CA Auto Bank Group

CONSOLIDATED FINANCIAL STATEMENT

DECEMBER 31st, 2023

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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. Single shareholder company, subject to the management and coordination of Crédit Agricole Consumer Finance.

INTRODUCTION

The Consolidated Financial Statements of the CA Auto Bank Group for the year ended December 31st, 2023 adhere to the standards set by the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), in alignment with Circular no. 262 issued by the Bank of Italy on December 22nd, 2005, as amended. This circular prescribes the format, preparation methods, and content requirements of the financial statements as well as the content of the notes to the financial statements.

The Consolidated Financial Statements consist of the consolidated statement of financial position, consolidated income statement, consolidate statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, and accompanying notes. Additionally, they are supplemented by a report on the Group's operations that includes a reclassified income statement, financial ratios, alternative performance indicators, and reconciliation schedules.

The Consolidated Financial Statements are presented clearly and give a true and fair view of the Group's financial position, operating results and cash flows for the period under review. They are also accompanied by the report of the Board of Statutory Auditors and the report of the independent auditor pursuant to Legislative Decree No. 39 of January 27th, 2010.

Announcements regarding significant events, investor presentations, and public disclosures in compliance with EU Regulation 575/2013 are accessible on the CA Auto Bank Group website (www.ca-autobank.com).

Remuneration disclosures per Article 123 ter of the Consolidated Finance Act (TUF) and disclosures according to Pillar III of the Basel framework are also published and made available on the website in accordance with the relevant approval procedures.

KEY FIGURES

818 €/MLN
Net banking income and rental margin

3.33 %
On average portfolio

99 €/MLN
Cost of risk

0.40 %
On average portfolio

255 €/MLN
Net operating expenses

31.18 %
Cost/income ratio

13,909 €/MLN
New retail, leasing and rental/mobility volumes

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

11,049 €/MLN
of which other brands and non captive new retail, leasing volumes

1,208 €/MLN
of which all brands rental/mobility volumes

+24 %
vs. December 2022

1,421 THOUSAND
Retail financing and rental/mobility active contracts

847 THOUSAND
of which captive exFCA brands retail financing active contracts portfolio (*)

461 THOUSAND
of which other brands and non captive retail financing active contracts portfolio

113 THOUSAND
of which rental/mobility active contracts

27.3 €/BLN(**)
End of year portfolio

7.5 €/BLN(**)
of which captive exFCA brands, leasing and financing end of year portfolio

17.4 €/BLN(**)
of which other brands and non captive, leasing and financing end of year portfolio

2.4 €/BLN(**)
of which net value of vehicles Drivalia (rental/mobility)

24.6 €/BLN
Average portfolio

10.3 €/BLN
of which captive exFCA brands, leasing and financing average portfolio

13.0 €/BLN
of which other brands and non captive, leasing and financing average portfolio

1.3 €/BLN
of which net value of vehicles Drivalia (rental/mobility)

15.79 %
CET 1 Ratio

10.22 %
Leverage Ratio

17.23 %
Total Capital Ratio

463.7 €/MLN
Operating income CA Auto Bank Group

58.5 €/MLN
of which Drivalia (rental/mobility)

400.2 €/MLN
Net profit CA Auto Bank Group

37.6 €/MLN
of which Drivalia (rental/mobility)

19
Countries

2,289
Employees

843
of which: Drivalia (rental/mobility)

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

60
Supported Brands

AIWAYS - AIXAM - ASTON MARTIN - BENETEAU - BMC TRUCKS - BYD - CARTHAGO - CENNTRO - CONCORDE - DONGFENG - DR AUTOMOBILE - ELARIS - FANTIC - FERRARI - FORD TRUCK - FOTON TRUCKS - GAS GAS - HARLEY DAVIDSON - HONDA - HUSQVARNA - HYMER - INDIAN MOTORCYCLES - KNAUS TABBERT - KTM - LIGIER - LOTUS - LUCID - MAXUS - MAZDA - MCLAREN - MG - MORGAN - MOTO MORINI - NISSAN - PILOTE - QJ MOTOR - RAPIDO - RCM - RENAULT - ROBETA - ROSTANG - ROYAL ENFIELD - SERES - SSANGYONG (KGM) - TESLA - VINFAST - VMOTO SOCO - WINGAMM - WOF MOOVEO - XEV - ALFA ROMEO*** - ABARTH*** - CITROEN*** - DS*** - FIAT*** - FIAT PROFESSIONAL*** - JEEP*** - LANCIA*** - MASERATI*** - PEUGEOT***.

(*) exFCA brand until March 31st 2023.
(**) 26,92 €/MLD is the total outstanding EoP amount net of provisions: of which captive, exFCA brands 7,53 €/BLN of which other brands and non captive 17,2 €/BLN.
(***) Only in the countries where Stellantis Financial Services is not present.

AUTO BANK

TABLE OF CONTENTS

CA AUTO BANK GROWTH PATH BETWEEN EXPANSION AND NEW PARTNERSHIPS

Giacomo Carelli – Chief Executive Officer & General Manager

The year 2023 proved to be exciting and fruitful for our Group, starting with the launch in April of CA Auto Bank, established with the aim of gaining European leadership in the vehicle financing and leasing and mobility sectors.

The birth of the Bank, the only independent, multibrand player in Europe with the experience and know-how of a captive, was enthusiastically welcomed by stakeholders, media, partners and customers. Thanks in part to the support of the Crédit Agricole Group, our ambition is to lead the ongoing energy transition, making access to zero- and low-emission vehicles increasingly democratic and affordable for all.

Despite the fact that 2023 turned out not to be easy for the European economy, during the year CA Auto Bank gained the trust of many new partners, totaling 50 brand partners and about 10,000 dealers. The very positive feedback we have received so far confirms that we are on the right track, on the road to the future.

We have strengthened collaborations with existing partners and inaugurated new ones, both in the automotive sector - such as those with Tesla, Mazda, Lucid Motors and McLaren Automotive - and in the two-wheeler sector - by forging agreements with brands such as KTM Sportmotorcycle and QJ Motor. We signed a partnership with AEC Group and its subsidiaries AEC (importer of Dodge and RAM) and AECSV (importer of Cadillac, Chevrolet and GMC). The Bank also entered the boating sector, signing a pan-European agreement with the Beneteau Group, one the world's most renowned players.

In parallel, our development path in Europe continued. An important milestone was the acquisition of Findio, a well-known company specializing in automotive financial services in the Netherlands. Today Findio continues to operate, as part of CA Auto Finance Nederland, providing an increasingly wide range of financial products.

Drivalia, our rental, leasing and mobility company, also expanded its European footprint to cover 14 countries, notably also thanks to the acquisition of ALD Automotive's operations in Norway and Ireland and Leaseplan in the Czech Republic and Finland. The company also worked to lay the groundwork for its launch in Germany, Austria, Sweden and Switzerland by 2024.

In addition, to reinforce our leadership ambitions in France, we worked on the merger, effective January 1st, 2024, of the teams of CA Auto Bank France and Sofinco Auto Moto Loisirs (AML), to create a single player in automotive financing and mobility: the new CA Auto Bank France.

On the mobility front, Drivalia launched the rebranding of its electric car sharing service. Renamed E+Share Drivalia, the service made its debut in Lyon, with plans to expand to other European cities. The year ended with the launch on the Italian market of two innovative products. The first is Drive To Buy, the first monthly subscription rental that enables customers to buy a new car within the first two months. The second is the brand Drivalia Future, a marketplace (already active in Italy, Finland, Norway and the Czech Republic) inspired by the circular economy, where vehicles can be purchased at the end of the rental or subscription contract.

Our achievements during 2023, combined with our commitment, the expertise gained over a century of history, and the strength of Crédit Agricole, will drive our business towards new goals-as always, in the pursuit of innovation and digitalization, and with a strong focus on sustainability.

THE BANK'S FUNDING POLICY IN THE CURRENT MACROECONOMIC ENVIRONMENT

Luca Caffaro – Chief Financial Officer

In 2023, the euro area economy exhibited deceleration compared to 2022, influenced by the European Central Bank's (ECB) tight monetary policy. Additionally, the decline in commodity prices throughout the year contributed to a reduction in inflation, which aligned gradually with the ECB's target. This alignment is anticipated to have a positive impact on real incomes, and consequently to foster growth in 2024. While several analysts expect potential interest rate cuts in the coming year, unexpected deviations in macroeconomic indicators and monetary policy decisions could introduce further volatility into financial markets.

In addition to monitoring the evolution of the macroeconomic scenario, in order to assess the impact on growth and the consequences for the financial markets, the Bank continued to diversify its funding sources in 2023. This involved returning to the capital market, issuing approximately €2.3 billion under the EMTN program (including a sterling placement marking CA Auto Bank's reentry into this market after a hiatus of 7 years) and CHF 160 million on the Swiss domestic market. The Bank also continued to rely on funding made available the Crédit Agricole Group. CA Auto Bank also resumed refinancing activities in conjunction with the gradual repayment of ECB loans disbursed under the T-LTRO program. This included issuing a new securitization backed by car purchase loans originating in Italy, totaling over €1.2 billion, and significantly expanding its securitization program in the UK to over £1 billion.

Furthermore, in September, the Bank successfully completed a €450 million Senior Non-Preferred Bond issue, fully taken up by CACF, maturing in 2029. This placement provided CA Auto Bank with an additional bail-in eligible liability, safeguarding its senior creditors.

The combination of these initiatives, coupled with the establishment of new lines with external banks exceeding €2 billion and the maintenance of public deposit-taking programs in Italy and Germany, generated the funding for the increasing borrowing requirements determined by the growth of the Group's business volumes.

BOARDS OF DIRECTORS, BOARD OF STATUTORY AND EXTERNAL AUDITORS

Board of Directors

Chairman
Stéphane Priami

CEO 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

Chairman
Maria Ludovica Giovanardi

Statutory Auditors
Mauro Ranalli
Vincenzo Maurizio Dispinzeri

Alternate Statutory Auditors
Francesca Pasqualin
Francesca Michela Maurelli

External Auditors

PricewaterhouseCoopers S.p.A

*indipendent directors

GOVERNANCE

- **Giacomo Carelli:** Chief Executive Officer & General Manager
- **Alberto Sibille:** Corporate Affairs & Process Governance
- **Andrea Barcio:** Human Resources
- **Andrea Trapè:** Internal Audit
- **Under appointment:** Risk & Permanent Control
- **Lucyna Bogusz:** Sales, Marketing & Business Development
- **Lionel Eric Lafon:** Credit
- **Luca Caffaro:** Group Chief Financial Officer
- **Luca Pollano:** ICT, Digital & Data Governance
- **Marcella Merli:** CA Auto Bank Italia
- **Marina Sapello:** Legal Affairs & Procurement
- **Paolo Manfreddi:** European Markets & CEO of Drivalia
- **Patrizio Lattanzi:** Compliance, Supervisory Relations & Data Protection
- **Roberto Sportiello:** Ferrari Financial Services GmbH – Chief Executive Officer
- **Sylvia Boteva:** Wholesale Financing

BACKGROUND AND PRESENTATION

On April 4th, 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 18 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 28th, 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 5th, 2007, the company underwent another name change and became Fiat Group Automobiles Financial Services S.p.A.

- By 2009, the Company (that in the meantime changed its name as FGA Capital) became the captive for all Chrysler brands in Europe.

- On January 16th, 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 2023.

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 fourteen European countries (Italy, the United Kingdom, Spain, Portugal, France, Belgium, the Netherlands, Poland, Greece, Ireland, Norway, Finland, the Czech Republic, and Denmark).

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 €113 billion as of December 31st, 2023. Providing flexible and responsible financing solutions tailored to the specific needs of its customers and business partners, it operates in 18 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. 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.

CRÉDIT AGRICOLE S.A.

100 %

CRÉDIT AGRICOLE
CONSUMER FINANCE

100 %

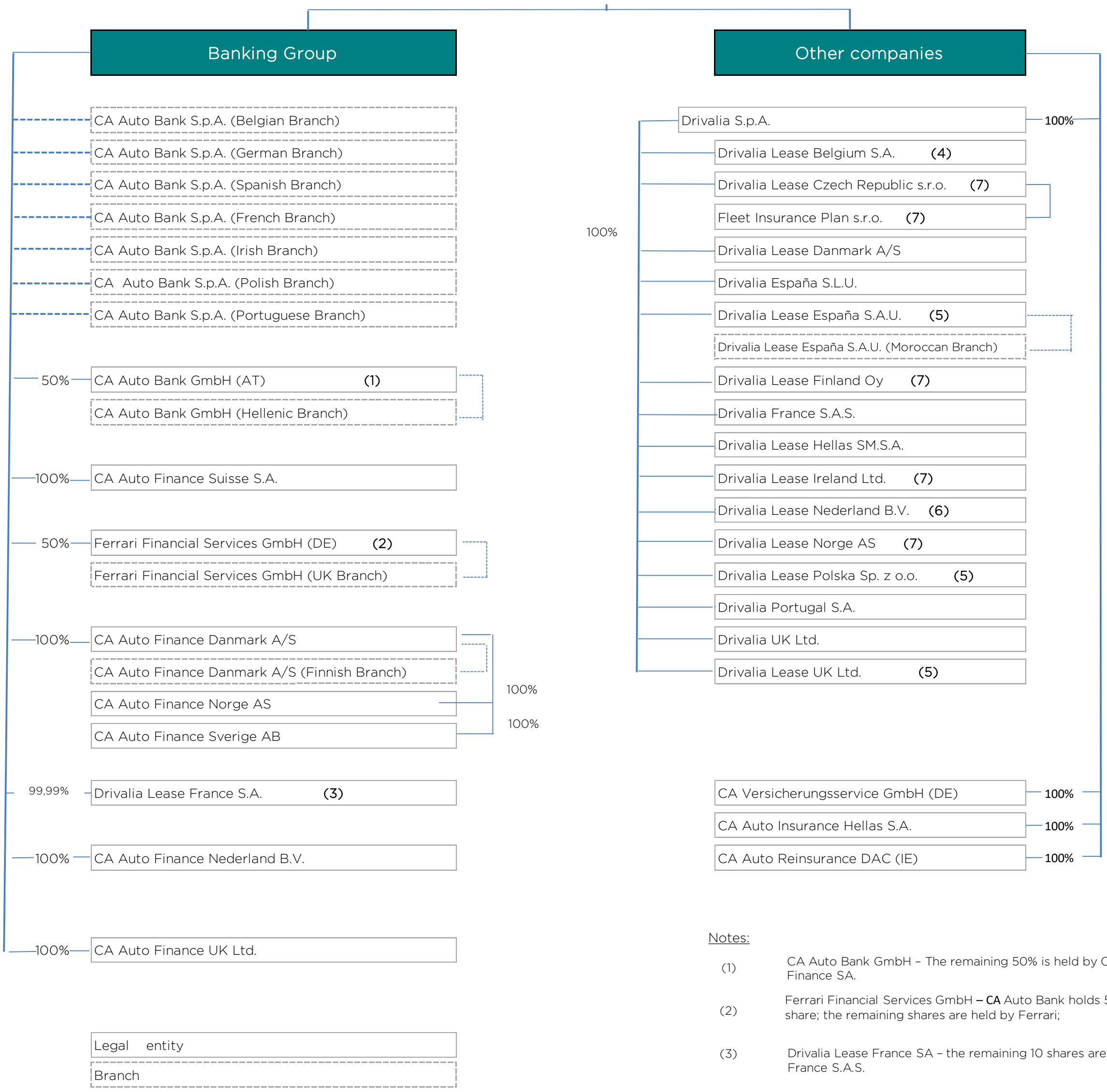
AUTO BANK

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 4th, 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



Notes:

(1) CA Auto Bank GmbH - The remaining 50% is held by CA Consumer Finance SA.

(2) Ferrari Financial Services GmbH – CA Auto Bank holds 50% + 1 share; the remaining shares are held by Ferrari;

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

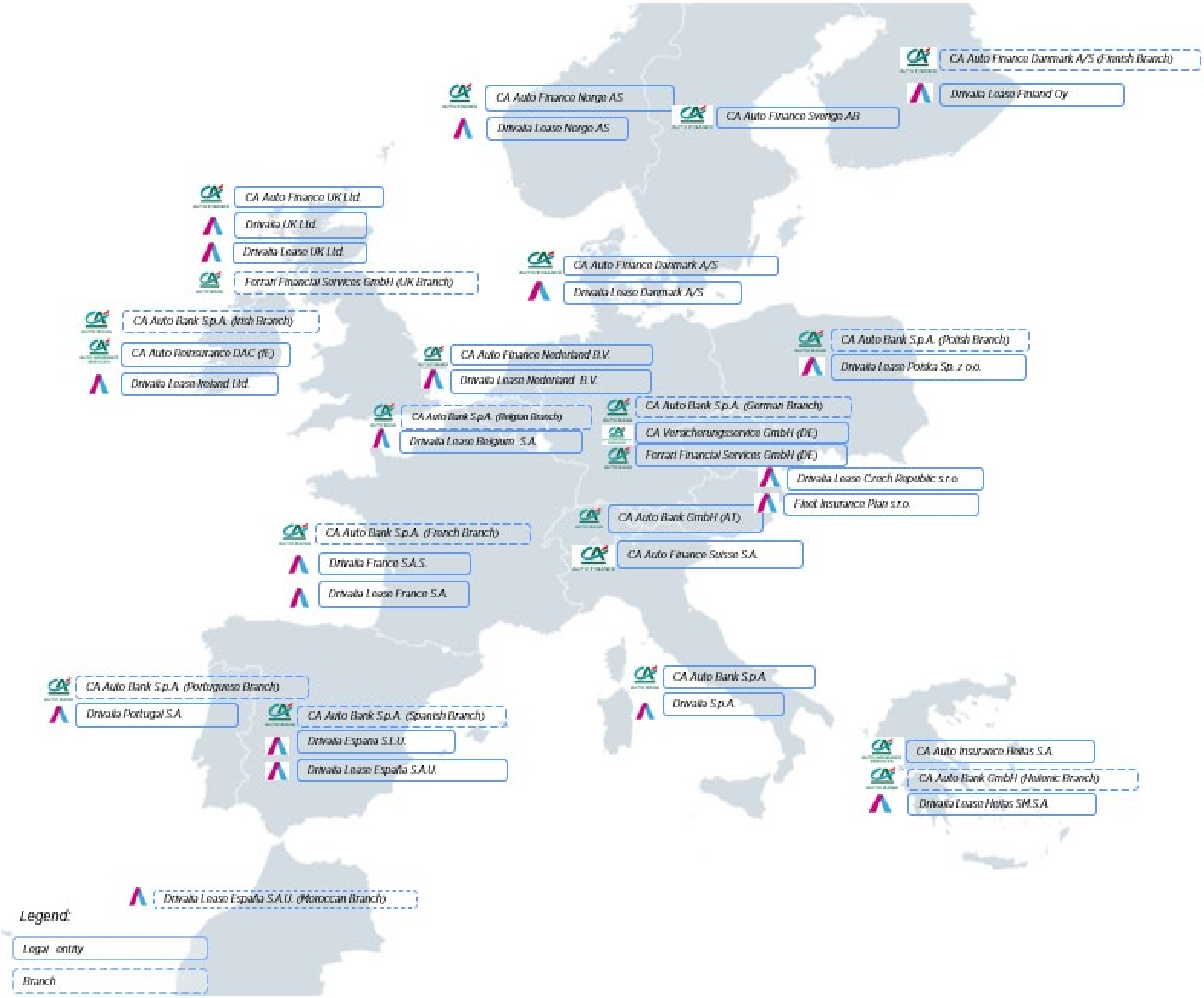
(4) Drivalia Lease Belgium was established on May 24th, 2023;

(5) Drivalia Lease España S.A.U. and Drivalia Lease Uk Ltd. And Drivalia Lease Polska Sp. z.o.o. are included in thew banking scope;

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

(7) Drivalia Lease Czech Republic s.r.o., Drivalia Lease Ireland Ltd., Drivalia Lease Norge AS, Drivalia Lease Finland Oy were acquired on August 1st.

GEOGRAPHICAL FOOTPRINT



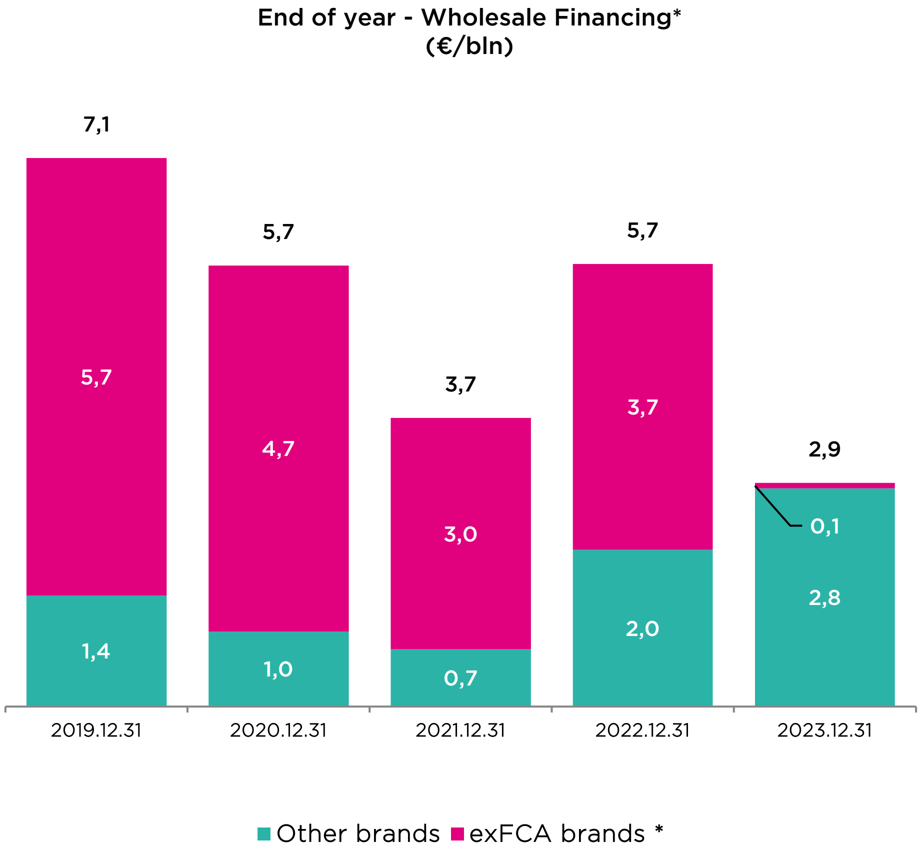
RESULTS OF OPERATIONS

Financial and operating data (€/mln)	12/31/2023	12/31/2022
Net Banking income and rental margin	818	788
Net operating expenses	(255)	(213)
Cost of risk	(99)	(82)
Operating Income	464	493
Other Income / (Expenses)	90	(39)
Other Extraordinary Income/(Expenses)	-	647
Profit before tax	554	1,100
Net profit	**400**	**1,019**
Outstanding		
Average	24,595	25,133
End of period	27,299	29,240
Ratios		
Net Banking Income and Rental margin/ Average Outstanding	3.33%	3.89%
Cost/Income ratio	31.18%	26.95%
Cost of Risk/Average Outstanding	0.40%	0.41%
CET1	15.79%	13.92%
Total Capital Ratio (TCR)	17.23%	15.54%
Leverage Ratio	10.22%	10.22%

(*) The ratios have been re-exposed by not including Leasys and its subsidiaries sold in December 2022.

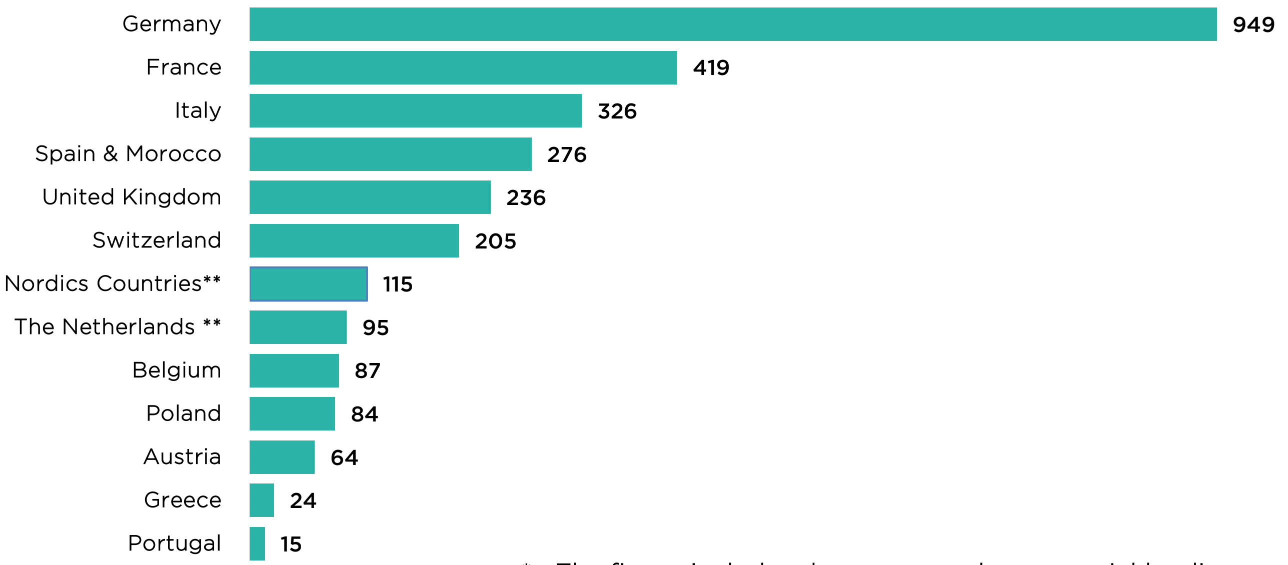
THE BUSINESS LINES

Banking – wholesale financing



(*) Outstanding exFCA brands in Run off as of March 31st, 2023

Wholesale Financing - End of the year by market*
(€/mln)



* 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.

In 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 €2.9 billion, showing down from the end of December 2022. This decline in captive volumes for exFCA brands was partially offset by growth in other brands.

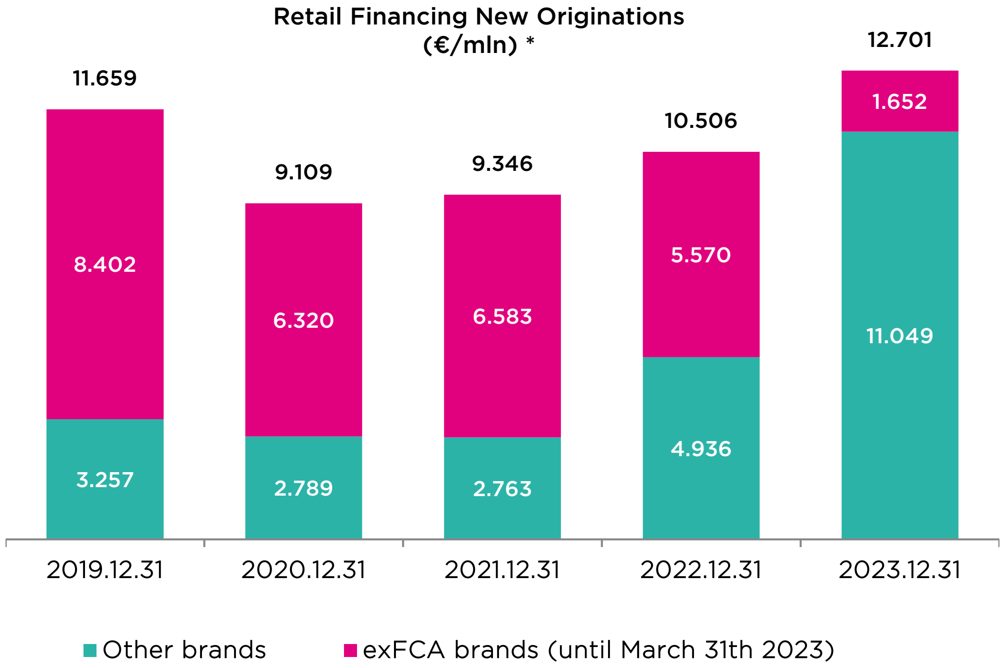
In fact, in 2023 CA Auto Bank consolidated its position as a leader in new mobility, confirming its financial support for the dealer networks of its various local and pan-European partners and continuing its expansion by signing new partnership agreements in the car, motorcycle and leisure sectors.

The total number of units financed for new partners was €27.5 thousand, of which €1.3 thousand had a seniority of over one year, a figure in line with the diverse mix of the portfolio under management.

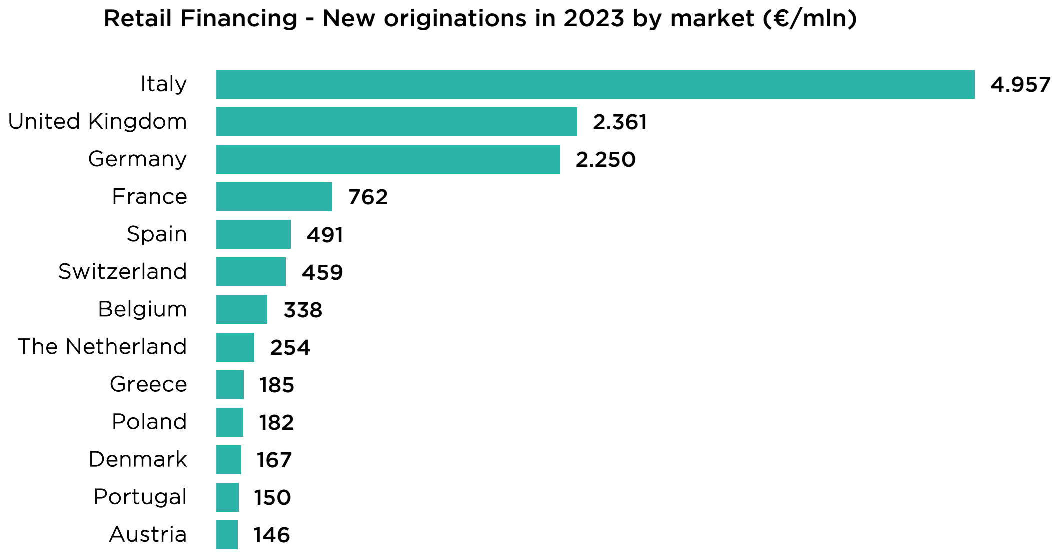
The payment performance of the entire portfolio remains good, with overdue amounts accounting for only 1.5% of the total.

Thanks to a good knowledge of the sector and the level of service offered, the business line a 2.35% net interest and other banking income margin and significantly exceeded expectations in terms of operating income, which totaled €95 million.

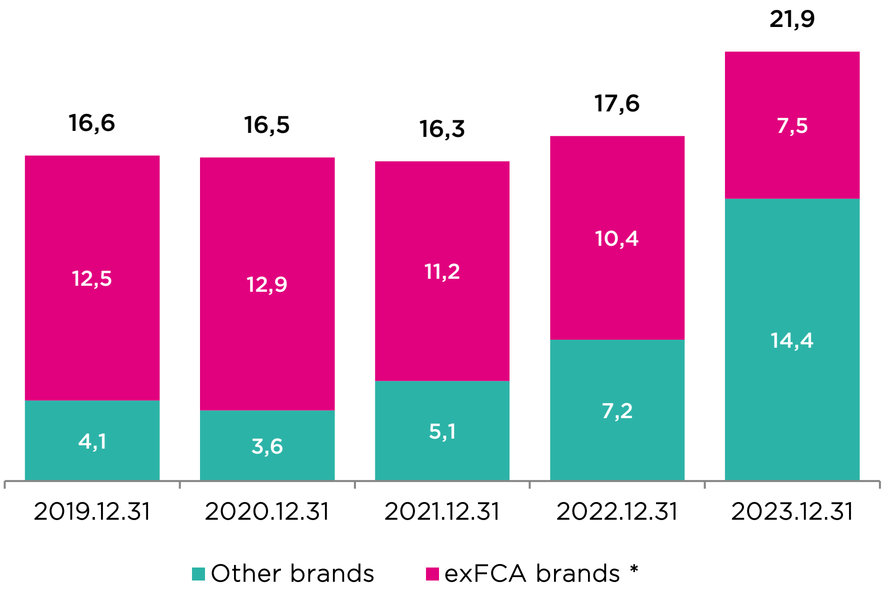
Italy, Germany and France were once again the key markets, accounting for approximately 59% of total financing. This share rises to 76% if volumes from Spain and the United Kingdom are included.



(*) New Production exFCA brands ends March 31st, 2023

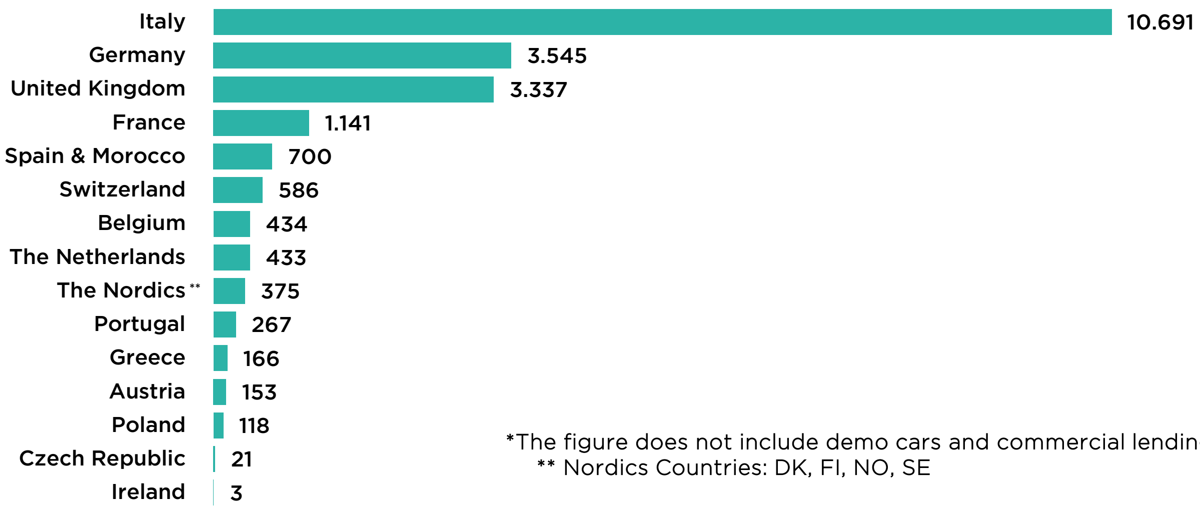


Retail Financing - End of year* (€/bln)



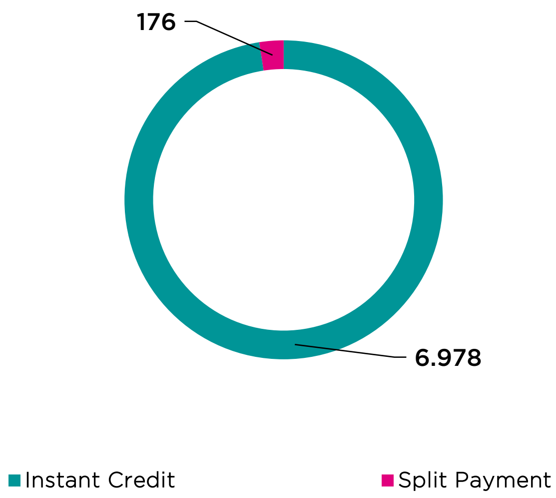
(*) Outstanding of exFCA brands in Run off from March, 31th 2023

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



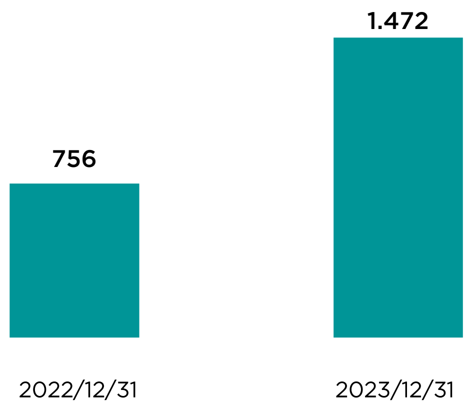
*The figure does not include demo cars and commercial lending
** Nordics Countries: DK, FI, NO, SE

CA AutoPay: Buy Now - Pay Later (BN-PL) (€/thousands)

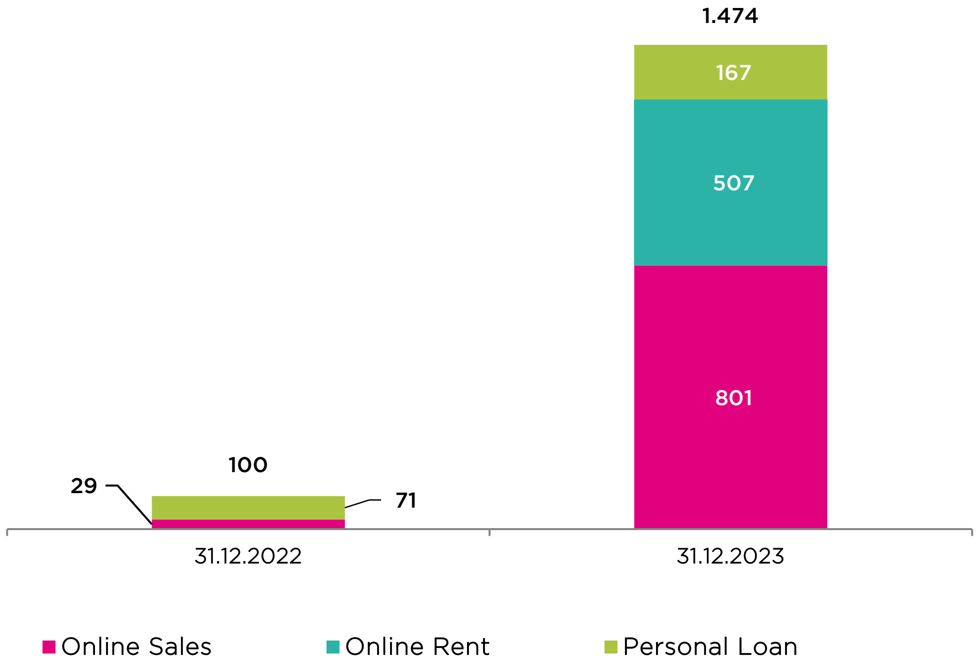


CA Auto Pay Italy in 2023, as of as June, recorded an increase in production after the strengthening of the network with a specialized sales force. A gradual spread only in the Automotive sector, keeping the indicator of risk within standard levels with more than 140 dealer workshops affiliates on board the Buy Now & Pay Later platform.

Financed Volumes in Open Banking (€/mln)

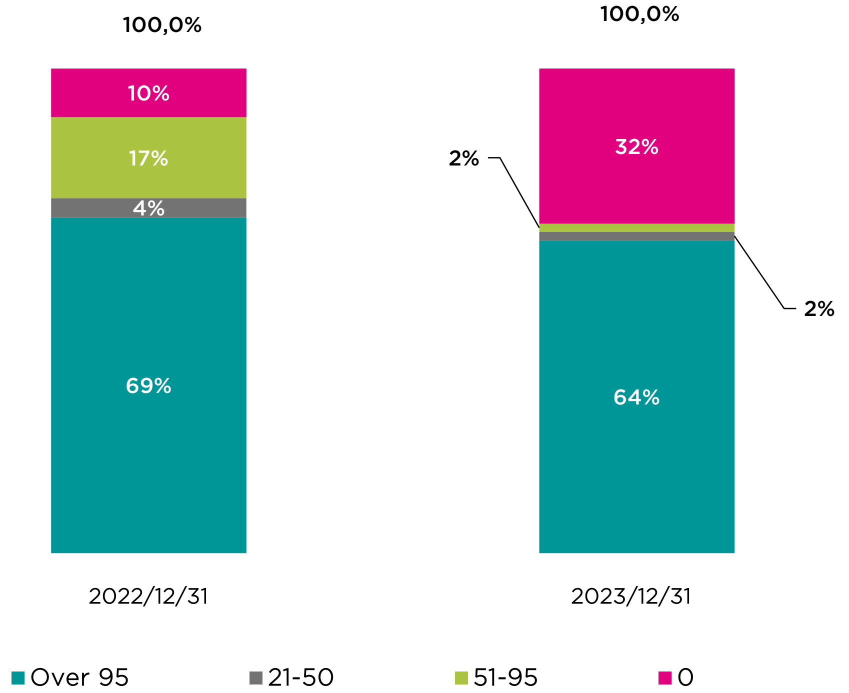


Vehicles Financed E- Commerce (€/mln)



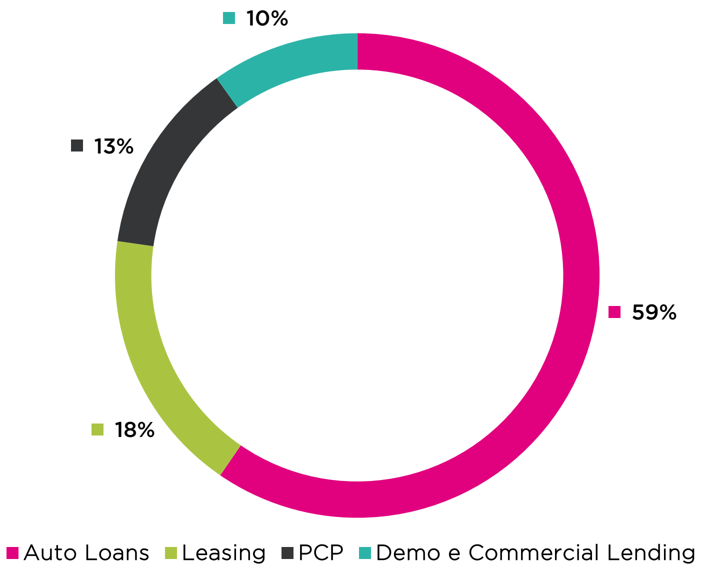
"E-commerce" business is that resulting from a fully digital and autonomous by the customer. Drivalia has a substantial share of its business volume generated in exclusively online mode. All the short-term rentals coming through its portal www.drivalia.com and all subscription products such as the Car Cloud, Be Free, Car Box and Flex. Rent is managed with fully online digital solutions with car delivery at Drivalia Mobilty Stores.

Vehicles Financed by CO2 (g/Km) class



The volumes financed are related to new cars for the retail business line.

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 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 rollout of our new e-commerce platform across international markets, featuring a seamless digital self-onboarding process tailored to both private and business customers seeking car financing, progressed as planned. This digital initiative serves the large strategic alliances, such as that with TESLA which, following successful launches in Italy and Belgium in 2022, is now available in Spain, Portugal, Poland, Germany, France, and Luxembourg. Switzerland completed our 2023 expansion with the introduction of e-commerce collaborations with General Motors and Lucid. Moreover, the Netherlands and the United Kingdom now offer dedicated online channels and experiences for auto financing through localized solutions. Looking ahead, our market reach is poised to broaden further in 2024, with scheduled launches in Austria, Greece, and Denmark.

Furthermore, we are leveraging Open Banking capabilities through integration with PSD2 standards. This functionality is currently available in Italy and the UK, commenced in France from 2023, and is slated for implementation in Germany in 2024.

