,623	192,746	2,877
Reserves:																	
a) retained earnings	1,813,476		1,813,476	1,019,369	(1,100,000)										1,732,845	1,660,382	72,463
b) other																	
Valuation reserve	(3,427)		(3,427)											4,347	920	791	129
Equity instruments																	
Interim dividends																	
Treasury shares																	
Profit (Loss) for the period	1,019,369		1,019,369	(1,019,369)										266,983	266,983	262,889	4,094
Equity	**3,728,430**		**3,728,430**											**271,330**	**2,899,760**	**2,816,808**	**82,952**
Equity attributable to the Parent Company's shareholders	**3,649,572**		**3,649,572**		**(1,100,000)**									**267,236**		**2,816,808**	
Equity attributable to non-controlling interests	**78,858**		**78,858**											**4,094**			**82,952**

(€/000)

	Closing balance as at 12/31/2021	Changes in opening balance	Balance as at 01/01/2022	Allocation of profit from previous year		Changes during the period									Equity as at 06/30/2022	Equity attributable to Parent Company's shareholders as at 06/30/2022	Equity attributable to non-controlling interests as at 06/30/2022
							Equity transactions										
				Reserves	Dividends and other allocations	Changes in reserves	New share issues	Share buyback	Interim dividends	Special dividends paid	Changes in equity instruments	Derivatives on own shares	Stock options	Consolidated comprehensive income for the period			
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											3,013,476	2,949,537	63,939
b) other																	
Valuation reserve	(10,533)		(10,533)											46,439	35,906	35,974	(69)
Equity instruments																	
Interim dividends																	
Treasury shares																	
Profit (Loss) for the period	493,605		493,605	(493,605)										230,139	230,139	225,480	4,659
Equity	**3,901,954**		**3,901,954**											**276,578**	**4,178,532**	**4,103,738**	**74,794**
Equity attributable to the Parent Company's shareholders	**3,831,818**		**3,831,818**											**271,919**		**4,103,738**	
Equity attributable to non-controlling interests	**70,136**		**70,136**											**4,659**			**74,794**

Consolidated statement of cash flow (direct method)

Description (€/000)	06/30/2023	06/30/2022
A. OPERATING ACTIVITIES		
1. Business operations	1,345,986	376,091
- interest income (+)	1,430,424	449,090
- interest expense (-)	(190,568)	(118,584)
- fee and commission income (expense) (+/-)	53,194	39,225
- personnel expenses (-)	(67,317)	(64,738)
- net earned premiums (+)	-	2,602
- other insurance income/expenses (+/-)	(613)	(1,716)
- other costs (-)	(16,730)	(23,130)
- other revenues (+)	239,501	92,092
- taxes and levies (-)	(101,905)	(44,815)
- expenses/revenues relating to discontinued operations net of the tax effect (+/-)	-	46,065
2. Cash flows generated/absorbed by financial assets	(1,179,629)	(307,898)
- financial assets held for trading	-	(143)
- financial assets measured at fair value through other comprehensive income	(81)	(84)
- financial assets at amortized cost	(1,533,956)	316,802
- other assets	354,408	(624,474)
3. Cash flows generated/absorbed by financial liabilities	(873,181)	(1,406)
- financial liabilities at amortized cost	85,901	(5,556,486)
- financial liabilities held for trading	(309)	(819)
- other liabilities	(958,774)	5,555,899
Cash flows generated/absorbed by operating activities	(706,824)	66,786
B. INVESTING ACTIVITIES		
1. Cash flows generated by	1,755,100	537,813
- disposal of equity interests	1,100,000	-
- disposal of property, plant and equipment	418,756	323,224
- disposal of intangible assets	236,344	214,589
2. Cash flows absorbed by	(1,710,594)	(1,232,193)
- purchases of property, plant and equipment	(1,439,376)	(1,017,124)
- purchases of intangible assets	(271,218)	(215,068)
Cash flows generated/absorbed by investing activities	44,506	(694,380)
C. FINANCING ACTIVITIES		
- dividend and other distributions	(1,100,000)	-
Cash flows generated/absorbed by financing activities	(1,100,000)	-
CASH FLOWS GENERATED/ABSORBED DURING THE YEAR	(1,762,319)	(627,595)

Reconciliation

Description (€/000)	06/30/2023	06/30/2022
Cash and cash equivalents at the beginning of the period	3,139,786	571,525
Cash flows generated/absorbed during the period	(1,762,319)	(285,343)
Cash and cash equivalents at the end of the period	1,377,466	286,182

NOTES

Notes

Accounting policies

General information

Section 1 – Statement of compliance with International Financial Reporting

The Condensed Semi-Annual Consolidated Financial Statements for the period ended June 30, 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Condensed Semi-Annual Consolidated Financial Statements do not present all the disclosures required in the preparation of the annual consolidated financial statements. Therefore, it is necessary to read the Condensed Interim Consolidated Financial Statements together with the Consolidated Financial Statements as of December 31, 2022.

The accounting standards adopted for the preparation of the Condensed Semi-Annual Consolidated Financial Statements are consistent with those used for the preparation of the Consolidated Financial Statements as of December 31, 2022, except for the adoption of new standards and amendments effective January 1, 2023. The Group has not early adopted any amendments, interpretations or standards issued but not yet in force.

International Financial Reporting Standards endorsed by the European Union effective in 2023

The following provisions of the European Regulation apply as of January 1, 2023:

- *No. 2021/2036 provides guidance on the application of IFRS 17 - Insurance Contracts. The primary purpose of IFRS 17 is to enhance investors' understanding of insurers' risk exposure, profitability, and financial position. This standard applies to all insurance contracts and introduces an accounting model based on the discounting of expected cash flows, as well as the identification of a "risk adjustment" and a "Contractual Service Margin" (CSM) Under IFRS 17, the 'Contractual Service Margin' (CSM) cannot have a negative value, represents the present value of the unearned profit released through amortization;*

- *No. 2022/1491 introduces amendments to IFRS 17 - Insurance Contracts, specifically addressing the initial application of both IFRS 17 and IFRS 9 - Financial Instruments. These amendments are applicable only to insurers currently in the process of adopting the new standards, allowing them insurers to address one-time differences in the classification of comparative information from the previous year's financial statements;*

- *No. 2022/357 introduces amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies. These changes impose an obligation on companies to provide more information on relevant accounting policies, rather than just significant accounting policies. The term 'relevant' in this context refers to information that is useful in increasing the usability of financial statements for users;*

- *No. 2022/357 introduces amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates, and Errors, specifically addressing the definition of accounting estimates. The IASB has provided clarification, emphasizing the importance of distinguishing between changes in accounting policies and changes in accounting estimates. According to the amendments, changes in accounting policies can pertain to both past and future transactions. On the other hand, changes in accounting estimates are relevant only to future transactions;*

- *No. 2022/1392 introduces amendments to IAS 12 - Income Taxes, specifically addressing deferred taxes relating to assets and liabilities arising from a single transaction. The amendments explicitly require the recognition of deferred taxes when recording a lease transaction and decommissioning obligations.*

These principles and amendments are more fully discussed and expanded upon later in this document.