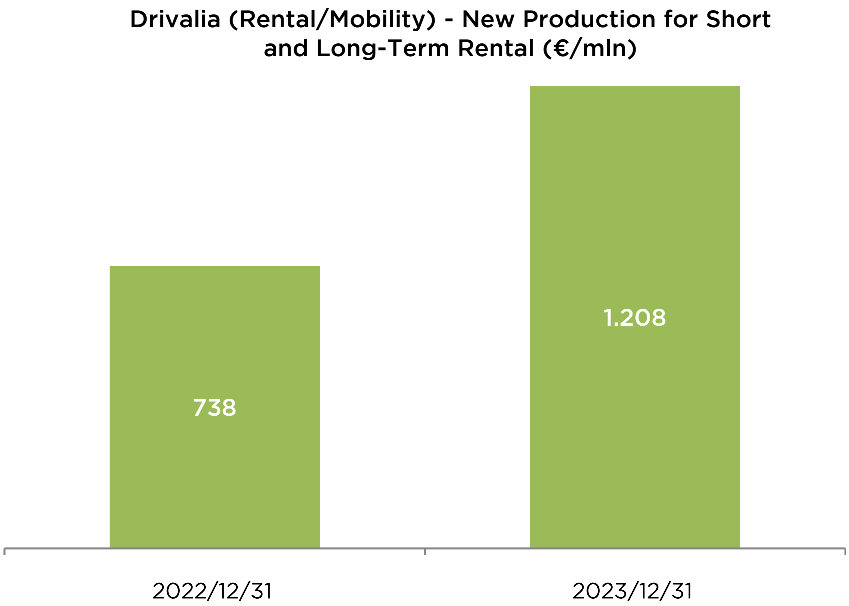
Regarding our insurance offering, the Group is committed to collaborating with industry-leading insurance companies to create a comprehensive product range. This includes coverage for events personally involving the customer as well as dedicated insurance options for the vehicle and its usage.

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

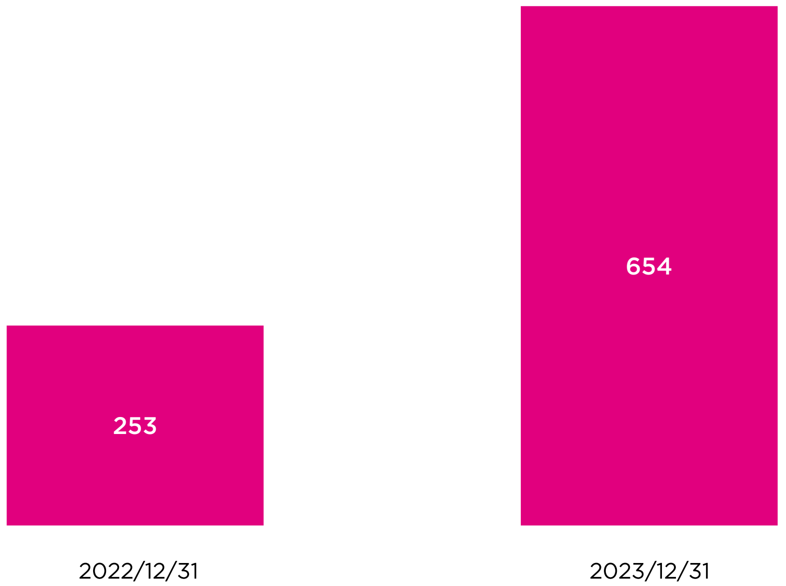
CA Auto Bank has made digitalization one of its strengths and, with this evolution, has decided to offer its customers a new and complementary way to access its services.

DRIVALIA (RENTAL/MOBILITY)

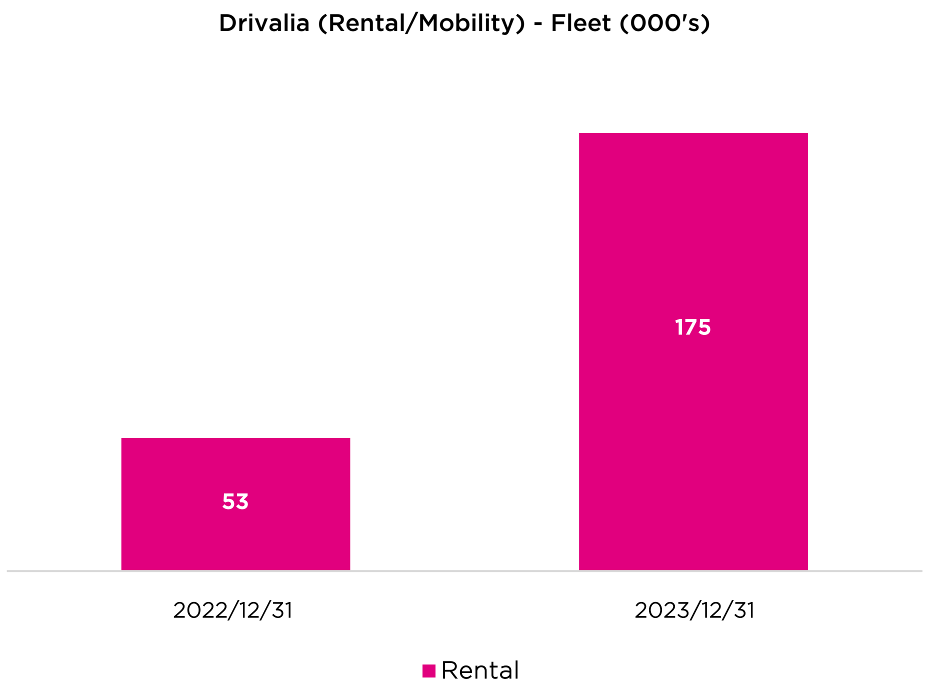
Drivalia rental and mobility production comprises both long-term rental contract activations and the acquisition of cars for short-term rental.



Drivalia (Rental/Mobility) - New Production Revenues (€/mln)



Drivalia's turnover includes invoices for short-term rental (online and subscriptions), car sharing, invoices for long-term rental and resale of vehicles returned at the end of the rental period.



Drivalia fleet (Rental/Mobility), as of 31st December 2023, boasts a total of 175 thousand vehicles, while new cars added to the fleet during the period amounted to 42 thousand.

In the mobility sector, the CA Auto Bank Group operates through Drivalia in fourteen European countries (Italy, the United Kingdom, Spain, Portugal, France, Belgium, the Netherlands, Poland, Greece, Denmark, Finland, Ireland, Norway, and the Czech Republic). The number of Drivalia Mobility Stores is growing steadily, with 810 stores and 1,721 charging stations across Europe as of December 2023.

Drivalia growth in Europe took a major step forward in August with the acquisition of ALD Automotive's operations in Norway and Ireland and Leaseplan's operations in the Czech Republic and Finland.

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

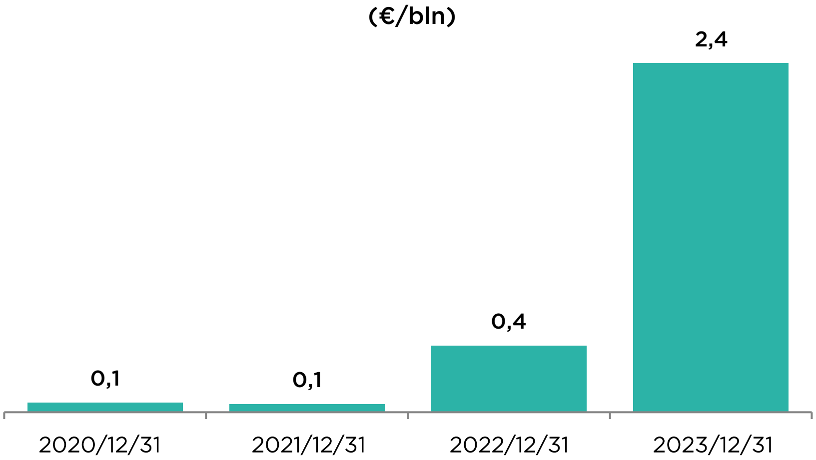
Through CarCloud - one of the pioneering subscription car rental services in Europe, where customers can enjoy the flexibility of renewing their subscription every month without time restrictions or penalties – and CarBox - an annual subscription that ensures customers have the right car at the right 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. Drivalia features e+ share 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 crossed Italy’s borders in October and made its debut in Lyon, France.

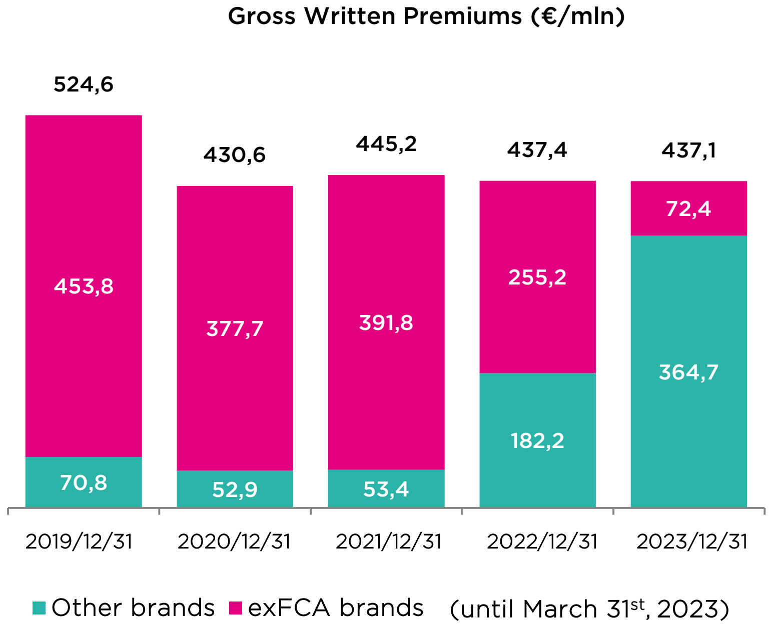
In 2023, Drivalia launched Drive To Buy, the first monthly subscription service dedicated specifically to the DR Automobiles Group's Sportequipe 6 and Sportequipe 7 models. Drive To Buy is a product designed for individuals and professionals that allows them to choose, within the first two months, to continue driving their subscription car or to purchase the car either in a lump sum or through convenient monthly installments at the manufacturer’s suggested price minus the monthly fees already paid - through 100% digital financing by CA Auto Bank.

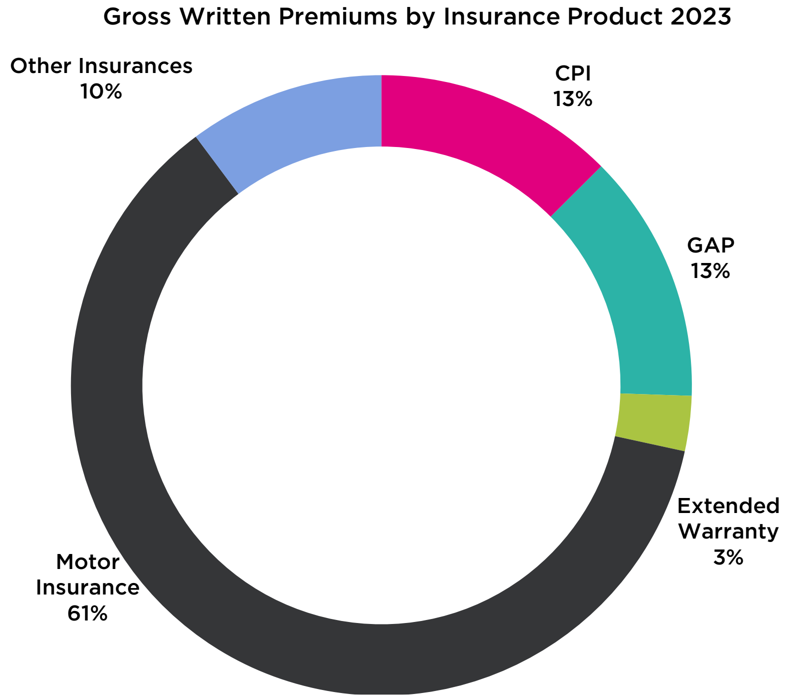
The CA Auto Bank Group is dedicated to meeting diverse mobility needs, catering to large companies, SMEs, professionals, and individuals alike.

Drivalia (Rental/Mobility) - Fleet (End of Period Net Value)
(€/bln)

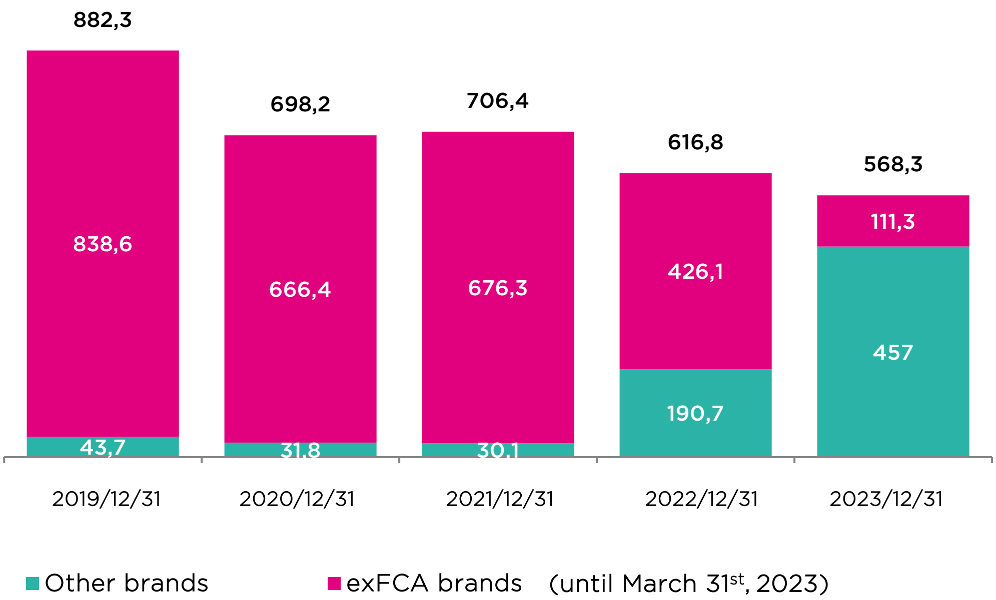


INSURANCE AND SERVICES





Insurance Contracts and Intermediated Services
(000's)



(*) The new business exFCA brands ends on March 31st, 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. In 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 began the development, starting from Italy, of 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 13.0 million cars and commercial vehicles in 2023 (up 15% on 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 2023, CA Auto Bank's financed volumes through the White Label channel (other brands and non-captive collaborations) amounted to €9,091 million, representing 72% of financed volumes (up from 47% in 2022).

In 2023, CA Auto Bank signed several agreements with new business partners in Europe: Royal Enfield, V-Moto, Mazda, XEV, Electric Brands, Fantic, Ford Truck, BMC, Lucid, KGM, AEC Group (official importer of Dodge and RAM) and AECSV (official importer of Cadillac, Chevrolet and GMC). CA Auto Bank has introduced a wide range of innovative and flexible financial and mobility services designed to make the products of major manufacturers more affordable.

Collaborations with electric brands such as Tesla, Lucid, General Motors and Vinfast accelerate our green project.

Approximately 10% of the financed volume is sold via e-commerce, through the Lucid and Tesla brands, and through the Autopay product.

CA Auto Bank strengthens its presence in the world of two-wheelers through a partnership with the Italian branch of PIERER Mobility Group, Europe's leading manufacturer of on-road and off-road motorcycles with the prestigious brands KTM, Husqvarna Motorcycles and GASGAS. The passion for motorcycles continues to drive the growth of CA Auto Bank. The Bank, a subsidiary of Crédit Agricole Consumer Finance, has entered into a partnership with QJ Motor Italy, the sole distributor for Italy of the Qianjiang Group brand, a motorcycle giant owned by the Geely Group.

CA Auto Bank confirms its ambitions in the nautical sector through its partnership with Groupe Beneteau, a global player and renowned manufacturer of sailing and motor boats, starting in Greece, Poland, Portugal and Switzerland.

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IN THE SPOTLIGHT: REPORTS FROM THE DIFFERENT CORPORATE AREAS

DRIVALIA BETWEEN INNOVATION AND EXPANSION IN EUROPE

Head Of European Markets & CEO of Drivalia – Paolo Manfreddi

The year 2023 was a milestone for Drivalia, with the birth of CA Auto Bank in April. This allowed our Company to become 100% part of Crédit Agricole, one of the most important and solid banking groups in the world.

The creation of the new Bank, whose uniqueness lies in having mobility at its core, thanks to Drivalia, has given new life to our grand plan to become one of the leading independent new mobility operators in Europe. Our strategy is based on "Planet Mobility," a world of 360° mobility solutions summarized by the four verbs Rent, Lease, Subscribe, Share.

Drivalia stands out on the international market for its comprehensive mobility offering. Rentals of all durations, leasing, car subscriptions, car sharing: it is the comprehensiveness of our offering that attracts a lot of attention and interest from customers, partners, and competitors.

Our presence in Europe took a decisive step forward in August with the acquisition of ALD Automotive's operations in Ireland and Norway and Leaseplan's business in Finland and the Czech Republic. This transaction allowed us to expand our team by adding more than 400 employees and 70,000 vehicles to our fleet, bringing the total number of countries in which we operate to 14. We also worked to lay the groundwork for our upcoming arrival in Germany.

To mark the start of this new course, we rebranded our electric car sharing service: E+Share Drivalia was born, joining the E+ family, which brings together all our electric mobility products. The start of the rebranding coincided with the debut of E+Share Drivalia in Lyon, France, as we prepare to expand to other European cities.

The year 2023 concluded with the launch of two new products on the Italian market. The first is Drive To Buy, the first monthly rental subscription dedicated to the Sportequipe 6 and Sportequipe 7 models, which allows customers to purchase of a new car within the first two months. It represents an evolution of traditional car subscriptions, as it is the first "Drive & Buy" subscription plan in Italy.

The second is the Future brand, a marketplace inspired by the circular economy, where vehicles from the Drivalia fleet can be purchased at the end of the rental or subscription contract. Already present in Finland, Norway, and the Czech Republic, Future is entering Italy through a 100% digital platform, initially available to dealers and professionals, and soon to be open to private customers.

A SUCCESSFUL APPROACH THAT PAVES THE WAY FOR THE FUTURE

Sales, Marketing & Business Development - Lucyna Bogusz

The year 2023 marks a milestone in our evolution. In April, we began our journey as an independent bank dedicated to mobility. Our 100-year history has paved the way for our future, and the strategies we have adopted, thanks to our long-term vision, are enabling us to achieve our goals and be at the forefront of innovation in terms of new customer acquisition and innovative tools.

This year, we expanded our customer base and strengthened our partnerships with more than 50 brands, including Tesla, Mazda, McLaren, MG, and VinFast, a process that will continue in 2024. Through a "glocal" strategy, we provide a full range of services that meet our customers' needs at the macro and micro levels. The partners we work with appreciate our ongoing commitment to maintaining a single point of contact. They also value our clarity and practicality in implementing our tools. We continually strive to refine our methodology and improve operational efficiency while maintaining the core principle of tailoring our solutions to the unique needs of each brand.

In addition, our pan-European systems, digital solutions, and e-teams ensure an exceptional customer journey that combines online and offline experiences. We have not only redesigned point-of-sale digitization but also facilitated e-commerce pathways to help Original Equipment's Manufacturer (OEM) and partners manage direct sales and dedicated green mobility processes. This trend has been fully incorporated into our pan-European e-commerce strategic roadmap, enabling the launch of new EV models by industry leaders such as Tesla, VinFast, Lucid, and General Motors. The feedback and trust we have received motivate us to keep pushing and striving to do better to achieve the premium quality that our customers demand.

Our partners appreciate our flexibility in terms of systems, financial products, and processes, which allows us to provide customized services and a true captive experience. Thanks to our people-based methodology, Chinese wall approach, and flexible tools, we can adapt to and facilitate the most complex strategies the market has to offer. Last but not least, an important part of our success is due to our innovative technology solutions, which allow us to be flexible and offer any type of financial product in any market, with the fastest time to market in the industry.

CA AUTO BANK AND THE NEW FRONTIERS OF WHOLESALE

Wholesale Financing – Sylvia Boteva

CA Auto Bank's Wholesale Department manages the financing of dealer and distributor networks operating in the mobility sector, with the aim of supporting vehicle distribution through a wide range of wholesale financing products, offering commercial credit terms and financing adapted to dealer activities.

The year just ended, during which the captive relationship with the Stellantis Group's dealers came to an end, the Wholesale Department focused on consolidating and expanding the partnerships already established in the automotive, leisure, motorcycle, and truck sectors.

Thanks to its specific expertise, the excellent level of service developed during its almost 100-year history, and its capacity for constant improvement and innovation, CA Auto Bank continued its expansion in 2023 by signing new partnership agreements with Mazda, AEC, BYD, QJ Motor, Valentino Motor, and other prestigious local and European distributors of various brands.

During 2023 CA Auto Bank also extended its services to the boating sector, signing a new partnership with the Beneteau Group and activating a partnership with the fintech Infinit.

Traditional forms of support for dealers/distributors include credit facilities for new vehicles, used vehicles, demonstration vehicles, and spare parts. In addition to these types of financial products, CA Auto Bank can count on a portfolio of products designed to meet different customer needs:

- short-term financing to meet short-term liquidity needs (e.g., working capital financing);
- medium/long-term financing to support specific investment activities or to carry out actions aimed at improving points of sale (showrooms), often as a result of initiatives promoted by partners.

In addition, through its commercial lending activities, CA Auto Bank continues to provide financial support for direct sales of new and used vehicles, usually to large customers such as rental and leasing companies and large national and multinational companies.

With the aim of satisfying its customers, the Wholesale Department has worked hard to increase "multi-brand" activities, designing alternative financial solutions to complement traditional product ranges, thus developing a full array of wholesale financing services, all within the framework of the in-depth study and dedication required by the challenges posed by new distribution methods and current consumer trends.

CA AUTO BANK CONTINUES TO PURSUE ITS DIGITAL ROADMAP

Head Of Ict, Digital & Data Governance – Luca Pollano

In the ever-changing ICT environment, maintaining a competitive edge is essential for businesses to thrive. In line with the digital roadmap outlined several years ago, CA Auto Bank in 2023 solidified and improved its ICT portfolio, while deepening the development of cutting-edge systems.

From the implementation of cross-functional systems to the integration of cloud computing and artificial intelligence, in 2023, the Bank worked to create customized solutions to meet the evolving needs of the organization and designed to propel it into a more agile and competitive future.

One example is an online financing e-commerce platform intended to redefine the shopping experience. By offering real-time financing quotes, users can now make informed decisions seamlessly integrating financial considerations into their purchase journey. The platform uses state-of-the-art remote recognition and digital signature technology, simplifying the verification process for a secure and efficient experience, all within a 100% digital framework and seamlessly integrated with various European financial frameworks, making retail financing accessible to a wider audience.

The internationalization of the e-commerce platform and the online E2E process also continued, with the entry into new markets in 2023 (Switzerland, Spain, Portugal, the Netherlands, Luxembourg, Poland, as well as Italy, Germany, France, and Belgium) and the extension of the offering to cover the widest range of products and customer types.

Technological innovation has also reached Drivalia, with the gradual launch of the new pan-European management system 'Planet' in Italy, set to be completed by March 2024, followed by the new corporate website and app designed to offer a smooth, efficient, and environmentally friendly experience. This is based on a state-of-the-art mobile app that provides users with an intuitive interface allowing them to effortlessly navigate, book, and manage their mobility solutions. The back-end platform and app offer Mobility Store operators' greater efficiency to ensure optimized rental workflow, reduce administrative burden, and improve overall operational efficiency. 'Keyless' rental service, 100% digital onboarding with remote customer recognition, and dedicated 'speed' service for customers checking in online complete the features offered by the new system, in line with a European expansion plan that will continue throughout 2024 and 2025.

CA AUTO BANK'S AMBITION IN THE BOATING SECTOR

Marine Brands Manager – Stefania Cailotto

It is said that "there is no better industry than the boating industry". This statement perfectly captures the essence of this business, which generated €56.1 billion in global revenues in 2022. Boating is often associated with vacation, leisure, lifestyle, and luxury. The boating industry has a large presence on two continents, the United States and Europe, both in terms of shipyards and customers.

We are well-positioned to gradually make our way into this industry and play a leading role. In addition to our flexibility, efficiency, and products, we are the only company in the marine finance industry with pan-European coverage (both wholesale and retail). This is exactly what boat manufacturers are looking for to support and develop their dealer networks and customers.

CA Auto Bank began its expansion into the boating sector in September by signing a partnership with Groupe Beneteau, a world leader in the boating industry (140 years old next year), with operations in five continents and nine brands, including Beneteau, Jeanneau, Prestige, Well Craft, Four Winns, Delphia (electric boats), Scarab, and the catamaran brands Lagoon and Excess. Groupe Beneteau currently engages in four market segments (sail monohulls, sail multihulls, powerboats, and 'real estate on the water') and offers 128 models, both sail and motor.

As part of the agreement signed at the Cannes Yachting Festival, the Bank will offer its customized loan and leasing solutions to the Group's pan-European customers and dealers. Greece and Portugal are already operational, while Poland and Switzerland are in the process of implementation. The partnership, which will be extended to eight other countries in the coming months, covers more than 120 models produced by the French group.

The partnership with Groupe Beneteau is very important for us. After strengthening our presence in the automotive, motorcycle, leisure, and commercial vehicle sectors, this agreement opens a significant new chapter in our growth path, making us the only independent player in Europe specializing in financial services for the entire mobility spectrum. It also strengthens the long-standing banking relationship between Crédit Agricole and the Beneteau Group.

A WEALTH OF EXPERTISE AND ENERGY UNDER THE LEADERSHIP OF THE CRÉDIT AGRICOLE GROUP

Human Resources Manager Italy - Lucilla Castronuovo

The year 2023 marked the birth of CA Auto Bank, the mobility Bank for a better planet. The Company, with its century-old and valuable heritage of expertise, was relaunched with a new brand under the guidance of a prestigious banking group that recognized the value of its human capital.

The corporate transformation was complemented by major acquisitions. At the end of the year, CA Auto Bank had established a geographical footprint, encompassing banking activities and mobility services with Drivalia, in 18 European countries plus Morocco, with a total of about 2,300 employees.

In particular, Finland, Ireland, Norway, and the Czech Republic represent for our Group the expansion in four markets. In these markets, the Group will be initially engaged in the development of long-term rental, leasing, and fleet management, and will gradually expand its offering to the full range of products and solutions of Drivalia's "Planet Mobility".

While strengthening the business partnerships that began before the transformation, CA Auto Bank also entered into other important partnerships during 2023, a testament to its experience and market leadership.

The new corporate structure, resulting from the transition from a predominantly industrial and captive world to traditional banking, also brought about a cultural change. Employees' response to this change has been positive and supportive. The welcoming of the Crédit Agricole Group was celebrated in the initial days of the transformation. This was followed by change management processes and induction into the Crédit Agricole world, which included distributing a specific toolkit to all employees.

Additionally, during the year, CA Auto Bank employees increased their participation in initiatives involving Crédit Agricole, a group where multiple career and professional development opportunities are now available.

CA Auto Bank confirms its ongoing commitment to supporting the development and engagement of its employees. Targeted and customized digital coaching programs have accelerated the leadership development of dozens of colleagues in Europe, including in view of the organization's growth.

Moreover, the responsibilities assigned at different levels of the organization are consistent with the development of internal expertise and a more balanced gender mix at the leadership level.

Our wealth of experience, skills, and capacity for innovation will be crucial in achieving the Crédit Agricole Consumer Finance Group's ambitions and continuing our international growth.

OUR COMMITMENT TO SOLIDARITY AND THE ENVIRONMENT CONTINUES

Head Of Communication & Esg– Valentina Lugli

The CA Auto Bank Group has always been sensitive to solidarity and the environment, as demonstrated by the numerous social activities carried out, including various solidarity projects aimed at supporting communities and driving change. Last year, employees participated in fundraisers and in initiatives for social inclusion and to support scientific research.

Following the disaster in Emilia-Romagna last May, CA Auto Bank involved its employees in an extraordinary fundraising campaign launched by the Italian Red Cross to support the affected population and areas. More than €144,000 was raised thanks to over 950 supporters. The Crédit Agricole Group in Italy contributed to the active fundraising on CrowdForLife, doubling every euro raised up to a maximum of 50% of the amount set. Another significant initiative was the Christmas lottery, the proceeds of which were donated to the Fondazione Piemontese per la Ricerca sul Cancro ONLUS and the Candiolo Irccs Institute.

The Bank has always been at the forefront in launching positive messages to encourage the development of a more inclusive society. For example, in Germany, the "Social Commitment" team, which has been supporting local associations for more than 20 years, backed the Klinge Village for Children and Young People, providing a new home for youths who can no longer live with their families.

On September 24th in Milan, CA Auto Bank and Drivalia employees participated in the second #RunForInclusion, a non-competitive race promoting individual uniqueness. Drivalia Lease Ireland continued its support for the Marie Keating Foundation's Celebrity Golf Classic, raising awareness of cancer and providing patient support services for the second consecutive year.

CA Auto Bank and Drivalia also continued their environmental sustainability strategy. Recent months have seen the development of products and services meeting the needs of an increasingly sustainability-oriented marketplace. Examples include the Futura credit card made from recycled PVC and financial products like Green Change, dedicated to BEV and PHEV models.

Initiatives such as the attainment of LEED certification, one of the world's most important protocols for building sustainability, for Drivalia's offices in Rome and CA Auto Bank's in Madrid, alongside the installation of 1,700 charging stations across Europe and the progressive electrification of the company's fleet, with electric and hybrid vehicles accounting for 54% of the total, further underscore our commitment to environmental sustainability.

REPORT ON OPERATIONS

MACROECONOMIC SCENARIO, THE AUTO MARKET AND FINANCIAL MARKETS

The USA economy is showing signs of slowing, and GDP growth in China remains below pre-pandemic levels. The OECD's latest estimates predict a slowdown in global GDP growth to 2.7% in 2024, due to tight monetary policies and deteriorating consumer and business confidence. High downside risks persist from international political tensions, particularly in the Middle East.

At its meetings in October and December, the Governing Council left key ECB interest rates unchanged, believing that, if they remained at current levels for a sufficiently long period, they could make a substantial contribution to bringing inflation back to the 2% target. The Governing Council also decided to gradually reduce interest rates to zero in the second half of 2024.

In Italy, growth was close to zero at the end of 2023, held back by tighter credit conditions and still high energy prices. Consumption stagnated and investment contracted. Activity fell again in manufacturing but stabilized in services; it rose in construction, which continued to benefit from tax incentives. According to the coordinated Eurosystem projections, GDP will increase by 0.6% in 2024 (compared with 0.7% estimated for 2023) and by 1.1% in each of the following two years.

In October and November 2023, the labor market proved resilient: employment continued to grow, albeit at a slower pace than in the first half of the year.

The decline in inflation accelerated and spread to non-energy industrial goods and services. In December, consumer price inflation was 0.5 % (3.0 % excluding the most volatile components). Households and businesses expect inflationary pressures to ease in the short and medium term. The forecast prepared as part of the coordinated Eurosystem exercise expects consumer price inflation to fall to 1. 9% in 2024 (from 5.9% in 2023) and then gradually decline to 1.7% in 2026; core inflation will fall to 2. 2% this year (from 4.5% in 2023) and below 2% in the following two years.

With regard to the automotive market, in 2023 car registrations (European Union + United Kingdom + EFTA) totaled €12.8 million, with an increase of 13.7% on 2022. All European markets grew, with the exception of Hungary (-3.4%). Italy (+18.9%), Spain (+16.7%), and France (+16.1%) recorded double-digit growth. In Germany, growth was more modest

(+7.3%), influenced by the negative performance in December (-23%) determined by the end of incentives for the purchase of electric cars.

In the year under review, RV registrations posted an excellent performance, which bodes well for next year. In the last six months, from June to November, there was an increase of +12.26% in RV registrations in Italy compared to the same period last year. The last quarter, from September to November 2023, showed even a greater growth percentage, as it rose by 22.27% compared to the same period in 2022.

Italian manufacturers are therefore satisfied with the current performance of the Italian market, even though they stress that the potential of the domestic market in this sector is still not fully expressed. The good news, therefore, is that there could be further growth in new RV registrations by 2024, especially if interest rates fall.

Finally, with regard to the motorcycle market, 2023 was a particularly good year, with growth rates not seen since 2010. Motorcycles saw an increase of +14.9%, while scooters experienced a growth of +20.6%. In fact, the Italian market for motorcycles, scooters, and mopeds remains the unquestioned leader in Europe, closing 2023 with more than 337 thousand registered vehicles.

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 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 cuts by the ECB are expected in the second half of next year.

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.

On April 4th, 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 3rd, 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 3rd, 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 4th, the following corporate name changes occurred:

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

Effective April 5th, the following corporate name changes occurred:

CA Auto Reinsurance Dac (ex FCA Capital RE Dac)

Moreover, effective April 17th, 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 fourteen European countries and Morocco) 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.

In 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 22nd, 2023, Drivalia Lease Nederland B.V. was officially registered with the Dutch Chamber of Commerce. The company was incorporated on May 17th, 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 17th, 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 24th, 2023, Drivalia Lease Belgium S.A. was officially registered with the Belgian Chamber of Commerce. The company was incorporated on the same date, May 24th, 2023, by Drivalia S.p.A., with an authorized share capital of €250,000, which has been fully paid up.
As of May 24th, 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 España S.A.U (ex FCA Dealer Services España S.A.)

On June 16th, 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 16th, 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.

Drivalia Lease Polska Sp. z o.o. (ex FCA Leasing Polska Sp. z o.o.)

On November 20th, 2023, CA Auto Bank S.p.A. completed the transfer of all shares, representing full ownership, in Drivalia Lease Polska Sp. z o.o. to.in 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 Polska Sp. z o.o. .

On August 1st, 2023, as a result of the sale by ALD and LeasePlan, the following companies became part of the Group.

The transaction is part of a broader agreement described in greater detail later in this report (CA Consumer Finance - Stellantis Agreement).

Drivalia Lease Norge AS (ex ALD Automotive AS)

Drivalia Lease Ireland Ltd (ex Merrion Fleet Management Ltd)

Drivalia Lease Czech Republic s.r.o. (ex LeasePlan Ceska Republika s.r.o.)

Drivalia Lease Finland Oy (ex LeasePlan Finland Oy)

Other operations

Findio N.V.

On February 1st, 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

At the end of December, Findio N.V. was merged with and into CA Auto Finance Nederland B.V.

Therefore, the Dutch subsidiary Findio N.V. ceased to exist on January 1st, 2024.

CA Consumer Finance – Stellantis Agreement

On March 22th, 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, (Lease.co.) a European leader in long-term vehicle leasing, and
- the acquisition by CA Consumer Finance of 100% of FCA Bank (now CA Auto Bank S.p.A.).

The above-mentioned agreement involved 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 were necessary to fulfill ALD's commitments to the European Commission, following its review of ALD's intention to acquire all the shares outstanding of LeasePlan.

The acquisition transactions involved two key aspects:

- The NewCo, a joint venture equally owned by CA Consumer Finance and Stellantis resulting from the merger of Leasys and Free2Move Lease, hosted ALD's business in Portugal and LeasePlan's business in Luxembourg.

- CA Auto Bank and Drivalia, as indicated previously, hosted 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.

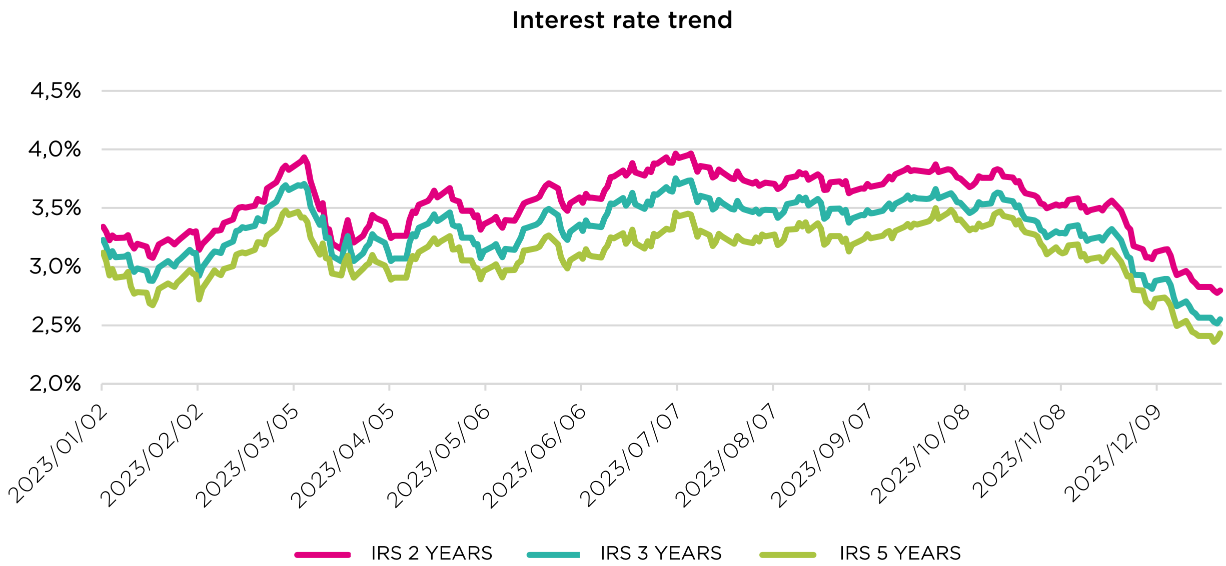
Outlook for 2024

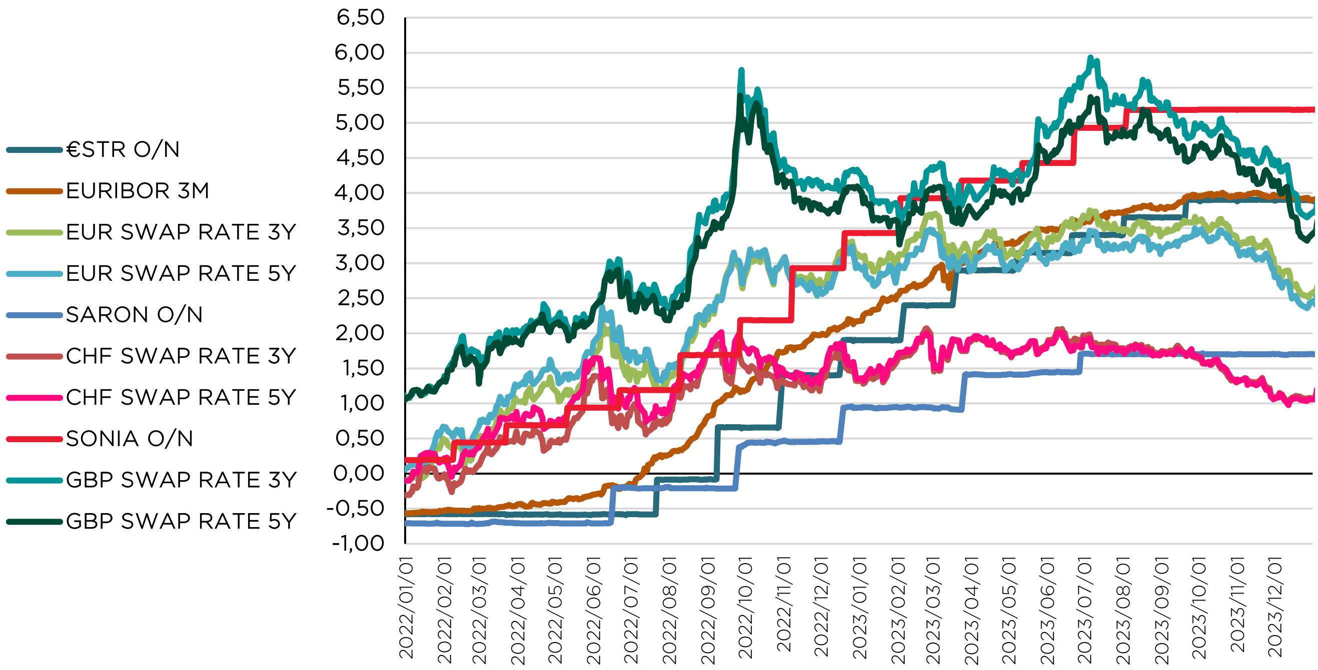
Commercial activities showed signs of improvement during the period under review, with new production up 32% year-on-year. Financial results are still absolutely outstanding with a net profit equal to €400.2 million, thanks to excellent commercial performance and extraordinary revenues related to the 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" leases and loans represent 69% 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.


Interest rate trend
4,5%
4,0%
3,5%
3,0%
2,5%
2,0%
2023/01/02
2023/02/02
2023/03/05
2023/04/05
2023/05/06
2023/06/06
2023/07/07
2023/08/07
2023/09/07
2023/10/08
2023/11/08
2023/12/09
IRS 2 YEARS
IRS 3 YEARS
IRS 5 YEARS


€STR O/N
EURIBOR 3M
EUR SWAP RATE 3Y
EUR SWAP RATE 5Y
SARON O/N
CHF SWAP RATE 3Y
CHF SWAP RATE 5Y
SONIA O/N
GBP SWAP RATE 3Y
GBP SWAP RATE 5Y
6,50
6,00
5,50
5,00
4,50
4,00
3,50
3,00
2,50
2,00
1,50
1,00
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-0,50
-1,00
2022/01/01
2022/02/01
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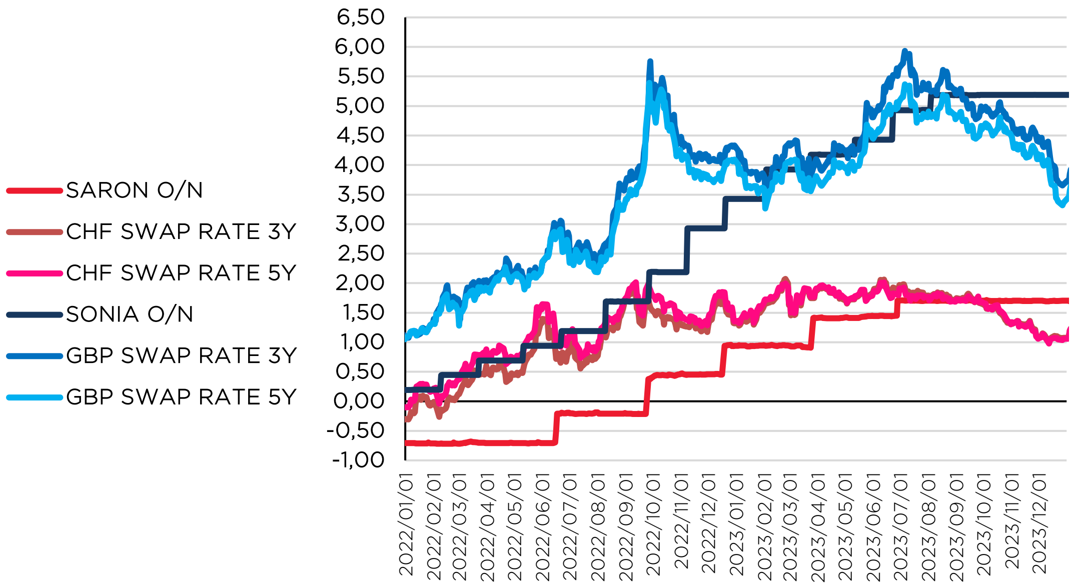
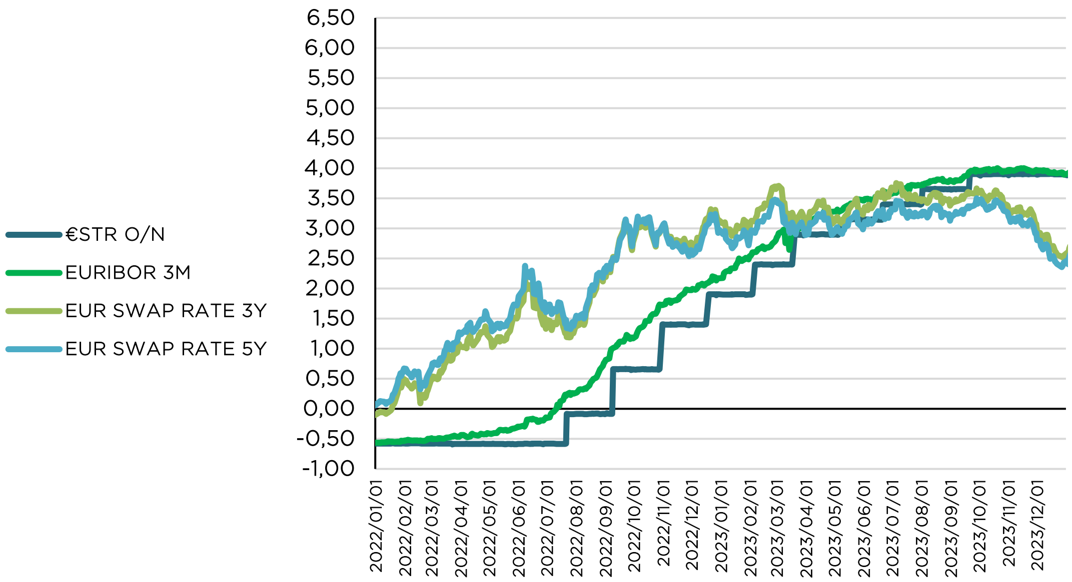
2023/11/01
2023/12/01





The Treasury department 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.

In 2023, Treasury activities efficiently secured the necessary funding for the Group's growing borrowing requirements.

The most important activities completed during 2023 were:

- Three public bond issues under the EMTN program in euros, priced by CA Auto Bank S.p.A. (through its Irish branch) in May 2023, July 2023 and October 2023, respectively, for a total amount of €1,600 million and maturing in June 2026, January 2025 and January 2027, respectively;

- 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;

- Two private bond issues under the EMTN program in euros, priced by CA Auto Bank S.p.A. (through its Irish branch) in September 2023 and December 2023, respectively, for a total amount of €240 million and maturing in December 2025 and June 2025, respectively;

- A public bond issue under the EMTN program in sterling, marking the return to this market after 7 years by CA Auto Bank S.p.A. (through its Irish branch), priced in November 2023 at £400 million and maturing in December 2026;

- A private placement of a €450 million Senior Non-Preferred bond, fully subscribed by Crédit Agricole Consumer Finance and maturing in 2029. This placement allows CA Auto Bank to benefit from an additional bail-in-eligible liability to protect its senior creditors;

- A placement of "Euro Commercial Paper" issued by CA Auto Bank S.p.A. (through its Irish branch) for a total amount of €1.5 billion during the year. As of December 31th, 2023, the outstanding amount of the Euro Commercial Paper was €350 million;

- The public placement by CA Auto Bank S.p.A. of the A-Best Twentyone securities (originated as a self-securitization by its German branch) in March 2023. The total amount of the Senior Securities issued in this placement was €400 million;

- The clean-up in February 2023 of A-Best Sixteen, a securitization transaction originated in 2018, collateralized by loans originated in Germany by the branch of CA Auto Bank S.p.A; the clean-up in June 2023 of A-Best Fourteen, a self-securitization transaction originated in 2016, collateralized by loans originated in Italy by CA Auto Bank S.p.A, and of the Erasmus transaction, a securitization program originated in 2006 collateralized by dealer receivables originated in CA Auto Bank S.p.A.'s branches in Germany and France and its subsidiary in Spain;

- 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;

- An increase in the amount financed under the Nixes 6 private securitization, collateralized by U.K.-originated autoloans, up to an amount of £1,050 million, with simultaneous extension of the credit line;

- The structuring and private placement in October 2023 of 50% of the A-Best Twentytwo senior securities, amounting to €617 million; at the same time, the remaining 50% was taken up by CA Auto Bank S.p.A., and was fully refinanced, together with the Mezzanine Securities, as part of medium- to long-term repurchase agreements (Repo), for a total amount of an additional €803 million;

- The rollover of medium- and short-term repurchase agreements (Repos) collateralized by ABSs originated within the Group for a total amount of approximately €230 million;

- The structuring and private placement in December 2023 of the RAST transaction, with total Senior Securities amounting to £484 million;

- The maintenance of the TLTRO-III monetary policy operations, amounting to a total of €1,300 million as of December 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 ABSs 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 €2.5 billion;

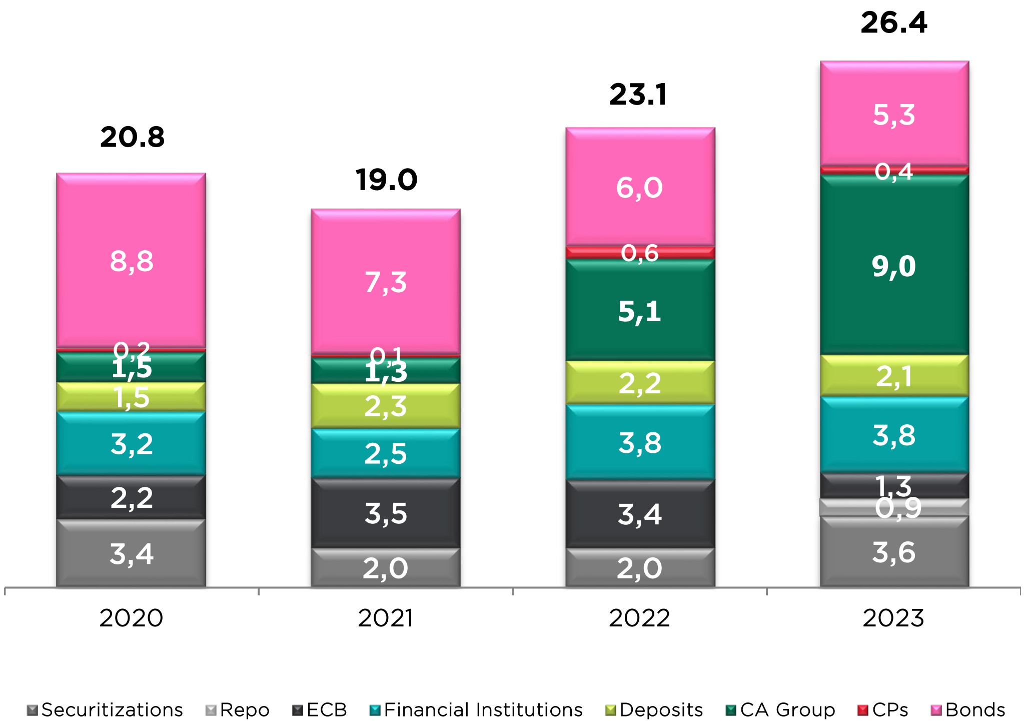
- The largely unchanged amount of CA Auto Bank S.p.A.'s retail deposits in Italy and Germany, with total deposits as of December 31st, 2023 amounting to about €2.1 billion.

Financial structure and funding sources

The table below shows the financial structure and funding sources as of December 31st, 2023:

Description	as a % of total funding sources	as a % of total liabilities and equity
Crédit Agricole Group	34%	29%
Bonds	20%	17%
Financial Institutions	14%	12%
Securitizations	14%	12%
Deposits	8%	7%
ECB	5%	4%
Repo	3%	3%
Commercial Papers	2%	1%
Non – financial liabilities	-	5%
Equity	-	10%
Total	100%	100%

External funding sources (€/bln)



* From the end of the year 2020, the funding at the end of the year no longer includes Leasys Group debt, which was sold on December 21st, 2022

The chart shows how the strategy of diversifying funding sources has been strengthened following the acquisition by the Crédit Agricole Group. The substantial growth in volumes during 2023 also significantly increased the financial support of the Crédit Agricole Group, (testifying to the strategic nature of the investment), which was bolstered by Crédit Agricole Consumer Finance's purchase of a €450 million Senior Non-Preferred bond maturing in 2029, which allows CA Auto Bank to benefit from an additional bail-in eligible liability, protecting its senior creditors.

During the year, the funds collected by the ECB under the TLTRO III program have been reduced.

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

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 allow 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 bond 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). As of December 31st, 2023, the maximum aggregate nominal value of the program is €12 billion, while that of the outstanding bond issues is approximately €4,465 million, for the euro-denominated bonds, plus the £400 million issued in December 2023. The notes and the program 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). As of December 31st, 2023 the program had an aggregate maximum nominal amount of €750 million and approximately €350.5 million in commercial paper outstanding. The program has been assigned CA Auto Bank S.p.A.'s short-term rating by Moody's;

- €450 million Senior Non-Preferred bond issue, fully taken up by Crédit Agricole Consumer Finance and maturing in 2029, allowing CA Auto Bank to benefit from an additional bail-in eligible liability to protect its senior creditors;

- Three credit-linked note issues as part of three synthetic securitization transactions in April 2023, relating to leases and loans to individuals, leases and loans to SMEs, and receivables from dealers originated in different European jurisdictions, for a total amount of €906.2 million.

CA Auto Bank's programs and issues

ISSUER	INSTRUMENT	ISIN	MARKET	SETTLEMENT DATA	MATURITY DATE	AMOUNT(MLN)
CA Auto Bank S.p.A. - Irish Branch	Public	XS2051914963	EUR	19-Sep-13	24-Sep-13	850
CA Auto Bank S.p.A. - Irish Branch	Public	XS2332254015	EUR	21- Apr -16	24-Apr-16	850
CA Auto Bank S.p.A. - Irish Branch	Private	XS2488119434	EUR	22-Jun-06	24-Jun-06	60
CA Auto Bank S.p.A. - Irish Branch	Public	XS2549047244	EUR	22-Oct-24	24-Mar-24	500
CA Auto Bank S.p.A. - Irish Branch	Public	XS2549047673	EUR	22- Oct -24	24-mar-24	365
CA Auto Bank S.p.A. - Irish Branch	Public	XS2633552026	EUR	23-Jun-08	26-Jun-08	600
CA Auto Bank S.p.A. - Irish Branch	Public	XS2648672231	EUR	23-Jul-12	25-Jan-13	350
CA Auto Bank S.p.A. - Irish Branch	Private	XS2700264604	EUR	23-Oct-05	25-Dec-19	140
CA Auto Bank S.p.A. - Irish Branch	Public	XS2708354811	EUR	23- Oct -25	27-Jan-25	650
CA Auto Bank S.p.A. - Irish Branch	Public	XS2729355649	GBP	23-Dec-06	26-Dec-06	400
CA Auto Bank S.p.A. - Irish Branch	Private	XS2734143121	EUR	23-Dec-14	23-Dec-14	100
CA Auto Bank S.p.A. - Irish Branch	Private	XS2649509457	EUR	23-Jul-10	24-Jan-10	60
CA Auto Bank S.p.A. - Irish Branch	Private	XS2650989754	EUR	23-Jul-11	24-Jan-11	55
CA Auto Bank S.p.A. - Irish Branch	Private	XS2654079867	EUR	23-Jul-17	24-Jan-17	25
CA Auto Bank S.p.A. - Irish Branch	Private	XS2695012604	EUR	23-Sep-20	24-Jun-20	8
CA Auto Bank S.p.A. - Irish Branch	Private	XS2696127971	EUR	23-Sep-22	24-Jan-22	25
CA Auto Bank S.p.A. - Irish Branch	Private	XS2696904619	EUR	23-Sep-25	24-Jul-25	8
CA Auto Bank S.p.A. - Irish Branch	Private	XS2711411905	EUR	23- Oct -26	24-Mar-26	30
CA Auto Bank S.p.A. - Irish Branch	Private	XS2713293186	EUR	23- Oct -31	24-Feb-29	25
CA Auto Bank S.p.A. - Irish Branch	Private	XS2719178720	EUR	23-Nov-10	24-Apr-10	30
CA Auto Bank S.p.A. - Irish Branch	Private	XS2726914521	EUR	23-Nov-24	24-Feb-26	40
CA Auto Bank S.p.A. - Irish Branch	Private	XS2736018644	EUR	23-Dec-14	24-Apr-15	3,5
CA Auto Bank S.p.A.	Private	IT0005566473	EUR	23-Sep-29	29-Sep-29	450
CA Auto Bank S.p.A.	Private	XS2608628124	EUR	23-Apr-06	31-ott-27	407
CA Auto Bank S.p.A.	Private	XS2608629445	EUR	23- Apr -06	31-Oct-27	129
CA Auto Bank S.p.A.	Private	XS2608630450	EUR	23- Apr -06	25-Oct-27	2

Rating

In 2023, following CA Consumer Finance's acquisition of full control of CA Auto Bank on April 3rd, 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 17th Fitch upgraded CA Auto Bank's rating to A- with a stable outlook.

The ratings assigned to CA Auto Bank as of December 31st, 2023 are as follows:

ENTITY	LONG-TERM RATING	OUTLOOK	SHORT-TERM RATING	LONG-TERM DEPOSIT RATING	OUTLOOK
Moody's Investors Service	Baa1	Negative	P-2	Baa1	Stable
Fitch Ratings	A-	Stable	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.

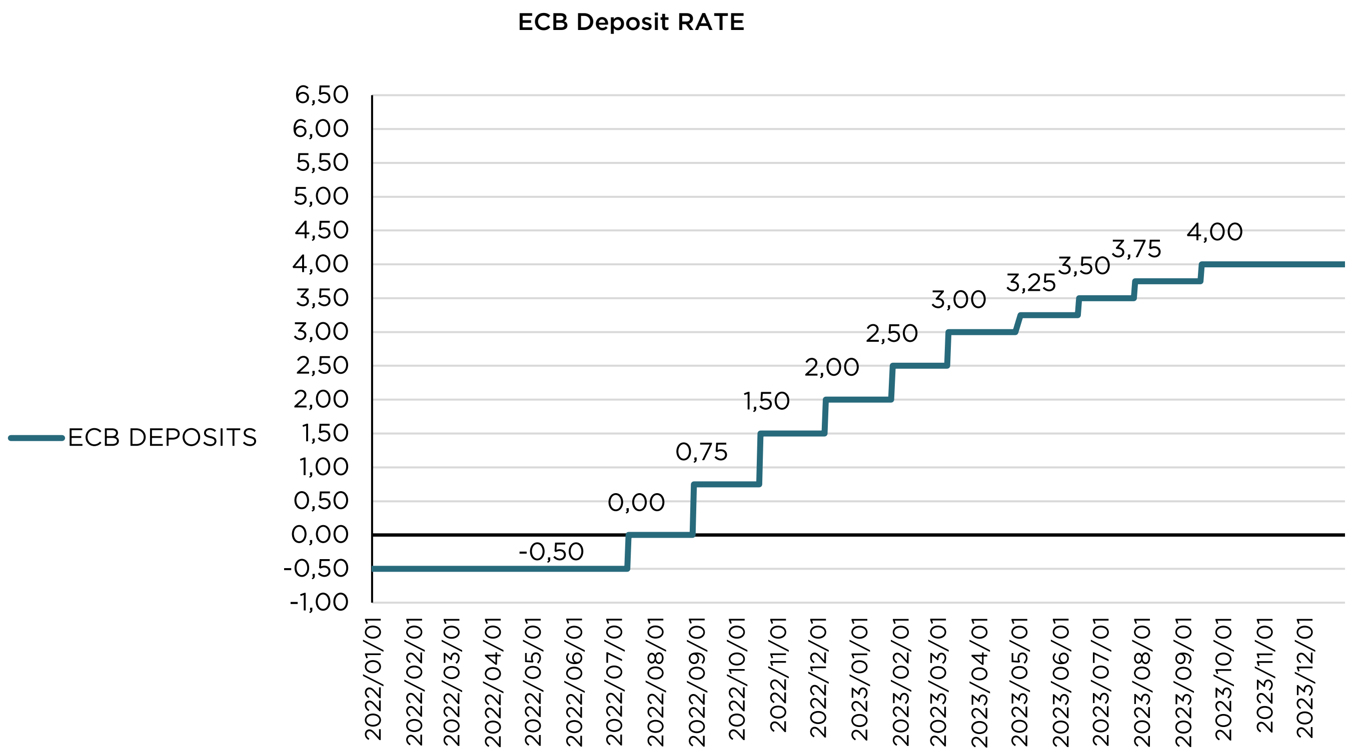
In March 2019, the Governing Council of the European Central Bank announced a third series of quarterly longer-term refinancing operations (i.e., TLTRO-III), each with a maturity of three years, starting in September 2019 and ending in March 2021, and eventually extended until December 2021, based on an ECB decision dated December 10th, 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 24th, 2020 and June 23rd, 2021 and then extended, with the ECB's decision of December 10th, 2020, until June 2022.

At the beginning 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 31st, 2019 and March 31st, 2021 exceeded by 2.5% their benchmark net lending. Subsequently, in March 2020, due to the impacts of the Covid-19 pandemics, this condition was revised (reducing the percentage to 1.15%) and a new, more favorable condition was introduced (which, if met, it supersedes the previous), whereby counterparties whose eligible net lending, between March 1st, 2020 and 31st March 2021, was at least equal to the respective benchmark net lending will be charged a lower interest rate, which can be as low as that on the deposit facility with the ECB prevailing over the life of the respective operation, except for the period between June 24th, 2020 and June 23rd, 2021. In fact, in this "special interest" period, the interest rate will be reduced by an additional 50 basis points, with the resulting interest rate not higher than a minus 100 basis points. With the ECB decision of December 10th, 2020, this reduction was extended also to the period between June 24th, 2021 and June 23rd, 2022, for counterparties whose eligible net lending between October 1st, 2020 and December 31st, 2021 is at least equal to the respective benchmark net lending.

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

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



Total utilization of TLTRO-III funding as at December 31st, 2023 was €1,300 million, in relation to the drawdowns made in March, June and December 2021 (for €500 million, €100 million and €700 million, respectively).

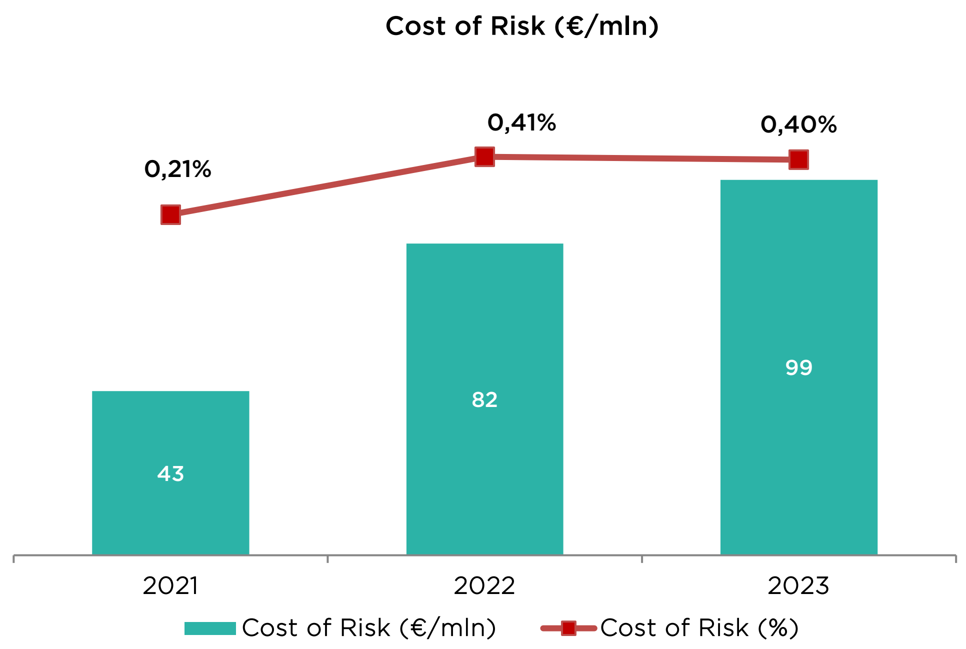
COST OF RISK AND CREDIT QUALITY

Cost of risk

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

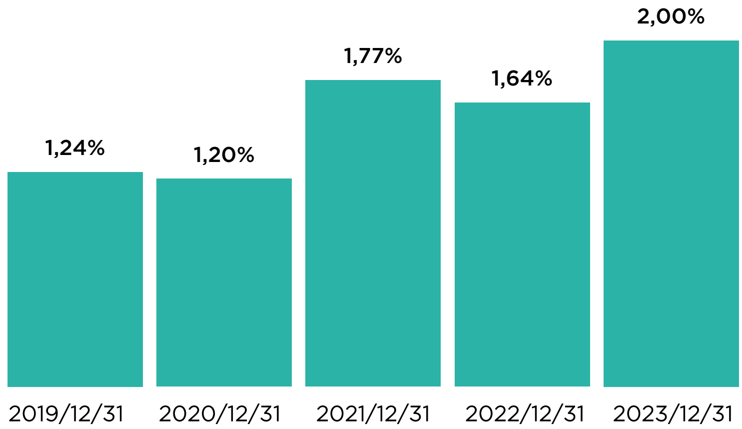
- core activities involving the provision of credit to dealers, brokers, and importers, and mobility services to end customers;
- conservative credit underwriting policies, supported by ratings, scoring, and decision engines;
- monitoring of credit performance, with prompt detection of deterioration 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 at risk.
Also for 2023, the cost of risk performance remains positive, settling at 0.40% of the average outstanding portfolio, which was slightly higher than budget.



The data for 2021 and the 2022 were restated by excluding Leasys figures for comparative

Gross non-performing loans



Level of NPLs (Non-Performing Loans), equal to 2%.

Retail Financing

In 2023, the cost of risk of the Retail Financing business line stood at 0.57% of average outstandings, up 11 bps from December 2023.

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 a general inflation context. In addition, the change in the management system of the entities in Italy, Spain and Portugal resulted in a temporary slowdown in debt collection activities (back to full capacity in the last months of 2023), which had a negative impact on the funding requirement.

It should also be noted that the Company considered in its assessments the impact of the updated forward-looking parameters, which resulted in a reduction of provisions for lease and loan losses associated with the Retail portfolio of approximately €1 million.

Wholesale Financing

The cost of risk for the Wholesale Financing business line continues to be very low, accounting for 0.40% 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 €2.9 billion in December 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 the Company did not consider in its assessments the impact of the update of the forward-looking parameters for the Wholesale portfolio as this update would have resulted in an immaterial change in the relevant lease and loan loss provisions.

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 ensures an objective, transparent, structured and consistent assessment of all the information related to the customer and the application received.

Credit analysis is based on strategies that combine the outcome of scorecards, findings resulting from the use of external databases (e.g., credit bureaus, external ratings, etc.) and the 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 strategies may be confirmed or revised as appropriate.

Currently, the CA Auto Bank Group uses 29 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 and - currently only for the Italian market – to manage and maintain the decision engine.

From a quantitative point of view, during the second half of 2023, the Retail Financing and Leasing business line developed a scorecard for business customers in the UK, fine-tuned the retail scorecard in Denmark, started developing a scorecard for business customers in Spain and a scorecard for retail customers in Poland. Finally, rules were updated and approved to increase the area subject to automatic decision for the retail segment in the UK and Switzerland.

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, a tool established over the years and specifically parameterized for CAAB's needs) 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.

Credit quality

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

	12/31/2023			12/31/2022		
Description	Gross expo-sures	Allowance for loan and lease	Net exposure	Gross expo-sures	Allowance for loan and lease	Net exposure
- Bad debt exposures	114,604	(72,415)	42,189	92,806	(65,787)	27,019
- Unlikely to pay	72,807	(30,512)	42,294	62,935	(32,692)	30,243
-Non Performing Past Due	310,851	(105,406)	205,446	225,840	(69,373)	156,467
Non performing loans	498,262	(208,333)	289,929	381,581	(167,852)	213,729
Performing Loans	24,466,310	(160,171)	24,306,139	22,832,632	(135,477)	22,697,155
Total	24,964,572	(368,504)	24,596,068	23,214,213	(303,329)	22,910,884

	12/31/2023			12/31/2022		
Description	Gross exposure weight	Net exposure weight	Coverage ratio	Gross exposure weight	Net exposure weight	Coverage ratio
- Bad debt exposures	0.46%	0.17%	63.19%	0.40%	0.12%	70.89%
- Unlikely to pay	0.29%	0.17%	41.91%	0.27%	0.13%	51.95%
-Non Performing Past Due	1.25%	0.84%	33.91%	0.97%	0.68%	30.72%
Non performing loans	2.00%	1.18%	41.87%	1.64%	0.93%	43.99%
Performing Loans	98.00%	98.82%	0.65%	98.36%	99.07%	0.59%
Total	100.00%	100.00%	1.48%	100.00%	100.00%	1.31%

The credit quality is confirmed at an excellent level, with non-performing loans representing 2.00% of total net exposure. The net exposure of non-performing loans amounted to €290 million compared to a total net exposure of €25 billion.

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

Allowance for loans and lease losses amounted to €369 million at the end of 2023, compared to € 303 million at the end of 2022; gross exposure for impaired loans amounted to € 498 million compared to € 382 million at the end of 2022.

Residual values

Residual value is the value of the vehicle when the related loan or lease contract expires. The Bank is exposed to residual value risks in connection with loan and lease contracts with customers that can return the vehicle at the end of such contracts.

Trends in the used vehicle market may entail a risk for the holder of the residual value.

This risk is basically borne by the dealers throughout Europe, with the exception of the UK market, where the risk is managed, regularly monitored, mitigated with specific procedures and covered through specific provisions by the Bank.

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

€/000	12/31/2021 (*)	12/21/2022 (*)	12/31/2023
Financing and Leasing			
- Residual Risk borne by CA Auto Bank Group	1,107	1,233	1,894
of which UK market	*531*	*620*	*1,124*
Provision for residual value	*32*	30	*31*

(*) The income statement results and ratios as of and for the year ended December 31st, 2022 have been re-stated on a like-for-like basis, excluding Leasys and its subsidiaries, to accurately represent the Group's results.

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 Values 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.

€/000 Drivalia (Rental/Mobility)	12/31/2023
- Residual Value CA Auto Bank Group	1.350
Provisions for Residual Values	-

(*) Data for December 31st, 2022 are not comparable.

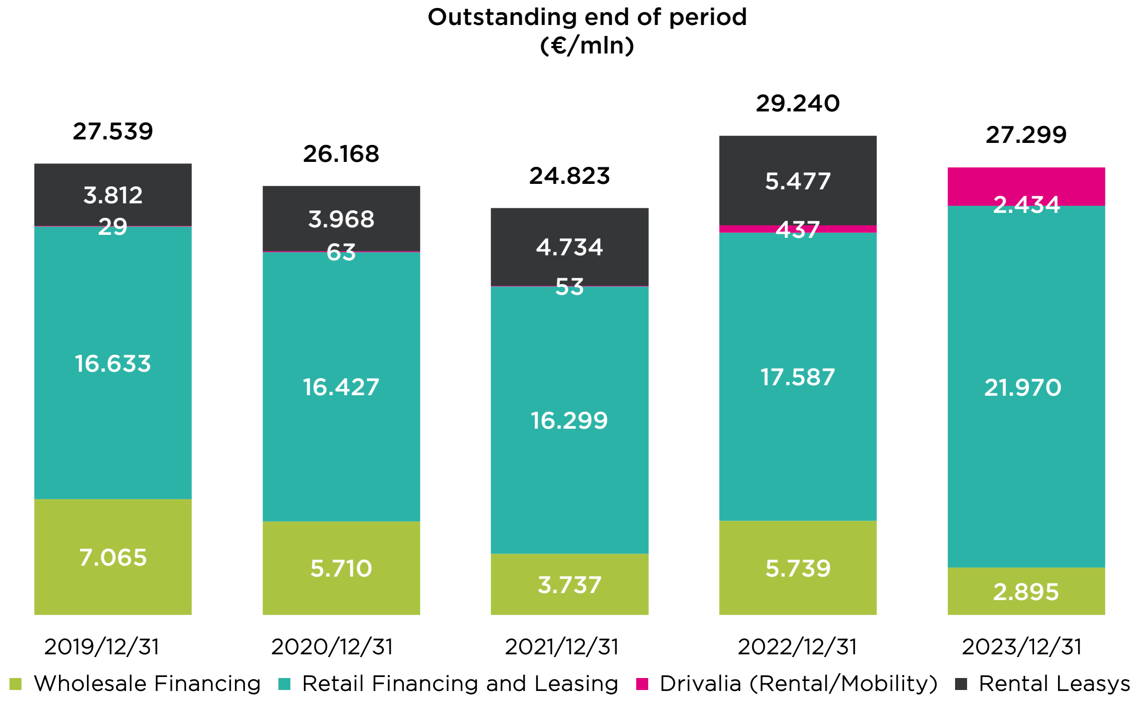
RESULTS OF OPERATIONS

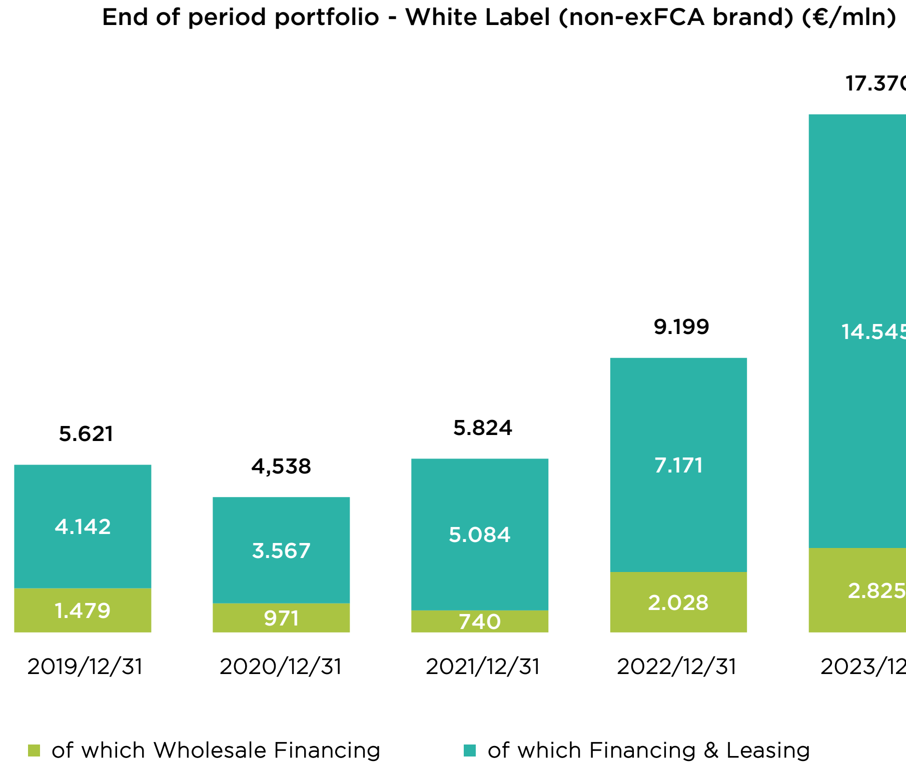
Economics data (€/000)	12/31/2023	12/31/2022 (*)
Net banking income and rental margin	818	788
Net operating expenses	(255)	(213)
Cost of risk	(99)	(82)
Other income/ (expenses)	90	(40)
Gains / (Losses) on investment disposals	-	647
Profit before tax	554	1,100
Net income	400	1,019
Outstandings		
Average	24,595	25,133
End of period	27,299	29,240
Ratios		
Net banking income and rental margin /Average outstandings (1)	3.33%	3.89%
Cost/Income ratio	31.18%	26.95%
Cost of risk /Average outstandings	0.40%	0.41%
CET1	15.79%	13.92%
Total Capital Ratio (TCR)	17.23%	15.54%
Leverage Ratio	10.22%	10.22%

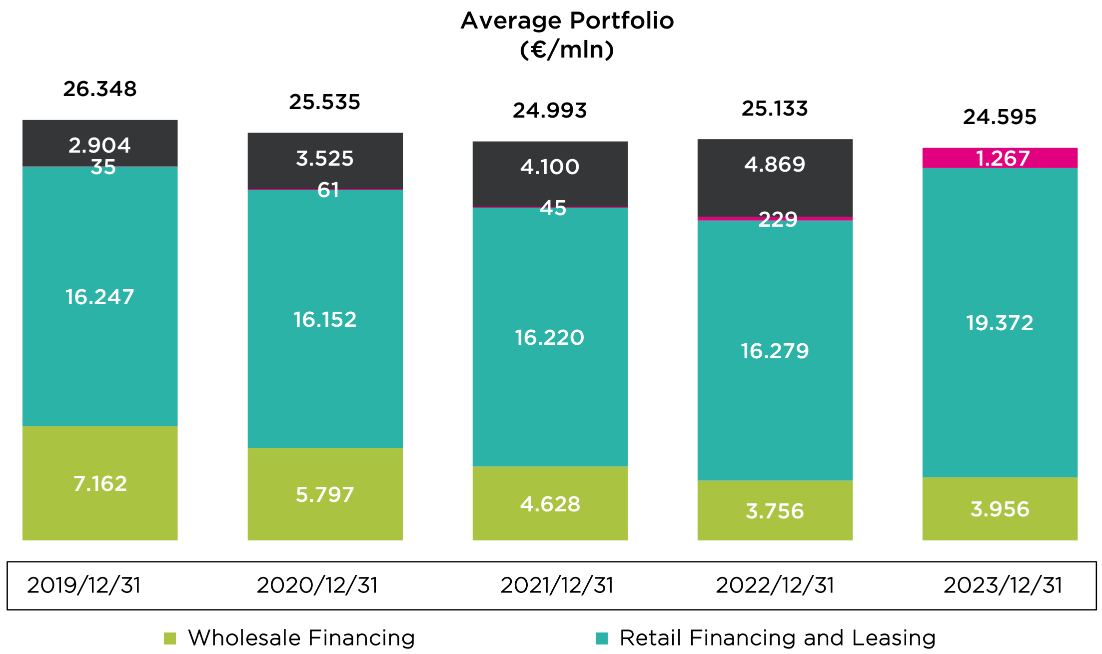
(*) The ratios have been re-exposed by not including Leasys and its subsidiaries sold in December 2022.

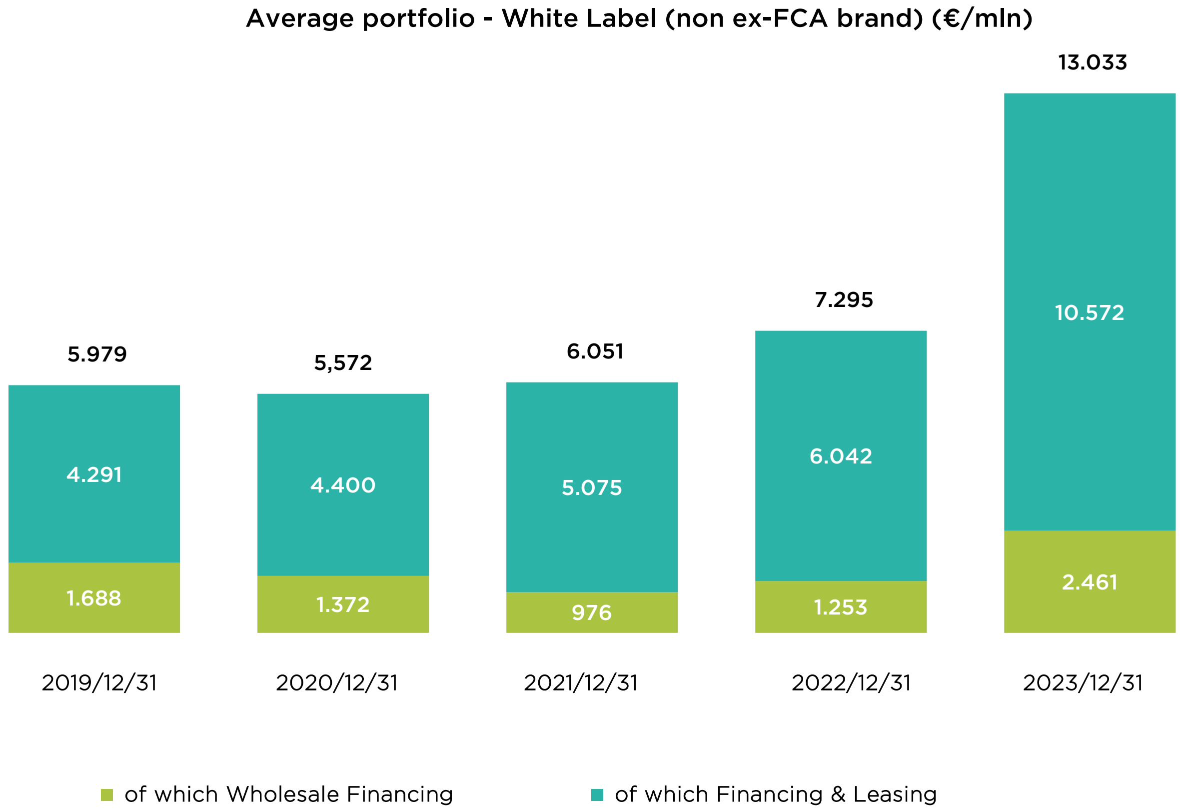
Balance sheet data (€/000)	12/31/2023	12/31/2022
Cash and cash equivalents	1,674	3,140
Financial assets at fair value through other comprehensive income	9	9
Financial assets at amortized cost	24,731	23,029
a) Loans and deposits with Banks	135	118
b) Leases and loans with customers	24,596	22,911
Hedging derivatives	263	550
Changes in fair value of portfolio hedge items	(130)	(491)
Insurance assets	11	10
Property, plant and equipment	2,625	532
Intangible assets	192	121
Tax assets	218	177
Other assets	1,569	1,233
Total assets	**31,162**	**28,310**
Total liabilities	**28,126**	**24,581**
Net Equity	**3,036**	**3,729**

In 2023, despite the complex geopolitical environment shaped by conflicts in Russia-Ukraine and the Middle East, production volumes saw an increase compared to the previous year. Overall, there was a significant rise of 14.8% in the end-of-period portfolio considering the net Leasys perimeter. The most substantial growth occurred in the Rental/Mobility business line (+457%), attributed to the acquisition of new rental companies and significant market development. The Financing and Leasing business line also showed improvement, as it went up by 25% compared to the previous year, driven by new collaborations with business partners. However, the Wholesale Financing business line experienced a decline, primarily due to the loss of the agreement with Stellantis.


Outstanding end of period
(€/mln)
27.539
3.812
29
16.633
7.065
26.168
3.968
63
16.427
5.710
24.823
4.734
53
16.299
3.737
29.240
5.477
437
17.587
5.739
27.299
2.434
21.970
2.895
2019/12/31
2020/12/31
2021/12/31
2022/12/31
2023/12/31
Wholesale Financing
Retail Financing and Leasing
Drivalia (Rental/Mobility)
Rental Leasys


End of period portfolio - White Label (non-exFCA brand) (€/mln)
5.621
4.142
1.479
4,538
3.567
971
5.824
5.084
740
9.199
7.171
2.028
17.370
14.545
2.825
2019/12/31
2020/12/31
2021/12/31
2022/12/31
2023/12/31
of which Wholesale Financing
of which Financing & Leasing

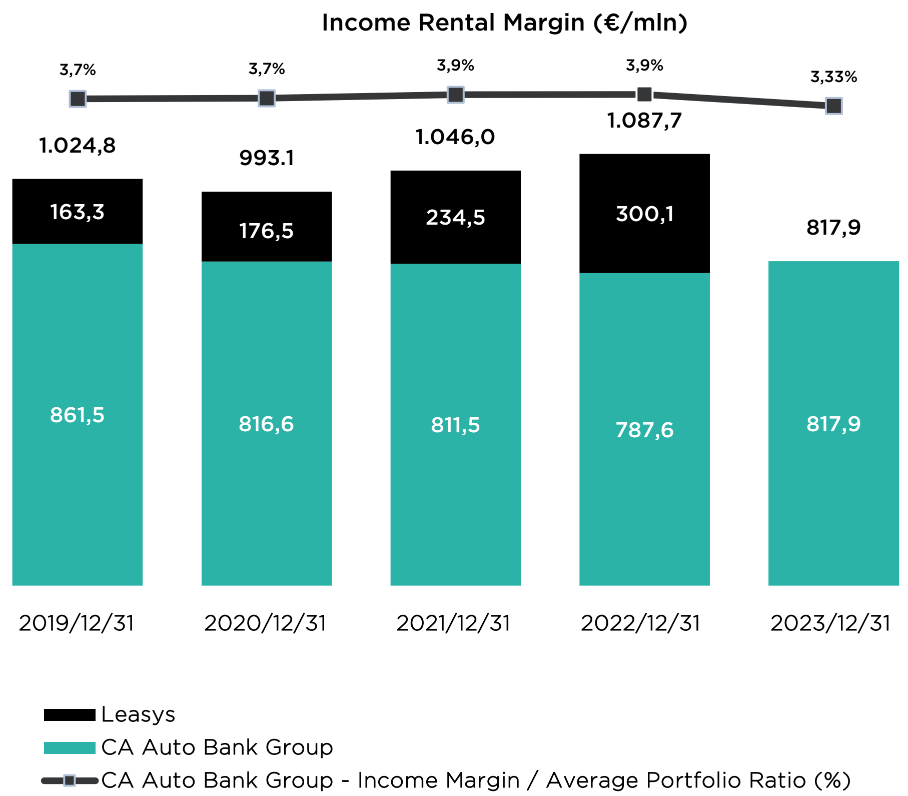

Average Portfolio
(€/mln)
26.348
2.904
35
16.247
7.162
25.535
3.525
61
16.152
5.797
24.993
4.100
45
16.220
4.628
25.133
4.869
229
16.279
3.756
24.595
1.267
19.372
3.956
2019/12/31
2020/12/31
2021/12/31
2022/12/31
2023/12/31
Wholesale Financing
Retail Financing and Leasing


Average portfolio - White Label (non ex-FCA brand) (€/mln)
5.979
4.291
1.688
5,572
4.400
1.372
6.051
5.075
976
7.295
6.042
1.253
13.033
10.572
2.461
2019/12/31
2020/12/31
2021/12/31
2022/12/31
2023/12/31
of which Wholesale Financing
of which Financing & Leasing

Income Rental Margin

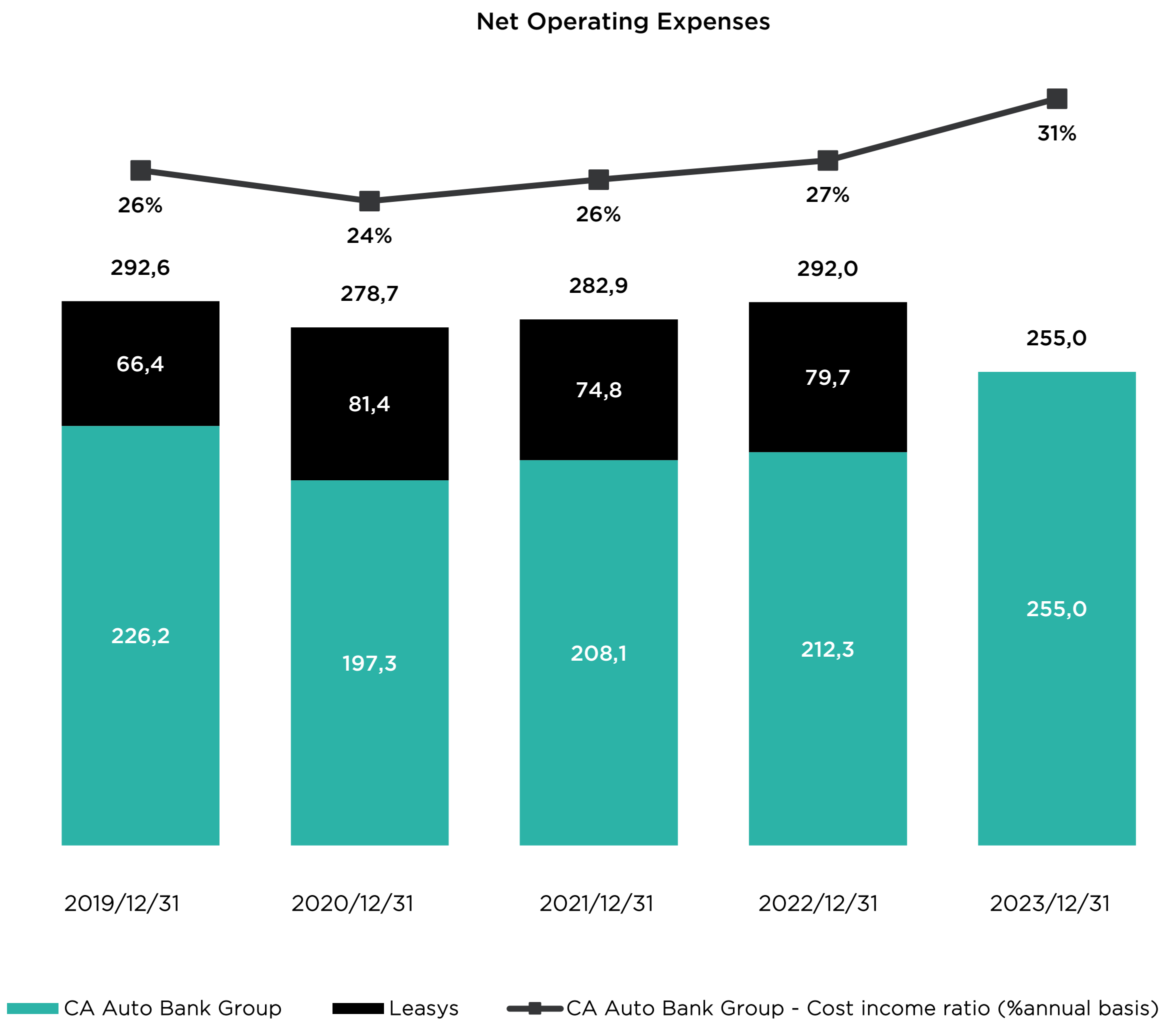
The net banking and rental margin for 2023 amounted to €817.9 million, an increase of +3.8% compared to 2022, due to higher volumes related to the Financing and Leasing and Rental/Mobility business lines.