Section 2 – Basis of preparation

The IAS/IFRS standards in force as of June 30, 2023 (including the interpretative documents called SIC and IFRIC), as endorsed by the European Commission, have been applied in the preparation of the consolidated semi-annual financial statements.

Layouts of the condensed semi-annual consolidated financial statements

The consolidated semi-annual financial report, prepared in condensed form as permitted by IAS 34, consists 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 is accompanied by an interim report by the directors on the Group's operations.

Unit of account

Amounts in the financial statements and the notes are in thousands of euro.

Going concern

The Consolidated Semi-Annual Financial Report is prepared on a going concern basis, consistent with previous years' practices, and is based on the accrual basis of accounting.

Risks and uncertainties related to the use of estimates

The preparation of the Consolidated Semi-Annual Financial Report requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the Consolidated Semi-Annual Financial Report .

In particular, estimates were made to support the carrying amounts of certain significant items of the Consolidated Semi-Annual Financial Report. 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:

- *fairness of the value of goodwill;*
- *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.*

It should also be noted that certain estimation processes, particularly the more complex ones, are generally performed comprehensively during the preparation of the annual financial statements when all the necessary information is available. However, exceptions may arise in cases where impairment indicators necessitate an immediate assessment of any impairment.

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.

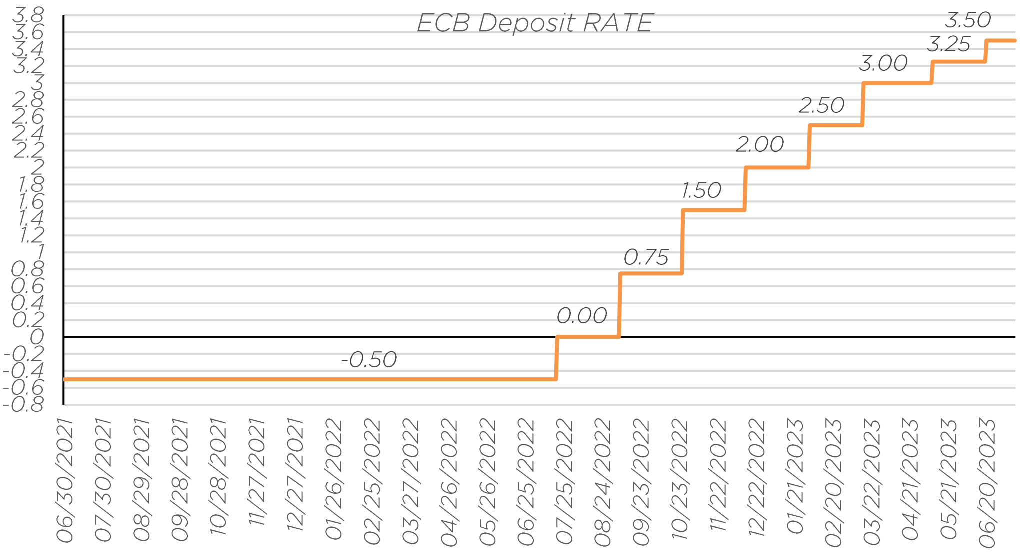
In March 2019, the Governing Council of the European Central Bank announced a third series of quarterly longer term refinancing operations (i.e. TLTRO-III), each with a maturity of three years, starting in September 2019 and ending in March 2021, and eventually extended until December 2021, based on an ECB decision dated December 10, 2021

In 2020, starting in March, in light of the Covid-19 emergency, the Governing Council of the ECB introduced also more favorable conditions for the operations in question, which would be applied first between June 24, 2020 and June 23, 2021 and then extended, with the ECB's decision of December 10, 2020, until June 2022.

Under the original terms of the TLTRO-III program, such favorable 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 31, 2019 and March 31, 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 favorable 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 24, 2020 and June 23, 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 10, 2020, this reduction was extended also to the period between June 24, 2021 and June 23, 2022, for counterparties whose eligible net lending between October 1, 2020 and December 31, 2021 is at least equal to the respective benchmark net lending.

As of June 24, 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 27, 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 23, 2022, the interest rate on TLTRO-III operations was indexed to the applicable reference interest rate, namely the Deposit Facility Rate, which has been raised in recent months.



Total utilization of TLTRO-III funding as at June 30, 2023 was €1,900 million and refer to the drawdowns made in:

- September and December 2020 (for €100 million and €500 million, respectively).

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

Divestment of the Leasys Group – Recognition of assets held for sale as of June 30, 2022.

It is important to note that, with reference to the Leasys Group, on December 21, 2022, FCA Bank sold Leasys and its subsidiaries based on the agreements between the shareholders. The buyer was LeaseCo SAS, a French multi-brand operating lease company resulting from the merger of the activities of Leasys and Free2Move Lease, in which Stellantis and CACF each hold an equal 50% share.

As the sale occurred at the end of 2022, in accordance with the conditions specified in IFRS 5, it was deemed appropriate to reclassify the assets and liabilities related to the Leasys Group under item 120, "Non-current assets and groups of assets held for sale," and item 70, "Liabilities associated with assets held for sale," in the semi-annual report as of June 30, 2022.

In the income statement, the net income of the Leasys Group as of June 30, 2022, has been reported under item 320, "Profit (Loss) from discontinued operations after-tax."

The above information is provided for the sake of clarity and completeness, especially for the purpose of facilitating a comparative analysis between the half-year periods of 2023 and 2022 in the Notes to the Financial Statements.

Other aspects

For the information required by IAS 34 paragraph 16A, reference is made to what is written in the report on operations, particularly the following sections:

- *CA Auto Bank programs and issues (pag.67);*
- *dividends and reserves paid (pag.110);*

Regarding changes noted in equity investments, please refer to the section on significant events.

The Consolidated Semi-Annual Financial Report is subject to a limited audit by PricewaterhouseCoopers S.p.A.