The ratio of the net banking and rental margin to the average portfolio decreased to 3.33% (-56 basis points compared to 2022), due to the increase in financial expenses caused by the tightening of key interest rates by the European Central Bank.



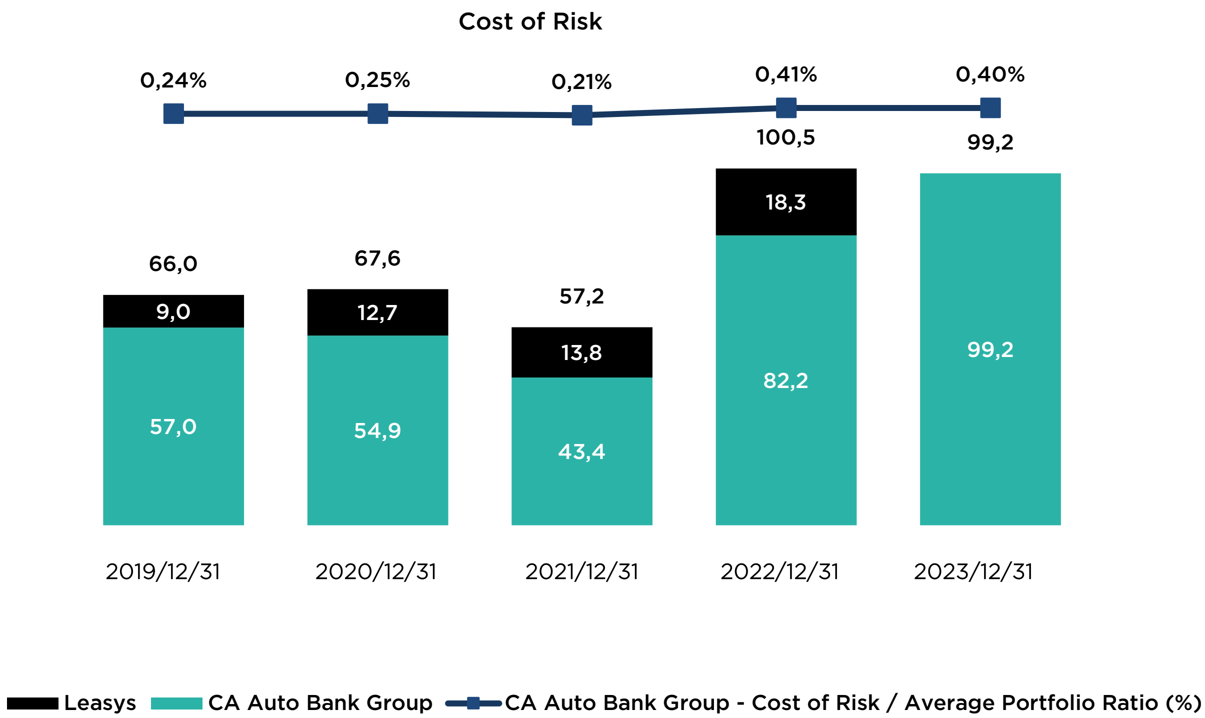
Not Operating Expenses

Net operating expenses increased by approximately €42.7 million compared to 2022 -net Leasys contribution- due to the acquisitions finalized in 2023, in particular the Companies Findio N.V., Drivalia Lease Norge AS, Drivalia Lease Finland Oy, Drivalia Lease Ireland Ltd. and Drivalia Lease Czech Republic s.r.o. The Cost Income Ratio (31% as of December 31st, 2023), increases from previous year, (27% as of December 31st, 2022)



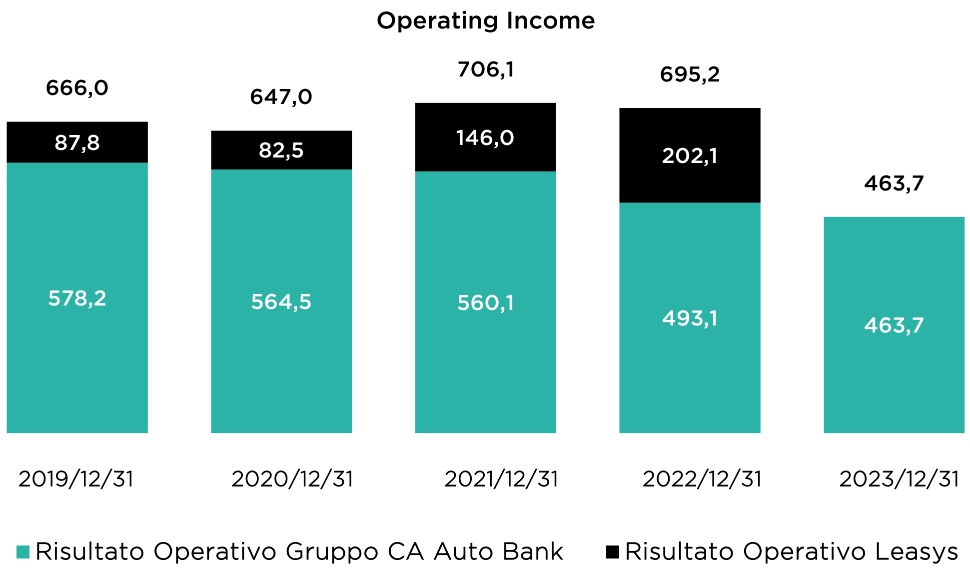
Cost Of Risk

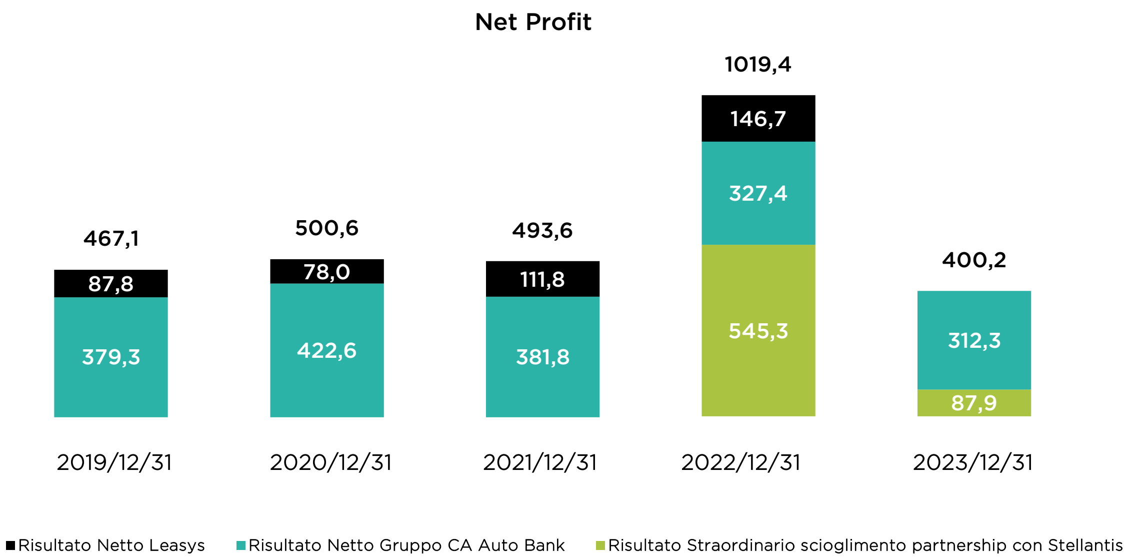
The 2023 cost of risk stood at 0.40%, with a slight improvement over 2022 (0.41%) due to the different product mix adopted for the year.



Operating Income and Net Profit

Operating income for 2023 is €463.7 million, while net profit (excluding extraordinary items related to the dissolution of the partnership with Stellantis) is €312.3 million, decreases of 4.6% compared with the 2022 figures, due to reduced margins as a result of increased financial expenses determined by the ECB's tightening policy.





OWN FUNDS AND CAPITAL RATIOS

Own Funds and Capital Ratios (€/000)	12/31/2023	12/31/2022
Common Equity Tier 1 - CET1	2,920,891	2,836,749
Additional Tier 1 - AT1	8,312	7,671
Tier 1 - T1	2,292,203	2,844,420
Tier 2 - T2	257,703	322,813
Own Funds	3,186,906	3,167,233
Risk Weighted Assets (RWA)	18,496,845	20,381,187
REGULATORY RATIOS		
CET 1	15.79%	13.92%
Total Capital Ratio (TCR)	17.23%	15.54%
LCR	160%	186%
NSFR	114%	112%
OTHER RATIOS		
Leverage Ratio	10.22%	10.22%
RONE (Net Profit/Average Normative Equity)	17.77%	24.48%

As of December 31st, 2023, the Total Capital Ratio stood at 17.23%, showing an increase of 1.69% compared to December 31st, 2022, due to the 2023 profit retention and a reduction in RWA mainly due to the synthetic securitization transaction that resulted in saving of €2.8 billion. The CET1, at the end of the period, was 15.79%, while the RONE (Return On Normative Equity), calculated considering a Normative Equity equal to 9.5% of RWA, was 17.77%.

Reconciliation between reclassified and reported income statement figures and outstandings

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

	12/31/2023	12/31/2022
10. Interest and similar income	1.458	830
20. Interest and similar expenses	(946)	(165)
40. Fee and commission income	120	117
50. Fee and commission expenses	(66)	(52)
80. Net income financial assets and liabilities held for trading	(5)	1
90. Fair value adjustments in hedge accounting	(14)	(9)
170. Net other operating income/ charges from insurance activities	8	(1)
190. Administrative costs	(14)	(6)
200. Net provisions for risks and charges	14	(11)
210. Depreciation-Impairment/Recoveries on property, plant and equipment	(185)	(23)
230. Other operating income/expenses	448	107
Net banking income	818	788
40. Fee and commission incomes	11	17
190. Administrative costs	(236)	(223)
210. Depreciation-Impairment/Recoveries on property, plant and equipment	(17)	(17)
220. Amortization-Impairment/Recoveries on intangible assets	(18)	(16)
230. Other operating income/expenses	5	26
Net operating expenses	(255)	(213)
50. Fee and commission expenses	(9)	(9)
100. Gains (losses) on disposal or repurchase of financial assets measured at amortized cost		
a) financial assets measured at amortized cost	-	(3)
130. Impairment/Recoveries in relation to credit risk		
a) financial assets measured at amortized cost	(84)	(65)
230. Other operating income/charges	(6)	(5)
Cost of risk	(99)	(82)
190. Administrative costs	(11)	(15)
230. Other operating income/expenses	101	63
270. Goodwill impairment	-	(87)
280. Gains (Losses) on disposal of investments	-	647
Other income/expenses	90	608
300. Taxes on income from continuing operations	(154)	(163)
Income taxes	(154)	(163)
320. Net income (loss) from discontinued operations	-	82
Net profit	400	1.019

Statement of reconciliation between outstandings and receivables to customers (€/mln)

	12/31/2023
Outstanding	27,299
90. Property, plant and equipment (*)	(2,294)
130. Other assets	(206)
10.b) Deposits from customers	38
80. Other liabilities	66
40. b) Loans and receivables with customers not included in the outstanding	62
40.b) Loans and advances to customers	24,965
Allowance for loans Management data	382
130. Other assets	(14)
Allowance for loans with customers Item 40.b) Loans and advances to customers	368

(*) Includes assets related to the rental activity.

Reconciliation between parent company and consolidated equity and net profit (€/mln)

(€/000)	Equity	of which: Profit for the period
Equity and profit for the year of CA Auto Bank S.p.A	2,499,383	388,317
Equity and profit of subsidiaries less non-controlling interests	1,348,045	203,942
Consolidation adjustments:	(902,592)	(199,333)
Elimination of carrying amount of consolidated companies	(964,137)	0
InterCompany dividends	0	(84,000)
Other consolidation adjustments	61,545	(115,333)
Equity and profit attributable to the Shareholders of CA Auto Bank S.p.A.	2,944,836	392,926
Equity and profit attributable to non-controlling interests	86,130	7,280
Consolidated equity and profit	3,030,966	400,206

SOCIAL ASPECTS

Security, privacy and reliability of services

Data protection and cyber security

In line with the results of previous years, CA Auto Bank continues to pay special attention to issues related to the protection of personal data processed within its organization and information systems in order to ensure an adequate level of security in terms of confidentiality, integrity and availability of information and protect the rights and interests of its customers and employees.

In accordance with the requirements of the EU Data Protection Regulation No. 2016/679, the corporate governance includes:

- a regulation that defines the organizational model, describing roles and responsibilities, assigning each employee a specific role in the area of personal data protection in order to strengthen and ensure proper management of personal data according to specific business needs and peculiarities;

- a robust system of policies and procedures;

- a Group policy aimed at outlining the general principles, responsibilities and main processes in the area of personal data protection to which CA Auto Bank S.p.A. and its subsidiaries must adhere in order to ensure an adequate level of compliance with data protection laws while also taking into consideration relevant local regulations. As a general rule, the goal is to ensure that the principle of data protection is always taken into account from the earliest stages of development in accordance with the principles of privacy by design and by default;

- special attention is paid to the issue of personal data breach management to prevent, hinder or avoid the occurrence of the said breach, indicating the activities, roles and responsibilities for proper, prompt and efficient management;

- similar attention is also paid to the issue of data retention ("data retention"), through the Group Data Retention Policy. In addition to contemplating for CA Auto Bank Group entities the sharing of a methodology and best practices useful for defining data retention periods, this policy requires compliance with the following principles: the retention of the data of each data subject must be justified on the basis of the service provided; the principle of accountability, which entails the adoption of appropriate technical and organizational measures to ensure and demonstrate that the processing of personal data in place complies with the principles established by the applicable rules; the principle of minimization, which translates into the need to combine this principle with the need to protect the Bank's right within the limits of the rights of the data subject;

- taking into account the regulations on the Public Register of Oppositions ("PRO"), the CA Auto Bank Group has updated the information on the processing of personal data by providing specific evidence of the new developments;

- in light of the standard contractual clauses (SCCs) drafted by the European Commission, CA Auto Bank has taken steps to update the information in its possession by verifying and mapping all transfers of personal data from providers of any service that involves the processing (storage, access, processing, etc.) of personal data in order to understand which of them process personal data outside the EU/EEA and avoid situations of non-compliance by requesting the adoption of the safeguards provided by the applicable legislation;

- a specific and innovative training plan in order to disseminate, improve and increase employees' awareness of data protection issues. This makes these issues understandable and enables employees to integrate key aspects of them into their daily routines. Training and awareness are two closely related key concepts: if people are unaware of what they are processing, they are also unaware of the consequences and responsibilities that can result from improper data management. During 2023, the approach taken was to provide specific and different training courses: a course, aimed at all employees, containing general notions in the field of data protection; a course, also intended for all subsidiaries of the CA Auto Bank Group, dedicated to providing guidance on the correct use of the GDPR Tool; activities designed to increase awareness of data processing related to the fraud governance and geolocation in accordance with the provisions of Guidelines 01/2020 on the processing of personal data in the context of connected vehicles and mobility-related applications adopted on March 9th, 2021 by the European Data Protection Board (EDPB);

- tools available to data subjects to be able to ensure that they can exercise their rights;

- the implementation of the platform (GDPR Tool) is also being consolidated for all branches and subsidiaries of the CA Auto Bank Group for a more orderly management of Data Protection processes. This platform, already in use in Italy, aims to strengthen and automate data protection processes on the basis of four pillars dedicated to each of processing register, data protection impact assessment (DPIA), data breach and controls. The goal is to have a single filing, management and control tool in the data protection field in compliance with common and uniform guidelines and assessment criteria (e.g., data breach, controls) for the entire CA Auto Bank Group.

In addition, in order to spread and broaden attention to data protection issues and to mitigate risks related to data confidentiality, integrity, availability, and traceability, CA Auto Bank has designed and implemented a robust system of information security policies and procedures. Key corporate policies include the following:

- security of Internet payment services;
- information classification;
- logical access control;
- management of ICT operations and communications;
- physical and environmental security;
- security incident management;
- email and internet use;
- hardware and software use;
- ICT asset management;
- management of change in information systems.

In-depth analyses of new threats are performed regularly by applying industry best practices to contain the risks detected. In this regard, the Company has taken steps to improve employee awareness of these issues through specific cybersecurity training activities. In addition, CA Auto Bank uses Threat Intelligence tools to monitor cyber threats on the web, also in view of the increasing risks detected in studies by security analysts internationally.

With reference to remote working, related security measures have been consolidated, not only at the technical level but also at the level of employee awareness.

The CA Auto Bank Group has not received any complaints regarding the loss of data, as this circumstance has not occurred; the CA Auto Bank Group has received complaints regarding manual errors subject to prompt action aimed at remedying the anomaly found.

In addition, during 2023, there was an increase in the number of security alerts and, in general, cyber threats that were promptly handled without significant impacts on the Group resulting from cyber attacks.

In order to identify and prevent breaches of internal and industry procedures and rules, the architecture of the IT system and internal control system are constantly being improved.

ORGANIZATION AND HUMAN RESOURCES

Relevant topics

Training and development of human capital

Welfare, employment and dialog with social partners

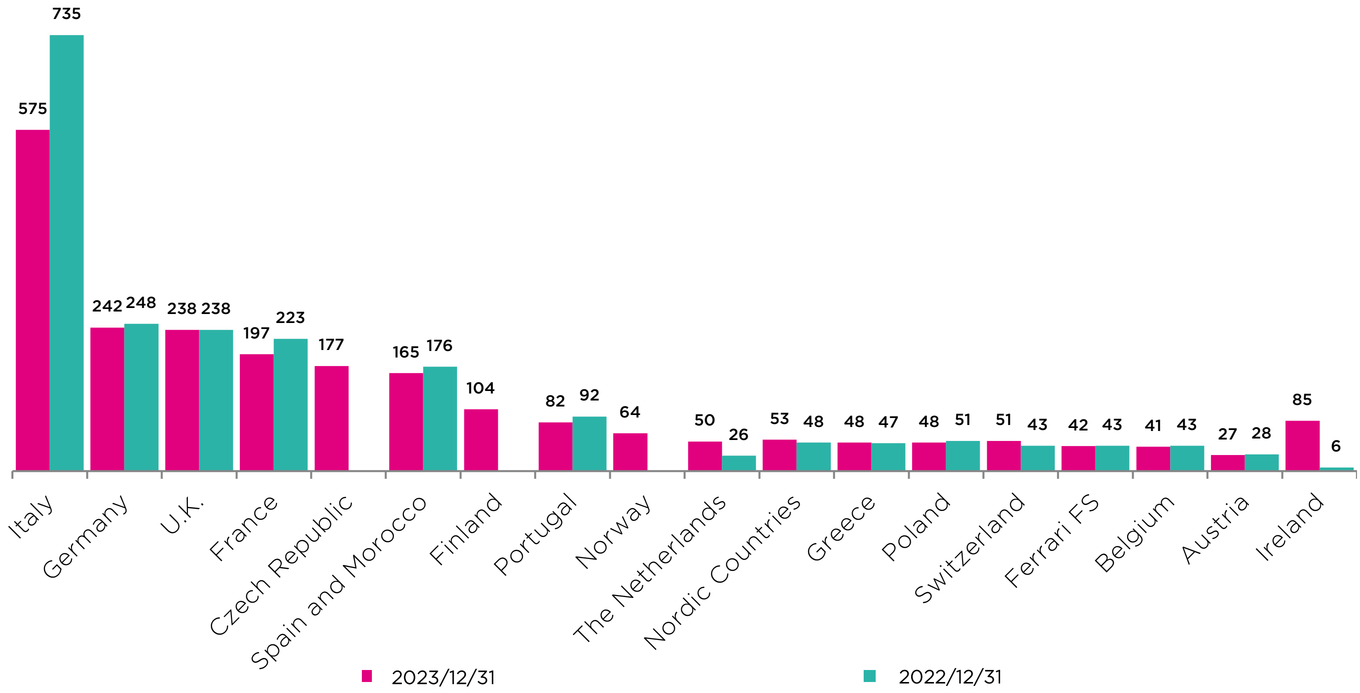
Employee health and safety

CA Auto Bank is a company of people serving people. Its primary objective is to attract, retain and motivate highly qualified personnel, but also to reward those who advance, believe in and support the Company's values with compensation structures linked to long-term value creation.

As of December 31st, 2023, the total number of employees of the CA Auto Bank Group was 2,289, an increase of 242 compared to December 31st, 2022.

This change is mainly related to the revision of the organizational structure following the agreements between CACF and Stellantis, which included the 100% sale of all banking and related operations to Crédit Agricole and the simultaneous sale in Italy of the FCA Brands assets and resources to Stellantis Financial Services Italy, as well as the acquisition of five new companies on August 1st, 2023.

Distribution of the number of employees in the group as of December 31st, 2023



Data analysis shows that the two Italian companies account for 25.8% of total employees. At the end of December 2023, female employees represented 45.70% of the total workforce, while the average age of group employees was 43.6 years (43.9 for men and 43.2 for women), and the average company seniority was 8.7 years (7.6 years for men and 9.8 years for women). Part-timers were 5.8% of the workforce (132 people, including 120 women).

Gender Neutrality Project

The Group applies a remuneration policy, encompassing both fixed and variable components, built on equal-opportunity and non-discrimination principles.

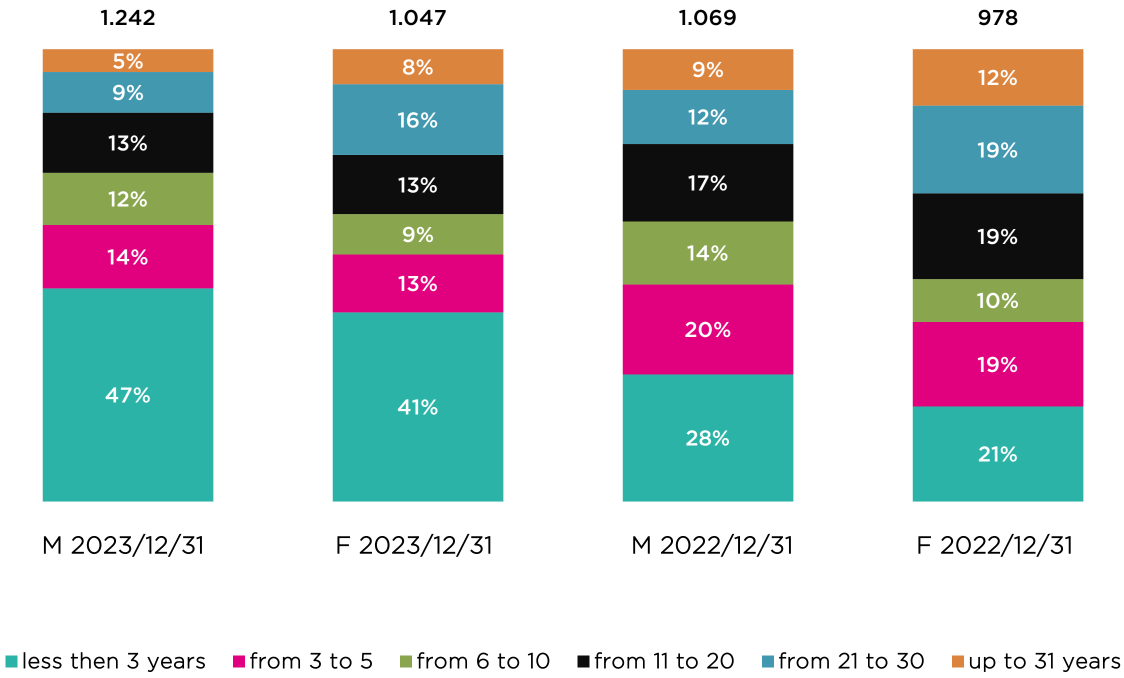
To reinforce this commitment and raise awareness across the organization, the Gender Neutrality Project continued in 2023, adhering to guidelines outlined by the European Banking Authority.

Central to the project are initiatives aimed at ensuring gender neutrality in recruitment policies, succession planning, development and growth opportunities, and compensation policies.

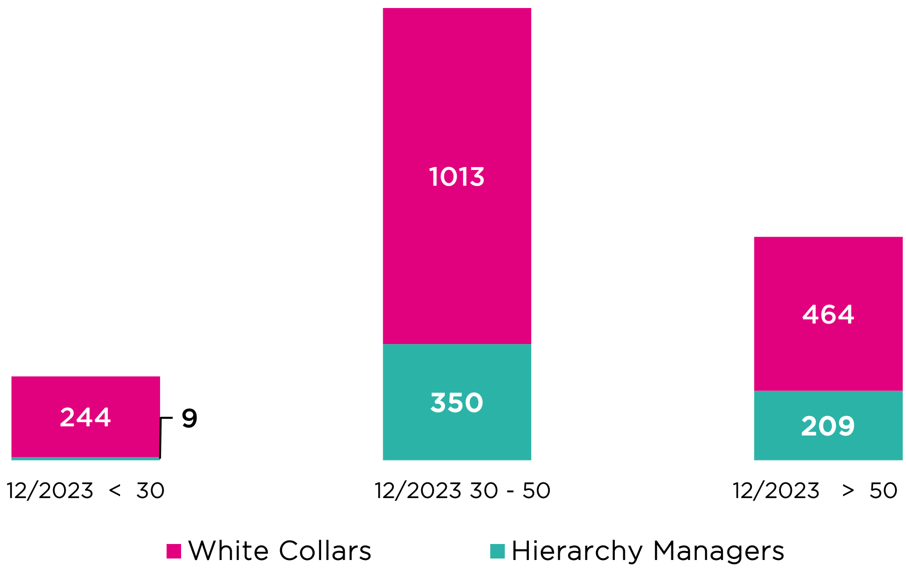
These initiatives entail setting improvement targets for key performance indicators (KPIs), with the HR professional family tasked with achieving gender-balanced recruitment and implementing gender-neutral remuneration practices

To this end, a number of initiatives have been launched, including the definition of improvement targets for key KPIs, with specific tasks assigned to the HR professional family, such as gender balanced recruitment and gender-neutral remuneration.

Company seniority by gender



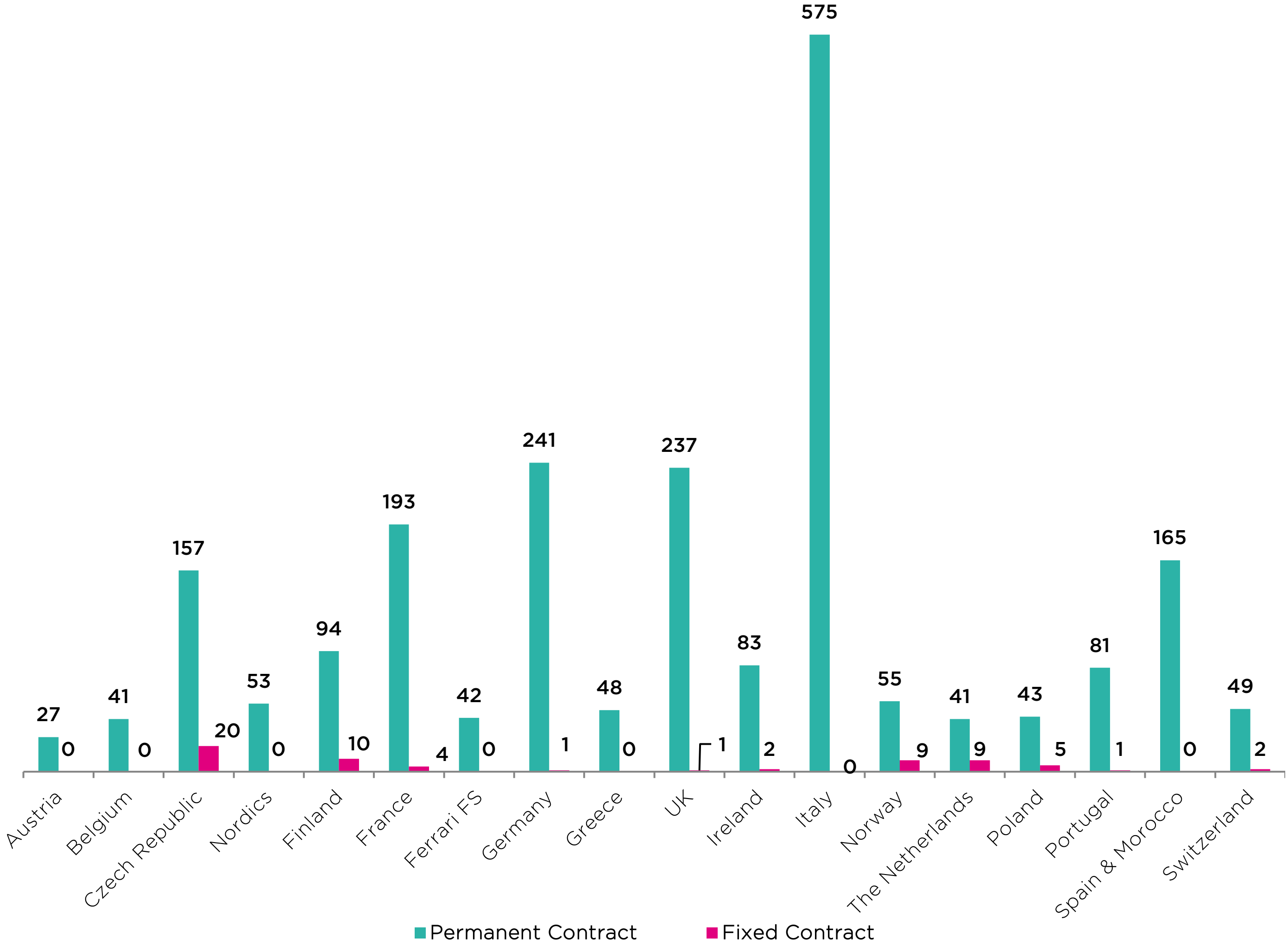
Age by category



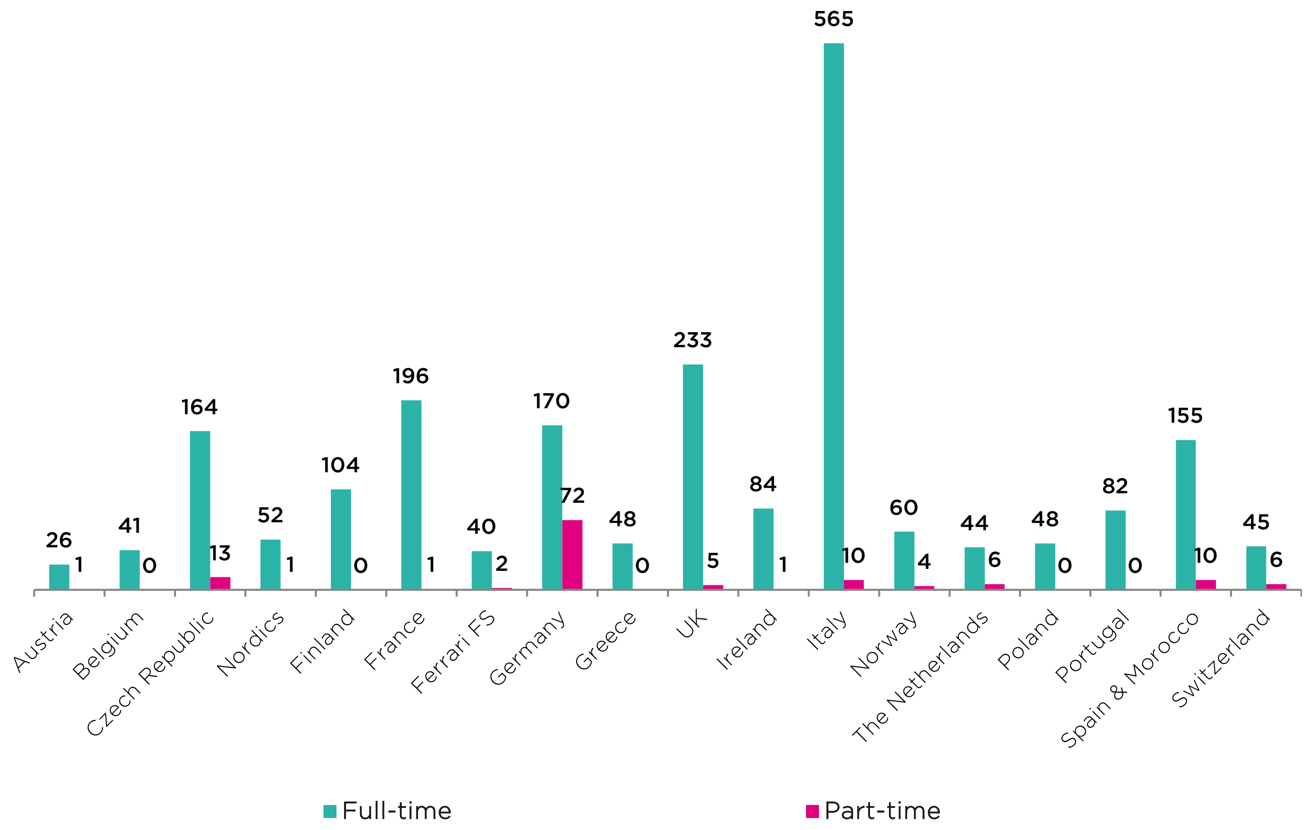
Hierarchical level

24.1 % of the workforce has supervisory responsibilities.

Employee breakdown by geographical area and type of contract (permanent/fixed term)



Employee breakdown by geographical area and full-time/part-time contract



Training and development of human capital

In 2023, training expenses as a percentage of the Group's total expenses were maintained at an appropriate level, with a consistent emphasis on cost control. The preference for online delivery persisted, with over 1,890 training days provided across the Group, averaging 7.4 hours per employee.

	12/31/2023	12/31/2022	12/31/2021
No. of employees trained	1,919	1,462	1,890
- of whom women	892	680	958
- of whom men	1,027	782	932
No. of participants in courses (training sessions per employee	5,539	3,234	4,921
- of whom women	2,479	1,622	2,528
- of whom men	3,060	1,612	2,393
No. of total training hours	24,494	15,145	17,902
- of whom women	12,031	7,625	8,659
- of whom men	12,463	7,520	9,243
No. of average hour per employee	11	7.4	7.3
- of whom women	9.7	7.8	7.3
- of whom men	11.9	7	7.3

Management development tracks

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, to make team members accountable and actively involve them in their professional growth.

In 2023, the CEO & General Manager and all material risk takers participated in the PLM along with the rest of the Company population to align strategic goals with individuals.

In 4 of the 5 newly acquired companies, an evaluation system extended to all employees is in place.

Population evaluated during the year	12/31/2023	12/31/2022	12/31/2021
Managers	**95.11%**	**96.11%**	**99.28%**
Women	96.72%	95.58%	99.02%
Men	94.31%	96.42%	99.43%
Clerical staff	**78.87%**	**91.53%**	**95.13%**
Women	76.62%	93.73%	95.73%
Men	81.10%	89.24%	94.48%

Welfare, employment and dialog with social partners

The Group supports fair maternity, paternity and adoption policies that encourage employees to balance parental responsibilities with their careers. While labor law requirements may vary from country to country, parental leave is provided to all employees to the extent necessary to comply with local regulations. In some countries, the Group exceeds local requirements with specific policies. Return to work and retention rates following parental leave are two key indicators of the Bank's medium- and long-term ability to provide employees with opportunities for career growth and work-life balance. Financial health is also an important aspect of work-life balance. In Italy, an initiative called Conto Welfare allows employees to convert part of their pre-tax income into an expense account that can be used for a wide range of health, wellness, care, education and retirement benefits or services. In addition to the tax benefit, the company contributes an additional 5% to 10% to their expense account.

Workers' welfare and safety

Human Resource Management

As regards the management of human resources, the activities listed below were carried out during the year.

Organizational development

Activities to 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 and Credit activities in the Italian market into the Finance and Credit departments of CA Auto Bank HQ, aiming to optimize the coordination of the 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.

- Completion of activities in the Netherlands for the acquisition of Findio N.V. by CA Auto Finance Nederland B.V., a subsidiary of CA Consumer Finance Nederland B.V., from CA Consumer Finance Nederland B.V. in February 2023, and the subsequent commencement of the transfer of all assets and employees by way of merger of all assets and employees with and into CA Auto Finance Nederland BV, to be concluded on January 1st, 2024.

The acquisition on August 1st, 2023 of:

- Drivalia Lease Czech Republic s.r.o. (formerly Leaseplan Czech Republic)
- Fleet Insurance Plan (Czech Republic) controlled by Drivalia Lease Czech Republic s.r.o.
- Drivalia Lease Finland Oy (formerly Leaseplan Finland Oy)
- Drivalia Lease Ireland Ltd (formerly ALD Automotive)

- Drivalia Lease Norge AS (formerly ALD Automotive AS)

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.

In terms of internal communication, the distribution of CA Auto Bank's magazine, which is published biannually and distributed online to all Group employees, continued..

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 mangement.

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 August 31st, 2023.
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

CA Auto Bank S.p.A. assesses work-related stress 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).

Workers' training in health and safety

All parties (managers, supervisors, safety officers, employee safety representatives, emergency and first aid personnel) involved in various capacities in the preventive and permanent safety management system receive appropriate training for the performance of their duties. Basic, specific and refresher e-learning courses are given to managers/supervisors/workers and employee safety representatives, while first aid and evacuation personnel receive face-to-face training from external instructors.

Training is conducted during paid working hours and is evaluated with final tests.

All training documents (attendance record, final test and certificates) are stored electronically in the Prevention and Protection Service office.

Accidents at work

During the period under review, 13 accidents occurred in the Group (including 8 work-related accidents), of which 3 occurred in Italy (including 2 work-related accidents).

None of the accidents had a significant impact on the life and health of employees.

Personal Protective Equipment (PPE) and Collective Protective Equipment (CPD) are not provided in the Group's work activities (video terminal employees).

Health and safety at work

Accident rate	12/31/2023	12/31/2022	12/31/2021
Number of accidents occurred at work	8	12	2
Frequency Index equal to [(number of accidents* 1 million) / (hours paid by regular employees, including regular hours plus overtime hours worked by employees, and excluding major causes of absence, vacation, sick days, unemployment benefit periods, etc.)]= 4,370,334	2%	3,47%	0,46%

Detail of accidents by market	12/31/2023	12/31/2022	13/31/2021
France	3	3	1
Germany	-	-	-
Italy	2	1	2
Portugal	1	1	-
Spain & Morocco	2	5	-
UK	-	2	-
Total	8	12	3

Human rights

Relevant topics

Diversity, equal opportunities and human rights

Respect for people's fundamental rights is an important driver for the CA Auto Bank Group in its role as an intermediary and in the value chain that involves not only the Group's stakeholders, but above all its employees.

All Group companies respect and work to ensure the right to diversity and equal opportunities for all employees.

For the CA Auto Bank Group, the Code of Conduct (hereinafter referred to as the "Code") is an important tool for ensuring a working environment that embodies the highest ethical standards of business conduct. In fact, the Code includes a specific section dedicated to social and environmental issues, and provides guidelines to prevent and redress discriminatory treatment, maintain diversity and gender equality, and support the fight against harassment. In addition, two principles are specifically dedicated to ensuring the implementation of an environmental protection and community support strategy.

CA Auto Bank's integrity system is thus the foundation of the Group's corporate governance and includes a critical framework of principles, policies and procedures.

The whistleblowing system makes it possible to report violations of the Code and any other rules, laws and regulations (both national and EU) applicable to Group companies (i.e. subsidiaries and branches). In fact, in accordance with the provisions of Bank of Italy Circular No. 285, this system allows employees to report acts or facts that may constitute a violation of the Bank's rules.

The CA Auto Bank Group's Code of Conduct clearly formalizes and establishes the commitment of all Group companies to handle reports from employees in such a way that they are carefully analyzed and properly investigated. The personnel designated to analyze such reports must first and foremost evaluate the alleged violations of the Code or other applicable regulations. In addition, he or she must also give appropriate attention to any other expressions of concern or reports of problems raised by employees, as these are also circumstances that must be properly investigated. Finally, the investigation may be conducted with the assistance of qualified personnel or experts in the field, if deemed necessary. If misconduct is detected and established, the necessary and appropriate corrective action will be taken, regardless of the level or hierarchical position of the personnel involved. All cases investigated are followed through to final resolution.

Confidentiality is a fundamental principle, and reports may be made on an anonymous basis, subject to certain limitations imposed by local regulations. All information provided and the identity of the reporter will be shared on a need-to-know basis with those responsible for evaluating the report, investigating the potential violation and taking corrective action.

Retaliation of any kind is not permitted or tolerated: CA Auto Bank Group expressly prohibits any member of the Company from engaging in any vindictive or discriminatory acts or attitudes toward those who have made a report or cooperated in the investigation. Anyone who retaliates against such individuals will be subject to disciplinary action, up to and including dismissal. In fact, the basic principles guiding the Group's conduct prohibit, with respect to any employee, any form of demotion, dismissal, suspension, threat, harassment, coercion to take certain actions or intimidation as a result of reporting, in good faith, unethical behavior or participating in an investigation of facts or acts contrary to the Code.

The CA Auto Bank Group shares the principles of the United Nations ("UN") Universal Declaration of Human Rights, the International Labor Organization ("ILO") Conventions, and the Organization for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises, and incorporates them into its Code of Conduct.

No incidents of discrimination were identified during the year.

The Group structurally applies equal opportunity and non-discriminatory compensation policies (both fixed and variable).

/INFORMATION TECHNOLOGY

Also in the second half of 2023, the Information and Communication Technology area continued to work to strengthen its digitalization and product diversification strategy. Such activities included:

- 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 and, in France, Instant Credit. This digital payment solution was integrated at the end of May into the new Drivalia Planet platform for managing Car Sharing, Short Term Rental, and Subscriptions processes.

- The successful completion of the business intelligence roadmap and the production of the Cross Market component in the new corporate Data Warehouse platform. In 2023, initiatives were also undertaken to improve Data Quality and shareholder reporting.

- The implementation of the Salesforce Customer Care and CRM Salesforce 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 Triton platform has been released, with the transition to production carried out in September 2023.

Regarding Drivalia operations, the first version of the Planet Pan-European platform for managing Car Sharing, Short- and Medium-Term Rental, and Subscription processes was launched in the Italian market at the end of May. This platform includes all the management, web, and app components. Subsequent releases were carried out in December 2023, while the final release is expected by February 2024.

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 the reassignment of business employees to 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.

The financial reporting process

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

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

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

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

- the adequacy of the processes and procedures used for the purpose of preparing the financial reports and any other financial disclosure;

- the monitoring of IT architectures and applications, especially with reference to the management of data processing and the actions taken to develop the summary systems used for financial reporting;

- the completeness and consistency of the disclosures made to the market.

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

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

Today, the risk control matrix is made up of 6 macro processes, for a total of 148 checks, 25 of which referred specifically to the Consolidated Financial Statements.

Control function

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.

The 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 the:

- Progress of the audit plan and explanations for any deviations;

- Audit reports published in the relevant quarter that showed an overall rating of "weak" or "critical" in a summary;

- Status of implementation of issued recommendations and related action plans.

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 activities of Risk & Permanent Control (R&PC) are designed to:

- 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 material 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 25th, 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 in advance 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;

- 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 he Board in fulfilling these responsibilities.

Furthermore, the Risk & Audit Committee supports the Board of Directors in overseeing ESG risks, particularly with regard to climate and environmental risks and their impacts on the Bank's strategy and operations.

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. To this end, the committee maintains regular communication with the relevant corporate functions and 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 and one Non-Executive Director. 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 Chairman of the Board as well as succession planning and the assignment of positions for key senior management roles.

Established on March 23rd, 2016, through a resolution of the Board of Directors, the Nomination Committee comprises three non-executive directors, two of whom are independent.

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.

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

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

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 meetings, 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, dominated by the Russia-Ukraine conflict, for which we had hoped for a quick return to peace, was further aggravated by the Israeli-Palestinian tragedy. This had an impact on the economic cycle for the year and, with no end in sight, the effects of the situation will be felt throughout 2024, with GDP growth expected to be low and inflation to remain high.

These considerations should not lead us to unnecessary pessimism but strengthen our determination to act more than ever in the interests of our customers and the Company as a whole.

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 lease and loan 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 the Bank did not receive any grant in 2023.

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.

Other aspects

Pillar II

For the year 2023, the Group is subject to an obligation to provide information on the progress of the work and on the Group's degree of exposure to the GloBE regulations (application of IAS 12).

New international tax rules have been established by the OECD, aimed at subjecting large international groups to additional taxation when the Effective Tax Rate (ETR) of a jurisdiction in which they are established is less than 15%. The aim of these rules is to combat competition between countries based on tax rates.
These rules will have to be transposed by the various Member States.

Within the EU, a European Directive was adopted at the end of 2022 (currently being transposed in the various countries) and provides for 2024 as the first year of application of the GloBE rules in the EU. At this stage, following an initial costing, the amounts estimated for the Group are not significant. If necessary, this will result in the recognition of an additional GloBE tax in the Group's accounts in 2024".

IFRS 17

With reference to insurance contracts and the application of IFRS 17, please refer to "Part A Accounting Policies paragraph IFRS 17 - Insurance Contracts: First-time Application Effects for the Group.

The CA Auto Bank Group has already undertaken the process of preparing for the new European Corporate Sustainability Reporting Directive (CSRD) reporting standard, according to which it will report data by 2024. The double materiality analysis envisaged therein will involve all Group functions and specific training courses will prepare the corporate population for the transition to the new methodologies.

As for the European taxonomy, the Green Asset Ratio will remain a key indicator to measure our efforts with regard to financed assets.

With regard to the management of physical and transition risks, the ICAAP process will measure and stress them. In addition, our ability to simulate the consequences of future climate change scenarios will be further improved.

Report on Corporate Governance and Ownership Structure

The corporate governance system and organisational structures adopted by the CA Auto Bank Group are designed to ensure the sound and prudent management of the Group, in compliance with existing regulations, the lines of evolution that characterise it and the company's business development objectives. The corporate governance structure consists of an administration and control system based on the existence of an administrative body (the Board of Directors) and the Board of Statutory Auditors.

In addition, as stipulated in Article 123-bis paragraph 5 TUF, for companies that do not issue shares admitted to trading on regulated markets regulated markets or in multilateral trading systems, CA Auto Group Bank reports in the section "The system of internal controls" of this Management Report, the information required by paragraph 2, letter b) of the aforementioned article.

As provided for in Article 6, paragraph 2, of Legislative Decree No. 254 of December 30th, 2016, which implements European Directive 2014/95/EU, concerning the reporting of non financial, the CA Auto Bank Group, while falling within the scope of the Decree itself, as a public interest entity and in possession of the required size and capital requirements, it benefits from the exemption provided by the mentioned article.

The reporting of non-financial information is therefore not prepared since it is prepared by the parent company Credit Agricole S.A., which is subject to the same regulatory requirements.

Management and coordination activities

CA Auto Bank S.p.A., as a sole shareholder company, is subject to 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 3rd, 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 development 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, 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 company in the period under review.

Consolidated income statement details and reconciliation with reclassified income statement (€/000)		12/31/2023	Reclassified Income Statements Items
10	INTEREST INCOME AND SIMILAR REVENUES	1,458	NBI
80	NET INCOME FINANCIAL ASSETS AND LIABILTIES HELD FOR TRADING	(5)	NBI
40	FEE AND COMMISSION INCOME	131	
	FEE AND COMMISSION INCOME	120	NBI
	FEE AND COMMISSION INCOME	11	NOE
	FINANCIAL REVENUE	1,585	
100	PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF FINANCIAL ASSETS AT AMORTIZED COST	(2)	COR
160	NET PREMIUM EARNED	8	NBI
170	NET OTHER OPERATING INCOME/ CHARGES FROM INSURANCE ACTIVITIES	(1)	NBI
	TOTAL FINANCIAL REVENUE	1,591	
20	INTEREST EXPENSES AND SIMILAR CHARGES	(946)	NBI
90	FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(14)	NBI
50	FEE AND COMMISSION EXPENSES	(74)	
	Fee and commission expenses	(66)	NBI
	Insurance credit cost	(8)	COR
	TOTAL FINANCIAL COST	(1,035)	
130	IMPAIRMENT/REINSTATEMENT FOR CREDIT RISK	(83)	COR
	Impairment on losses and loans	(83)	COR
180	NET PROFIT FROM FINANCIAL AND INSURANCE ACTIVITIES	473	
190	ADMINISTRATIVE COSTS	(150)	
	Administrative costs	(237)	NOE
	Administrative costs	(14)	NBI
	Administrative costs	101	OTH
200	NET PROVISIONS FOR RISKS AND CHARGES	14	
	Net provisions for risks and charges	14	NBI
210	IMPAIRMENT ON TANGIBLE ASSETS	(202)	
	Depreciation of rental assets (rental business)	(185)	NBI
	Depreciation of tangibles asset	(17)	NOE
220	IMPAIRMENT ON INTANGIBLE ASSETS	(18)	NOE
230	OTHER OPERATING INCOME / CHARGES	436	
	Rental income/charges (rental business)	448	NBI
	Eexpense recoveries and credit collection expenses	5	NOE
	Impairment of rental receivables (rental business)	(6)	COR
	Other	(11)	OTH
240	OPERATING COSTS	81	
290	TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	554	
300	TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS	(154)	TAX
330	NET PROFIT OR LOSS	400	
340	MINORITY PORTION OF NET INCOME (LOSS)	7	
350	HOLDINGS INCOME (LOSS) OF THE YEAR	393	

Reclassified Income Statements Items (€/000)	31/12/2023	
Net Banking Income	818	NBI
Net Operating Expenses	(255)	NOE
Cost of risk	(99)	COR
Other income / (expense)	90	OTH
Operating Income	464	
Profit before tax	554	
Tax expense	(154)	TAX
Net profit	**400**	

Turin, February 29th, 2024

Chief Executive Officer and General Manager
Giacomo Carelli

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Assets (€/000)	12/31/2023	12/31/2022
10.	Cash and cash equivalents	1,673,818	3,139,786
20.	Financial assets measured at fair value through profit or loss	9,187	-
	a) financial assets held for trading	9,187	-
30.	Financial assets at fair value through other comprehensive income (FVOIC)	-	9,305
40.	Financial assets at amortized cost	24,730,918	23,028,785
	a) loans and deposits with banks	134,850	117,901
	b) leases and loans to customers	24,596,068	22,910,884
50.	Hedging derivatives	263,105	550,433
60.	Changes in fair value of portfolio hedge items (+/-)	(129,644)	(491,289)
70.	Equity investments	70	54
80.	Insurance assets	10,584	9,831
	b) reinsurance cessions constituting assets	10,584	9,831
90.	Property, plant and equipment	2.624.518	532,135
100.	Intangible assets	191,587	121,054
	of which:		
	- goodwill	97,628	39,260
110.	Tax assets	217,850	176,560
	a) current	72,845	44,882
	b) deferred	145,005	131,678
130.	Other assets	1,569,515	1,232,132
	Total assets	31,161,508	28,308,786

	Liabilities and Equity (€/000)	12/31/2023	12/31/2022
10.	Financial liabilities at amortized cost	26,532,430	23,056,671
	a) deposits from banks	14,448,592	11,874,254
	b) deposits from customers	2,408,374	2,780,511
	c) debt securities in issue	9,675,464	8,401,906
20.	Financial liabilities held for trading	10,925	868
40.	Hedging derivatives	162,514	180,524
60.	Tax liabilities	284,778	178,256
	a) current	53,653	29,374
	b) deferred	231,125	148,882
80.	Other liabilities	991,267	1,009,608
90.	Provision for employee severance pay	3,455	6,174
100.	Provisions for risks and charges	107,407	123,328
	a) commitments and guarantees given	44	28
	b) post-retirement benefit obligations	28,153	31,138
	c) other provisions for risks and charges	79,210	92,162
110.	Insurance liabilities	37,766	24,927
	b) reinsurance cessions constituting liabilities	37,766	24,927
120.	Valuation reserves	(4,959)	(4,134)
150.	Reserves	1,664,124	1,750,053
160.	Share premium	192,746	192,746
170.	Share capital	700,000	700,000
190.	Non-controlling interests (+/-)	86,130	78,858
200.	Net Profit (Loss) for the year (+/-)	392,925	1,010,907
	Total liabilities and equity	31,161,508	28,308,786

CONSOLIDATE INCOME STATEMENT

Items (€/000)		12/31/2023	12/31/2022
10.	Interest income and similar revenues	1,458,287	829,697
	of which: interest income calculated using the effective interest method	1,434,910	795,431
20.	Interest expenses and similar charges	(946,447)	(165,401)
30.	**Net interest margin**	**511,840**	**664,296**
40.	Fee and commission income	131,376	133,904
50.	Fee and commission expenses	(74,376)	(61,231)
60.	**Net fee and commission**	**57,000**	**72,673**
80.	Net Gains (Losses) on financial assets and liabilities held for trading	(4,960)	945
90.	Net Gains (Losses) on hedge accounting	(13,877)	(8,567)
100.	Profits (Losses) on disposal or repurchase of:	(1,500)	(2,834)
	a) financial asstets at amortized cost	(1,500)	(2,834)
120.	**Operating income**	**548,503**	**726,513**
130.	Net impairment/reinstatement for credit risk:	(82,905)	(65,703)
	a) financial asstets at amortized cost	(82,905)	(65,703)
150.	**Net Profit from financial activities**	**465,598**	**660,810**
160.	Net premiums earned	8,289	-
170.	Net other operating income/charges from insurance activities	(624)	(740)
	b) net financial income/expenses related to policies ceded to reinsurers	(624)	(740)
180.	**Net Profit from financial and insurance activities**	**473,263**	**660,070**
190.	Administrative costs:	(262,099)	(243,921)
	a) payroll costs	(170,761)	(164,694)
	b) other administrative costs	(91,338)	(79,227)
200.	Net provisions for risks and charges	14,113	(11,109)
	a) commitments and financial guarantees given	(16)	-
	b) other net provisions	14,129	(11,109)
210.	Impairment on property, plant and equipment	(201,904)	(39,370)
220.	Impairment on intangible assets	(17,664)	(16,250)
230.	Other operating income/charges	548,344	190,815
240.	**Operating costs**	**80,790**	**(119,835)**
270.	Goodwill impairment	-	(86,858)
280.	Gains (Losses) on disposal of investments	-	646,709
290.	**Total Profit (Loss) before tax from continuing operations**	**554,053**	**1,100,086**
300.	Tax expense related to Profit (Loss) from continuing operations	(153,847)	(162,620)
310.	**Total Profit (Loss) after tax continuing**	**400,206**	**937,466**
320.	**Income (Loss) after tax from discontinued operations**	**-**	**81,903**
330.	Net Profit (Loss) of the year	400,206	1,019,369
340.	Minority portion of net income of the year	(7,280)	(8,462)
350.	**Holding Income (Loss) of the year**	**392,926**	**1,010,907**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items (€/000)		12/31/2023	12/31/2022
10.	Profit (Loss) for the period	400,206	1,019,369
	Other comprehensive after-tax income not reclassified to profit or loss	**(641)**	**11,362**
70.	Defined-benefit plans	(641)	11,362
	Other comprehensive income after tax reclassified to profit or loss	**(751)**	**(4,255)**
110.	Hedge of a net investment in foreign operations:	34	
120.	Exchange rate differences	3,284	(5,025)
130.	Cash flow hedging	(4,069)	770
200.	Total other comprehensive income after tax	**(1,392)**	**7,107**
210	Total comprehensive income (item 10+200)	398,814	1,026,476
220.	Total comprehensive income attributable to non-controlling interests	(7,280)	(8,722)
230.	Total comprehensive income attributable to the Shareholders of the Parent Company	391,534	1,017,754

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF DECEMBER 31ST, 2023 AND DECEMBER 31ST, 2022

	Closing balance as of December 31st, 2022	Changes in opening balance	Balance as of January 1st, 2023	Allocation of profit from previous year		Changes during the period									Equity as of December 31st, 2023	Equity attributable to the Parent Company's shareholders as of December 31st, 2023	Equity attributable to non-controlling interests as of December 31, 2023
							Equity transactions										
				Reserves	Dividends and other allocations	Changes in reserves	New share issues	Share buybacks	Interim dividends	Special dividends paid	Changes in equity instruments	Derivatives on own shares	Stock options	Consolidated income for 2023			
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)	3.723									1.736.568	1.664.124	72.444
b) other	-		-												-		
Valuation reserve	(3.427)		(3.427)											(1.393)	(4.820)	(4.960)	140
Equity instruments	-		-												-		
Interim dividends	-		-												-	-	-
Profit (Loss) for the period	1.019.369		1.019.369	(1.019.369)										400.206	400.206	392.926	7.280
Equity	3.728.430		3.728.430	-	-	3.723	-	-	-	-	-	-	-	398.813	3.030.966	2.944.836	86.130
Equity attributable to the Parent Company's shareholders	3.649.572		3.649.572	-	(1.100.000)	3.723	-	-	-	-	-	-	-	391.532		2.944.836	
Equity attributable to non-controlling interests	78.858		78.858											7.280			86.130

				Allocation of profit from previous year		Changes during the period											
							Equity transactions										
	Closing balance as of December 31st, 2022	Changes in opening balance	Balance as of January 1st, 2022	Reserves	Dividends and other allocations	Changes in reserves	New share issues	Share buybacks	Interim dividends	Special dividends paid	Changes in equity instruments	Derivatives on own shares	Stock options	Consolidated income for 2022	Equity as of December 31st, 2022	Equity attributable to the Parent Company' s shareholders as of December 31st, 2022	Equity attributable to non-controlling interests as of December 31st, 2022
Share capital:																	
a) common shares	703,389	-	703.,89												703,389	700,000	3,389
b) other shares			-												-		
Share premium reserve	195,623	-	195,623												195,623	192,746	2,877
Reserves:			-												-		
a) retained earnings	2,519,871		2,519,871	493,605	(1.200.000)										1.813,476	1.749,499	63,977
b) other																	
Valuation reserve	(10,533)		(10,533)											7,106	(3,427)	(3,581)	154
Equity instruments																	
Interim dividends																	
Profit (Loss) for the period	493,605		493,605	(493,605)										1,019,369	1,019,369	1,010,907	8,462
Equity	3,901,954		3,901,954	-	(1.200.000)									1,026,475	3,728,430	3,649,572	78,858
Equity attributable to the Parent Company's shareholders	3,831,818		3,831,818		(1.200.000)									1,017,753		3.649,572	
Equity attributable to non-controlling interests	70,136		70,136											8,722			78,858

CONSOLIDATED STATEMENT OF CASH FLOWS (DIRECT METHOD)

Items (€/000)	12/31/2023	12/31/2022
A. OPERATING ACTIVITIES		
1. Business operations	1,425,053	1,018,949
- interest income (+)	2,448,812	1,180,946
- interest expense (-)	(748,575)	(175,325)
- fee and commission income (expense) (+/-)	66,789	72,673
- personnel expenses (-)	(146,059)	(146,753)
- other insurance income/expenses (+/-)	(2,124)	(740)
- other expenses (-)	(519,930)	(47,658)
- other revenue (+)	480,630	189,368
- taxes and levies (-)	(154,490)	(135,465)
- expenses/revenues relating to discontinued operations net of the tax effect (+/-)	-	81,903
2. Cash flows generated/absorbed by financial assets	(3,398,556)	(2,650,688)
- financial assets held for trading	(9,187)	-
- financial assets measured at fair value through other comprehensive income	9,305	-
- financial assets at amortized cost	(2,792,236)	(2,949,828)
,- other assets	(606,438)	299,140
3. Liquidità generata/assorbita dalle passività finanziarie	3,194,944	4,292,570
- fiancial liabilities at amortized cost	3,277,887	4,501,920
- financial liabilities held for trading	10,057	(1,120)
- other liabilities	(93,000)	(208,230)
Cash flows generated/absorbed by operating activities	1,221,441	2,660,831
B. INVESTING ACTIVITIES		
1. Cash flows generated by	118,175	1,881,305
- disposal of equity interests	-	1,200,000
- disposal of property, plant and equipment	99,975	681,305
- disposal of intangible assets	18,200	-
2. Cash flows absorbed by	(1,705,584)	(2,461,138)
- purchases of shareholdings	(274,846)	-
- purchases of property, plant and equipment	(1,342,004)	(2,269,637)
- purchases of intangible assets	(88,734)	(191,501)
Cash flows generated/absorbed by investing activities	(1,587,409)	(579,833)
C. FINANCING ACTIVITIES		
- dividend and other distributions	(1,100,000)	(1,200,000)
Cash flows generated/absorbed by financing activities	(1,100,000)	(1,200,000)
CASH FLOWS GENERATED/ABSORBED DURING THE YEAR	(1,465,968)	880,998

RECONCILIATION

Items (€/000)	12/31/2023	12/31/2022
Cash and cash equivalents at the beginning of the period	3,139,786	2,258,788
Cash flows generated/absorbed during the period	(1,465,968)	880,998
Cash and cash equivalents at the end of the period	1,673,818	3,139,786

In line with the amendment to IAS 7, introduced by Regulation 1990 of 6th November 2017, which was applied for the first time on 1st January 2017, the information required by paragraph 44 B is provided below for the purpose of measuring changes in liabilities arising from financing activities, whether they are changes arising from cash flows or changes other than in cash and cash equivalents.

	12.31.2022	Changes in cash flows from financing activities	Changes in fair value	Other Variations	12.31..2023
Liabilities from financing activities (liability items 10, 20, 30 and 40)	23,238,063	3,382,895	(64,334)	149,246	26,705,870

With reference to the disclosures required by paragraph 44 B of IAS 7, it should be noted that changes in liabilities arising from financing activities amount to +€3,467 million (cash generated) and are attributable for +€3,382 million to cash flows, for -€ 64,3 million to changes in fair value and for €149 million to other changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PART A - ACCOUNTING POLICIES

General information

Section 1 – Statement of compliance with International Financial Reporting

These Consolidated Financial Statements as of and for the year ended December 31st, 2023, have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission pursuant to European Union Regulation No. 1606 of July 19th, 2002, and transposed into Italian law by Legislative Decree No. 38 of February 28th, 2005.

The Bank of Italy, whose powers under Legislative Decree No. 87/92 on the financial statements of supervised banks and financial companies were confirmed by the aforementioned Decree, has established in Circular No. 262 of December 22nd, 2005, as amended, the formats of the financial statements and notes used in the preparation of these financial statements.

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

The following provisions of the European Regulation apply as of January 1st, 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 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 related 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 consolidated financial statements comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the accompanying notes. Additionally, a Directors' report on Group operations is provided.

The financial statements and notes present amounts for the reporting period and corresponding comparative figures as of December 31st, 2023.

The consolidated financial statements of the CA Auto Bank Group have been prepared in accordance with the general principles of IAS 1 and the provisions outlined in Bank of Italy's Circular no. 262 of December 22nd, 2005, eighth edition. In particular:

Statement of financial position and income statement

The statement of financial position and the income statement do not include items with zero amounts for either the current year or the previous year.

Statement of comprehensive income

The statement of comprehensive income includes not only the profit for the year but also other income components categorized into those without reclassification and those with reclassification to the income statement.

Statement of changes in consolidated equity

The statement of changes in equity shows the composition and changes in equity for the reporting year and the previous year. The items are broken down into those attributable to the shareholders of the parent company and those attributable to non-controlling interests.

Consolidated statement of cash flows

The Statement of Cash Flows has been prepared using the direct method.

Unit of account

The amounts shown in the financial statements are expressed, unless otherwise specified, in thousands of euros.

Going concern

With respect to the going concern assumption underlying the preparation of the financial statements, the Group is expected to continue as a going concern for the foreseeable future; accordingly, the financial statements for the year ended December 31st, 2023 have been prepared on a going concern basis, using the accrual basis of accounting, consistent with previous years' practice.

No exceptions have been made to the application of IAS/IFRS as endorsed by the European Commission.

Risks and uncertainties related to the use of estimates

In compliance with IAS/IFRS, management exercises judgment, makes estimates, and employs assumptions that influence the application of accounting policies and the recognition of assets, liabilities, expenses, and revenues in the financial statements, as well as the disclosure of contingent assets and liabilities. These estimates and assumptions, rooted in past experience and reasonable considerations, determine the carrying amounts of assets and liabilities.

Specifically, the estimation processes support the carrying amounts of several significant valuation items recognized in the Consolidated Financial Statements for the year ended December 31st, 2023, as mandated by relevant accounting standards and regulations. These processes predominantly rely on estimates of future recoverability, aligning with the principles of current regulations and are executed in light of the 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.

TLTRO-III

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

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

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

At the beginning 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 31st, 2019 and March 31st, 2021 exceeded by 2.5% their benchmark net lending. Subsequently, in March 2020, due to the impacts of the Covid-19 pandemics, this condition was revised (reducing the percentage to 1.15%) and a new, more 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 24th, 2020 and June 23rd, 2021. In fact, in this "special interest" period, the interest rate will be reduced by an additional 50 basis points, with the resulting interest rate not higher than a minus 100 basis points. With the ECB decision of December 10th, 2020, this reduction was extended also to the period between June 24th, 2021 and June 23rd, 2022, for counterparties whose eligible net lending between October 1st, 2020 and December 31st, 2021 is at least equal to the respective benchmark net lending.

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

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

The characteristics of TLTRO-III operations suggest that they do not immediately fit within the existing framework of IAS/IFRS, especially to determine the accounting treatment for the following situations:

• changes in estimates regarding the achievement of objectives;

• recording economic effects, particularly "special interests".

• managing early repayments.

In fact, guidance may be found in IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) or IFRS 9 (Financial Instruments).

The CA Auto Bank Group has chosen to adhere to the principles outlined in IFRS 9 for the accounting treatment of TLTRO operations, given the arm's length nature of the funding conditions accessed through the ECB's TLTRO operations.

Section 3 – Scope and methods of consolidation

The scope of consolidation as of December 31st, 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 2023:

- Drivalia Lease Finland Oy – Acquired on August 1th, 2023
- Drivalia Lease Czech Republic s.r.o. - Acquired on August 1st, 2023
- Fleet Insurance Plan s.r.o. - Acquired on August 1st, 2023
- Drivalia Lease Ireland Ltd – Acquired on August 1st, 2023
- Drivalia Lease Norge AS – Acquired on August 1st, 2023
- Drivalia Lease Belgium S.A. – Incorporated on May 24th, 2023
- Drivalia Lease Nederland B.V. – Incorporated on May 17th, 2023
- Findio N.V. – Acquired on February 1st, 2023

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

Company name as of 12/31/2022	Company name as of 12/31/2023	Change date
FCA Bank S.p.A. (Belgian Branch)	CA Auto Bank S.p.A. (Belgian Branch)	April 3rd, 2023
FCA Bank S.p.A. (French Branch)	CA Auto Bank S.p.A. (French Branch)	April 3rd, 2023
FCA Bank S.p.A. (German Branch)	CA Auto Bank S.p.A. (German Branch)	May 16th, 2023
FCA Bank S.p.A. (Irish Branch)	CA Auto Bank S.p.A. (Irish Branch)	April 3rd, 2023
FCA Bank S.p.A. (Polska Branch)	CA Auto Bank S.p.A. (Polska Branch)	April 3rd, 2023
FCA Bank S.p.A. (Portuguese Branch)	CA Auto Bank S.p.A. (Portuguese Branch)	April 26th, 2023
FCA Bank S.p.A. (Spanish Branch)	CA Auto Bank S.p.A. (Spanish Branch)	April 4th, 2023
FCA Bank GmbH (AT)	CA Auto Bank GmbH (AT)	April 4th, 2023
FCA Bank GmbH (Hellenic Branch)	CA Auto Bank GmbH (Hellenic Branch)	April 26th, 2023
FCA Capital Suisse S.A. (CH)	CA Auto Finance Suisse S.A. (CH)	April 17th, 2023
FCA Capital Danmark A/S (DK)	CA Auto Finance Danmark A/S (DK)	April 4th, 2023
FCA Capital Danmark A/S (Finland Branch)	CA Auto Finance Danmark A/S (Finland Branch)	April 3rd, 2023
FCA Capital Norge AS (NO)	CA Auto Finance Norge AS (NO)	April 3rd, 2023
FCA Capital Sverige AB (SE)	CA Auto Finance Sverige AB (SE)	April 4th, 2023
FCA Dealer Services España S.A. (ES)	Drivalia Lease España S.A.U. (ES)	April 3rd, 2023
FCA Dealer Services España S.A. (Morocco Branch)	Drivalia Lease (Morocco Branch)	April 3rd, 2023
FCA Leasing France S.A. (FR)	Drivalia Lease France S.A. (FR)	April 3rd, 2023
FCA Capital Nederland B.V. (NL)	CA Auto Finance Nederland B.V. (NL)	April 3rd, 2023
FCA Leasing Polska Sp. z o.o. (PL)	Drivalia Lease Polska Sp. z o.o. (PL)	April 3rd, 2023
FCA Automotive Services UK Ltd. (UK)	CA Auto Finance UK Ltd. (UK)	April 3rd, 2023
FCA Dealer Services UK Ltd. (UK)	Drivalia Lease UK Ltd. (UK)	April 3rd, 2023
FCA Insurance Hellas S.A. (GR)	CA Auto Insurance Hellas S.A. (GR)	April 3rd, 2023
FCA Capital RE DAC (IE)	CA Auto Reinsurance DAC (IE)	April 5th, 2023
FCA Versicherungsservice GmbH (DE)	CA Versicherungsservice GmbH (DE)	April 3rd, 2023
ALD Automotive AS	Drivalia Lease Norge AS	August 1st, 2023
Merrion Fleet Management Ltd	Drivalia Lease Ireland Ltd.	August 1st. 2023
LeasePlan Česká Republika s.r.o	Drivalia Lease Czech Republic s.r.o.	August 1st, 2023
LeasePlan Finland Oy	Drivalia Lease Finland Oy	August 1st, 2023

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

1. Investments in controlled Subsidiaries

Name	Regitered Office	Country Of Incorporation (*)	Type Of Relationship (**)	Parent Company (***)	Sharing %
CA Auto Bank S.p.A.	Turin - Italy				
Drivalia S.p.A.	Turin - Italy	Rome - Italy	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	Drivalia S.p.A.	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
Drivalia Lease Finland Oy	Itsehallintokuja - Finland		1	Drivalia S.p.A.	100.00
Drivalia Lease Czech Republic s.r.o.	Prague – Czech Republic		1	Drivalia S.p.A.	100.00
Fleet Insurance Plan s.r.o.	Prague – Czech Republic		1	Drivalia Lease Czech Republic s.r.o.	100.00
Drivalia Lease Ireland Ltd	Dublin – Ireland		1	Drivalia S.p.A.	100.00
Drivalia Lease Norge AS –	Stabekk - Norway		1	Drivalia S.p.A.	100.00

(*) If different from Registered Office

(**) Relation Type:

1 = majority of voting rights at ordinary meetings

2 = dominant influence at ordinary meetings

(***) 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
A-BEST TWENTY-TWO S.r.l.	Conegliano (TV) - Italy
RACE AUTO SECURITIZATION TRANSACTION S.A.R.L.	Luxembourg - Luxembourg

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 non-controlling 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)	12/31/2023	12/31/2022
Total assets	287,690	307,772
Financial assets	254,750	277,519
Financial liabilities	221,206	229,128
Equity	64,356	62,750
Net interest income	6,492	6,571
Net fee and commission income	287	534
Banking income	6,779	7,105
Net result from investment activities	6,434	6,776
Net result from investment and insurance activities	6,434	6,776
Operating costs	(4,598)	(3,026)
Profit (loss) before taxes from continuing operations	1,836	3,750
Net profit (loss) for the period	1,629	3,137

(€/000)

FERRARI FINANCIAL SERVICES GMBH (GERMANY)	12/31/2023	12/31/2022
Total assets	1,142,112	985,131
Financial assets	1,087,991	958,441
Financial liabilities	1,008,197	869,504
Equity	108,134	94,914
Net interest income	28,895	29,962
Net fee and commission income	332,079	(8)
Banking income	29,063	29,598
Net result from investment activities	28,063	28,831
Net result from investment and insurance activities	28,003	28,831
Operating costs	9,644	(9,713)
Profit (loss) before taxes from continuing operations	18,359	19,118
Net profit (loss) for the period	13,213	13,782

Consolidation methods

In preparing the 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 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 December 31st, 2023 are as follows:

	End of year 12/31/2023	Average 12/31/2023	End of year 12/31/2022	Average 12/31/2022
Polish Zloty (PLN)	4.340	4.544	4.681	4.687
Danish Krone (DKK)	7.453	7.451	7.437	7.440
Swiss Franc (CHF)	0.926	0.972	0.985	1.005
GB Pound (GBP)	0.869	0.870	0.887	0.853
Norwegian Krone (NOK)	11.241	11.421	10.514	10.103
Moroccan Dirham (MAD)	10.945	10.957	11.155	10.708
Swedish Krona (SEK)	11.096	11.472	11.122	10.630
Czech Koruna (CZK)	24.724	24.002	24.116	24.5659

Section 4 - Subsequent events

After the year-end date, no events occurred that would necessitate adjustments to the results presented in the Consolidated Financial Statements as of December 31st, 2023. It is important to highlight that the Group diligently monitors developments regarding potential issues and economic impacts arising from conflicts between Russia and Ukraine, as well as in the Middle East. Based on available information and analysis conducted, the Group has no credit exposures to entities associated with Russia, Ukraine, Belarus, Israel, and Palestine. Furthermore, there are no direct consequences stemming from the Russia/Ukraine conflict or the related geopolitical tensions. As of December 31st, 2023, any potential indirect impacts have been appropriately considered in the Consolidated Financial Statements

Additionally, effective January 1st, 2024, the transfer of Fonds de commerce Sofinco from CA Consumer Finance S.A. to CA Auto Bank S.p.A (French Branch) was carried out.

Furthermore, on January 1st, 2024, the merger of Findio N.V. into CA Auto Finance Nederland B.V. was executed, as outlined in the Report on operations report accompanying these financial statements.

Section 5 – Other aspects

Accounting treatment of synthetic securitization transactions

Unlike traditional securitization, individual assets or a portfolio of assets, specifically isolated and identified, are not derecognized upon securitization. The interest rate payable by the Bank-issued securities incorporates the potential expected losses of the underlying portfolio. Consequently, the risk of credit of the securitized portfolio is effectively transferred to the Credit Link Note holder.

Independent auditor

The consolidated financial statements and the financial statements of the parent company are audited by PricewaterhouseCoopers S.p.A., as mandated by Legislative Decree No. 39 of January 27th, 2010.

Extraordinary income resulting from the dissolution of the partnership with Stellantis

The 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.

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

EC endorsement regulation	Date of publication	Date of application	Description standard/amendment
2021/2036	November 23th, 2021	January 1st, 2023	**IFRS 17 – Insurance Contracts, including amendments to IFRS 17** On May 18th, 2017, the IASB issued the new international accounting standard for insurance contracts, with an application date from January 1st, 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 introduced substantial changes in previous 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 25th, 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; - 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.

2022/357	March 3rd, 2022	January 1st, 2023	Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies. On February 12th, 2021, the IASB issued narrow scope amendments to IFRS Standards. The Disclosure on Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 as follows: - An entity is now required to disclose relevant accounting policies instead of significant accounting policies; - several paragraphs have been added to explain how an entity can identify relevant accounting policy information and to provide examples of when accounting policy information is likely to be significant; - the amendments clarify that information about accounting policies may be significant by its nature, even if the amounts involved are immaterial; - the amendments clarify that information about accounting policies is material if users of an entity's financial statements would need it to understand other significant information in the financial statements; - and the amendments clarify that if an entity discloses immaterial information about accounting policies, such information should not obscure material information about accounting policies. 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 disclosures to support the amendments to IAS 1. The amendments are applied prospectively. The amendments to IAS 1 are effective for fiscal years beginning on January 1st, 2023 or afterwards Once an entity has applied the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

2022/357	March 3rd, 2022	January 1st, 2023	**Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates** On February 12th, 2021, the IASB issued amendments to IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. This distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, while changes in accounting policies are also generally applied retrospectively to past transactions and other past events. Companies sometimes have difficulty distinguishing between accounting policies and accounting estimates. Therefore, the Interpretations Committee received a request to clarify the distinction. The Interpretations Committee noted that it would be helpful if more clarity were given and brought the issue to the attention of the IASB for future consideration. The amendments are effective for the fiscal years beginning onJanuary 1st, 2023 or afterwards.
2022/1392	August 12th, 2022	January 1st, 2023	**Amendments to IAS 12 Income Taxes: Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction** The IASB has published amendments to IAS 12 "Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction," which clarify how companies account for deferred taxes on transactions such as leases and decommissioning obligations in order to reduce diversity in recognition. Under certain circumstances, companies are exempt from recording deferred taxes 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, for which companies can recognize both an asset and a liability. The amendments clarify that the exemption does not apply on such transactions and that companies are required to recognize deferred taxes. The purpose of these amendments is to reduce diversity in the recognition of deferred taxes on leases and decommissioning obligations. The amendments are effective for fiscal years beginning on January 1st, 2023 or afterwards.
2022/1491	September 09th, 2022	January 1st, 2023	**Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 - Comparative information** The International Accounting Standards Board (IASB) issued on September 9th, 2022, a narrow amendment to the transition requirements in IFRS 17 "Insurance Contracts," providing insurers with an option to improve the usefulness of investor disclosures on initial application of the new Standard.

			The change only affects insurers' transition to the new Standard and does not affect any other requirements under IFRS 17. IFRS 17 and IFRS 9 "Financial Instruments" have different transition requirements. For certain insurers, these differences may cause temporary accounting mismatches between financial assets and liabilities of insurance contracts in the comparative information they present in their financial statements when they apply IFRS 17 and IFRS 9 for the first time. The amendment to the transitional provisions of IFRS 17 allows companies to overcome one-time classification differences in comparative information from the previous year when first applying IFRS 17 and IFRS 9 Financial Instruments. The amendment will help insurers avoid these temporary accounting mismatches and, therefore, improve the usefulness of comparative information for investors. It does so by providing an option for insurers to present comparative information on financial assets. IFRS 17, including this amendment, is effective for fiscal years beginning on or after January 1st, 2023.
Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules	May 23th, 2023	January 1st, 2023	Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules On May 23rd, 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 1st, 2023, but does not apply to interim financial statements for periods ending on or before December 31st, 2023.

IFRS 17 – Insurance contracts: effects of initial application for the Group

Standard synthesis

The accounting standard IFRS 17 'Insurance Contracts', applicable from 1st January 2023, was issued by the IASB on May 18th, 2017, to replace IFRS 4, with the aim of arriving at a single standard on insurance. IFRS 4, in fact, without prejudice to the fair-value measurement of assets, referred the measurement criterion for liabilities to the accounting models provided by the individual national jurisdictions, pending the finalisation of the IASB's project on insurance contracts, thus making it difficult to compare financial statements.

IFRS 17 therefore represents an evolution of the previous regulation, introducing greater transparency and uniformity in the presentation of insurance contracts and reducing subjectivity in the preparation of financial statements.

IFRS 17 applies to all insurance contracts. The reference accounting model ('General Model') is based on the discounting of expected cash flows, the explication of a 'risk adjustment' and a 'Contractual Service Margin' (CSM), which cannot be negative and which represents the present value of up-front profits, released through amortisation of the same. In particular:

- changes in the initial assumptions for estimating future cash flows are treated in different ways with different impacts on the profits shown in the financial statements;

- changes in expected cash flows and risk adjustment relating to future services are recognised by adjusting the CSM, as opposed to those relating to past and present services, which are recognised immediately in the income statement;

- the amortisation schedule of the CSM is based on the passage of time and guides the recognition of profits in the financial statements;

- the effect of changes in discount rates can be recognised either in equity (OCI) or in the income statement.

Below are the main provisions of IFRS 17 with regard to the recognition and measurement of insurance contracts.

Initial recognition

At initial recognition, insurance contracts are measured as the algebraic sum of the present value of the contractual expected future cash flows (PVFCF), an appropriate risk adjustment ("RA") to cover non-financial risks, and the Contractual Service Margin ("CSM"), which represents the present value of future profits on insurance contracts.

Grouping of Contracts

The application of IFRS 17 requires the identification of 'portfolios' of insurance contracts (i.e. groups of contracts that share similar risks and are managed together, as well as those issued no more than one year apart - the 'annual cohort' requirement). Each portfolio is further subdivided into groups composed of contracts with similar characteristics in terms of expected profitability, thus distinguishing between profitable contracts (with a positive margin on contractual services) and onerous contracts (with a negative margin on contractual services).

Measurement models

IFRS 17 provides for a measurement model called the General Model ('GM') applicable in principle to all contracts, with the exception of those with direct profit-sharing, for which the Variable Fee Approach ('VFA') must be applied, if the eligibility criteria dependent on the nature of profit-sharing are met. There is also an optional simplified model (Premium Allocation Approach - "PAA") for the valuation of the Liability for Remaining Coverage ("LRC", similar to the Reserve for unearned premiums or premium carryforward) for contracts with a coverage period of one year or less and for all contracts where the valuation is not materially different from that resulting from the application of the General Model.

Subsequent Measurement of Insurance Liabilities

IFRS 17 requires an update of the measurement at each reporting period of the above elements (cash flows, risk adjustment and margin on contractual services), in order to verify the appropriateness of the estimates with respect to current market conditions. The effects of any updates are recognised at the first reporting date: in the income statement if the changes relate to current events or have already occurred, or as a reduction in the margin on contractual services (CSM) if the changes relate to future events. With reference to changes in financial variables only (and not the rest, i.e. mainly related to policyholder behaviour), it is left to the companies to decide - for each grouping of contracts - whether to represent the effects of the changes in the income statement or in equity (the so-called OCI Option).

Measurement of insurance revenue

IFRS 17 requires a presentation in the income statement of the profitability "for margins" earned during the life of the policies, i.e. when the company provides services to policyholders, thus not requiring the recognition of any revenue at the time the contract is underwritten. In this respect, the principle is asymmetrical in that, in the case of onerous groups of contracts, it provides for the immediate recognition of losses in the income statement

Transition

On first-time application, IFRS 17 requires all contracts in the portfolio to be accounted for as if the rules introduced had always been in force, with retroactive application of the standard; this transition method is called the Full Retrospective Approach ('FRA'). Since its applicability can be very complex due to the unavailability of the time series of attributes needed to handle the ubiquity of the data model required by IFRS 17, which would allow its full application, the standard provides for the possibility of using two other methods, which are optional:

- Modified Retrospective Approach ("MRA"), which approximates the results obtained from the FRA through a retrospective approach, providing for certain simplifications regarding the estimation of the CSM, the level of aggregation of contracts, the use of annual cohorts and the discount rates to be used;

- Fair Value Approach ("FVA"), according to which the CSM/Loss Component (in the case of onerous contracts) is calculated as the difference between the fair value of the group of contracts to which it refers and the value of the Fulfillment Cash Flows at the same date (represented by the sum of PVFCF and RA).

The Group's methodological choices

The Group is active in the insurance business through CA Auto Reinsurance DAC, a reinsurance company based in Ireland and wholly owned by CA Auto Bank.

The company reinsures risks related to the following insurance products issued by Group companies:

- Protected Loan CPI (Credit Protection Insurance), which relieves the customer of the obligation to pay the outstanding debt in whole or in part in the event of certain sudden and/or unexpected events;

- GAP (Guaranteed Asset Protection) insurance, which protects the value of the purchase by guaranteeing the customer, in the event of theft or total damage, compensation of the vehicle's replacement value for a certain number of years after purchase or an advantageous indemnity that varies depending on the legislation in force in the country.

The company also has reinsurance agreements with leading insurance companies to which it transfers up to 80% of its risk.

Given this premise, the insurance products falling within the scope of IFRS 17 for the Ca Auto Bank Group therefore relate to reinsurance cessions that constitute assets and reinsurance cessions that constitute liabilities relating only to the company CA Auto Reinsurance DAC.

IFRS 17 requires that, upon initial recognition, insurance contracts be aggregated into groups of contracts and that the requirements for their recognition, measurement and presentation in the financial statements be applied to the group of contracts. IFRS 17 requires that an entity may not include contracts issued more than one year apart in the same group. Therefore, each portfolio must be disaggregated into annual cohorts or cohorts comprising periods of less than one year.

The level of aggregation of insurance contracts has therefore been determined according to the following grouping hierarchy:

- Portfolio, i.e. groups of contracts subject to similar risks;

- Product type (GAP and CPI);
- Cohorts, i.e. a segmentation of portfolios based on the date of initial contract recognition.

For the purposes of the transition to IFRS 17, the Group chose to follow the Modified Retrospective Approach, adopting a series of simplifications with reference to the estimate of the CSM, the level of aggregation of contracts, the use of annual cohorts and the discount rates to be used.

The present value of insurance assets and liabilities was determined based on the information available at the transition date and not at the date of initial recognition, as allowed by the accounting standard, taking into account the adjustment resulting from the cash flows that occurred between the date of initial recognition and the transition date.

The contract valuation model adopted by the Group is the Building Block Approach, in consideration of the fact that insurance covers are mainly multi-year. The value of inwards and outwards reinsurance contracts was therefore obtained by determining the Present Value of Future Cash Flow (PVFCF), the adjustment for non-financial risks related to the uncertainty in the realisation of cash flows (Risk Adjustment - RA) and the expected economic margin (Contractual Service Margin - CSM). The results showed that there are no relevant service and financial components.