Section 3 – Scope and methods of consolidation

The scope of consolidation as of June 30, 2023 includes the Parent Company, CA Auto Bank S.p.A., and the Italian and foreign companies directly or indirectly controlled by it, as specifically 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 first half of 2023:

- *Drivalia Lease Belgium S.A. – incorporated on May 24, 2023*
- *Drivalia Lease Nederland B.V. – incorporated on May 17, 2023*
- *Findio N.V. – acquired on February 1, 2023*

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

Name as of 12/31/2022	Name as of 06/30/2023	Change date
FCA Bank S.p.A. (Belgian Branch)	CA Auto Bank S.p.A. (Belgian Branch)	April 3, 2023
FCA Bank S.p.A. (French Branch)	CA Auto Bank S.p.A. (French Branch)	April 3, 2023
FCA Bank S.p.A. (German Branch)	CA Auto Bank S.p.A. (German Branch)	April 3, 2023
FCA Bank S.p.A. (Irish Branch)	CA Auto Bank S.p.A. (Irish Branch)	April 3, 2023
FCA Bank S.p.A. (Polska Branch)	CA Auto Bank S.p.A. (Polska Branch)	April 3, 2023
FCA Bank S.p.A. (Portuguese Branch)	CA Auto Bank S.p.A. (Portuguese Branch)	April 26, 2023
FCA Bank S.p.A. (Spanish Branch)	CA Auto Bank S.p.A. (Spanish Branch)	April 4, 2023
FCA Bank GmbH (AT)	CA Auto Bank GmbH (AT)	April 4, 2023
FCA Bank GmbH (Hellenic Branch)	CA Auto Bank GmbH (Hellenic Branch)	April 26, 2023
FCA Capital Suisse S.A. (CH)	CA Auto Finance Suisse S.A. (CH)	April 17, 2023
FCA Capital Danmark A/S (DK)	CA Auto Finance Danmark A/S (DK)	April 4, 2023
FCA Capital Danmark A/S (Finland Branch)	CA Auto Finance Danmark A/S (Finland Branch)	April 3, 2023
FCA Capital Norge AS (NO)	CA Auto Finance Norge AS (NO)	April 3, 2023
FCA Capital Sverige AB (SE)	CA Auto Finance Sverige AB (SE)	April 4, 2023
FCA Dealer Services España S.A. (ES)	Drivalia Lease España S.A.U. (ES)	April 3, 2023
FCA Dealer Services España S.A. (Morocco Branch)	Drivalia Lease (Morocco Branch)	April 3, 2023
FCA Leasing France S.A. (FR)	Drivalia Lease France S.A. (FR)	April 3, 2023
FCA Capital Nederland B.V. (NL)	CA Auto Finance Nederland B.V. (NL)	April 3, 2023
FCA Leasing Polska Sp. z o.o. (PL)	Drivalia Lease Polska Sp. z o.o. (PL)	April 3, 2023
FCA Automotive Services UK Ltd. (UK)	CA Auto Finance UK Ltd. (UK)	April 3, 2023
FCA Dealer Services UK Ltd. (UK)	Drivalia Lease UK Ltd. (UK)	April 3, 2023
FCA Insurance Hellas S.A. (GR)	CA Auto Insurance Hellas S.A. (GR)	April 3, 2023
FCA Capital RE DAC (IE)	CA Auto Reinsurance DAC (IE)	April 5, 2023
FCA Versicherungsservice GmbH (DE)	CA Versicherungsservice GmbH (DE)	April 3, 2023

The following table shows the companies included in the scope of consolidation.

1. Investments in wholly-owned subsidiaries

NAME	REGITERED OFFICE	OPERATION AL HQ (*)	TYPE OF RELATIONSHIP (**)	PARENT COMPANY (***)	SHAREHOLDING %
CA Auto Bank S.p.A.	Turin - Italy				
Drivalia S.p.A.	Turin - Italy	Roma - Italia	1		100.00
Drivalia Lease France S.A.	Massy - France		1		99.99
Drivalia France S.A.S.	Limonest - France		1	Drivalia S.p.A.	100.00
CA Versicherungsservice GmbH	Heilbronn - Germany		1		100.00
Ferrari Financial Services GmbH	Pullach - Germany		1		50.0001
CA Auto Finance UK Ltd.	Slough - United Kingdom		1		100.00
Drivalia Lease UK Ltd.	Slough - United Kingdom		1	Drivalia S.p.A.	100.00
Drivalia UK Ltd.	Slough - United Kingdom		1	Drivalia S.p.A.	100.00
Drivalia Lease España S.A.U.	Alcobendas - Spain		1	Drivalia S.p.A.	100.00
Drivalia España S.L.U.	Alicante - Spain		1	Drivalia S.p.A.	100.00
Drivalia Portugal S.A.	Loures - Portugal		1	Drivalia S.p.A.	100.00
CA Auto Finance Suisse S.A.	Schlieren - Switzerland		1		100.00
Drivalia Lease Polska Sp. z o.o.	Warsaw - Poland		1		100.00
CA Auto Finance Nederland B.V.	Amsterdam - Netherlands		1		100.00
CA Auto Finance Danmark A/S	Brøndby - Denmark		1		100.00
Drivalia Lease Danmark A/S	Brøndby - Denmark		1	Drivalia S.p.A.	100.00
CA Auto Bank GmbH	Vienna - Austria		2		50.00
CA Auto Insurance Hellas S.A.	Athens - Greece		1		100.00
Drivalia Lease Hellas SM S.A.	Athens - Greece		1	Drivalia S.p.A.	100.00
CA Auto Reinsurance DAC	Dublin - Ireland		1		100.00
CA Auto Finance Sverige AB	Höllviken - Sweden		1	CA Auto Finance Danmark A/S	100.00
CA Auto Finance Norge AS	Oslo - Norway		1	CA Auto Finance Danmark A/S	100.00
Findio NV	Amsterdam - Netherlands		1	CA Auto Finance Nederland B.V.	100.00
Drivalia Lease Belgium S.A.	Auderghem – Brussels - Belgium-		1	Drivalia S.p.A	100.00
Drivalia Lease Nederland B.V.	Amsterdam – Netherlands		1	Drivalia S.p.A	100.00

(*) f different from Registered Office

(**) Relation Type:

1 = majority of voting rights at ordinary AGM

2 = dominant influence at AGM

(***) If different from CA Auto 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 – United Kingdom
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

2. Investments in subsidiaries with significant non-controlling interests

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

Name	Non-controlling interests (%)	Availability of non-controlling interests' voting rights (%)	Dividends distributed to non-controlling interests
CA Auto Bank GmbH (Austria)	50%	50%	-
Ferrari Financial Services GmbH (Germany)	49.99%	49.99%	-

Pursuant to IFRS 10, CA Auto Bank GmbH (Austria), a 50%-held Subsidiary, and Ferrari Financial Services GmbH a 50.0001%-held Subsidiary, are included in the scope of consolidation

2.2 Investments in subsidiaries with significant non-controlling interests: financial and operating highlights

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

(€/000)

CA AUTO BANK GMBH (AUSTRIA)	06/30/2023	12/31/2022
Total assets	263,848	307,772
Financial assets	233,488	277,519
Financial liabilities	192,883	229,128
Equity	64,215	62,750
Net interest income	3,268	6,571
Net fee and commission income	1,000	534
Banking income	4,269	7,105
Net result from investment activities	3,990	6,776
Net result from investment and insurance activities	3,990	6,776
Operating costs	(2,210)	(3,026)
Profit (loss) before taxes from continuing operations	1,780	3,750
Net profit (loss) for the period	1,464	3,137

(€/000)