In consideration of the fact that the insurance contracts in IFRS 17 perimeter (whose value as at 31st December 2023 amounts to €10.6 million of reinsurance cessions constituting assets and €37.8 million of reinsurance cessions constituting liabilities), are present in only one Group company whose total assets represent 0.23% of the consolidated total assets, the Group decided to recognise all the impacts of the transition to the new accounting standard in the financial year 2023, recording an overall negative effect on the income statement quantified in €2 million. As a result, it was not necessary to restate the comparative figures for the year 2022 at the level of the statements and tables in the notes to the financial statements. Therefore, the 2022 comparative figures show insurance contracts valued according to the old IFRS 4 standard, reclassified in line with the new formats adopted.

For the sake of completeness, it should be noted that the impact on shareholders' equity that the Group would have achieved by recognising the FTA reserve for the first-time application of IFRS 17 would have been quantified at €2 million.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed, not yet mandatorily applicable and not adopted early by the Group as of December 31th, 2023

Principle/amendment	Date of publication	Date of application	Description standard/amendment
2023/2822	December 19th, 2023	January 1st, 2024	Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and deferral of effective date of such amendments 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. The amendments are effective no later than January 1st, 2024.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	September 22th, 2022	January 1st, 2024	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback. On September 22nd, 2022, the International Accounting Standards Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not 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 January1st, 2024. Earlier application is permitted.

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
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	September, 2014	Deferred until completion pending IASB draft on equity method	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture." The Exposure Draft (ED) addresses the recognized inconsistency between the requirements of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is contributed to an associate or joint venture. IFRS 10 requires that any investment held by the parent in the former subsidiary after the loss of control must be measured at fair value and that any resulting gain or loss must be recognized in profit or loss (full gain or loss recognition). IAS 28 requires that gains and losses resulting from upstream and downstream transactions between an investor and its associate or joint venture should be recognized only to the extent of the share of the interest attributable to the other equity holders of the associate or joint venture (partial gain or loss recognition).
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements with Suppliers (issued May 25th, 2023)	May 25th, 2023	January 1st, 2024	Amendments to IAS 7 clarify the characteristics of supplier finance arrangements. Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements. On May 25tgh, 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 1st, 2024. Early adoption is permitted, but entities opting for early adoption must communicate their decision accordingly.
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	August 15th, 2023	January 1st, 2025	On August 15th, 2023, the International Accounting Standards Board (the IASB or Board) published Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates). The Amendments to IAS 21 clarify how an entity should derive the exchange rate of a currency that has low or no exchangeability. The amendments define how an exchangeable currency is defined when the exchange occurs within a time frame that allows exchange with another currency. In addition, a currency is defined as nonexchangeable with another when the entity is only able to obtain an insignificant amount of the other currency. In such scenarios, the entity must proceed by estimating an exchange rate used in an ordinary transaction between market participants under prevailing economic conditions.

	When an entity estimates the exchange rate, it must provide information on how that exchange rate affects its results of operations and financial position. It must also provide information on (i) the inability to exchange one currency for another; (ii) the exchange rate used; (iii) the process of estimating the exchange rate; and (iv) the risks to which it is exposed because the currency is not exchangeable for another. When the functional currency of a foreign operation is not exchangeable with the presentation currency or the presentation currency is not exchangeable with the functional currency of a foreign operation, the entity is also required to provide the following information: 1) The name of the foreign operation and the type of control; 2) Summary financial information about the foreign operation; 3) Nature and terms of any contractual arrangements that may require the entity to provide financial support to the foreign operation.

A.2 MAIN ITEMS IN THE FINANCIAL STATEMENTS

This section shows the accounting policies adopted to prepare the Consolidated Financial Report as at and for the year ended December 31st, 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 at fair value through profit or loss

This category includes financial assets other than those classified as Financial assets at fair value through profit or loss and Financial assets measured at amortised cost. Specifically, this item includes:

- Financial assets held for trading, essentially consisting of debt and equity securities and the positive value of derivative contracts held for trading purposes;

- Financial assets mandatorily measured at fair value, represented by financial assets that do not meet the requirements for measurement at amortised cost or fair value with an impact on comprehensive income. These are financial assets whose contractual terms do not provide exclusively for principal repayments and interest payments on the principal amount to be repaid (SPPI test not passed) or which are not held as part of a business model whose objective is the holding of assets for the purpose of collecting contractual cash flows ("Hold to Collect" business model) or whose objective is achieved both by collecting contractual cash flows and by selling financial assets ("Hold to Collect and Sell" business model);

- Financial assets designated at fair value, i.e. financial assets so defined at initial recognition and where the conditions exist. In this case, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss if, and only if, doing so eliminates or significantly reduces a measurement inconsistency.

Therefore, the following are recognised under this item:

- debt securities and loans that are included in an Other/Trading business model (thus not attributable to the "Hold to Collect" or "Hold to Collect and Sell" business models) or that do not pass the SPPI test, including the portions of syndicated loans underwritten that, from the outset, are intended for sale and that are not attributable to a Hold to Collect and Sell business model

- equity instruments - not qualifying as control, connection and joint control - held for trading purposes or for which the designation at fair value with impact on comprehensive income was not opted for upon initial recognition.

This item also includes derivative contracts, recognised as financial assets held for trading, which are reported as assets if the fair value is positive and as liabilities if the fair value is negative. It is only possible to offset positive and negative fair values arising from outstanding transactions with the same counterparty if there is a current legal right to offset the amounts recognised in the accounts and it is intended to settle the offset positions on a net basis. Derivatives also include those embedded in complex financial contracts - where the host contract is a financial liability - that have been subject to separate recognition because:

- their economic characteristics and risks are not closely related to the characteristics of the underlying contract;

- the embedded instruments, even if separated, meet the definition of a derivative;

- the hybrid instruments to which they belong are not measured at fair value with the related changes recognised in the Income Statement.

According to the general rules of IFRS 9 on reclassification of financial assets (with the exception of equity securities, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from the category measured at fair value through profit or loss into one of the other two categories under IFRS 9 (Financial Assets Measured at Amortised Cost or Financial Assets Measured at Fair Value through Profit or Loss). The transfer value is the fair value at the time of reclassification and the effects of reclassification operate prospectively from the date of reclassification. In this case, the effective interest rate of the reclassified financial asset is determined based on its fair value at the date of reclassification and this date is considered as the initial recognition date for the allocation to the different credit risk stages (stage assignment) for impairment purposes.

Initial recognition of financial assets takes place on the settlement date for debt and equity securities and on the subscription date for derivative contracts. Upon initial recognition, assets held for trading are recognised at fair value, which normally corresponds to the consideration paid, without considering transaction costs and income directly attributable to the instrument itself.

Subsequent to initial recognition, financial assets and liabilities held for trading are measured at fair value. The effects of applying this valuation criterion are recognised in the income statement, under item 80. 'Net trading income'.

In order to determine the fair value of derivative contracts listed in an active market, the market prices prevailing at the end of the period are used. In the absence of an active market, estimation methods and valuation models are used that take into account the risk factors related to the instruments and that are based on market observable data, such as interest rates. Equity securities and derivative instruments involving equity securities, which are not listed in an active market and for which fair value cannot be reliably determined in accordance with the above guidelines, are carried at cost.

Financial assets and liabilities held for trading are derecognised when the contractual rights to the cash flows from the assets and liabilities expire or when the financial asset or liability is sold, transferring substantially all the risks and rewards associated with it.

3. Financial assets measured at fair value with impact on comprehensive income (FVOCI)

Financial assets that meet both of the following conditions are included in this category:

- the financial asset is held according to a business model whose objective is achieved either by collecting contractually scheduled cash flows or by selling them (the "Hold to Collect and Sell" business model), and

- the contractual terms of the financial asset provide, at specific dates, cash flows represented solely by principal and interest payments on the amount of principal to be repaid (passing the so-called "SPPI test").

Also included in this item are equity instruments, not held for trading purposes, for which at initial recognition the fair value designation option was exercised with impact on the statement of comprehensive income.

Specifically, included in this item are.

- debt securities that are attributable to a Hold to Collect and Sell business model and that have passed the SPPI test;

- equity investments that do not qualify as control, connection and joint control, not held for trading purposes, for which the fair value designation option has been exercised with impact on comprehensive income;

- loans that are attributable to a Hold to Collect and Sell business model and that have passed the SPPI test, including the portions of syndicated loans underwritten that, from origination, are intended for sale and that are attributable to a Hold to Collect and Sell business model.

According to the general rules of IFRS 9 regarding reclassification of financial assets (with the exception of equity securities, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be highly infrequent, financial assets may be reclassified from the category measured at fair value through other comprehensive income to one of the other two categories under 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 reclassification, and the effects of reclassification run prospectively from the date of reclassification. In the case of reclassification from this category to the amortized cost category, the cumulative gain (loss) recognized in the valuation reserve is considered as an adjustment to the fair value of the financial asset at the date of reclassification. On the other hand, in the case of reclassification to the fair value category with an impact on the income statement, the cumulative gain (loss) previously recognized in the valuation reserve is reclassified from equity to net income (loss) for the year.

Initial recognition of financial assets occurs on the settlement date for debt and equity securities and on the disbursement date for loans. Upon initial recognition, assets are recorded at fair value, including transaction costs or income directly attributable to the instrument itself.

Subsequent to initial recognition, assets classified at fair value with an impact on the statement of comprehensive income, other than equity securities, are measured at fair value, with the impacts resulting from the application of amortized cost, the effects of impairments, and any foreign exchange effects recognized in the statement of income, while other gains or losses resulting from a change in fair value are recognized in a specific equity reserve until the financial asset is derecognized. Upon total or partial disposal, the cumulative gain or loss in the valuation reserve is reversed, in whole or in part, to the income statement.

Equity instruments, for which we have chosen to classify them in this category, are measured at fair value, and the amounts recognized as a balancing entry in equity (statement of comprehensive income) need not be subsequently transferred to the income statement, even if they are sold. The only component referable to the equity securities in question, which is subject to recognition in the income statement, is the related dividends. Fair value is determined on the basis of the criteria already explained for Financial assets measured at fair value with impact on the income statement.

For the equity securities included in this category, which are not listed in an active market, the cost criterion is used as an estimate of fair value only residually and limited to a few circumstances, i.e., in cases where all the previously mentioned valuation methods are not applicable, or where there is a wide range of possible fair value measurements, within which cost is the most significant estimate.

Financial assets measured at fair value with an impact on comprehensive income-both in the form of debt securities and loans-are subject to the test for a significant increase in credit risk (impairment) required by IFRS 9, in the same way as assets at amortized cost, resulting in the recognition of a value adjustment in the income statement to cover expected losses. Specifically, for instruments classified as stage 1 (i.e., for financial assets at inception, if they are not impaired, and for instruments for which there has been no significant increase in credit risk since the date of initial recognition) a one-year expected loss is recognized at the date of initial recognition and at each subsequent reporting date. In contrast, for instruments classified as stage 2 (performing for which there has been a significant increase in credit risk since the initial recognition date) and stage 3 (impaired exposures), an expected loss is recognized for the entire remaining life of the financial instrument. In contrast, equity securities are not subject to the impairment process.

Financial assets are derecognized only if the transfer resulted in the substantial transfer of all risks and rewards associated with the assets. Conversely, if a significant portion of the risks and rewards associated with the transferred financial assets have been retained, they continue to be carried on the balance sheet, even if legally ownership of the assets has actually been transferred. Where the substantial transfer of risks and rewards cannot be ascertained, financial assets are derecognized if control over them has not been retained.

Otherwise, the retention, even partial, of such control results in the assets being retained in the balance sheet to the extent of residual involvement, as measured by exposure to changes in the value of the transferred assets and changes in their cash flows. Finally, transferred financial assets are derecognized if there is retention of the contractual rights to receive the related cash flows, with simultaneous assumption of the obligation to pay those flows, and only those flows, without significant delay to other third parties.

4. 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.

5. 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 CA Auto 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 or at specific item for the macro-hedge.

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, 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%.

6. 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.

7. 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 and short 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".

8. 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”.

9. 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.

10. 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).

11. 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:

- there is a current (legal or constructive) obligation as a result of a past event;
- fulfilment of this obligation is likely to be onerous;
- 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.

12. 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".

13. 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.

14. Foreign currency transactions

Le 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.

15. Currency transactions

Foreign currency transactions are recorded, at initial recognition, in the currency of account by applying the current exchange rate to the foreign currency amount at the date of the transaction.

At each balance sheet closure or intermediate situation, foreign currency balance sheet items shall be valued as follows:

- monetary items are converted at the exchange rate of the closing date;
- non-monetary items, valued at historical cost, are converted at the exchange rate existing at the transaction date;
- non-monetary items, measured at fair value, are converted at the exchange rate outstanding at the closing date.

Exchange differences arising from the settlement of monetary items or the conversion of monetary items at rates other than initial conversion rates or from the conversion rates of previous financial statements, shall be recognised in profit or loss for the period in which they occur.

When a gain or loss relating to a non-monetary item is recognised as equity, the exchange difference relating to that item is also recognised as equity. On the other hand, when a profit or loss is recognised in profit or loss, the associated exchange difference is also recognised in profit or loss.

16. Insurance assets and liabilities

Insurance assets and liabilities that fall within the scope of IFRS 17 Insurance Contracts are classified in this category.

IFRS 17 defines insurance contracts as those contracts under which one party (the insurer) accepts a significant insurance risk from a third party (the policyholder), agreeing to indemnify the policyholder in the event that it suffers loss as a result of a specific uncertain future event (the insured event).

The Group's insurance business relates to the reinsurance of life and non-life risks of insurance policies sold by insurance companies to customers of consumer credit companies in order to protect the payment of debt.

At initial recognition, insurance contracts are recognised as the algebraic sum of the present value of all expected contractual cash flows (Present Value Future Cash Flow), discounted to present value and including an appropriate Risk Adjustment (for non-financial risks) and the Contractual Service Margin, which represents the present value of future profits. Included in estimates of the present value of future cash flows relating to the group of reinsurance contracts held is the effect of the risk of default by the issuer of the reinsurance contract, including the effects of collateral and litigation losses.

At the end of each reporting period, the carrying amount of the group of insurance contracts is equal to the sum of:

- liability for residual cover comprising the fulfilment cash flows relating to future services allocated to the group at that date, the margin on the group's contractual services at that date

- incurred claims liability comprising the fulfilment cash flows relating to past services allocated to the group at that date.

Revenues and expenses are recognised for the following changes in the carrying amount of the liability for residual coverage:

- insurance revenue: for the reduction in the liability for residual coverage due to services provided during the period;

- insurance service costs: for losses on onerous groups of contracts and recoveries of those losses;

- c) revenues or costs of a financial nature related to insurance contracts: for the effect of the time value of money and the effect of financial risk.

Revenues and expenses are recognized for the following changes in the carrying amount of the liability for claims incurred

- costs for insurance services: for the increase in the liability due to claims incurred and for costs incurred during the period, excluding investment components;

- costs for insurance services: for subsequent changes in the fulfilment cash flows related to incurred claims and costs incurred; and

- income or expenses of a financial nature related to insurance contracts: for the effect of the time value of money and the effect of financial risk.

The margin on contractual services at the end of the reporting period represents the profit of the group of insurance contracts not yet recognised in profit (loss) for the period as it relates to the service to be provided under the group's contracts in the future.

In summary, as defined and governed by IFRS 17, they are recognized:

- under item 80 "Insurance assets", reinsurance cession contracts belonging to portfolios of reinsurance cession contracts, which, according to the sign of the closing balance, constitute assets;

- under item 110 "Insurance liabilities" reinsurance cession contracts belonging to portfolios of reinsurance cession contracts which are, according to the sign of the closing balance, liabilities;

- in items 160 "Result from insurance services" and 170 "Balance of income and expenses of a financial nature relating to insurance operations" of the income statement:

(i) the balance of income and expenses for insurance services from reinsurance ceded;

(ii) the amount recovered from reinsurers and the positive/negative balance of write-backs and write-downs related to expected losses arising from the risk of default by the reinsurer;

(iii) commissions/other acquisition costs charged fully to profit or loss;

(iv) the balance, whether positive or negative, of changes in the balance sheet value of reinsurance ceded associated with the effects and changes in the financial risks associated with the cash flows of reinsurance ceded, other than those that are recognized in other comprehensive income.

17. 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, 2023. Item 80. “Other liabilities” – “Due to social security institutions” shows the debt accrued at December 31st, 2023 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 CA Auto 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 the assets.

Moreover, the contra accounts that have been recognized are considered to be sufficient to protect against the risk of a further deterioration of the assumptions in these forecasts, taking account of the fact that the net deferred assets so recognized relate to temporary differences and tax losses which, to a significant extent, may be recovered over a very long period, and are therefore consistent with a situation in which the time needed to exit from the crisis and for an economic recovery to occur extends beyond the horizon implicit in the above-mentioned estimates.

Pension plans and other post-employment benefits

Employee benefit liabilities with the related assets, costs and net interest expense are measured on an actuarial basis, which requires the use of estimates and assumptions to determine the net liabilities or net assets.

The actuarial method takes into consideration parameters of a financial nature such as the discount rate and the expected long-term rate of return on plan assets, the growth rate of salaries as well as the likelihood of potential future events by using demographic assumptions such as mortality rates, dismissal or retirement rates.

In particular, the discount rates selected are based on yields curves of high-quality corporate bonds in the relevant market. The expected returns on plan assets are determined considering various inputs from a range of advisors concerning long-term capital market returns, inflation, current bond yields and other variables, adjusted for any specific aspects of the asset investment strategy. Salary growth rates reflect the Group's long-term actual expectation in the reference market and inflation trends.

Changes in any of these assumptions may have an effect on future contributions to the plans.

Contingent liabilities

The Group makes provisions for pending disputes and legal proceedings when it is considered probable that there will be an outflow of funds and when the amount of the losses arising therefrom can be reasonably estimated. If an outflow of funds becomes possible but the amount cannot be estimated, the matter is disclosed in the notes. The Group is the subject of legal and tax proceedings covering a range of matters which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the outflow of funds which will result from such disputes. Moreover, the cases and claims against the Group often derive from complex and difficult legal issues which are subject to a different degree of uncertainty, including the facts and circumstances inherent in each case, jurisdiction, and different applicable laws, which are carefully analyzed.

Treatment of factoring transaction with continuing involvement

As a result of this type of transaction, which is considered a non-recourse assignment, the Bank has a residual involvement in the transferred financial asset, as contractually towards the factor there are obligations inherent in the transferred receivables.

For the purposes the application of the provisions of IFRS 7, in Part E of these Financial Statements, are provided qualitative and quantitative Information.

Self-securitization transactions

As of the closing date of the Consolidated 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.

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 0.40% of the average outstanding portfolio, which was 1 basis points lower than the comparable metric in December 2022.

Credit Quality

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

	12/31/2023			12/31/2022		
Description	Gross expo-sures	Allowance for loan and lease	Net exposure	Gross expo-sures	Allowance for loan and lease	Net exposure
- Bad debt exposures	114,604	(72,415)	42,189	92,806	(65,787)	27,019
- Unlikely to pay	72,807	(30,512)	42,294	62,935	(32,692)	30,243
-Non Performing Past Due	310,851	(105,406)	205,446	225,840	(69,373)	156,467
Non performing loans	498,262	(208,333)	289,929	381,581	(167,852)	213,729
Performing Loans	24,466,310	(160,171)	24,306,139	22,832,632	(135,477)	22,697,155
Total	24,964,572	(368,504)	24,596,068	23,214,213	(303,329)	22,910,884

	12/31/2023			12/31/2022		
Description	Gross exposure weight	Net exposure weight	Coverage ratio	Gross exposure weight	Net exposure weight	Coverage ratio
- Bad debt exposures	0.46%	0.17%	63.19%	0.40%	0.12%	70.89%
- Unlikely to pay	0.29%	0.17%	41.91%	0.27%	0.13%	51.95%
-Non Performing Past Due	1.25%	0.84%	33.91%	0.97%	0.68%	30.72%
Non performing loans	2.00%	1.18%	41.87%	1.64%	0.93%	43.99%
Performing Loans	98.00%	98.82%	0.65%	98.36%	99.07%	0.59%
Total	100.00%	100.00%	1.48%	100.00%	100.00%	1.31%

The credit quality is confirmed at an excellent level, with non-performing loans representing 2.00% of total net exposure. The net exposure of non-performing loans amounted to €290 million compared to a total net exposure of €25 billion.

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

Allowance for loans and lease losses amounted to €369 million at the end of 2023, compared to € 303 million at the end of 2022; gross exposure for impaired loans amounted to € 498 million compared to € 382 million at the end of 2022.

Legal risk

In Germany, a number of dealers representing their trade association initiated a legal dispute in reference to service fees charged to them by FCA Bank Deutschland GmbH as per their loan agreements. The first instance ruling found in favor of our German branch (now a branch of CA Auto Bank S.p.A.) and confirmed compliance with the regulatory framework. On appeal, on the other hand, the Court handed down the opposite decision, considering these fees to be non-compliant. As the position of FCA Bank Deutschland GmbH (now CA Auto Bank S.p.A. Niederlassung Deutschland) was solid on the issue, it was decided to file a further appeal.

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 at the balance sheet date, 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 April 25th,2023, as the appeal was formally withdrawn.

It should also be pointed out that a tax inspection is under way in the German branch, with respect to which no particular evidence has emerged at present to justify the allocation of provisions. It should be noted that during February the German branch was notified of an audit final report by the German agency.

As a result of the procedure initiated by the Revenue Agency, which involved the reclassification of part of the amounts originally invoiced (tax-free) by the dealers to CA Auto Bank S.p.A. in various years as brokerage fees, the latter, together with Stellantis Europe S.p.A., while confirming the correctness of the tax approach and without admitting anything, decided last September - with the sole purpose of avoiding the prolongation of litigation and related costs - to settle with the Revenue Agency the pending issues relating to the period 2017-2019.

The agreement between CA Auto Bank S.p.A., Stellantis and the Revenue Agency resulted in the payment in September of a penalty of € 1.9 million in exchange for the acceptance of the full deductibility of the VAT charged by dealers for the reclassification of exempt invoices into taxable ones.

During 2024, the Company will continue discussions with the Revenue Agency to see if there are conditions to reach a settlement also for 2016.

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”);

- 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 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	12/31/2023			12/31/2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	-	9,187	-	-	-	-
a) Financial assets held for trading	-	9,187	-	-	-	-
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	-	-	-	9,305	-	-
3. Hedge derivatives	-	263,105	-	-	550,433	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	-	272,292	-	9,305	550,433	-
1. Financial liabilities held for trading	-	10,925	-	-	868	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedge derivatives	-	162,514	-	-	180,524	-
Total	-	173,439	-	-	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	12/31/2023				12/31/2022			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets at amortized cost	24,730,917		134,849	24,466,424	23,028,785	-	117,901	22,419,595
2. Financial assets available for sale	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	-			-	-	-	-	-
Total	24,730,9917	-	134,849	24,466,424	23,028,785	-	117,901	22,419,595
1. Financial liabilities at amortized cost	26,532,431	7,091,713	-	19,151,160	23,056,671	6,125,145	-	16,946,960
2. Liabilities associated with assets classified as held for sale	-				-	-	-	-
Total	26,532,431	7,091,713	-	19,151,660	23,059,671	6,125,145	-	16,946,960

Legend:

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

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

Paragraph 28 of IFRS 7 pertains to scenarios where a financial instrument, initially recognized at fair value but not traded in an active market, may have a transaction price, which generally reflects the best estimate of the financial instrument's fair value, that differs from the fair value determined by the entity's measurement techniques.

In such instances, a gain or loss is recognized upon acquisition, necessitating adequate disclosure by class of financial instrument.

It is important to note that in 2023 this particular case did not apply to the Group.

PART B – NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Section 1 - Cash and cash equivalents - Item 10

This item includes bank checks, money orders, cash and valuables on hand.

1.1 Cash and cash balances

	Total 12/31/2023	Total 12/31/2022
(a) Cash	62	16
(b) Current accounts and demand deposits with central banks	985,061	1,795,033
(c) Current accounts and demand deposits with banks	688,695	1,344,737
Total	1,673,818	3,139,786

Current accounts and demand deposits include deposits of the Special Purpose Vehicles used in securitizations in the amount of €192,024 thousands (€178 million as of December 31st, 2022). These deposits are restricted in their allocation according to specific contractual requirements.

In detail, liquidity by Special Purpose Vehicle is as follows:

SPV	Total 12/31/2023	Total 12/31/2022
A-Best Seventeen S.r.l.	11,988	22,725
A-Best Nineteen UG	24,383	53,585
A-Best Fourteen S.r.l.	-	64,224
A-Best Sixteen UG	-	14,645
A-Best Twenty	12,420	-
A-Best Twenty-one UG	27,231	23,071
A-Best Twenty-Two S.r.l.	35,041	-
NIXES SIX PLc	74,648	-
RACE AUTO SECURITIZATION TRANSACTION S.A.R.L.	6,313	-
Total	179,604	178,250

The Liquidity Reserve is earmarked to meet any liquidity shortfalls for the payment of interest on Senior Class securities and certain specific expenses.

Liquidity from bank deposits of SPVs is allocated to the payment of:

- acquisition of new loan portfolio;
- redemption of securities;
- interest on Senior Class Notes;
- operating expenses of the SPV.

Deposits and current accounts include, for the remainder, temporary cash deposits with banks and balances on bank current accounts at the end of the period, related to the ordinary business activity of the companies.

Section 2 - Financial assets measured at fair value through profit or loss

2.1 Financial assets held for trading: breakdown by product

Item/Values	Total 12/31/2023			Total 12/31/2022		
	L1	L2	L3	L1	L2	L3
A. Liquid assets						
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. Units of UCIs	-	-	-	-	-	-
4. Financing	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	-	-	-	-	-	-
B. Derivative instruments	-	-	-	-	-	-
1. Financial derivatives	-	9,187	-	-	-	-
1.1 trading	-	-	-	-	-	-
1.2 related to fair value option	-	-	-	-	-	-
1.3 other	-	9,187	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 related to fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	-	9,187	-	-	-	-
Total (A+B)	-	9,187	-	-	-	-

The item also contains derivatives subscribed to by the Leasys group.

2.2 Financial assets held for trading: breakdown by debtor/issuer/counterparty

Item/Values	12/31/2023	12/31/2022
A. Liquid assets		
1. Debt securities	-	-
(a) Central banks	-	-
(b) General government	-	-
c) Banks	-	-
(d) Other financial companies	-	-
Of which: insurance companies	-	-
(e) Non-financial companies	-	-
2. Equity securities	-	-
(a) Banks	-	-
(b) Other financial companies	-	-
Of which: insurance companies	-	-
(c) Non-financial companies	-	-
(d) Other issuers	-	-
3. Units of UCIs	-	-
4. Loans	-	-
(a) Central banks	-	-
b) General government	-	-
c) Banks	-	-
(d) Other financial companies	-	-
Of which: insurance companies	-	-
(e) Non-financial companies	-	-
(f) Households	-	-
Total (A)	-	-
B. Derivative instruments		
(a) Central counterparties	-	-
(b) Others	9,187	-
Total (B)	9,187	-
Total (A+B)	9,187	-

Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

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

Item/Values	Total 12/31/2023			Total 12/31/2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	-	-	-	9,305	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	9,305	-	-
2. Equity securities	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-
Total	-	-	-	9,305	-	-

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

As of December 31st, 2022, this item included listed bonds issued by the Austrian state and held by CA Auto Bank GmbH (Austria); these amounts constituted mandatory deposits prescribed by the local Central Bank. In the second half of the year 2023, they were disposed of.

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Item/Values	Total 12/31/2023	Total 12/31/2022
1. Debt securities	-	9,305
(a) Central banks	-	-
(b) General government	-	9,305
(c) Banks	-	-
(d) Other financial companies	-	-
Of which: insurance companies	-	-
(e) Non-financial companies	-	-
2. Equity securities	-	-
(a) Banks	-	-
(b) Other issuers:	-	-
- other financial companies	-	-
of which: insurance companies	-	-
- non-financial companies	-	-
- others	-	-
3. Loans	-	-
(a) Central banks	-	-
(b) General government	-	-
c) Banks	-	-
(d) Other financial companies	-	-
Of which: insurance companies	-	-
(e) Non-financial companies	-	-
(f) Households	-	-
Total	-	9,305

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total value adjustments

	Gross value					Total value adjustments				Partial total write-offs *
	First stage	of which: Low credit risk instruments	Second stage	Third stage	Impaired acquired or originated	First stage	Second stage	Third stage	Impaired acquired or originated	
Debt Securities	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 12/31/2023	-	-	-	-	-	-	-	-	-	-
Total 12/31/2022	9,305	-	-	-	-	-	-	-	-	-

* Amount to be displayed for information purposes

Section 4 - Financial assets measured at amortized cost - Item 40

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

Type of transaction/Values	Total 12/31/2023						Total 12/31/2022					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
A Receivables to Central Banks	38,248	-	-	-	38,248	-	40,471	-	-	-	40,471	-
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2.Compulsory reserves	38,014	-	-	X	X	X	40,316	-	-	X	X	X
3.REPOs	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	234	-	-	X	X	X	155	-	-	X	X	X
B. A Receivables to banks	96,602	-	-	-	96,602	-	77,430	-	-	-	77,430	-
1. Loans	96,602	-	-	-	96,602	-	77,430	-	-	-	77,430	-
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Time deposits	46	-	-	X	X	X	-	-	-	X	X	X
1.3. Other loans:	96,556	-	-	X	X	X	77,430	-	-	X	X	X
- REPOs	23,269	-	-	X	X	X	23,351	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Others	73,287	-	-	X	X	X	54,079	-	-	X	X	X
2. Debts securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	134,850	-	-	-	134,850	-	117,901	-	-	-	117,901	-

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

4.2 Financial assets measured at amortized cost: breakdown of leases and loans to customers

Type of transaction/Values	Total 12/31/2023						Total 12/31/2022					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
1. Loans	24,306,138	289,930	-	-	-	24,939,111	22,697,155	213,729	-	-	-	22,419,595
1.1 Deposits from customers	45,846	-	-	X	X	X	61,269	-	-	X	X	X
1.2. REPOs	-	-	-	X	X	X	-	-	-	X	X	X
1.3. Mortages	-	-	-	X	X	X	-	-	-	X	X	X
1.4. Credit cards, personal loans and wages assignment losses	322,147	13,350	-	X	X	X	199,457	3,267	-	X	X	X
1.5 Lease loans	8,842,608	91,075	-	X	X	X	6,045,749	61,913	-	X	X	X
1.6. Factoring	2,876,002	22,433	-	X	X	X	4,425,048	41,764	-	X	X	X
1.7. Other loans	12,219,535	163,072	-	X	X	X	11,965,632	106,785	-	X	X	X
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	24,306,138	289,930	-	-	-	24,939,111	22,697,155	213,729	-	-	-	22,419,595

For the purpose of management reporting, it should be noted that the Reconciliation table between Outstanding and Leases and Loans to Customers (24,965 €/mln) includes in "Deposit from Customers" for €45 million.

Factoring

This item includes receivables from the dealership network, amounting to €2 billion, sold on a non-recourse basis by business partners to the CA Auto Bank Group Companies.

Other financing

This item includes receivables for installment loans granted for the purchase of motor vehicles and personal loans.

Receivables also include transaction costs/revenues related to the individual receivable, specifically:

- subsidies received for promotional campaigns;
- commissions received from customers;
- the incentives and bonuses paid to the sales network;
- commissions received from the sale of ancillary products.

Receivables include euro €4.6 billion related to the SPV's receivables, recognized in the financial statements in accordance with IFRS 10.

The item reflects receivables for loans provided to the dealer network of industrial partners to foster the development of the sales network, commercial requirements related to used car management, and specific short- and medium-term financing requirements.

It also includes loans, related to retail business, provided by the CA Auto Bank Group to legal entities classified under this item in compliance with the Bank of Italy's definition of Consumer Credit.

4.3 Financial assets measured at amortized cost: breakdown by borrower/issuer of leases and loans to customers

Type of transaction/Values	Total 12/31/2023			Total 12/31/2022		
	First and second stage	Third stage	Purchased or originated impaired	First and second stage	Third stage	Purchased or originated impaired
1. Debt securities	-	-	-	-	-	-
(a) General government	-	-	-	-	-	-
(b) Other financial companies	-	-	-	-	-	-
Of which: insurance companies	-	-	-	-	-	-
(c) Non-financial companies	-	-	-	-	-	-
2. Loans to:	24,306,136	289,930	-	22,697,155	213,729	-
(a) Public sector entities	16,286	17	-	11,349	667	-
(b) Other financial companies	153,487	3,002	-	179,562	710	-
Of which: insurance companies	55	-	-	70	-	-
(c) Non-financial companies	7,683,155	99,875	-	8,928,156	90,409	-
d) Households	16,453,208	187,036	-	13,578,088	121,943	-
Total	24,306,136	289,930	-	22,697,155	213,729	-

4.4 Financial assets measured at amortized cost: gross value and total value adjustments

	Gross value					Value adjustments				Total partial write-offs*
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	
Debt Securities	-	-	-	-	-	-	-	-	-	-
Loans	23,346,606	13,577,076	1,254,554	498,262	-	107,856	52,315	208,333	-	595
Total 12/31/2023	**23,346,606**	**13,577,076**	**1,254,554**	**498,262**	**-**	**107,856**	**52,315**	**208,333**	**-**	**595**
Total 12/31/2022	**21,927,558**	**13,339,323**	**1,022,739**	**381,581**	**-**	**80,941**	**54,300**	**167,852**	**-**	**69**

* Amount to be displayed for information purposes

Section 5 - Hedging derivatives - Item 50

5.1 Hedging derivatives: breakdown by hedge type and level

	Fair value 12/31/2023			NV 12/31/2023	Fair value 12/31/2022			NV 12/31/2022
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1. Fair Value	-	263,105	-	7,057,703	-	543,238	-	11,206,742
2. Cash Flows	-	-	-	-	-	7,195	-	338,750
3. Foreign investments	-	-	-	-	-	-	-	-
B. Net investment in foreign subsidiaries								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash Flows	-	-	-	-	-	-	-	-
Total	**-**	**263,105**	**-**	**7,057,703**	**-**	**550,433**	**-**	**11,545,492**

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

This item reflects the fair value measurement of derivative contracts intended to hedge interest rate risk.

The notional value related to cash flow hedging refers to interest rate risk hedging according to the Cash Flow Hedge methodology used for the long-term rental business.

5.2 Hedging derivatives: breakdown by hedged portfolio and hedge type

Transactions/Hedging type	Fair Value							Cash-flows hedges		Net investments on foreign subsidiaries
	Micro - hedge						Macro-hedge	Micro-hedge	Macro-hedge	
	debt securities and interest rates	equity securities and equity indices	currencies and gold	credit	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	X	-	X	X
2. Financial assets measured at amortized cost	-	-	123	X	-	-	X	-	X	X
3. Portfolio	X	X	X	X	X	X	254,025	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	-	-	123	-	-	-	254,025	-	-	-
1. Financial liabilities	8,957	-	-	X	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	8,957	-	-	-	-	-	-	-	-	X
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

The amount related to generic portfolio hedging refers to the hedging of the lease and loan portfolio, according to the Fair Value Hedge (macrohedge) methodology.

The amount related to specific hedging refers to the hedging of interest rate risk on bonds issued.

Section 6 - Changes in fair value of generically hedged financial assets - Item 60

6.1 Changes in fair value of hedged assets: breakdown by hedged portfolios

Changes in fair value of hedged items / Values	Total 12/31/2023	Total 12/31/2022
1. Positive changes	105,816	21,507
1.1 of specific portfolios:	-	-
(a) financial assets measured at amortized cost	-	-
(b) financial assets measured at fair value through other comprehensive income	-	-
1.2 overall	105,816	21,507
2. Negative changes	(235,460)	(512,796)
2.1 of specific portfolios:	-	-
(a) financial assets measured at amortized cost	-	-
(b) financial assets measured at fair value through other comprehensive income	-	-
2.2 overall	(235,460)	(512,796)
Total	(129,644)	(491,289)

Section 7 - Equity investments - Item 70

7.1 Equity investments: information on shareholders' equity

Denominations	Legal residence	Partecipation relationship	
		Partecipating Company	Share %
A. Companies subject to join control			
B. Companies under significant influence			
1. CODEFIS S.C.P.A.	Turin, Italy	CA Auto Bank S.p.A.	24%
C. Other companies			
1. FCA SECURITY S.C.P.A.	Turin, Italy	CA Auto Bank S.p.A.	0,21%
2. FCA SECURITY S.C.P.A.	Turin, Italy	Drivalia S.p.A.	0,017%

CODEFIS S.C.P.A. engages in the provision of IT-related services.

Section 8 - Insurance assets - Item 80

8.1 Changes of the carrying amount of reinsurance cessions - GMM – activities by residual coverage and claims incurred

Items/Breakdown of carrying amount	Residual coverage activities 12/31/2023		Activities for claims incurred 12/31/2023	Total 12/31/2023
	Net of the loss recovery component	Loss recovery component		
A. Opening carrying amount				
1. Reinsurance cessions constituting assets	6,907		4,699	11,606
2. Reinsurance cessions constituting liabilities				
3. Net carrying amount as of January 1	6,907		4,699	11,606
B. Financial effects associated with reinsurance cessions				
1. Cost of reinsurance	(2,803)			(2,803)
2. Claims and other costs recovered			3,898	3,898
3 Changes in business for claims incurred	-		(1,489)	(1,489)
4. Reinsurance cessions covering onerous contracts				
4.1 Revenues associated with the recognition of underlying onerous insurance contracts				
4.2 Loss recovery component releases other than changes in cash flows of reinsurance cession contracts				
4.3 Changes in cash flows of reinsurance cessions arising from underlying onerous insurance contracts				
5. Effects of change in default risk by reinsurers				
6. Total	(2,803)		2,409	(394)
C. Result of insurance services (Total B)	(2,803)		2,409	(394)
D. Net financial income/costs				
1. Related to reinsurance cessions	197		114	311
1.1 Recorded in the income statement	236		141	377
1.2. Recorded in the statement of comprehensive income	(39)		(27)	(66)
2. Effects related to changes in exchange rates				
3. Total	197		114	311
E. Investment components				
F. Total amount recorded in income statement and comprehensive income statement (C+ D+E)	(2,606)		2,523	(83)
G. Other changes				
H. Cash movements				
1. Premiums paid net of amounts not related to claims recovered from reinsurers	2,959			2,959
2. Amount of claims recovered from reinsurers			(3,898)	(3,898)
3. Total	2,959		(3,898)	(939)
I. Net carrying amount as of 12/31/2023 (A.3+F+G+H.3)	7,260		3,324	10,584
I. Ending carrying amount				
1. Reinsurance cessions constituting assets	7,260		3,324	10,584
2. Reinsurance cessions constituting liabilities				
3. Net book value as of 12/31/2023	7,260		3,324	10,584

Description/Breakdown of carrying amount	Residual coverage activities 12/31/2022		Activities for claims incurred 12/31/2022	Total 12/31/2022
	Net of the loss recovery component	Loss recovery component		
A. Opening carrying amount				
1. Reinsurance cessions constituting assets	4,881		7,944	12,825
2. Reinsurance cessions constituting liabilities				
3. Net carrying amount as of January 1	4,881		7,944	12,825
B. Financial effects associated with reinsurance cessions				
1. Cost of reinsurance	(1,850)			(1,850)
2. Claims and other costs recovered			2,573	2,573
3 Changes in business for claims incurred			(983)	(983)
4. Reinsurance cessions covering onerous contracts				
4.1 Revenues associated with the recognition of underlying onerous insurance contracts				
4.2 Loss recovery component releases other than changes in cash flows of reinsurance cession contracts				
4.3 Changes in cash flows of reinsurance cessions arising from underlying onerous insurance contracts				
5. Effects of change in default risk by reinsurers				
6. Total	(1,850)		1,590	(260)
C. Result of insurance services (Total B)	(1,850)		1,590	(260)
D. Net financial income/costs				
1. Related to reinsurance cessions	(12)		268	257
1.1 Recorded in the income statement	(2)		333	331
1.2. Recorded in the statement of comprehensive income	(10)		(65)	(75)
2. Effects related to changes in exchange rates				
3. Total	(12)		268	256
E. Investment components				
F. Total amount recorded in income statement and comprehensive income statement (C+ D+E)	(1,862)		1,858	(4)
G. Other changes	(229)			(229)
H. Cash movements				
1. Premiums paid net of amounts not related to claims recovered from reinsurers	4,117			4,117
2. Amount of claims recovered from reinsurers			(5,103)	(5,103)
3. Total	4,117		(5,103)	(986)
I. Net carrying amount as of 12/31/2022 (A.3+F+G+H.3)	6,907		4,699	11,606
I. Ending carrying amount				
1. Reinsurance cessions constituting assets	6,907		4,699	11,606
2. Reinsurance cessions constituting liabilities				
3. Net book value as of 12/31/2022	6,907		4,699	11,606

8.2 Changes in the carrying amount of reinsurance cessions by underlying measurement element

Description/Elements underlying measurement	Present value of cash flows 12/31/2023	Adjustment for non-financial risks 12/31/2023	Contractual service margin 12/31/2023	Total 12/31/2023
A. Opening carrying amount				
1. Reinsurance cessions constituting assets	7,480	921	3,206	11,607
2. Reinsurance cessions that constitute liabilities				
3. Net carrying amount as of January 1st	4,952	921	3,206	11,606
B. Changes related to current services				
1. Contractual service margin recorded in the income statement			(55)	(55)
2. Change for expired non-financial risks		(188)		(188)
3. Changes related to experience	4,952			4,952
4. Total	4,952	(188)	(55)	4,709
C. Changes related to future services				
1. Changes in estimates that modify the contractual service margin	1,329	176	(5,119)	(3,614)
2. Effects of contracts entered into during the year	(1,790)	78	1,712	-
3. Adjustment of contractual service margin associated with recoveries related to initial recognition of underlying onerous insurance contracts				
4. Release of loss recovery component other than changes in cash flows of reinsurance cession contracts				
5. Changes in cash flows of reinsurance cessions arising from underlying onerous insurance contracts				
6. Total	(461)	254	(3,407)	(3,614)
D. Changes related to past services				
1. Adjustments to the business for claims incurred	(1,356)	(133)		(1,489)
E. Effects of changes in reinsurer default risk				
F. Result of insurance services (B+C+D+E)	3,135	(67)	(3,462)	(394)
G. Financial income/costs				
1. Related to reinsurance cessions	178	23	110	311
1.1 Recorded in the income statement	239	28	110	377
1.2. Recorded in the statement of comprehensive income	(61)	(5)		(66)
2. Effects related to changes in exchange rates				
3. Total	178	23	110	311
H. Total amount recorded in the income statement and the statement of comprehensive income (F+G)	3,313	(44)	(3,352)	(83)
I. Other changes				
L. Cash movements				
1. Premiums paid net of amounts not related to claims recovered from reinsurers	2,959			2,959
2. Amounts recovered from reinsurers	(3,899)			(3,899)
3. Total	(940)			(940)
M. Net carrying amount as of December 31st (A.3+H+I+L.3)	9,853	877	(146)	10,584
N. Final carrying amount				
1. Reinsurance cessions constituting assets	9,853	877	(146)	10,584
2. Reinsurance cessions constituting liabilities				
3. Net carrying amount as of December 31st	9,853	877	(146)	10,584