FERRARI FINANCIAL SERVICES GMBH (GERMANIA)	06/30/2023	12/31/2022
Total assets	1,039,146	985,131
Financial assets	1,016,942	958,441
Financial liabilities	910,575	869,504
Equity	101,614	94,914
Net interest income	14,523	29,962
Net fee and commission income	(1)	(8)
Banking income	14,831	29,598
Net result from investment activities	14,261	28,831
Net result from investment and insurance activities	14,261	28,831
Operating costs	(4,772)	(9,713)
Profit (loss) before taxes from continuing operations	4,489	19,118
Net profit (loss) for the period	6,700	13,782

Consolidation methods

In preparing the Condensed Consolidated Financial Report, 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 Semi-Annual Financial Report 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 June 30, 2023 are as follows:

	As of 06/30/2023	Average 06/30/2023	As of 12/31/2022	Average 12/31/2022
Polish Zloty (PLN)	4.438800	4.629870	4.681	4.687
Danish Krone (DKK)	7.447400	7.446361	7.437	7.440
Swiss Franc (CHF)	0.978800	0.985617	0.985	1.005
GB Pound (GBP)	0.858280	0.876510	0.887	0.853
Norwegian Krone (NOK)	11.704000	11.317446	10.514	10.103
Moroccan Dirham (MAD)	10.817400	11.020662	11.155	10.708
Swedish Krona (SEK)	11.805500	11.329187	11.122	10.630

Subsequent events

No events have occurred since the end of the six-month period that would necessitate adjustments to the results presented in the Consolidated Semi-Annual Financial Report as of June 30, 2023. It is important to highlight that the Group is closely monitoring the development of potential issues and economic impacts related to the Russia-Ukraine conflict. As of the current date and based on the analyses conducted, there are no credit exposures to entities attributable to Russia, Ukraine, and Belarus, nor any direct impacts arising from the Russia-Ukraine conflict and the related geo-political situation. All available information as of the reporting date concerning any indirect impacts has been incorporated into the Condensed Semi-Annual Consolidated Financial Report.

International Financial Reporting Standards endorsed by the European Union effective as of January 1, 2023

EC endorsement regulation	Date of publication	Date of application	Title
2021/2036	November 23, 2021	January 1, 2023	IFRS 17 – Insurance Contracts, including amendments to IFRS 17 On May 18, 2017, the IASB issued the new international accounting standard for insurance contracts, with an application date from January 1, 2021 The new international financial reporting standard for insurance contracts (formerly known as IFRS 4) aims to enhance investors' understanding of insurers' risk exposure, profitability, and financial position, among other aspects. After a comprehensive consultation phase, the IASB finalized the standard, which marked a significant milestone in its development. IFRS 17 introduces substantial changes from current accounting practices, both in the measurement of liabilities and the recognition of profits. IFRS 17 applies to all insurance contracts, and its underlying accounting model, known as the "General Model," is based on the discounting of expected cash flows. It also includes the concept of a "risk adjustment" and a "Contractual Service Margin" (CSM). The CSM cannot be negative and represents the present value of unearned profits, which are subsequently released through the amortization process. On June 25, 2020, the IASB issued amendments to IFRS 17 Insurance Contracts to support companies in implementing the standard and improve the clarity of their financial performance reporting. The core principles introduced in the initial publication of IFRS 17 in May 2017 remain unchanged. These amendments, in response to stakeholder feedback, were designed to: - Reduce costs by simplifying certain requirements of the standard; - Make financial performance easier to explain; and - Facilitate the transition by postponing the effective date of the standard to 2023 and reducing the burden of initial application. The Regulation provide companies with the option to exempt contracts characterized by intergenerational mutualization and cash flow adequacy from the requirement to group into annual cohorts under IFRS 17.

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;*
- *the effect of changes in discount rates can be recognized alternatively in equity (OCI)2 or in profit or loss.*

Implementation project: impacts

Within the CA Auto Bank S.p.A. Group, IFRS 17 is applicable to insurance products, and as a result, the project to implement the new standard was initiated in 2022.

Simulations have been conducted to assess the potential impacts of IFRS 17, and such impacts were found to be immaterial.

Furthermore, it should be noted that tests were conducted to identify the impacts of the new standard on the rest of the Group's business. These impacts are not expected to be significant, particularly considering the exclusions from application provided by IFRS 17.

EC endorsement regulation	Date of publication	Date of application	Title
2022/1491	September 9, 2022	January 1, 2023	Amendments to IFRS 17 Insurance Contracts: initial application of IFRS 17 and IFRS 9 - Comparative information *On September 9, 2022, the International Accounting Standards Board (IASB) issued a narrow amendment to the transition requirements in IFRS 17 "Insurance Contracts," offering insurers an option to enhance the usefulness of investor disclosures during the initial application of the new Standard* *This amendment specifically affects insurers' transition to the new Standard and does not impact any other requirements under IFRS 17.* *IFRS 17 and IFRS 9 "Financial Instruments" have distinct transition requirements. For certain insurers, these differences may lead to temporary accounting mismatches between financial assets and liabilities of insurance contracts 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 transitional provisions of IFRS 17 enables companies to address one-time classification differences in comparative information from the previous year on first-time adoption of IFRS 17 and IFRS 9 Financial Instruments.* *This amendment helps insurers avoid temporary accounting mismatches and thus enhances the usefulness of comparative information for investors. It provides an option for insurers to present comparative information on financial assets.* *FRS 17, along with this amendment, is effective for fiscal years beginning on or after January 1, 2023.*

EC endorsement regulation	Date of publication	Date of application	Title
2022/357	March 3, 2022	January 1, 2023	*Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies* *On February 12, 2021, the IASB issued narrow-scope amendments to IFRSs.* *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.*

EC endorsement regulation	Date of publication	Date of application	Title
2022/357	*March 3, 2022*	*January 1, 2023*	*Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* *On February 12, 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 1, 2023, with early application permitted.*

EC endorsement regulation	Date of publication	Date of application	Title
2022/1392	August 12, 2022	January 1, 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" that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.* *In specified circumstances, companies are exempt from recognizing deferred tax when they recognize 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 recognize both an asset and a liability.* *The amendments clarify that the exemption does not apply and that companies are required to recognize 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.*

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed, not yet mandatorily applicable and not adopted early by the Group as of June 30, 2023

Standard/amendment	Date of publication	Date of application	Title
Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules	May 23, 2023	January 1, 2023	Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules On May 23, 2023, the International Accounting Standards Board (IASB) released the International Tax Reform-Pillar Two Model Rules - Amendments to IAS 12 Income Taxes. These amendments were introduced for several reasons: 1) To offer timely relief to affected companies; 2) To avoid the emergence of varying interpretations of IAS 12 Income Taxes in practice; 3) To enhance the information provided to users of financial statements both before and after the implementation of the Pillar Two legislation. The introduced amendments encompass the following key aspects: - A temporary and mandatory exception to deferred tax accounting, specifically arising from the jurisdictional implementation of the Pillar Two model rules; - Disclosure requirements for affected entities, aiming to provide financial statement users with a better understanding of an entity's exposure to Pillar Two income taxes stemming from the new legislation, especially before its effective date. This exception is applicable to annual financial statements starting on or after January 1, 2023, but does not apply to interim financial statements for periods ending on or before December 31, 2023.

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

Standard/amendment	Date of publication IASB	Date of application	Description of standard/amendment
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Noncurrent - Deferral of Effective Date	January 23, 2020 July 15, 2020	January 1st, 2023	Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and deferral of effective date of such amendments 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 noncurrent, and vice versa. In response to COVID-19, the IASB proposed to defer the effective date of the amendments, initially scheduled for January 1, 2022, to January 1, 2023. Early application of the amendments is permitted.

Standard/amendment	Date of publication IASB	Date of application	Description of standard/amendment
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	*September 22, 2022*	*January, 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 recognize 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.*

Standard/amendment	Date of publication IASB	Date of application	Description of standard/amendment
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements with Suppliers (issued May 25, 2023)	May 25, 2023	January 1, 2024	Amendments to IAS 7 clarify the characteristics of supplier finance arrangements. Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements. On May 25, 2023, the International Accounting Standards Board issued Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments, Disclosures: Supplier Finance Arrangements". These amendments introduce new disclosure requirements aimed at enhancing transparency and improving the usefulness of information provided by entities regarding supplier finance arrangements. The amendments specifically address the presentation of liabilities and related cash flows arising from finance arrangements, as well as the necessary disclosures for such arrangements. The primary purpose is to enable users of financial statements to better understand the effects that these arrangements have on trade payables, cash flows, and exposure to liquidity risk. The amendments provide clarity on the characteristics of financing arrangements. In these agreements, one or more third-party lenders pay the amounts owed by the entity to its suppliers. The entity agrees to settle these amounts with the lenders under the terms and conditions of the agreements, either on or after the same date as the third-party lenders pay the entity's suppliers. Consequently, the financing agreements provide the entity with extended payment terms, while the entity's suppliers receive payment in advance of their original due dates. Various terms are used to describe these arrangements, such as supply chain finance, payables finance, and reverse factoring. It is important to note that arrangements involving financial guarantees, including letters of credit used as collateral, are not considered supplier finance arrangements. Similarly, instruments used to settle amounts directly with a supplier, such as credit cards, do not fall under the category of supplier finance arrangements. The amendments will be effective for fiscal years beginning on or after January 1, 2024. Early adoption is permitted, but entities opting for early adoption must communicate their decision accordingly.

Main items in the financial statements

This section shows the accounting policies adopted to prepare the Consolidated Semi-Annual Financial Report as at June 30, 2023. Such description is provided with reference to the recognition, classification, measurement and derecognition of the different assets and liabilities

1. Cash and cash equivalents

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)

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 item 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 item 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 130 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, the cumulative gain (loss) previously recognized in the valuation reserve is reclassified from Shareholders' equity to the income statement.

Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments and at disbursement date for loans. On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument.

After initial recognition, the assets classified at fair value through other comprehensive income, other than equity instruments, are measured at fair value, with the recognition in profit or loss of the impact resulting from the application of the amortized cost, the impairment effects and any exchange rate effect, whereas the other gains and losses resulting from a change in fair value are recognized in a specific Shareholders' equity reserve until the financial asset is derecognized. Upon the total or partial sale, the cumulative gain or loss in the valuation reserve is transferred, in whole or part, to the income statement.

Equity instruments, for which the choice has been made to classify them in this category, are measured at fair value and the amounts recognized in other comprehensive income cannot be subsequently transferred to profit or loss, not even if they are sold. The only component related to these equities that is recognized through profit or loss is their dividends. Fair value is determined on the basis of the criteria already described for Financial assets measured at fair value through profit or loss.

For the equity instruments included in this category, which are not quoted on an active market, the cost approach is used as the estimate of fair value only on a residual basis and in a small number of circumstances, e.g. when all the measurement methods referred to above cannot be applied, or when there are a wide range of possible measurements of fair value, in which cost represents the most significant estimate.

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

Financial assets are derecognized solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in financial statements, even though their title has been transferred. When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognized where no control over the assets has been maintained.

If this is not the case, when control, even partial, is maintained, the assets continue to be recognized for the entity's continuing involvement, measured by the exposure to changes in value of assets disposed and to variations in the relevant cash flows. Lastly, financial assets sold are derecognized if the entity retains the contractual rights to receive the *cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, without significant delay to third parties.*

3. *Financial assets measured at amortized cost*

This item 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 item:

- *loans to banks in their various forms that meet the requirements referred to in the paragraph above;*
- *loans to customers in their various forms that meet the requirements referred to in the paragraph above;*
- *debt securities that meet the requirements referred to in the paragraph above.*

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

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

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

The effective interest rate is the rate that exactly discounts estimated future cash payments of the asset, as principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to that financial asset. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/income directly attributable to a financial asset over its expected lifetime. The amortized cost method is not used for assets, measured at historical cost, whose short duration makes the effect of discounting negligible, or for assets without a definite maturity or revocable loans. The measurement criteria are closely linked to the inclusion of these instruments in one of the three stages of credit risk established by IFRS 9, the last of which (stage 3) consists of non-performing financial assets and the remaining (stages 1 and 2) of performing financial assets.

With regard to the accounting representation of the above measurement effects, the value adjustments for this type of asset are recognized in profit or loss:

- *on initial recognition, for an amount equal to the 12-month expected credit loss;*

- *on subsequent measurement of the asset, when the credit risk has not increased significantly since initial recognition, in relation to changes in the amount of adjustments for the 12-month expected credit losses;*

- *on subsequent measurement of the asset, when the credit risk has increased significantly since initial recognition, in relation to the recognition of adjustments for expected credit losses over the contractually agreed remaining lifetime of the asset;*

- *on subsequent measurement of the asset, where – after a significant increase in credit risk has occurred since initial recognition – the increase is no longer "significant" due to the alignment of the cumulative value adjustments to take account of the change from a lifetime expected credit loss to a 12-month expected credit loss for the instrument.*

  If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset – classified as "non-performing", like all the other relationships with the same counterparty – and the present value of the estimated future cash flows, discounted using the original effective interest rate.

  The amount of the loss, to be recognized through profit or loss, is established based on individual measurement or determined according to uniform categories and, then, individually allocated to each position, and, takes account of forward-looking information and possible alternative recovery scenarios. Non-performing assets include financial assets classified as bad, unlikely-to-pay or past due by over ninety days according to the rules issued by the Bank of Italy, in line with the IAS/IFRS and EU Supervisory Regulations. The expected cash flows take into account the expected recovery times and the estimated realizable value of any guarantees. The original effective rate of each asset remains unchanged over time even if the relationship has been restructured with a variation of the contractual interest rate and even if the relationship, in practice, no longer bears contractual interest.

  If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement. The size of the recovery must not lead the carrying value of the financial asset to exceed the amortized cost had no impairment losses been recognized in previous periods. Recoveries on impairment with time value effects are recognized in net interest income. In 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".