Description/Elements underlying measurement	Present value of cash flows 12/31/2022	Adjustment for non-financial risks 12/31/2022	Contractual service margin 12/31/2022	Total 12/31/2022
A. Opening carrying amount				
1. Reinsurance cessions constituting assets	9,926		1,828	12,825
2. Reinsurance cessions that constitute liabilities		1,071		
3. Net carrying amount as of January 1st	9,926	1,071	1,828	12,825
B. Changes related to current services				
1. Contractual service margin recorded in the income statement			(36)	(36)
2. Change for expired non-financial risks		(124)		(124)
3. Changes related to experience	(1,568)			(1,568)
4. Total	(1,568)	(124)	(36)	(1,728)
C. Changes related to future services				
1. Changes in estimates that modify the contractual service margin	185	103	2,163	2,451
2. Effects of contracts entered into during the year	564	140	(704)	-
3. Adjustment of contractual service margin associated with recoveries related to initial recognition of underlying onerous insurance contracts				
4. Release of loss recovery component other than changes in cash flows of reinsurance cession contracts				
5. Changes in cash flows of reinsurance cessions arising from underlying onerous insurance contracts				
6. Total	749	243	1,459	2,451
D. Changes related to past services				
1. Adjustments to the business for claims incurred	(895)	(88)		(983)
E. Effects of changes in reinsurer default risk				
F. Result of insurance services (B+C+D+E)	(1,714)	31	1,423	(260)
G. Financial income/costs				
1. Related to reinsurance cessions	254	47	(45)	256
1.1 Recorded in the income statement	319	58	(45)	332
1.2. Recorded in the statement of comprehensive income	(65)	(11)		(76)
2. Effects related to changes in exchange rates				
3. Total	255	47	(45)	256
H. Total amount recorded in the income statement and the statement of comprehensive income (F+G)	(1,460)	78	1,378	(4)
I. Other changes		(228)		(228)
L. Cash movements				
1. Premiums paid net of amounts not related to claims recovered from reinsurers	4,117			4,117
2. Amounts recovered from reinsurers	(5,103)			(5,103)
3. Total	(986)			(986)
M. Net carrying amount as of December 31st (A.3+H+I+L.3)	7,480	921	3,206	11,606
N. Final carrying amount				
1. Reinsurance cessions constituting assets	7,480	921	3,206	11,606
2. Reinsurance cessions constituting liabilities				
3. Net carrying amount as of December 31st	7,480	921	3,206	11,606

8.3 Variations in the contractual service margin of reinsurance cessions broken down by contracts existing at the time of transition to IFRS 17

	12/31/2023				
	New contracts and contracts measured on the transition date using the full retrospective application approach	Contracts measured on the transition date using the modified retrospective application approach	Contracts measured at the date of transition with the fair value method	Carve-out contracts	Total
Contractual service margin - Opening balance	641	2,564			3,205
Changes referred to current services					
- Contractual service margin recognized in income statement to reflect services received	(11)	(44)			(55)
Changes referred to future services					
- Changes in estimates that modify the contractual service margin	(681)	(4,438)			(5,119)
- Effects of contracts initially recognized in the reference period	1,712				1,712
Financial income/costs					
1. Related to reinsurance cessions	22	88			110
2. Effects related to changes in exchange rates					
3. Total	22	88			110
Total changes recognized in income statement and statement of comprehensive income	1,042	(4,393)			(3,351)
Contractual service margin - Closing balance	1,683	(1,829)			(146)

	12/31/2022				
	New contracts and contracts measured on the transition date using the full retrospective application approach	Contracts measured on the transition date using the modified retrospective application approach	Contracts measured at the date of transition with the fair value method	Carve-out contracts	Total
Contractual service margin - Opening balance	366	1,463			1,829
Changes referred to current services					
- Contractual service margin recognized in income statement to reflect services received	(7)	(29)			(36)
Changes referred to future services					
- Changes in estimates that modify the contractual service margin	432	1,730			2,162
- Effects of contracts initially recognized in the reference period	(704)				(704)
Financial income/costs					
1. Related to reinsurance cessions	(9)	(36)			(45)
2. Effects related to changes in exchange rates					
3. Total	(9)	(36)			(45)
Total changes recognized in income statement and statement of comprehensive income	(288)	1,665			1,377
Contractual service margin - Closing balance	78	3,127			3,205

8.4 Elements underlying the measurement of reinsurance cessions recognized in the year

Items /Groups of contracts	Originated contracts 12/31/2023			Contracts derived from business combinations 12/31/2023			Contracts transferred from third parties 12/31/2023		
	Contracts without loss recovery component	Contracts with loss recovery component	Total	Contracts without loss recovery component	Contracts with loss recovery component	Total	Contracts without loss recovery component	Contracts with loss recovery component	Total
A. Estimated present value of future cash outflows	2,803		2,803						
of which: Cash flows associated with the acquisition of insurance contracts									
B. Estimated present value of future cash inflows	1,013		1,013						
C. Estimated net present value of future cash flows (A-B)	1,790		1790						
D. Estimated adjustment for non-financial risks	(78)		(78)						
E. Accounting elimination of already recorded cash flows									
F. Contractual service margin	1,712		1,712						
G. Increase in reinsurance cession business recorded during the year due to the recognition of new contracts (C+D+E+F)	-		-						

8.5 Reinsurance cessions - Contractual service margin broken down by expected timing of recognition in the income statement

Table - Analysis of manner of release of CSM	As of 12/31/2023							
	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
Reinsurance contracts								
Life	16	10	7	3	1			37
Non-life	(43)	(49)	(49)	(32)	(10)			(183)
Total	(27)	(39)	(42)	(29)	(9)			(146)

Section 9 - Property, Plant and Equipment - Item 90

9.1 Property, plant and equipment for use in operations: breakdown of assets measured at cost

Assets/Values	Total 12/31/2023	Total 12/31/2022
1. Owned assets	2,565,008	478,010
(a) land	1,197	845
(b) buildings	3,080	326
(c) furniture	185,221	40,269
(d) electronic equipment	2,576	3,758
(e) other	2,372,934	432,812
2. Rights of use acquired through leasing	59,510	54,125
(a) land	-	-
(b) buildings	-	-
(c) furniture	50	78
(d) electronic equipment	171	110
(e) other	59,289	53,937
Total	2,624,518	532,135
Of which: obtained through the enforcement of guarantees received	-	-

9.6 Tangible assets for use in operations: annual changes

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	**845**	**646**	**79,202**	**7,873**	**2,768,777**	**2,857,343**
A.1 Total decreases in value, net	-	(320)	(38,855)	(4,005)	(2,282,028)	(2,325,208)
A.2 Net opening balance	**845**	**326**	**40,347**	**3,868**	**486,749**	**532,135**
B. Increases:	**670**	**3,480**	**173,754**	**2,123**	**2,303,128**	**2,483,155**
B.1 Purchases	160	2,439	3,693	1,980	1,349,000	1,357,272
- Of which business combination transactions	-	2,356	1,903	899	809,128	814,286
B.2 Capitalized improvement expenses	-	338	159	6	14,194	14,697
B.3 Impairment reversals	-	-	-	-	972	972
B.4 Positive changes in fair value recognized in	-	-	-	-	-	-
(a) equity	-	-	-	-	-	-
(b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	9	20	4,204	4,233
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other changes	510	703	169,893	117	934,758	1,105,981
C. Decreases:	**318**	**726**	**28,830**	**3,244**	**357,654**	**390,772**
C.1 Sales	-	500	1,438	663	97,374	99,975
- Of which business combination transactions	-	476	1,360	663	86,892	89,391
C.2 Depreciation	-	193	14,033	969	187,278	202,473
C.3 Impairment adjustments recognized in	-	-	1	-	401	402
(a) equity	-	-	-	-	-	-
(b) income statement	-	-	1	-	401	402
C.4 Negative changes in fair value recognized in	-	-	-	-	-	-
(a) equity	-	-	-	-	-	-
(b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	8	178	-	14,249	14,435
C.6 Transfers to:	-	-	-	-	-	-
(a) investment property	-	-	X	X	X	-
(b) non-current assets and groups of assets held for sale	-	-	-	-	-	-
C.7 Other changes	318	25	13,180	1,612	58,352	73,487
D. Net closing balance	**1,197**	**3,080**	**185,271**	**2,747**	**2,432,223**	**2,624,518**
D.1 Total reduction in value, net	-	(1,279)	(44,811)	(3,007)	(464,962)	(514,059)
D.2 Gross closing balance	**1,197**	**4,359**	**230,082**	**5,754**	**2,897,185**	**3,138,577**
E. Measurement at cost	-	-	-	-	-	-

"Other" property, plant and equipment includes motor vehicles owned by the rental companies, the movement of which is related to the growth of the business. Details are shown in Table 9.6.1 " Property, plant and equipment: annual changes - Operating leases" below.

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

	Total				
	Land	Buildings	Furniture	Electronic equipment	Other
A. Opening balance	-	-	-	-	359.370
B. Increases	-	-	-	-	2.049.550
B.1 Purchases	-	-	-	-	640.340
B.2 Capitalized improvement expenses	-	-	-	-	-
B.3 Positive changes in fair value	-	-	-	-	-
B.4 Impairment reversals	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	256
B.6 Transfers from property for use in operations	-	-	-	-	-
B.7 Other changes	-	-	-	-	1.408.954
C. Decreases	-	-	-	-	114.513
C.1 Sales	-	-	-	-	14.329
C.2 Depreciation	-	-	-	-	89.364
C.3 Negative changes in fair value	-	-	-	-	-
C.4 Impairment adjustments	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-
C.6 Transfers to other asset portfolios	-	-	-	-	-
(a) property for use in operations	-	-	-	-	-
(b) non-current assets held for sale	-	-	-	-	-
C.7 Other changes	-	-	-	-	10.820
D. Closing balance	-	-	-	-	2.294.407
E. Measurement at fair value	-	-	-	-	-

For management reporting purposes, it should be pointed out that the item "Other" (equal to € 2,294 million as of December 31st, 2023), is included in “investments” in the Reconciliation Table between Outstandings and Leases and Loans to Customers.

Section 10 - Intangible Assets - Item 100

10.1 Intangible assets: breakdown by type of asset

Asset/Values	Total 12/31/2023		Total 12/31/2022	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	X	97,628	X	39,260
A.1.1 attributable to the shareholders of the parent company	X	97,628	X	39,260
A.1.2 attributable to non-controlling interests	X	-	X	-
A.2 Other intangible assets	93,959	-	81,794	-
of which: software	74,319	-	5,077	-
A.2.1 Assets measured at cost:	93,959	-	81,794	-
(a) internally generated intangible assets	-	-	-	-
(b) other assets	93,959	-	81,794	-
A.2.2 Assets measured at fair value:	-	-	-	-
(a) internally generated intangible assets	-	-	-	-
(b) other assets	-	-	-	-
Total	93,959	97,628	81,794	39,260

Intangible assets are measured at cost.

10.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**172,116**	**-**	**-**	**327,315**	**-**	**499,431**
A.1 Total reductions in value, net	(132,856)	-	-	(245,521)	-	(378,377)
A.2 Net opening balance	**39,260**	**-**	**-**	**81,794**	**-**	**121,054**
B. Increases	**58,368**	**-**	**-**	**30,398**	**-**	**88,766**
B.1 Purchases	-	-	-	22,986	-	22,986
- Of which business combination transactions	-	-	-	809	-	809
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Impairment reversals	X	-	-	-	-	-
B.4 Positive changes in fair value through	-	-	-	-	-	-
- to equity	X	-	-	-	-	-
- to income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	40	-	-	-	-	40
B.6 Other changes	58,327	-	-	7,412	-	65,740
C. Decreases	**-**	**-**	**-**	**18,233**	**-**	**18,233**
C.1 Sales	-	-	-	666	-	666
- Of which business combination transactions	-	-	-	663	-	663
C.2 Value adjustments	-	-	-	17,042	-	17,042
- Amortization	X	-	-	16,927	-	16,927
- Impairments	-	-	-	115	-	115
+ equity	X	-	-	-	-	-
+ income statement	-	-	-	115	-	115
C.3 Negative changes in fair value through:	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to noncurrent assets held for sale	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	525	-	525
D. Closing balance, net	**97,628**	**-**	**-**	**93,959**	**-**	**191,587**
D.1 Total value adjustments, net	(132,856)	-	-	(195,607)	-	(328,463)
E. Gross closing balance	**230,484**	**-**	**-**	**289,566**	**-**	**520,050**
F. Measurement at cost	-	-	-	-	-	-

DEF= definite life
INDEF= indefinite life

10.3 Other information

The item "Goodwill" (€97.6 million) consists of:

- €1.5 million of goodwill generated by the investment in Ferrari Financial Services GmbH; in fact, on November 7th, 2016, FCA Bank S.p.A. acquired a majority stake in Ferrari Financial Services GmbH ("FFS GmbH") for a total consideration of €18.6 million, following the acquisition agreement already signed between the parties during the current year. The first-time consolidation resulted in goodwill of €1.5 million;

- €1.4 million of goodwill generated upon the first-time consolidation of Drivalia S.p.A. (formerly Leasys Rent S.p.A.) into the CA Auto Bank Group on October 1st, 2018;

- €13.7 million of goodwill generated upon the first-time consolidation of Drivalia France S.A.S. (formerly Leasys Rent France S.A.S.) into the CA Auto Bank Group, on May 15th, 2020;

- €7.2 million of goodwill generated by the first-time consolidation of Drivalia Espana S.p.A. (formerly Leasys Rent Espana S.L.U.) into the CA Auto Bank Group on November 5th, 2020;

- €1.8 million of goodwill arising on the first-time consolidation of FCA Versicherungsservice GmbH into the CA Auto Bank Group on June 1st, 2021;

- €8.4 million of goodwill (including €7.3 million generated on first consolidation and €1.1 million generated in the first half of 2022 under the PPA) of Drivalia UK Ltd (formerly ER Capital Ltd) into the CA Auto Bank Group on July 23rd, 2021;

- €5.4 million of goodwill (including €2.4 million generated upon initial consolidation and €3.0 million generated during the first half of 2022 as part of the PPA) of Drivalia Portugal S.A. (formerly Sado Rent S.A.) in the CA Auto Bank Group, on December 21st, 2021.

- €33 million of goodwill generated by the first-time consolidation of Drivalia Lease Czech Republic s.r.o. into the CA Auto Bank Group on August 1st, 2023.

- €17.3 million of goodwill generated upon first-time consolidation of Drivalia Lease Ireland Ltd. into the CA Auto Bank Group on August 1st, 2023.

- €1.6 million goodwill arising on the first consolidation of Drivalia Lease Finland Oy into the CA Auto Bank Group on August 1st, 2023.

- €6.3 million goodwill generated upon first-time consolidation of Drivalia Lease Norge AS into the CA Auto Bank Group, on August 1st, 2023.

Goodwill impairment test

In accordance with IAS 36, all intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is an indication that an asset may be impaired. Given the particular macroeconomic environment (e.g., Russia-Ukraine conflict, rising interest rates, shortage of raw materials and in particular semiconductors), the Group considered it appropriate to test its goodwill for impairment as of December 31st, 2023.

The following factors were considered in performing the impairment test as of December 31st, 2023:

- guidance provided in the International Accounting Standard of reference IAS 36;

- recommendations contained in the joint letter of the Bank of Italy, Consob and Ivass dated March 3rd, 2010;

- suggestions of the Organismo Italiano di Valutazione (O.I.V.) contained in the document "Impairment test of goodwill in contexts of financial and real crisis" dated June 14th, 2012 and the Exposure Draft of Discussion Paper No. 1/2022 "Impairments test of non-financial assets (ISA 36) following the war in Ukraine" dated June 13th, 2022;

- various statements issued by ESMA on the subject, most recently the "Public Statement - Implications of Russia's invasion of Ukraine on half-yearly financial reports" dated May 13th, 2022 (ESMA32-63-1277);

It should also be noted that, as required by the aforementioned regulators, the procedure and valuation parameters for the goodwill impairment test were approved by the Board of Directors independently and prior to the approval of the draft consolidated annual financial report as of December 31th, 2023.

Definition of the CGUs

To test the impairment of goodwill, which typically relies on cash flows generated by other business activities, it is crucial to allocate goodwill to organizational units known as cash-generating units (CGUs). These units should exhibit relative autonomy in management and the ability to generate cash flows independently of other areas of activity while remaining interdependent within the unit.

IAS 36 mandates that the level at which goodwill is tested aligns with the level of internal reporting used by management to monitor changes in goodwill value.

The identified CGUs are typically individual companies.

The carrying amount of the CGUs

From the perspective of a banking entity, it is not possible to identify the cash flows generated by a CGU without considering the cash flows from financial assets/liabilities, as the latter represent the core business of the entity. Following this approach (the so-called "equity side"), the carrying amount of CGUs can be determined in terms of their contribution to consolidated equity, including the portion attributable to non-controlling interests.

Criteria to estimate the recoverable amounts of the CGUs

According to IAS 36, the amount of any impairment is determined by the difference between the carrying amount of the CGU, identified based on the criteria described above, and its recoverable amount, whichever is lower. The recoverable amount is defined as the greater of the:

- Value in Use i.e., the present value of future cash flows expected to originate from the continued use of a specific asset or CGU;

- Fair Value, less cost of sale, i.e., the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

The Value in Use of the CGUs was determined by estimating the present value of future cash flows expected to be generated by the CGUs over a five-year horizon. The cash flow of the last analytical forecast year was projected in perpetuity (through the use of perpetuity annuity formula, with an appropriate growth rate "g" to arrive at a "Terminal Value". The "g" rate was determined by assuming the medium-term euro area inflation rate as the growth factor and constant over time).

In the context of a banking company, identifying the cash flows generated by a CGU necessitates consideration of cash flows from financial assets and liabilities, which constitute the core business of the Company. As such, the recoverable amount of CGUs is influenced by these cash flows and must encompass financial assets and liabilities appropriately allocated to the relevant CGUs.

It is therefore reasonable to approximate that cash flows align with the profitability expressed by individual CGUs/Companies. Accordingly, it has been assumed that the Free Cash Flow (FCF) corresponds to the net result of the CGU being valued.

Determination of cash flows

The cash flows were determined based on the latest available medium-term plan, updated with the cash flows in the budget projections for 2024.

Determination of the discount rate

In the determination of Value in Use, cash flows were discounted at a rate reflecting current market condition, the time value of money, and asset-specific risks.

The discount rate used, since it is a financial enterprise, was estimated from the "equity side" perspective, i.e., considering only the cost of equity (Ke), consistent with the way in which cash flows are determined, which, as noted above, include cash flows from financial assets and liabilities.

The cost of capital was then determined using the "Capital Asset Pricing Model" (CAPM). Based on this model, the cost of capital is determined as the sum of the return on risk-free investments and a risk premium, which in turn depends on the specific riskiness of the asset (meaning both the riskiness of the operating segment and the geographical riskiness represented by so-called "country risk").

The components of the ke discount rate and its comparison with the parameters used in 2022 are given below:

	12/31/2023	12/31/2022
Return on equity (ke)	9.86%	11.82%
Of which risk-free rate	2.18%	2.56%
Of which beta	1.21	1.17
Of which risk premium	6.34%	7.91%

Specifically, these parameters were determined as follows:

- risk-free rate: 2.18% representing the average yield over the last few months of the benchmark 10-year BUND;

- beta: 1.21, which corresponds to the 2-year beta of CA.sa;

- risk premium: 6.34%, determined as a weighted average of the "equity risk premiums" for the countries in which CA Auto Bank operates, the weight of which is represented by each country's end-of-period gross exposures.

For the purpose of terminal value calculation, use was made of a growth rate of 2.3%, calculated as the average of inflation forecasts according to the HICP ("Harmonized Index of Consumer Price").

Results of the impairment test

As of the reporting date, following an impairment test, it was determined that goodwill remained unimpaired.

The recoverable amounts of the CGUs/Companies are detailed below:

CGU/Company - €/000	Goodwill	Carrying amount	Recoverable amount	Excess over carrying amount
Ferrari Financial Services GmBH	1.5	55.6	85.9	30.3
Drivalia Italy S.p.A	1.4	35.2	191.9	156.7
Drivalia France S.A.S	13.7	23.3	30.9	7.6
Drivalia Spain SLU	7.2	19.9	46.3	26.4
CA Versicherungsservice GmBH	1.8	2.6	4.7	2.1
Drivalia UK	8.4	17.7	108.5	90.8
Drivalia Portugal SA	5.4	16.6	26.4	9.8
Closing balance 2022	39.4	170.9	494.6	323.7
Drivalia Lease Norge AS	6.3	23.1	30.5	7.4
Drivalia Lease Finland Oy	1.6	69.8	100.6	30.8
Drivalia Lease Ireland Ltd	17.3	58.8	78.7	19.9
Drivalia Lease Czech Republic s.r.o	33.0	114.1	159.9	45.8
Generation year 2023	58.2	265,8	369.7	103.9
Total	97.6	436.7	864.3	427.6

Refer to Part G of this Annual Report for more detail on operations during 2023.

Sensitivity analysis

Since value in use is determined on the basis of estimates and assumptions that may present elements of uncertainty, sensitivity analyses were carried out, as required by IFRSs, in order to verify the sensitivity of the results obtained to changes in certain parameters. In particular, the impact on value in use of an upward change in discount rates and a downward change in the growth rate used for terminal value calculation purposes was tested.

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

Ferrari Financial Services GMBH

	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	29.1	24.2	19.8	15.9	12.3
	1.55%	35.5	29.7	24.6	20.1	16.1
	2.30%	43.3	36.3	30.3	25.1	20.4
	3.05%	53.1	44.6	37.4	31.1	25.6
	3.80%	65.8	55.1	46.1	38.5	31.9

Drivalia S.p.A.

	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	153.2	141.2	130.6	121.1	112.5
	1.55%	169.0	154.9	142.5	131.5	121.7
	2.30%	188.3	171.4	156.7	143.8	132.5
	3.05%	212.6	191.8	174.0	158.7	145.4
	3.80%	244.1	217.7	195.7	177.0	161.0

Drivalia France S.A.S.						
	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	7.0	5.0	3.3	1.7	0.3
	1.55%	9.6	7.3	5.2	3.4	1.8
	2.30%	12.8	10.0	7.6	5.5	3.6
	3.05%	16.9	13.4	10.5	7.9	5.7
	3.80%	22.1	17.7	14.1	11.0	8.3

Drivalia España SLU						
	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	25.6	22.7	20.2	17.9	15.8
	1.55%	29.3	26.0	23.0	20.4	18.0
	2.30%	33.9	29.9	26.4	23.3	20.6
	3.05%	39.8	34.8	30.5	26.9	23.7
	3.80%	47.3	41.0	35.7	31.2	27.4

CA Versicherungsservice GmBH						
	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	2.0	1.8	1.5	1.3	1.1
	1.55%	2.4	2.1	1.8	1.5	1.3
	2.30%	2.8	2.4	2.1	1.8	1.6
	3.05%	3.4	2.9	2.5	2.2	1.9
	3.80%	4.1	3.5	3.0	2.6	2.2

Drivalia UK Ltd						
	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	89.0	82.6	76.8	71.6	67.0
	1.55%	97.5	89.9	83.2	77.2	71.9
	2.30%	107.9	98.7	90.8	83.9	77.7
	3.05%	120.9	109.7	100.1	91.9	84.7
	3.80%	137.9	123.6	111.8	101.7	93.1

Drivalia Portugal SA

	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	9.3	7.8	6.4	5.1	4.0
	1.55%	11.4	9.5	7.9	6.5	5.2
	2.30%	13.9	11.7	9.8	8.1	6.6
	3.05%	17.1	14.3	12.0	10.0	8.3
	3.80%	21.2	17.7	14.8	12.4	10.3

Drivalia Lease Ireland Ltd

	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	18.7	14.1	10.0	6.4	3.1
	1.55%	24.6	19.2	14.5	10.3	6.6
	2.30%	31.9	25.5	19.9	15.0	10.7
	3.05%	41.1	33.2	26.4	20.6	15.6
	3.80%	53.0	43.0	34.6	27.5	21.5

Drivalia Lease Czech Republic s.r.o.

	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	43.5	34.4	26.3	19.0	12.5
	1.55%	55.3	44.6	35.2	26.8	19.4
	2.30%	69.7	56.9	45.8	36.1	27.5
	3.05%	88.0	72.2	58.8	47.2	37.1
	3.80%	111.6	91.7	75.0	60.9	48.8

Drivalia Lease Finland Oy

	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	29.4	23.9	19.0	14.6	10.7
	1.55%	36.5	30.1	24.4	19.3	14.8
	2.30%	45.2	37.5	30.8	24.9	19.7
	3.05%	56.2	46.7	38.6	31.6	25.5
	3.80%	70.4	58.4	48.4	39.8	32.5

Drivalia Lease Norge AS						
	Ke	8.86%	9.36%	9.86%	10.36%	10.86%
G. Rate	0.80%	6.8	4.9	3.1	1.6	0.2
	1.55%	9.4	7.1	5.1	3.3	1.7
	2.30%	12.6	9.8	7.4	5.3	3.5
	3.05%	16.6	13.2	10.3	7.8	5.6
	3.80%	21.8	17.4	13.8	10.8	8.1

Section 11 - Tax assets and tax liabilities - Item 110 of assets and Item 60 of liabilities and equity

"Current Tax Assets" amounting to €72,485 thousand, mainly includes amounts due from the tax authorities for advance payments related to taxes for the year, as well as taxes withheld on interest and commissions in Italy.

"Tax Liabilities" amounted to €53,653 thousand and mainly consists of tax payables for taxes for the period due by the Parent Company and its subsidiaries.

11.1 Deferred tax assets

	12/31/2023	12/31/2022
- Balancing to P&L	138,587	123,996
- Balancing to Net Equity	6,418	7,682
Total	145,005	131,678

11.2 Deferred tax liabilities: breakdown

	12/31/2023	12/31/2022
- Balancing to P&L	230,456	147,756
- Balancing to Net Equity	669	1,126
Total	231,125	148,882

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

	12/31/2023	12/31/2022
1. Opening balance	123,996	197,611
2. Increases	84,562	51,681
2.1 Deferred tax assets recognized in the year	58,902	50,099
(a) relating to previous fiscal years	821	872
(b) due to changes in accounting policies	-	-
(c) impairment reversals	-	-
(d) other	58,081	49,227
2.2 New taxes or increases in tax rates	1,766	-
2.3 Other increases	23,894	1,582
3. Decreases	69,971	125,296
3.1 Deferred tax assets derecognized during the year	69,677	69,833
(a) reversals	68,123	57,097
(b) impairments due to supervening unrecoverability	-	12,736
(c) due to change in accounting policies	-	-
(d) other	1,554	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	294	55,463
(a) transformation into tax credits under Law 214/2011	-	-
b) other	294	55,463
4. Closing balance	138,587	123,996

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

	Total 12/31/2023	Total 12/31/2022
1. Opening balance	147,756	194,574
2. Increases	134,179	32,396
2.1 Deferred tax liabilities recognized in the year	46,127	30,171
(a) relating to previous fiscal years	27	334
(b) due to changes in accounting policies	-	-
(c) other	46,100	29,837
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	88,052	2,225
3. Decreases	51,479	79,214
3.1 Deferred tax liabilities derecognized during the year	49,828	18,495
(a) reversals	26,302	10,124
(b) due to change in accounting policies	-	-
(c) other	23,526	8,371
3.2 Decreases in tax rates	-	-
3.3 Other decreases	1,651	60,719
4. Closing balance	230,456	147,756

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

	Total 12/31/2023	Total 12/31/2022
1. Opening balance	7.682	11.344
2. Increases	2.045	2.124
2.1 Deferred tax assets recognized in the year	1.233	-
(a) relating to previous fiscal years	-	-
(b) due to changes in accounting policies	-	-
(c) other	1.233	2.124
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	812	-
3. Decreases	3.309	5.786
3.1 Deferred tax assets derecognized during the year	3.309	4.545
(a) reversals	812	2.972
(b) impairments due to supervening unrecoverability	-	1.573
(c) due to change in accounting policies	-	-
(d) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	2.497	1.241
4. Closing balance	6.418	7.682

The change in deferred tax assets through equity is calculated on the cash flow hedge reserve to hedge future cash flows of hedging derivatives and the tax effect on the OCI reserve.

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

	12/31/2023	12/31/2022
1. Opening balance	1,126	1,126
2. Increases	49	-
2.1 Deferred tax liabilities recognized in the year	-	-
(a) relating to previous fiscal years	-	-
(b) due to changes in accounting policies	-	-
(c) other	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	49	-
3. Decreases	506	-
3.1 Deferred tax liabilities reversed during the year	506	-
(a) reversals	506	-
(b) due to change in accounting policies	-	-
(c) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	669	1,126

SECTION 13 - Other assets - Item 130

13.1 Other assets: breakdown

Breakdown	Total 12/31/2023	Total 12/31/2022
1. Due from employees	2,531	2,459
2. Trade receivables	195,809	219,676
3. Sundry receivables	1,020,059	738,650
receivables for insurance services	10,734	14,269
revenues to be received	3,288	2,571
security deposits	2,334	1,359
reinsurance business	39,257	22,951
other receivables	964,446	697,500
4. Operating lease receivables	206,119	75,810
5. Stock consignments	99,726	175,371
6. Accrued income	45,271	20,166
Total	1,569,515	1,232,132

For management reporting purposes, it should be noted that "4. Operating lease receivables" (for a total of €192 million as of December 31st, 2023) are included in the Reconciliation table between Outstandings and Leases and loans to customers. In addition, they include the value of vehicles purchased by the rental companies with a repurchase agreement from the seller - thus not shown in Property, Plant and Equipment - in the amount of €23 million.

“Trade receivables” include amounts due for brand subsidies and services.

"Receivables for insurance services" mainly relate to the Parent Company and include commissions due from insurance companies.

"Reinsurance business" is related to the Irish subsidiary.

“Stock consignment” reflects the value of vehicles owned by CA Auto Finance Danmark, Drivalia Lease UK, CA Auto Finance Sweden, CA Auto Finance Norge and Drivalia Lease Moroccan Branch and held in storage at dealers affiliated with the commercial network, awaiting sale.

Liabilities and Equity

Section 1 - Financial liabilities measured at amortized cost - Item 10

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

Type of transaction/Values	Total 12/31/2023				Total 12/31/2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Deposits with central banks	1,333,968	X	X	X	3,350,982	X	X	X
2. Deposits with banks	13,114,624	X	X	X	8,523,272	X	X	X
2.1 Current accounts and demand deposits	83,200	X	X	X	158,480	X	X	X
2.2 Time deposits	-	X	X	X	-	X	X	X
2.3 Loans	13,031,424	X	X	X	8,297,473	X	X	X
2.3.1 Repurchase agreements	875,817	X	X	X	94,382	X	X	X
2.3.2 Other	12,155,607	X	X	X	8,203,091	X	X	X
2.4 Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	-	X	X	X	-	X	X	X
2.6 Other payables	16,616	X	X	X	67,319	X	X	X
Total	14,448,592	-	-	14,448,592	11,874,254	-	-	11,874,254

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

This item mainly includes debts for loans received from credit institutions, including €6 billion received from the Crédit Agricole Group, obtained at arm's length terms.

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

Type of transaction/Values	Total 12/31/2023				Total 12/31/2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	116,856	X	X	X	508,323	X	X	X
2. Time deposits	2,018,986	X	X	X	1,652,739	X	X	X
3. Loans	67,602	X	X	X	202,915	X	X	X
3.1 Repurchase agreements	-	X	X	X	-	X	X	X
3.2 Other	67,602	X	X	X	202,915	X	X	X
4. Liabilities for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	37,632	X	X	X	39,735	X	X	X
6. Other payables	167,298	X	X	X	376,799	X	X	X
Total	2,408,374	-	-	2,408,374	2,780,511	-	-	2,780,511

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

Time deposits mainly include deposits from deposit account accounts in Italy and Germany.

Other amounts due to customers include:

- security deposits by dealers in the amount of €38 million;
- accounts payable to retail customers and security deposits by private individuals as part of the finance lease business.

1.3 Financial liabilities measured at amortized cost: breakdown of securities in issue

Type of securities / Values	12/31/2023 Total				12/31/ 2022 Total			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Debts securities								
1. Bonds	9,675,464	7,091,713	-	2,294,693	8,401,328	6,125,145	-	2,291,617
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	9,675,464	7,091,713	-	2,294,693	8,401,328	6,125,145	-	2,291,617
2. Other securities	-	-	-	-	578	-	-	578
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	578	-	-	578
Total	9,675,464	7,091,713	-	2,294,693	8,401,906	6,125,145	-	2,292,195

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

The item "Other bonds" includes:

i) bonds issued by Special Purpose Entities (SPEs) as part of securitization transactions, with a nominal value of €3,572 million;

ii) bonds issued by CA Auto Bank S.p.A (Irish Branch) amounting to a nominal value of €4,925 million and by the subsidiary CA Auto Finance Suisse with a nominal value of CHF 360 million;

iii) the short-term Euro Commercial Paper issuance program with CA Auto Bank S.p.A. (through its Irish Branch) as the issuer used in the amount of €351 million.

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1.4 Breakdown of subordinated debt/securities

	12/31/2023	12/31/2022
A.1 Subordinated debts	331,573	331,019
- banks	331,573	331,019
- customers	-	-
A.2 Unsubordinated debts	16,525,394	14,323,746
- banks	14,117,020	11,543,235
- customers	2,408,374	2,780,511
B.1 Subordinated securities	450,138	-
- banks	450,138	-
- customers	-	-
B.2 Unsubordinated securities	9,225,325	8,401,906
- banks	2,658,494	1,117,372
- customers	6,566,831	7,284,534
Total	26,532,430	23,056,671

As of the reporting date, there were no debts that required the unbundling of embedded derivatives (structured debts).

1.6 Lease liabilities

Lease liabilities are quantified by applying IFRS 16.

SECTION 2 - Financial liabilities held for trading - Item 20

2.1 Financial liabilities held for trading: breakdown by type

Type of transaction/Values	Total 12/31/2023					Total 12/31/2022				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
		L1	L2	L3			L1	L2	L3	
A. Short-term liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	x	-	-	-	-	x
3.1.2 Other bonds	-	-	-	-	x	-	-	-	-	x
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	x	-	-	-	-	x
3.2.2 Other	-	-	-	-	x	-	-	-	-	x
Total A	-	-	-	-	-	-	-	-	-	-
B. Derivative instruments										
1. Financial derivatives	-	-	10,925	-	-	-	-	868	-	-
1.1 Trading	x	-	-	-	x	x	-	-	-	x
1.2 Connected with the fair value option	x	-	-	-	x	x	-	-	-	x
1.3 Other	x	-	10,925	-	x	x	-	868	-	x
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 Trading	x	-	-	-	x	x	-	-	-	x
2.2 Connected with the fair value option	x	-	-	-	x	x	-	-	-	x
2.3 Other	x	-	-	-	x	x	-	-	-	x
Total B	x	-	10,925	-	x	x	-	868	-	x
Total (A+B)	x	-	10,925	-	x	x	-	868	-	x

Legend: NV= Nominal value L1= Level 1 L2= Level 2 L3= Level 3

Fair value*= Fair value calculated by excluding variations in value due to changes in the issuer's creditworthiness since the issue date

This item includes the negative valuation of derivative financial instruments related to securitization transactions, entered into with the banking counterparties involved in these transactions.

Section 4 - Hedging derivatives - Item 40

4.1 Hedging derivatives: breakdown by hedge type and fair value hierarchy

	Fair value 12/31/ 2023			NV	Fair value 12/31/ 2022			NV
	L1	L2	L3	12/31/2022	L1	L2	L3	12/31/2022
A. Financial derivatives	-	162,514	-	10,650,470	-	180,524	-	6,246,110
1) Fair value	-	159,507	-	9,676,970	-	176,319	-	6,107,360
2) Financial flows	-	3,007	-	973,500	-	4,205	-	138,750
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
Total	-	162,514	-	10,650,470	-	180,524	-	6,246,110

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

This item represents the fair value of derivative contracts intended to hedge interest rate risk. The contra-entry for the valuation of derivatives using the fair value hedge methodology is in the Income Statement under item 70 "Net income from hedging activities".

4.2 Hedging derivatives: breakdown by hedged portfolio and hedging type

Transactions/Type of hedge	Fair Value							Cash flows		Foreign investments
	Specific						Generic	Specific	Generic	
	Debts securities and interest rates	Equity instrument and stock indices	Currencies and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	-	X	16,558	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	89,702	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**-**	**-**	**16,558**	**-**	**-**	**-**	**89,702**	**-**	**-**	**-**
1. Financial liabilities	53,247	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**53,247**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	3,007	-

The value related to generic portfolio hedging refers to the hedging of the consumer credit portfolio according to the Fair Value Hedge (macrohedge) methodology.

The value related to cash flow hedging refers to the hedging of interest rate risk according to the Cash Flow Hedge methodology used for the long-term rental business.

SECTION 6 - Tax liabilities - Item 60

See section 11 of the assets.

Section 8 - Other liabilities - Item 80

8.1 Other liabilities: breakdown

Breakdown	Total 12/31/2023	Total 12/31/2022
1. Due to employees	8,746	5,646
2. Operating lease liabilities	64,378	8,384
3. Due to social security	4,338	2,457
4. Miscellaneous liabilities	913,805	993,121
- Trade payables	227,747	184,463
- Due to insurance institutions	31,779	48,495
- Due to customers	3,589	6,835
- Other payables	586,733	698,623
- Accrued expenses and deferred income	63,957	54,705
Total	991,267	1,009,608

"Operating lease liabilities" mainly includes payables for the purchase of vehicles and services rendered to the Companies engaged in long-term rental activities. For management reporting purposes, it should be pointed out that this item includes € 42 million, which in the Reconciliation table between Outstandings and Leases and loans to customers is included in "Loans."

The item "Trade payables" includes:

- the supply of motor vehicles and various services, provided at market prices mainly by CA Auto Bank Group companies;
- the amounts of commercial incentives to the CA Auto Bank Group sales network;
- charges receivable from dealers and banking institutions, mainly related to the Parent Company's operations.

"Due to insurance institutions" mainly refers to payables of the Parent Bank.

SECTION 9 - Provision for employee severance pay - Item 90

9.1 Provision for employee severance pay: annual changes

	12/31/2023	12/31/2022
A. Opening balance	6,174	9,892
B. Increases	393	77
B.1 Provisions for the year	128	-
B.2 Other changes	265	77
C. Decreases	3,112	3,795
C.1 Severance payments	29	389
C.2 Other changes	3,083	3,406
D. Closing balance	3,455	6,174
Total	3,455	6,174

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

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

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

9.2 Other information

Changes during the year in net defined benefit liabilities (assets) and redemption rights (IAS 19, paragraphs 140 and 141)

Defined-benefit obligations as of 01/01/2023	6,174
a. Service cost -	-
b. Interest cost	139
c. Curtailment -	-
d. Other costs -	-
e. Employer's contribution -	-
f. Interest income on plan assets -	-
g.1 Actuarial gain/loss resulting from changes in financial assumptions	23
g.2 Actuarial gain/loss resulting from changes in demographic assumptions	-
g.3 Net actuarial (gain)/loss: other	249
h. Plan participants' contributions (458)	(82)
i. Past service costs/(income) and curtailment (gains) and losses	-
l. Intercompany transactions -	(3,024)
m. Other changes	(24)
Total defined benefit obligations as of 12/31/2023	3,455

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

In order to make the required assessments, it is necessary to adopt suitable demographic and economic assumptions:

- mortality rates;
- disability;
- employee termination (resignation or dismissal);
- requests for advance payments;
- future economic career of workers (including the assumption of promotions to higher categories);
- changes in real purchasing power.

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

Main actuarial assumptions	ITALY
	TFR
Discount rate	3,48%
Expected rate of salary increase	2,34%
Expected rate of inflation	2,97%
Mortality tables	SI 2019 (changed on the basis of historical data)
Average annual staff exit rate	6,13%

SECTION 10 - Provisions for risks and charges - Item 100

10.1 Provisions for risks and charges: breakdown

Items/Components	Total 12/31/2023	Total 12/31/2022
1. Provisions for credit risk related to commitments and financial guarantees issued	-	-
2. Provisions for other commitments and other guarantees issued	44	28
3. Provisions for company pension funds	28,153	31,138
4. Other provisions for risks and charges	79,210	92,162
4.1 legal and tax disputes	1,695	5,709
4.2 personnel charges	13,180	22,023
4.3 other	64,335	64,430
Total	107,407	123,328

10.2 Provisions for risks and charges: annual changes

	Provisions for other commitments and other guarantees given	Pension and other post-retirement benefit obligations	Other provisions for risks and charges	Total
A. Opening balance	28	31,138	92,162	123,328
B. Increases	16	3,143	26,661	29,820
B.1 Provisions for the year	16	2,092	25,127	27,235
B.2 Changes due to the passage of time	-	58	-	58
B.3 Changes due to modification of the discount rate	-	-	-	-
B.4 Other changes	-	993	1,534	2,527
- Of which business combination transactions	-	-	-	-
C. Decreases	-	6,128	39,613	45,741
C.1 Utilization during the year	-	3,173	25,738	28,911
C.2 Changes due to modification of discount rate	-	17	-	17
C.3 Other changes	-	2,938	13,875	16,813
- Of which business combination transactions	-	-	-	-
D. Closing balance	44	28,153	79,210	107,407

10.3 Provisions for credit risk related to commitments and financial guarantees issued

	Provisions for credit risk related to commitments and financial guarantees issued				
	First stage	Second stage	Third stage	Impaired purchased and/or originated	Total
Commitments to disburse funds	44	-	-	-	44
Financial guarantees given	-	-	-	-	-
Total	44	-	-	-	44

10.5 Provisions for defined-benefit corporate pension funds

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

Changes in defined benefit obligation	12/31/2023
Defined benefit obligation as of the prior year and date	**70,472**
a. Service cost -	1,390
b. Interest cost	2,384
c. Curtailment -	-
d. Other costs -	55
e. Employer's contribution -	301
f. Interest income on plan assets -	-
g. 1 Actuarial gain/loss resulting from changes in financial assumptions	(3,152)
g. 2 Actuarial gain/loss resulting from changes in demographic assumptions	0
g. 3 Net actuarial (gain)/loss: other	781
h. Plan participants' contributions (458)	(4,964)
i. Past service costs/(income) and curtailment (gains) and losses	2
l. Intercompany transactions -	(1,499)
m. Other changes	469
Total defined benefit obligation as of 12/31/2023	**66,239**

3. Information on the fair value of plan assets

Change in plan assets	12/31/2023
Opening fair value of plan assets	**39,334**
a. Interest income on plan assets	1,437
b. Employer allocations/disbursements to plan assets	2,202
c. Benefits paid through use of plan assets	(2,250)
d. Actuarial gains/losses on plan assets	(2,125)
e. Other changes	(510)
Total defined-benefit obligation as of 12/31/2023	**38,088**

4. Description of the main actuarial assumptions

	ITALY		OTHER COUNTRIES		
Main actuarial Assumptions	Other post-employment benefit plans	Other long-term employee benefits	Pension plans	Other post-employment benefit plans	Other long-term employee benefits
Discount rate	3,48%	3,48%	3,80%	5,11%	5,87%
Expected rate of salary increase	2,34%	2,34%	2,32%	1,13%	2,47%
Expected rate of inflation	2,97%	2,97%	1,71%	1,85%	0,63%
Mortality tables	SI2019 (modified based on historical data)		MR-5 / FR-5, BVG 2020 / GT, RT 2018 G, Heubeck RT 2018 G, RT 2018 G, TH/TF 2000-2002, AG Prognosetafel 2022, 100% of S3PXA CMI 2021 IAMI 0.25%, 1.25% long-term rate of improvement (LTR)	AVÖ 2018-P "Angestellte", TH/TF 2000-2002, EAE21012p, GUS 2022, SI2019	RT 2018 G, Heubeck RT 2018 G, RT 2018 G, GUS 2022, SI2019
Yearly employees outflow avarege	6,13%	6,13%	3,01%	0,00%	0,00%

10.6 Provisions for risks and charges: other provisions

	Total 12/31/2023	Total 12/31/2022
1. Provisions for retirement benefits and similar obligations	13,180	13,025
3. Provision for tax risks	-	3
4. Provision for legal risks	1,694	766
5. Provision for future risks and charges related to operating leases	4,676	413
6. Provisions for sundry risks	59,660	77,955
Total	79,210	92,162

Provisions for risks and charges related to operating lease

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

Provisions for sundry risks

These provisions refer to:

- provisions of €22 million for risks related, in the UK market, to the residual value of the vehicles purchased with PCP (Personal Contract Purchase) loans and the customers' option to terminate voluntarily their contract, under local law, under certain conditions;

- other provisions in the amount of €14 million made mainly by the subsidiaries in Italy, Germany, UK and Czech Republic.