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (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 and:*

  (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 transactions

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

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.

Derivatives entered into to hedge the variable interest rate risk associated with the debt of the companies engaged in long-term rental are designated as cash flow hedges.

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

Hedging derivatives are stated at fair value. Specifically:

- *in the case of cash flow hedges, derivatives are recognized 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

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

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.

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.

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

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.

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.

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".

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

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.

"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, and*
- *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 measured at amortized cost

The sub-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.

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*

Foreign currency transactions are entered, upon initial recognition, in the reference currency by applying to the foreign currency amount the exchange rate prevailing on the transaction date.

At every interim and year-end reporting date, items originated in a foreign currency are reported as follows:

- *cash and monetary items are converted at the exchange rate prevailing at the reporting date;*
- *non-monetary items, recognized at historical cost, are converted at the exchange rate prevailing on the date of the transaction;*
- *• non-monetary items, recognized at fair value, are converted at the exchange rate prevailing at the reporting date.*

Exchange rate differences arising from the settlement of monetary items and the conversion of monetary items at exchange rates other than the initial ones, or those used to translate the previous year's accounts, are recognized in the income statement as incurred.

When a gain or a loss related to a non-monetary item is recognized through 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*

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.

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.

Within the CA Auto Bank S.p.A. Group, IFRS 17 is applicable to insurance products, and as a result, the project to implement the new standard was initiated in 2022.

Simulations have been conducted to assess the potential impacts of IFRS 17, and such impacts were found to be immaterial.

Furthermore, it should be noted that tests were conducted to identify the impacts of the new standard on the rest of the Group's business. These impacts are not expected to be significant, particularly considering the exclusions from application provided by IFRS 17.

15. Other information

Employee severance fund

The CA Auto 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 CA Auto 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 of Half-Year Report on Operations. The Group is the subject of legal and tax proceedings covering a range of matters which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the outflow of funds which will result from such disputes. Moreover, the cases and claims against the Group often derive from complex and difficult legal issues which are subject to a different degree of uncertainty, including the facts and circumstances inherent in each case, jurisdiction, and different applicable laws, which are carefully analyzed.

Self-securitization transactions

As of the closing date of the Consolidated Semi-Annual Financial Report, it should be noted that CA Auto Bank has entered into three self-securitization transactions*, wherein it has purchased all the securities issued. These transactions were initiated in compliance with the retention requirements provided for by the European Securitization Regulation.*

The financial assets underlying the securities issued pertain to portfolios of installment loans (autoloans) resulting from consumer credit activity for the purchase of cars, portfolios of receivables arising from the leasing business and portfolios of installment loans (autoloans) and receivables arising from leasing activities.

Synthetic securitization transactions

In April 2023 CA Auto Bank proceeded with the issuance of three series of Credit Linked Notes as part of synthetic securitization transactions. These transactions were related to installment loans and leases to individuals, installment loans and leases to SMEs, and receivables from dealers, all originated in different European jurisdictions, for a total amount of €906.2 million.

Extraordinary income resulting from the dissolution of the partnership with Stellantis

During the first half of 2023, the Consolidated Semi-Annual Financial Report reflects extraordinary income amounting to €161.7 million, resulting from the dissolution of the partnership with the Stellantis Group. This followed the sale of the automotive group's interest to Credit Agricole in April 2023. The income comprises contractually established indemnities in response to a change in corporate structure and the redefinition of business operations. These indemnities are included in item 230 of the consolidated income statement.

Information on the transfer of financial assets between portfolios

During the period under review 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");*
- *notes issued by CA Auto Bank S.p.A through the Irish branch and the Swiss subsidiary under the Euro Medium Term Notes program and listed in regulated markets (Item 10. "Financial liabilities measured at amortized cost – c) securities in issue"). For this item the fair value is determined for information purposes only;*

- *bonds issued in connection with securitization transactions, placed with the public or with private investors, by different Group entities (Item 10. "Financial liabilities measured at amortized cost – c) securities in issue". For this item the fair value is determined for information purposes only.*

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

  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;*
- *loans to banks; the fair value for this item is determined for disclosure purposes only.*

  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; the fair value for this item is determined for disclosure purposes only .

  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 CA Auto 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 derived 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 measurement.

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.4.1 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. Derivative contracts are measured using specific calculation algorithms, depending on the type of transaction category.

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 period no transfers were made between fair value levels.

A.4.4 Other information

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

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 measured at fair value	06/30/2023			12/31/2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured 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 measured at fair value	-	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	9,386	-	-	9,305	-	-
3. Hedge derivatives	-	503,121	-	-	550,433	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	9,386	503,121	-	9,305	550,433	-
1. Financial liabilities held for trading	-	559	-	-	868	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedge derivatives	-	147,003	-	-	180,524	-
Total	-	147,563	-	-	181,392	-

Legenda:

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 level

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	06/30/2023				12/31/2022			
	BV	L1	L2	L3	VB	L1	L2	L3
1. Financial assets at amortized cost	23,710,670	-	202,526	23,047,162	23,028,785	-	117,901	22,419,595
2. Property, plant and equipment held for investment purposes	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Total	23,710,670	-	202,526	23,047,162	23,028,785	-	117,901	22,419,595
1. Financial liabilities at amortized cost	23,293,009	6,111,664	-	17,175,507	23,056,671	6,125,145	-	16,946,960
2. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
Total	23,293,009	6,111,664	-	17,175,507	23,059,671	6,125,145	-	16,946,960

Legend:

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

Credit risk

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

- *core business activities: support to the dealer network, loans and leases and mobility offerings for end customers;*
- *conservative credit acceptance policies, supported by 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 the period under review, the cost of risk performance was extremely positive, settling at 0.39% of the average outstanding portfolio, which was 2 basis points lower than the comparable metric in December 2022.

Credit quality (Item 40.b) – Exposure to customers (€/000)

	06/30/2023			06/30/2022		
	Gross exposure	Allowance for loan and lease	Net exposure	Gross exposure	Allowance for loan and lease	Net exposure
Bad exposures	96,467	(67,701)	28,766	92,806	(65,787)	27,019
Unlikely to pay	52,319	(28,310)	24,009	62,935	(32,692)	30,243
Non-performing Past due	259,946	(85,270)	174,676	225,840	(69,373)	156,467
Non-performing loans	408,732	(181,281)	227,451	381,581	(167,852)	213,729
Performing loans	23,436,728	(156,051)	23,280,677	22,832,632	(135,477)	22,697,155
Total	23,845,460	(337,332)	23,508,128	23,214,213	(303,329)	22,910,884

	06/30/2023			12/31/2022		
	Gross exposure weight	Net exposure weight	Coverage ratio	Gross exposure weight	Net exposure weight	Coverage ratio
Bad exposures	0.40%	0.12%	70.18%	0.40%	0.12%	70.89%
Unlikely to pay	0.22%	0.10%	54.11%	0.27%	0.13%	51.95%
Non-performing Past due	1.09%	0.74%	32.80%	0.97%	0.68%	30.72%
Non-performing loans	1.71%	0.97%	44.35%	1.64%	0.93%	43.99%
Performing loans	98.29%	99.03%	0.67%	98.36%	99.07%	0.59%
Total	100%	100%	1.42%	100.00%	100.00%	1.31%

Credit quality is confirmed at an excellent level, with non-performing loans representing 0.97% of total net exposure. The net exposure of non-performing loans amounted to €227 million compared to a total net exposure to customers of €23.5 billion.

At June 30, 2023 provisions for loans and lease losses amounted to €337 million, compared to €303 million at the end of 2022; gross exposure for non-performing loans amounted €409 million, compared to €382 million at the end of 2022.

Methods to measure expected losses

With the implementation of IFRS 9 for both Wholesale Financing and Retail Financing operations, and a simplified approach for the rental business, the Bank's provisioning policies now rely on covering loans within a forward-looking expected loss rationale. Additionally, in 2021, updates were made to both the basic models and the forward-looking Retail and Wholesale Financing models to incorporate changes introduced by the New Definition of Default (NDD).

The Expected Credit Loss (ECL is calculated as follows:

ECL= PDxLGDxEAD

- *Probability of default (PD). The probability that a counterparty or contract will go into default within a pre-defined time horizon;*

- *Loss given default (LGD). The amount of loss the Bank would suffer, given the probabilities of a counterparty or contract going into default over a defined time horizon;*

- *Exposure at default (EAD). The exposure at the time of the occurrence of default.*

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

The change in stage can thus result from either a deterioration in credit risk or an improvement in credit risk.

CA Auto Bank has developed two impairment models for the Wholesale Loans and Retail Loans business, respectively.

In both businesses, the Loss Given Default (LGD) model estimates the expected loss if the counterparty goes into default.

For the Retail Financing business, the LGD is equal to the Probability of Loss (PL) multiplied by the Loss Given Loss (LGL):

$$LGD=PL*LGL$$

where:

- *PL represents the probability that a contract that has entered default will incur a loss (write off or managerial) within the next 60 months:*

$$PL = \frac{\begin{array}{c}\text{All contracts that defaulted 60 months beore the observation date}\\ \text{that subsequently went into loss during the next 60 months}\end{array}}{\text{All contracts that defaulted 60 months beore the observation date}}$$

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

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

For the Wholesale Financing business, the Workout LGD involves determining the Loss Given Default Rate (LGDR) as the difference between 1 and the recovery rate from the date of default:

$$LGDR = 1 - RR$$

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

The Recovery Rate parameter was calculated for different macro product clusters based on the total operations of CA Auto Bank.

To incorporate the forward-looking impact on ECL, two satellite models were developed, one for Retail Financing and one for Wholesale Financing.

The output of the forward-looking models is a "calibrated PD," which considers the forward-looking aspects based on two macroeconomic scenarios: the base case and the adverse scenario.

To construct these two scenarios, a significance analysis was conducted, and specific macroeconomic variables (e.g., GDP) were used for both the Retail Financing model and the Wholesale Financing model. The forward-looking values were updated with a weight of 55% for the base scenario and 45% for the adverse scenario, applying to both the Retail Financing product and the Wholesale Financing product.

In Q2 2023, the forward-looking impact was updated based on the NDD Forward Looking models, which were fed with Q1 2023 macroeconomic scenarios. This update resulted in higher provision requirements amounting to €5 million.

The provision models are subject to validation by the Risk & Permanent Control department, in accordance with company procedures 12G.29 (Model Risk Management procedure) and 12G.34 (Initial and Periodic Validation of Models procedure), along with the 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 this validation process is to ensure the adequacy and accuracy of the methodological choices adopted by the group in the provision models and to confirm their validity.

Significant increase in credit risk

IFRS 9 requires the Bank to identify elements of deterioration in the credit quality of financial instruments. The staging model should incorporate major qualitative and quantitative indicators that capture any significant deterioration in the quality of each exposure.

CA Auto Bank Group's staging was developed by combining regulatory requirements and business characteristics.

For Retail Financing, past due information is considered the most reliable in identifying any significant credit risk increases. Therefore, there is a "rebuttable presumption" that credit risk is significantly increased from initial recognition when the contract installment is more than one day past due.

In the Wholesale Financing business, the signal of significantly increased credit risk is based on days past due and the customer's presence on the "watch list." The watch list monitors the client's conduct over the life of the contract.

Credit risk monitoring system

Each Market must establish an adequate and effective monitoring system to ensure that information about its credit risk exposures, borrowers, and collateral remains relevant and up-to-date, and that reporting is reliable, complete, current, and timely.

The monitoring system should enable each Market to manage and monitor its credit risk exposures in alignment with its credit risk appetite, strategy, policies, and procedures at both the portfolio and, where relevant and material, individual exposure levels. The credit risk monitoring system must be clearly defined and documented in the local repository and procedures.

The credit risk monitoring system encompasses the following aspects:

- *The payment record of borrowers (including the presence of past due receivables, seniority of past due receivables, etc.);*
- *Credit risk associated with both the borrower and the transaction in relation to:*
  - *Group of connected customers;*
  - *Portfolio categories (e.g., new and used retail, Wholesale financing for new vehicles and parts);*
- *Loan loss provisions, write-offs, and the level of credit coverage.*

The monitoring system and data infrastructure are relevant to tracking the credit decision-making process, which includes, among other things, monitoring and reporting of all credit decisions, exceptions to credit policies, and escalations to higher levels of credit decision-makers (e.g., approved, rejected, and suspended requests; number of requests approved at the market level or handled at the Headquarters level).

Legal risk

- *In Germany, a number of dealers representing their trade association initiated a legal dispute in reference to service fees charged to them, as per their loan agreements, by FCA Bank Deutschland GmbH (now a branch of CA Auto Bank S.p.A.). The first instance ruling found in favor of our German branch 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 (now CA Auto Bank S.p.A. Niederlassung Deutschland) was solid on the issue, it was decided to file a further appeal.*

  At the date of preparation of Financial Statements as at December 31st 2022, as a response from the local authorities was still awaited regarding the admissibility of the case before the Supreme Court, and given that the local management is considering that it would be necessary/advisable to start negotiations with the dealers, it was deemed appropriate to set aside a provision for risks of €4 million, as the risk of an adverse decision was regarded as "probable".

  Throughout the first half of 2023, in order to mitigate the risk of an unfavorable decision by the Supreme Court, negotiations were initiated with the dealers, facilitated through their associations. As a result of these negotiations, an agreement was successfully reached, which entailed an outlay fully covered by the provision established at the end of 2022.

  The proceedings before the Supreme Court were concluded on 04/25/2023, as the appeal was formally withdrawn.

  Attention is called to the tax inspection in Germany, which pertains to the years 2017 to 2019, which has not yet been concluded.

In Italy, on September 29, 2022, CA Auto 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 S.p.A. (Now CA Auto Bank S.p.A.) received the tax assessment for 2017, with a penalty of approximately euro 162,000. CA Auto 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.

Goodwill Impairment Test

According to IAS 36, all indefinite-life intangible asset must be tested for impairment at least annually, to verify the recoverability of their amount. In addition, IAS 36 states that the results of the annual test may be considered valid for subsequent valuations, provided that the probability that the recoverable amount of the intangible asset is less than its carrying amount is considered remote. The assessment may be based on the analysis of events and circumstances that have changed since the most recent annual impairment test conducted. On the basis of the statements of aforementioned standard, the Ca Auto Bank Group has chosen to carry out an impairment test on indefinite-life intangible asset as of December 31st of each year: the results of the aforementioned tests may be considered valid for subsequent interim situations, unless evidence emerges that requires an impairment test to be carried out in advance to ascertain the recoverability of the value of the indefinite-life intangible asset. The analyses carried out at June 30th, 2023, did not indicate the need to make any impairment adjustments to the Goodwill recognized in the financial statements.

Business combinations involving companies or business units

Transactions during the period

As of the reporting date of the Consolidated Semi-Annual Financial Report, there were no business combinations involving companies or business units.

Related party transactions

Information on related-party transactions

Related-party transactions were typically conducted on terms equivalent to those applied for transactions with independent third parties. Intercompany transactions were carried out at arm's length, following assessments of mutual benefit. In preparing the Consolidated Semi-Annual Financial Report, transactions and balances outstanding with intercompany related parties were eliminated. The table below shows assets, liabilities, costs and revenues at June 30th, 2023 by type of related party.

	AMOUNTS AT 06/30/2023			
	SHAREHOLDERS	KEY EXECUTIVE DIRECTORS	OTHER RELATED PARTIES	TOTAL
Cash and cash equivalents	416	-	37,560	37,976
Financial assets at amortized cost	444	-	111,738	112,182
- Loans and receivables to banks	444	-	111,738	112,182
Hedging derivatives	-	-	16,780	16,780
Other assets	-	-	42,477	42,477
Total assets	860	-	208,555	209,415
Financial liabilities at amortized cost	8,013,749	-	567,614	8,581,363
- Deposit from banks	7,942,938	-	567,614	8,510,552
- Deposit from customers	70,811	-	-	70,811
Hedging	-	-	22,721	22,721
Other liabilities	1,159	-	2,931	4,089
Total liabilities	8,014,908	-	593,266	8,608,173

	AMOUNTS AT 06/30/2023			
	SHAREHOLDERS	KEY EXECUTIVE DIRECTORS	OTHER RELATED PARTIES	TOTAL
Interests and similar income	54,280	-	8,581	62,860
Interests and similar expenses	(163,656)	-	(18,402)	(182,058)
Fee and commission income	-	-	4,118	4,118
Fee and commission income	(28)	-	-	(28)
Income and expenses from financial instruments at FV	(1,032)	-	(2,480)	(3,512)
Administrative expenses	(1,781)	(589)	(418)	(2,788)
Other operating income/expenses	(588)	-	978	390

Segment reporting as of June 30, 2023

Operations and profitability by business line

Data on operations and profitability by segment are reported in accordance with IFRS 8 Operating Segments, with the adoption of the "full management reporting approach".

The CA Auto Bank Group operates through an organizational structure divided into three business lines: Financing and Leasing, Wholesale Financing, and Drivalia (Rental/Mobility).

Assets by segment (volumes as of the reporting date) consist exclusively of loans and leases to customers. At the end of the first half of 2023, the activities of the Financing and Leasing business line reached €20.4 billion, representing a significant increase of 23% compared to June 30, 2022. The activities of the Wholesale Financing business line decreased by 12% compared to June 30, 2022, to €3.5 billion. Finally, the activities of the Drivalia (Rental/Mobility) business line experienced substantial growth compared to June 30, 2022, reaching €0.8 billion.

In accordance with IFRS 8, it is specified that the Group's business is primarily conducted in Europe; however, performance reports that break down activities by foreign geographic area are not periodically submitted to management.

SEGMENT REPORTING (€/mln)	FINANCING AND LEASING	WHOLESALE FINANCING	DRIVALIA (RENTAL/MOBILITY)	OTHER	TOTAL
	06/30/2023	06/30/2023	06/30/2023	06/30/2023	06/30/2023
Net banking income and rental margin	317	59	26	-	402
Net operating expenses	(90)	-10	(16)	-	(116)
Cost of risk	(44)	-	(1)	-	(46)
Other unallocated income (expenses)	(12)	2	-	139	130
Pre-tax profit	**172**	**51**	**8**	**139**	**370**
Unallocated tax	-	-	-	(103)	(103)
Net profit for the period	**172**	**51**	**8**	**36**	**267**
Figures as of 06/30/2023 Assets					
Period-end assets by segment	20,440	3,456	820	-	24,716
Average assets by segment	18,360	4,770	575	-	23,705
Unallocated assets					

SEGMENT REPORTING (€/mln)	FINANCING AND LEASING	WHOLESALE FINANCING	DRIVALIA (RENTAL/MOBILITY)	OTHER	TOTAL (*)
	06/30/2022	06/30/2022	06/30/2022	06/30/2022	06/30/2022
Net banking income and rental margin	320	44	22	-	386
Net operating expenses	(88)	(6)	(14)	-	(108)
Cost of risk	(36)	(2)	-	-	(39)
Other unallocated income (expenses)	(12)	(2)	-	-	(14)
Pre-tax profit	**183**	**34**	**8**	-	**226**
Unallocated tax	-	-	-	(66)	(66)
Net profit for the period	**183**	**34**	**8**	**(66)**	**159**
Figures as of 06/30/2022 Assets					
Period-end assets by segment	16.552	3.933	200	-	20.685
Average assets by segment	16.055	3.487	89	-	19.631
Unallocated assets					

(*) The income statement results and ratios for the first half of 2022 have been re-stated on a like-for-like basis to report the Group's results without the contribution of Leasys and its subsidiaries

INDEPENDENT AUDITORS' REPORT

JUNE, 30 2023

pwc

REVIEW REPORT ON HALF-YEARLY CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

To the Shareholder of
CA Auto Bank SpA

Foreword

We have reviewed the accompanying half-yearly consolidated condensed financial statements, which comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity as of 30 June 2023 and 30 June 2022, consolidated statement of cash flows and notes to the consolidated financial statements of CA Auto Bank SpA and its subsidiaries (the "CA Auto Bank Group") as of 30 June 2023. The directors are responsible for the preparation of the half-yearly consolidated condensed financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly consolidated condensed financial statements based on our review.

Scope of Review

We conducted our work in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of half-yearly consolidated condensed financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-yearly consolidated condensed financial statements.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly consolidated condensed financial statements of CA Auto Bank Group as of 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 4 August 2023

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.