- provisions of €10 million for potential charges related to particular types of contracts.

Section 11 - Item 110 Insurance liabilities: breakdown

11.1 Changes in carrying amount - GMM or VFA - of insurance contracts issued - liabilities for residual coverage and for claims incurred

Description/Liabilities	Liabilities for residual coverage 12/31/2023		Liabilities for claims incurred 12/31/2023	Total 12/31/2023	Liabilities for residual coverage 12/31/2022		Liabilities for claims incurred 12/31/2022	Total 12/31/2022
	After loss	Loss			After loss	Loss		
A. Opening carrying amount								
1. Insurance contracts issued that constitute liabilities	22,030		5,804	27,834	13,314		7,176	20,489
2. Insurance contracts issued that constitute assets								
3. Net carrying amount as of January 1.	22,030		5,804	27,834	13,314		7,176	20,489
B. Insurance revenues	(13,157)			(13,157)	(8,684)			(8,684)
C. Costs for insurance services								
1. Claims incurred and other directly attributable costs			5,800	5,800			4,072	4,072
2. Changes in liability for claims incurred			(1,327)	(1,327)			(876)	(876)
3. Losses and related recoveries on onerous contracts								
4. Amortization of contract acquisition costs								
5. Total			4,473	4,473			3,196	3,196
D. Income from insurance services (B+C)	(13,157)		4,473	(8,684)	(8,684)		3,196	(5,487)
E. Net financial costs/income								
1. Related to insurance contracts issued								
1.1 Recorded in the income statement	917		182	1,099	565		(624)	(59)
1.2 Recorded in the statement of comprehensive income	(130)		(37)	(167)	(117)		128	11
2. Effects related to changes in exchange rates								
3. Total	787		145	932	448		(496)	(48)
F. Investment components								
G. Total amount recorded in the income statement and the statement of comprehensive income (D+E+F)	(12,370)		4,618	(7,752)	(8,235)		2,700	(5,535)
H. Other changes					494			494
I. Cash movements								
1. Premiums received	23,484			23,484	16,458			16,458
2. Payments associated with contract acquisition costs								
3. Claims paid and other cash outlays			(5,800)	(5,800)			(4,072)	(4,072)
4. Total	23,484		(5,800)	17,684	11,817		(4,072)	7,745
L. Net carrying amount as of Dec. 31 (A.3+G+H+I.4)	33,144		4,622	37,766	22,030		5,804	27,834
M. Final carrying amount								
1. Insurance contracts issued that constitute liabilities	33,144		4,622	37,766	22,030		5,804	27,834
2. Insurance contracts issued that constitute assets								
3. Net carrying amount as of December 31	33,144		4,622	37,766	22,030		5,804	27,834

11.2 Changes in the carrying amount of insurance contracts issued by element underlying measurement

	Present value of cash flows 12/31/2023	Adjustment for non-financial risks 12/31/2023	Contractual service margin 12/31/2023	Total 12/31/2023	Present value of cash flows 12/31/2022	Adjustment for non-financial risks 12/31/2022	Contractual service margin 12/31/2022	Total 12/31/2022
A. Opening carrying amount								
1. Insurance contracts issued that constitute liabilities	16,229	3,698	7,908	27,835	11,252	1,680	7,557	20,489
2. Insurance contracts issued that constitute assets								
3. Net carrying amount as of January 1.	**16,229**	**3,698**	**7,908**	**27,835**	**11,252**	**1,680**	**7,557**	**20,489**
B. Changes related to current services								
1. Contractual service margin recorded in the income statement			(3,516)	(3,516)			(2,321)	(2,321)
2. Change for expired non-financial risks		(1,264)		(1,264)		(834)		(834)
3. Changes related to experience	665			665	(6,189)			(6,189)
4. Total	**665**	**(1,264)**	**(3,516)**	**(4,115)**	**(6,189)**	(834)	**(2,321)**	**(6,189)**
C. Changes related to future services								
1. Changes in contractual service margin	5,188	1,300	(9,730)	(3,242)	3,751	1,564	(583)	4,732
2. Losses on onerous contract groups and related recoveries								
3. Effects of contracts initially recognized in the reference year	(14,336)	716	13,620	-	(3,789)	753	3,036	-
4. Total	**(9,148)**	**2,016**	**3,890**	**(3,242)**	**(38)**	**2,318**	**2,453**	**4,733**
D. Changes related to past services								
1. Adjustments to the liability for claims incurred	(1,238)	(88))		(1,326)	(817)	(58)		(876)
2. Changes related to experience								
3. Total	**(1,238)**	**(88)**		**(1,326)**	**(817)**	**(58)**		**(876)**
E. Result of insurance services (B+C+D)	**(9,721)**	**664**	**374**	**(8,683)**	**(2,404)**	**1,425**	**(4,509)**	**(5,487)**
F. Costs/income of a financial nature								
1. Related to insurance contracts issued								
1.1 Recorded in the income statement	359	123	617	1,099	(392)	115	218	(59)
1.2 Recorded in the statement of comprehensive income	(146)	(22)		(168)	27	(16)		11
2. Effects related to changes in exchange rates								
3. Total	**213**	**101**	**617**	**931**	**(365)**	**98**	**218**	**(48)**
G. Total amount of changes recorded in the income statement and the statement of comprehensive income (E+ F)	**(9,508)**	**765**	**991**	**(7,752)**	**(2,769)**	**1,524**	**(4,291)**	**(5,535)**
H. Other changes						494		494
I. Cash movements								
1. Premiums received	23,483			23,483	16,458			16,458
2. Payments associated with contract acquisition costs								
3. Claims paid and other cash outlays	(5,800)			(5,800)	(4,072)			(4,072)
4. Total	**17,683**			**17,683**	**12,386**			**12,386**
L. Net carrying amount as of Dec. 31 (A.3+G+H+I.4)	**24,404**	**4,462**	**8,899**	**37,766**	**16,229**	**3,698**	**7,908**	**27,834**
L. Final carrying value								
1. Insurance contracts issued that constitute liabilities	24,404	4,462	8,899	37,766	16,229	3,698	7,908	27,834
2. Insurance contracts issued that constitute assets								
3. Net carrying amount as of December 31.	**24,404**	**4,462**	**8,899**	**37,766**	**16,229**	**3,698**	**7,908**	**27,834**

11.3 Changes of insurance revenue and the contractual service margin of issued insurance contracts broken down by existing contracts at the time of transition to IFRS 17

	12/31/2023					12/31/2022				
	New contracts and contracts measured on the transition date using the full retrospective application approach	Contracts measured on the transition date using the modified retrospective application approach	Contracts measured at the date of transition using the fair value approach	Carved-out contracts	Total 12/31/2023	New contracts and contracts measured on the transition date using the full retrospective application approach	Contracts measured on the transition date using the modified retrospective application approach	Contracts measured at the date of transition using the fair value approach	Carved-out contracts	Total 12/31/2022
Insurance revenues.	2,066	(15,222)			(13,156)	(1,737)	(6,947)			(8,684)
Contractual service margin - Opening balance	1,582	6,326			7,908	1,511	6,046			7,557
Changes referred to current services										
- Contractual service margin recognized in income statement to reflect services provided	(703)	(2,813)			(3,516)	(464)	(1,856)			(2,321)
Changes referred to future services										
- Changes in estimates that modify the contractual service margin	(1,946)	(7,784)			(9,730)	(1,045)	462			(583)
- Effects of contracts initially recognized in the reference period	2,724	10,896			13,620	607	2,429			3,036
Financial income/costs										
1. Related to insurance contracts issued	123	494			617	44	175			218
2. Effects related to changes in exchange rates										
3. Total	123	494			617	44	175			218
Total changes recognized in income statement and statement of comprehensive income	198	793			991	(858)	1,209			351
Contractual service margin - Closing balance	1,780	7,119			8,979	653	7,254			7,908

11.4 Elements underlying the measurement of issued insurance contracts recognized in the fiscal year

Description/Contract groups	Originated contracts 12/31/2023			Contracts acquired in business combination transactions 12/31/2023			Contracts transferred from third parties 12/31/2023		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimated present value of future cash outflows									
1. Contract acquisition costs		950	950						
2. Amount of claims and other directly attributable costs		3,523	3,523						
3. Total		4,473	4,473						
B. Estimated present value of future cash inflows		18,809	18,809						
C. Estimated net present value of future cash flows (A-B)		(14,336)	(14,336)						
D. Estimated adjustment for non-financial risks		716	716						
E. Derecognition of assets already recorded given cash flows associated with insurance contracts issued									
F. Contractual service margin		(8,899)	(8,899)						
G. Increase included in liability for insurance contracts issued during the year (C+D+E+ F)		(22,519)	(22,519)						

Description/Contract groups	Originated contracts 12/31/2022			Contracts acquired in business combination transactions 12/31/2022			Contracts transferred from third parties 12/31/2022		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimated present value of future cash outflows									
1. Contract acquisition costs		871	871						
2. Amount of claims and other directly attributable costs		2,326	2,326						
3. Total		3,197	3,197						
B. Estimated present value of future cash inflows		6,986	6,986						
C. Estimated net present value of future cash flows (A-B)		(3,789)	(3,789)						
D. Estimated adjustment for non-financial risks									
E. Derecognition of assets already recorded given cash flows associated with insurance contracts issued									
F. Contractual service margin		(7,908))	(7,908))						
G. Increase included in liability for insurance contracts issued during the year (C+D+E+ F)		(11,697)	(11,697)						

11.5 Insurance contracts issued - Contractual service margin broken down by expected time of recognition in income statement

Table - Analysis of the manner of the release of the CSM	As of 12/31/2023							
	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
Insurance Contracts								
Life	1,362	883	567	265	76			3,153
Non-life	1,345	1,529	1,552	1,000	322			5,748
Total	2,707	2,411	2,119	1,265	397			8,899

11.6 Insurance contracts issued - Development of claims before reinsurance (non-life segment)

Claims/Temporal Periods	Year T-9	Year T-8	Year T-7	Year T-6	Year T-5	Year T-4	Year T-3	Year T-2	Year T-1	Year T	Total
A. Accumulated paid claims and other directly attributable costs paid											
1. At the end of the year of occurrence	45	700	1,808	2,656	3,212	3,449	3,521	3,564	3,610	3,893	26,457
2. One year later	124	767	1,761	2,776	3,327	3,566	3,607	3,660	3,953	-	23,540
3. Two years later	171	459	704	982	1,224	1,322	1,358	1,368	-	-	7,588
4. Three years later	95	304	742	1,100	1,393	1,540	1,595	-	-	-	6,769
5. Four years later	59	368	841	1,153	1,385	1,447	-	-	-	-	5,252
6. Five years later	26	416	897	1,297	1,535	-	-	-	-	-	4,171
7. Six years later	117	484	776	1,171	-	-	-	-	-	-	2,549
8. Seven years later	84	253	438	-	-	-	-	-	-	-	775
9. Eight years later	62	163	-	-	-	-	-	-	-	-	225
10. Nine years later	20	-	-	-	-	-	-	-	-	-	20
Total accumulated paid claims and other directly attributable costs paid (Total A)	803	3,915	7,968	11,134	12,074	11,325	10,081	8,591	7,562	3,893	77,346
B. Estimated ultimate cumulative claims cost (amount before reinsurance cessions and not discounted)											
1. At the end of the year of occurrence	1,209	2,290	3,093	3,524	3,778	3,774	3,717	3,680	3,698	3,976	32,739
2. One year later	1,129	1,820	2,591	3,352	3,636	3,748	3,577	3,582	3,860	-	27,294
3. Two years later	803	1,049	971	1,159	1,308	1,379	1,379	1,372	-	-	9,420
4. Three years later	739	623	967	1,210	1,535	1,643	1,655	-	-	-	8,372
5. Four years later	518	629	971	1,309	1,510	1,518	-	-	-	-	6,454
6. Five years later	592	629	1,116	1,482	1,626	-	-	-	-	-	5,446
7. Six years later	847	725	992	1,334	-	-	-	-	-	-	3,897
8. Seven years later	663	420	566	-	-	-	-	-	-	-	1,649
9. Eight years later	530	355	-	-	-	-	-	-	-	-	885
10. Nine years later	594	-	-	-	-	-	-	-	-	-	594
Estimated ultimate cumulative claims cost (amount before reinsurance cessions and not discounted) (Total B)	7,623	8,540	11,267	13,370	13,393	12,061	10,327	8,635	7,557	3,976	96,750
C. Gross undiscounted incurred claims liability - accident year T to T-9 (Total B - Total A)	- 6,820	- 4,626	- 3,299	- 2,236	- 1,319	- 736	- 247	- 43	5	- 84	- 19,404
D. Gross undiscounted incurred claims liability - years prior to T-9											
E. Discounting effect											
F. Effect of adjustment for non-financial risks											-
G. Gross incurred claims liability of insurance contracts issued	48	234	476	665	722	677	602	513	452	233	4,622

11.7 Insurance contracts issued - Development of claims net of reinsurance (non-life segment)

Claims/Temporal Periods	Year T-9	Year T-8	Year T-7	Year T-6	Year T-5	Year T-4	Year T-3	Year T-2	Year T-1	Year T	Total
A. Accumulated paid claims and other directly attributable costs paid net of reinsurance											
1. At the end of the year of occurrence	5	70	181	266	321	345	352	356	361	389	2,646
2. One year later	12	77	176	278	333	357	361	366	395	-	2,354
3. Two years later	17	46	70	98	122	132	136	137	-	-	759
4. Three years later	9	30	74	110	139	154	160	-	-	-	677
5. Four years later	6	37	84	115	138	145	-	-	-	-	525
6. Five years later	3	42	90	130	153	-	-	-	-	-	417
7. Six years later	12	48	78	117	-	-	-	-	-	-	255
8. Seven years later	8	25	44	-	-	-	-	-	-	-	77
9. Eight years later	6	16	-	-	-	-	-	-	-	-	22
10. Nine years later	2	-	-	-	-	-	-	-	-	-	2
Total accumulated paid claims and other directly attributable costs paid net of reinsurance (Total A)	80	391	797	1,113	1,207	1,132	1,008	859	756	389	7,735
B. Estimated ultimate cumulative claims cost (amount net of reinsurance and undiscounted)											
1. At the end of the year of occurrence	121	229	309	352	378	377	372	368	370	398	3,274
2. One year later	113	182	259	335	364	375	358	358	386	-	2,729
3. Two years later	80	105	97	116	131	138	138	137	-	-	942
4. Three years later	74	62	97	121	154	164	166	-	-	-	837
5. Four years later	52	63	97	131	151	152	-	-	-	-	645
6. Five years later	59	63	112	148	163	-	-	-	-	-	545
7. Six years later	85	72	99	133	-	-	-	-	-	-	390
8. Seven years later	66	42	57	-	-	-	-	-	-	-	165
9. Eight years later	53	36	-	-	-	-	-	-	-	-	89
10. Nine years later	59	-	-	-	-	-	-	-	-	-	59
Estimated ultimate cumulative claims cost (amount net of reinsurance and undiscounted) (Total B)	762	854	1,127	1,337	1,339	1,206	1,033	863	756	398	9,675
C. Net undiscounted incurred claims liability - accident year T to T-9 (Total B - Total A)	- 682	-463	-330	- 224	- 132	- 74	- 25	- 4	0	- 8	- 1,940
D. Net undiscounted incurred claims liability - years prior to T-9											
E. Discounting effect											
F. Effect of adjustment for non-financial risks											
G. Net incurred claims liability of insurance contracts issued	13	66	134	187	203	190	169	144	127	65	1,298

Section 13 - Group equity - Items 120, 130, 140, 150, 160, 170 and 180

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

	Total 12/31/2023	Total 12/31/2022
A. Share capital		
A.1 Ordinary shares	700,000	700,000
A.2 Savings shares	-	-
A.3 Preferred shares	-	-
A.4 Other shares	-	-
B. Own shares		
B.1 Ordinary shares	-	-
B.2 Savings shares	-	-
B.3 Preferred shares	-	-
B.4 Other shares	-	-

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

Items/Types	Ordinaries	Others
A. Issued shares existing at the beginning of the year	**700,000**	**-**
- fully paid up	700,000	-
- not fully paid up	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	700,000	-
B. Increases	**-**	**-**
B.1 New issues	-	-
- for consideration:	-	-
- business combination transactions	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- free of charge:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Buyback of own shares	-	-
C.3 Transfers of businesses	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balance	**700,000**	**-**
D.1 Treasury shares (+)	700,000	-
D.2 Shares outstanding at the end of the year	700,000	-
- fully paid up	-	-
- not fully paid	-	-

The share capital is fully paid in. It consists of 700,000,000 shares with a nominal value of €1 each and, at year-end 2023, was unchanged from the previous year.

13.4 Reserves: other information

Group reserves amount to €1,664 million and include: the legal reserve, the statutory reserve, retained earnings, the FTA-IFRS9 reserve, the consolidation reserve, and other reserves.

13.6 Other information

The valuation reserves amount to negative €5 million and include reserves of cash flow hedge derivatives for €2 million, exchange rate valuation reserves (relating to fully consolidated investments) for €6 million as well as legally required revaluation reserves deriving from the revaluation of property and equipment for €454 thousand and the negative reserve for actuarial gains (losses) from defined-benefit pension plans for €9 million.

Section 14 - Equity attributable to non-controlling interests - Item 190

Equity attributable to non-controlling interests refers to CA Auto Bank GmbH, Ferrari Financial Services GmbH and other minor investors.

14.1 Details of item 190 "equity attributable to non-controlling interests".

Companies name	12/31/2023	12/31/2022
Equity investments in consolidated companies with significant non-controlling interests		
1. Ferrari Financial Services Gmbh	53,903	47,457
2. CA Auto Bank GmbH	25,660	31,375
3. CA Auto Bank G.m.b.H. Hellenic Branch	6,534	-
Other investments	33	26
Total	86,130	78,858

14.2 Equity instruments: breakdown and annual changes

	Total 12/31/2023	Total 12/31/2022
1. Minority equity - Ordinary shares	3,389	3,389
2. Minority equity - Shares - Parent Company	-	-
3. Minority equity - Equity instruments	-	-
4. Minority equity - Share premium reserve	2,877	2,877
5. Reserves	72,444	63,977
6. Valuation reserves	140	153
7. Minority equity - Net income (loss)	7,280	8,462
Total	86,130	78,858

OTHER INFORMATION

1. Commitments and financial guarantees given

	Nominal value of commitments and financial guarantees given				Total 12/31/2023	Total 12/31/2022
	First stage	Second stage	Third stage	Impaired purchases and/or originated		
1. Commitments to disburse funds	9,341	115	88	-	9,544	6,510
(a) Central Banks	-	-	-	-	-	-
(b) General government	-	-	-	-	-	-
(c) Banks	-	-	-	-	-	-
d) Other financial companies	-	-	-	-	-	-
e) Non-financial companies	2	-	-	-	2	2
(f) Households	9,339	115	88	-	9,542	6,508
2. Financial guarantees given	-	-	-	-	-	-
a) Central Banks	-	-	-	-	-	-
b) General government	-	-	-	-	-	-
(c) Banks	-	-	-	-	-	-
d) Other financial companies	-	-	-	-	-	-
e) Non-financial companies	-	-	-	-	-	-
f) Households	-	-	-	-	-	-

The item refers mainly to commitments to disburse funds related to lines of credit granted to customers with credit cards - point f) Households.

2. Other commitments and other guarantees given

	Nominal value Total 12/31/2023	Nominal value Total 12/31/2022
Other guarantees given		
Of which: non-performing loans	-	-
(a) Central Banks	-	-
(b) Public sector entities	-	-
(c) Banks	-	-
(d) Other financial companies	-	-
(e) Non-financial companies	50,208	-
(f) Households	-	-
Other commitments		
Of which: non-performing loans	-	-
(a) Central banks	-	-
(b) General government	-	-
(c) Banks	-	-
(d) Other financial companies	-	-
(e) Non-financial companies	5,473,669	7,151,761
(f) Households	99,761	6,510

The item refers to commitments to disburse funds related to the Bank's revocable commitments to the dealer network - item e) non-financial companies and commitments revocable by the bank in respect of holders of retail contracts not yet activated - point f) Households. There are also guarantees given by the Bank to Leasys S.p.A..

3. Assets used to guarantee own liabilities and commitments

Portfolios	Total 12/31/2023	Total 12/31/2022
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through profit or loss	-	-
3. Financial assets measured at amortized cost	-	-
4. Property, plant and equipment	7,239,496	7,055,147
Of which: inventories of property, plant and equipment	-	-

It should be noted that item 3 "Financial assets measured at amortized cost" represents the restricted assets mainly associated with the securitization transactions implemented by the Company and the ABACO program for the provision of guarantees to the Bank of Italy.

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

Instrument type		Gross amount of financial assets (a)	Amount of financial liabilities offset in the financial statements (b)	Net amount of financial assets reported on the balance sheet (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e)	Net amount (f=c-d-e)
					Financial instruments (d)	Cash deposits received as collateral (e)	12/31/2023	12/31/2022
1. Derivatives		40,315	-	40,315	-	29,954	10,361	(250,607)
2.REPOs		23,269	-	23,269	23,269	-	-	(103)
3. Securities lending		-	-	-	-	-	-	-
4. Other		6,000,000	6,000,000	-	-	-	-	-
Total	12/31/2023	6,063,584	6,000,000	63,584	23,269	29,954	10,361	X
Total	12/31/2022	3,582,819	3,100,000	482,819	38,827	193,282	X	250,710

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

Instrument type		Gross amount of financial liabilities (a)	Amount of financial assets offset in the financial statements (b)	Net amount of financial liabilities reported on the balance sheet (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e)	Net amount (f=c-d-e)
					Financial instruments (d)	Cash deposits received as collateral (e)	12/31/2023	12/31/2022
1. Derivatives		159,661	-	159,661	89,080	70,581	-	324
2. REPOs		875,817	-	875,817	866,627	-	9,191	-
3. Securities lending		-	-	-	-	-	-	-
4. Other		6,000,000	6,000,000	-	-	-	-	-
Total	12/31/2023	7,035,478	6,000,000	1,035,478	955,707	70,581	9,191	X
Total	12/31/2022	3,234,021	3,100,000	134,021	94,382	39,315	X	324

PART C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

SECTION 1 - Interest - Items 10 and 20

1.1 Interest income and similar revenues: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	Total 12/31/2023	Total 12/31/2022
1. Financial assets valued at fair value with impact to profit or loss:	-	4,045	-	4,045	-
1.1 Financial assets held for trading	-	4,211	-	4,211	-
1.2 Financial assets designated at fair value	-	252	-	252	-
1.3 Other financial assets mandatorily valued at fair value	-	(418)	-	(418)	-
2. Financial assets valued at fair value with impact on overall profitability	1,316	-	X	1,316	-
3. Financial assets valued at amortized cost:	2,487	1,375,488	-	1,377,975	841,744
3.1 Credits to banks	356	316,236	X	316,592	56,660
3.2 Credits to clients	2,131	1,059,252	X	1,061,383	785,084
4. Hedging derivatives	X	X	(212)	(212)	(23,745)
5. Other assets	X	X	74,342	74,342	8,392
6. Financial liabilities	X	X	X	821	3.306
Total	3,803	1,379,533	74,130	1,458,287	829,697
of which: interest income on impaired financial assets	-	13,412	9,101	22,513	-
of which: interest income on finance leases	X	66,716	X	66,716	-

1.2 Interest and similar income: other information

1.2.1 Interest income on financial assets in foreign currency

Item	Total 12/31/2023	Total 12/31/2022
Interest income on financial assets in foreign currencies	230,267	124,806

1.2.2 Interest income from financial lease

Item	Total 12/31/2023	Total 12/31/2022
Interest income on finance lease transactions	689,062	571,759

1.3 Interest expense and similar charges: breakdown

Items/Technical forms	Debts	Securities	Other transactions	Total 12/31/2023	Total 12/31/2022
1. Financial liabilities measured at amortized cost	(756,100)	(169,155)	-	(925,255)	(174,144)
1.1 Debts to central banks	-	X	X	-	-
1.2 Debts to banks	(706,134)	X	X	(706,134)	(76,061)
1.3 Debts to customers	(49,966)	X	X	(49,966)	(39,023)
1.4 Debts Securities in issue	X	(169,155)	X	(169,155)	(59,060)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and funds	X	X	(79,416)	(79,416)	(8,582)
5. Hedging derivatives	X	X	138,966	138,966	18,916
6. Financial assets	X	X	X	(80,742)	(1,591)
Total	(756,100)	(169,155)	(59,550)	(946,447)	(165,401)
Of which: interest expense related to lease liabilities	(7,005)	X	X	7,005	-

1.4 Interest expense and similar charges: other information

1.4.1 Interest expense on foreign currency liabilities

Items	Total 12/31/2023	Total 12/31/2022
Interest expense on financial liabilities in foreign currency	(79,766)	(17,166)

1.4.2 Interest expense on finance lease liabilities

Items	Total 12/31/2023	Total 12/31/2022
Interest expense on finance lease transactions	(1,118)	-

1.5 Differentials related to hedging transactions

Items	Total 12/31/2023	Total 12/31/2022
A. Positive differentials related to hedging transactions:	251,296	11,656
B. Negative differentials related to hedging transactions:	(112,542)	(16,889)
C. Difference (A-B)	138,754	(5,233)

SECTION 2 – Fee and commission income - Items 40 and 50

2.1 Fee and commission income: breakdown

Types of service/Values	Total 12/31/2023	Total 12/31/2022
(a) Financial instruments	1,270	-
1. Securities placement	-	-
1.1 With firm commitment and/or on the basis of an irrevocable commitment	-	-
1.2 Without irrevocable commitment	-	-
2. Order receipt and transmission activities and execution of orders on behalf of customers	1,270	-
2.1 Receipt and transmission of orders for one or more financial instruments	1,270	-
2.2 Execution of orders on behalf of customers	-	-
3. Other fees associated with activities related to financial instruments	-	-
Of which: proprietary trading	-	-
Of which: individual portfolio management	-	-
(b) Corporate Finance	-	-
1. Advice on mergers and acquisitions.	-	-
2. Treasury services	-	-
3. Other fees related to corporate finance services	-	-
(c) Investment advisory activities	-	-
(d) Clearing and settlement	-	-
(e) Collective portfolio management	-	-
(f) Custody and administration	-	-
1. Custodian bank	-	-
2. Other fees related to custody and administration activities	-	-
(g) Central administrative services for collective portfolio management	-	-
(h) Fiduciary activities	-	-
(i) Payment services	605	527
1. Current accounts	-	-
2. Credit cards	271	215
3. Debit cards and other payment cards	-	-
4. Wire transfers and other payment orders	-	-
5. Other fees related to payment services	334	312
(j) Distribution of third-party services	64,023	63,536
1. Collective portfolio management	-	-
2. Insurance products	63,442	62,679
3. Other products	581	857
Of which: individual portfolio management	-	-
(k) Structured finance	-	-
l) Servicing activities for securitization transactions.	123	181
m) Commitments to disburse funds	-	-
n) Financial guarantees given	45	-
of which: credit derivatives	-	-
o) Financing transactions	11,206	11,219
Of which: for factoring transactions	7,977	9,683
p) Currency trading	-	-
q) Commodities	-	-
(r) Other commission income	54,104	58,441
Of which: for management activities of multilateral trading systems	-	-
Of which: for management activities of organized trading systems	-	-
Total	131,376	133,904

The item “Other commission income” contiene parzialmente commissioni di gestione e incasso addebitate alla clientela nei contratti di finanziamento in ambito retail e leasing

2.2 Fee and commission expenses: breakdown

Types of service/Values	Total 12/31/2023	Total 12/31/2022
(a) Financial instruments	-	-
Of which: trading of financial instruments	-	-
Of which: placement of financial instruments	-	-
Of which: individual portfolio management	-	-
- Own	-	-
- Delegated to third parties	-	-
(b) Clearing and settlement	(61)	-
(c) Collective portfolio management	-	-
1. Own	-	-
2. Delegated to third parties	-	-
(d) Custody and administration	(33)	-
e) Receipt and payment services	(11.371)	(12.745)
(f) Servicing activities for securitization transactions	(2.918)	(2.627)
(g) Commitments to receive funds	-	-
of which: credit derivatives	-	-
(h) Financial guarantees received	(47)	(259)
of which: credit derivatives	-	-
i) Off-site offering of financial instruments, products and services	-	-
l) Currency trading	(618)	-
m) Other commission expenses	(59.328)	(48.300)
Total	(74.376)	(61.231)

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

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

4.1 Net gains (losses) on financial assets and liabilities held for trading: breakdown

Transactions/P&L Items	Capital gains (A)	Incomes from negotiation (B)	Capital losses (C)	Losses from negotiation (D)	Net gain (loss) [(A + B) - (C + D)]
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-
1.3 Units of UCITS.	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange rate differences	X	X	X	X	(65)
4. Derivative instruments	1,045	2,026	(1,859)	(6,107)	(4,895)
4.1 Financial derivatives:	1,045	2,026	(1,859)	(6,107)	(4,895)
- On debt securities and interest rates	1,045	2,026	(1,859)	(6,107)	(4,895)
- On equity securities and equity indices	-	-	-	-	-
- On currencies and gold	X	X	X	X	-
- Other	-	-	-	-	-
4.2 Credit derivatives.	-	-	-	-	-
Of which: natural hedges related to fair value option (IFRS 7, par. 9 sub-paragraph d)	X	X	X	X	-
Total	1,045	2,026	(1,859)	(6,107)	(4,960)

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

SECTION 5 - Net gain (losses) on hedge accounting - Item 90

5.1 Net gain (losses) on hedge accounting: breakdown

P&L Items/Values	Total 12/31/2023	Total 12/31/2022
A. Income related to:		
A.1 Fair value hedging derivatives.	130,772	478,576
A.2 Hedged financial assets (fair value)	362,496	-
A.3 Hedged financial liabilities (fair value)	2,666	146,499
A.4 Cash flow hedging financial derivatives	-	-
A.5 Foreign currency assets and liabilities	76,219	79
Total income from hedging activities (A)	572,153	625,154
B. Charges related to:		
B.1 Fair value hedging derivatives	(417,670)	(154,591)
B.2 Hedged financial assets (fair value)	-	(478,576)
B.3 Hedged financial liabilities (fair value)	(116,800)	-
B.4 Cash flow hedging financial derivatives	-	-
B.5 Foreign currency assets and liabilities	(51,560)	(554)
Total expenses of hedging activities (B)	(586,030)	(633,721)
C. Net result of hedging activities (A - B)	(13,877)	(8,567)
Of which: hedging result on net positions	-	-

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

SECTION 6 - Profits (losses) on disposals/repurchases - Item 100

6.1 Profits (losses) on disposal/repurchase: breakdown

Items/P&L items	Total 12/31/2023			Total 12/31/2022		
	Gains	Losses	Net profit	Gains	Losses	Net profit
Financial assets						
1. Financial assets measured at amortized cost	29	(1,529)	(1,500)	178	(3,012)	(2,834)
1.1 Due from banks	-	-	-	-	-	-
1.2 Due from customers	29	(1,529)	(1,500)	178	(3,012)	(2,834)
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-	-
2.2 Loans	-	-	-	-	-	-
Total Assets	29	(1,529)	(1,500)	178	(3,012)	(2,834)
Financial liabilities measured at amortized cost	-	-	-	-	-	-
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities in issue	-	-	-	-	-	-
Total liabilities (B)	-	-	-	-	-	-

SECTION 8 - Net impairment/reinstatements for credit risk - Item 130

8.1 Net impairment for credit risk related to financial assets measured at amortized cost: breakdown

Transactions/P&L Items	Impairments (1)						Reinstatements (2)				Total 12/31/2023	Total 12/31/2023
	First stage	Second stage	Third stage		Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
			Write-off	Other	Write-off	Other						
A. Loans and deposits with banks	-	-	-	-	-	-	-		-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Leases and loans to customers	(39,894)	(11,886)	(10,086)	(49,745)	-	-	18,015	1,886	8,805	-	(82,905)	(65,703)
- Financing	(39,894)	(11,886)	(10,086)	(49,745)	-	-	13,632	1,886	8,805	-	(87,288)	(65,036)
- Debt securities	-	-	-	-	-	-	4,383	-	-	-	4,383	(667)
Total	(39,894)	(11,886)	(10,086)	(49,745)	-	-	18,015	1,886	8,805	-	(82,905)	(65,703)

With reference to the "Reconciliation Table between Official Income Statement and Reclassified Income Statement" shown in the report on operations, it should be noted that the balance of item 130, which amounts to approximately €83 million, is included in "cost of risk".

SECTION 10 - Result of insurance services - Item 160

a) Insurance income and expenses from insurance contracts issued - Breakdown

Description\Aggregation bases	LIFE				NON-LIFE	
	Base A1 12/31/2023	Base A2 12/31/2023	Base A5 12/31/2023	Base A3 12/31/2023	Base A4 12/31/2023	Total 12/31/2023
A. Insurance revenues from insurance contracts issued measured on the basis of GMM and VFA						
A.1 Amounts associated with changes in liability for residual coverage						
1. Claims incurred and other expected insurance service costs		2,094			6,283	8,377
2. Changes in the adjustment for non-financial risks		316			948	1,264
3. Contractual service margin recorded in the income statement for services provided		879			2,636	3,515
4. Other amounts						
A.2 Acquisition costs of insurance contracts recovered						
A.3 Total insurance revenues from insurance contracts issued measured on the basis of GMM or VFA		3,289			9,867	13,156
A.4 Total insurance revenues from insurance contracts issued measured by PAA						
- Life segment						
- Non-life segment - motor						
- Non-life segment - non-motor						
A.5 Total insurance revenues from insurance contracts issued		3,289			9,867	13,156
B. Insurance service costs arising from insurance contracts issued - GMM or VFA						
1. Claims incurred and other directly attributable costs		(1,450)			(4,350)	(5,800)
2. Changes in liability for claims incurred		332			995	1,327
3. Losses on onerous contracts and recovery of such losses						
4. Amortization of acquisition costs of insurance contracts						
5. Other amounts						
B.6 Total costs for insurance services arising from insurance contracts issued - GMM or VFA		(1,118)			(3,355)	(4,473)
B.7 Total costs for insurance services arising from insurance contracts issued measured on the basis of PAA						
- Life segment						
- Non-life segment - motor						
- Non-life segment - non-motor						
C. Total expenses/net income from insurance contracts issued (A.5+B.6+B.7)		2,171			6,512	8,683

Legend

Base A1 = Insurance contracts issued with direct participation features - Life Segment

Base A2 = Insurance contracts issued without direct participation features - Life Segment

Base A3 = Insurance contracts issued without direct participation features - Auto Non-Life Segment

Base A4 = Insurance contracts issued without direct participation features – Non-Motor segment

Base A5 = Investment contracts issued with discretionary participation features - Life Segment

Description\Aggregation bases	LIFE				NON-LIFE	Total 12/31/2022
	Base A1 12/31/2022	Base A2 12/31/2022	Base A5 12/31/2022	Base A3 12/31/2022	Base A4 12/31/2022	
A. Insurance revenues from insurance contracts issued measured on the basis of GMM and VFA						
A.1 Amounts associated with changes in liability for residual coverage						
1. Claims incurred and other expected insurance service costs		1,382			4,147	5,529
2. Changes in the adjustment for non-financial risks		209			626	834
3. Contractual service margin recorded in the income statement for services provided		580			1,740	2,321
4. Other amounts						
A.2 Acquisition costs of insurance contracts recovered						
A.3 Total insurance revenues from insurance contracts issued measured on the basis of GMM or VFA		2,171			6,513	8,684
A.4 Total insurance revenues from insurance contracts issued measured by PAA						
- Life segment						
- Non-life segment - motor						
- Non-life segment - non-motor						
A.5 Total insurance revenues from insurance contracts issued		2,171			6,513	8,684
B. Insurance service costs arising from insurance contracts issued - GMM or VFA						
1. Claims incurred and other directly attributable costs		(1,018)			(3,055)	(4,073)
2. Changes in liability for claims incurred		219			657	876
3. Losses on onerous contracts and recovery of such losses						
4. Amortization of acquisition costs of insurance contracts						
5. Other amounts						
B.6 Total costs for insurance services arising from insurance contracts issued - GMM or VFA		(799)			(2,398)	(3,197)
B.7 Total costs for insurance services arising from insurance contracts issued measured on the basis of PAA						
- Life segment						
- Non-life segment - motor						
- Non-life segment - non-motor						
C. Total costs/net revenues from insurance contracts issued (A.5+B.6+B.7)		1,372			4,115	5,487

b) Insurance income and expenses from reinsurance cessions - Breakdown

Description\ Aggregation bases	Aggregation base 1 12/31/2023	Aggregation base 2 12/31/2023	Total 12/31/2023	Aggregation base 1 12/31/2022	Aggregation base 2 12/31/2022	Total 12/31/2022
A. Allocation of premiums paid related to reinsurance cessions measured on a GMM basis						
A.1 Amounts associated with changes in business for residual coverage						
1. Amount of expected claims and other recoverable costs	(640)	(1,921)	(2,561)	(422)	(1,268)	(1,690)
2. Changes in the adjustment for non-financial risks	(47)	(141)	(188)	(31)	(93)	(124)
3. Contractual service margin recorded in the income statement for services received	(14)	(41)	(55)	(9)	(27)	(36)
4. Other amounts						
5. Total	(701)	(2,103)	(2,803)	(462)	(1,388)	(1,850)
A.2 Other costs directly attributable to reinsurance cessions						
A.3 Allocation of premiums paid related to reinsurance cessions measured based on PAA						
B. Total costs arising from reinsurance cessions (A.1+A.2+A.3)	(701)	(2,103)	(2,803)	(462)	(1,388)	(1,850)
C. Effects of changes in the risk of reinsurer default						
D. Amount of claims and other expenses recovered	975	2,924	3,899)	643	1,930	2,573
E. Changes in business for claims incurred	(373)	(1,117)	(1,490)	(246)	(737)	(983)
F. Other recoveries						
G. Total net costs/revenues from reinsurance cessions (B+C+D+E+F)	(99)	(296)	(394)	(65)	(195)	(260)

Legend

Base A1 = Life Segment

Base A2 = Non-Life Segment

c) Breakdown of costs for insurance and other services

Costs/ Aggregation bases	LIFE			NON-LIFE				LIFE			NON-LIFE			
	Base A1 - with DPF 12/31/2023	Base A2- without DPF 12/31/2023	Base A1 + Base A2 12/31/2023	Base A3 12/31/2023	Base A4 12/31/2023	Base A3 + Base A4 12/31/2023	Other 12/31/2023	Base A1 - with DPF 12/31/2022	Base A2 - without DPF 12/31/2022	Base A1 + Base A2 12/31/2022	Base A3 12/31/2022	Base A4 12/31/2022	Base A3 + Base A4 12/31/2022	Other 12/31/2022
Costs attributed to the acquisition of insurance contracts		238	238		713	713			208	208		663	663	
Other directly attributable costs														
Investment management expenses		1	1		2	2			493	493		2	2	
Other costs		18	18		65	65			28	28		88	88	
Total		257	257		780	780			235	235		753	753	

Legend
Base A1 - with DPF = Insurance contracts issued with direct participation features - Life Segment
Base A2 - without DPF = Insurance contracts issued without direct participation features - Life Segment
Base A1 + Base A2 = Life Segment
Base A3 = Insurance contracts issued without direct participation features - Non-Life Segment - Auto
Base A4 = Insurance contracts issued without direct participation features - Non-Life Segment - Non-Auto
Base A3 + Base A4 = Non-Life Segment

d) Net financial income and expenses related to insurance contracts issued

Description\ Aggregation bases	LIFE		NON-LIFE		LIFE		NON-LIFE	
	Base A1 12/31/2023	Base A2 12/31/2023	Base A3 12/31/2023	Total 12/31/2023	Base A1 12/31/2022	Base A2 12/31/2022	Base A3 12/31/2022	Total 12/31/2022
1. Accrued interest		(218)	(655)	(873)		(144)	(432)	(576)
2. Effects of changes in interest rates and other financial assumptions		(57)	(169)	(226)		159	477	635
3. Changes in the fair value of the assets underlying contracts measured using VFA								
4. Effects of changes in exchange rates								
5. Other								
6. Total net financial income/expenses related to issued insurance contracts recorded in the income statement		(275)	(824)	(1,099)		15	45	60

Legend

Base A1 = Insurance contracts issued with direct participation features - Life Segment
Base A2 = Insurance contracts issued without direct participation features - Life Segment
Base A3 = Insurance contracts issued without direct participation features - Non-Life Segment

SECTION 11 - Difference between financial income and expenses related to insurance operations - Item 170

a) Net financial income and expenses related to reinsurance cessions

Description\Aggregation bases	Base A1 12/31/2023	Base A2 12/31/2023	Total 12/31/2023	Base A1 12/31/2022	Base A2 12/31/2022	Total 12/31/2022
1. Accrued interest	94	283	377	51	153	204
2. Effects of changes in interest rates and other financial assumptions	(189)	(566)	(754)	(134)	(402)	(536)
3. Effects of changes in exchange rates						
4. Other						
5. Total net financial income/costs of reinsurance cessions	(94)	(283)	(377)	(83)	(249)	(332)

Legend

Base A1 = Insurance contracts issued with direct participation features - Life Segment

Base A2 = Insurance contracts issued without direct participation features - Life Segment

b) Insurance operations - Net investment income broken down by life and non-life segments

Description\Segments	Life segment (T)		Non-life segment 12/31/2023	Total 12/31/2023	Life segment (T)		Non-life segment 12/31/2022	Total 12/31/2022
		Di cui: DPF				Di cui: DPF		
A. NET INVESTMENT INCOME								
A.1 Interest income from financial assets measured at amortized cost and fair value through other comprehensive income	249		746	995		235	749	984
A.2 Net gains/losses from assets measured at fair value through profit or loss								
A.3 Net impairment adjustments/reversals for credit risk								
A.4 Other net income/costs								
A.5 Net gains/losses on financial assets measured at fair value through other comprehensive income								
B. NET CHANGE IN INVESTMENT CONTRACTS ISSUED IFRS 9								
C. TOTAL NET INVESTMENT INCOME								
of which: recorded in income statement								
Of which: recorded in the statement of comprehensive income								

Insurance Operations - Summary of financial results broken down by life and non-life segment

Summary of results/Segments	12/31/2023			12/31/2022		
	Life segment	Non-life segment	Total	Life segment	Non-life segment	Total
A. Financial results (1)						
A.1 Amounts recorded in the income statement						
1. Net investment income	249	746	995	235	749	984
2. Net financial income/costs of insurance contracts	(141)	(483)	(624)	(89)	(283)	(372)
3. Total	108	323	431	146	466	612
A2. Amounts recorded in the statement of comprehensive income						
1. Net investment income						
2. Net financial income/expenses of insurance contracts						
3. Total						
B. Net insurance and financial income						
1. Net income from insurance services	2,072	6,217	8,289	1,191	4,036	5,227
2. Net investment income	249	746	995	235	749	984
3. Net financial income from insurance contracts	(141)	(483)	(624)	(89)	(283)	(372)
4. Total	2,180	6,540	8,720	1,337	4,502	5,839

SECTION 12 - Administrative costs - Item 190

12.1 Payroll costs: breakdown

Type of expense/Sectors	Total 12/31/2023	Total 12/31/2022
1) Employees	(157,453)	(152,176)
(a) wages and salaries	(101,102)	(106,930)
(b) social security charges	(24,465)	(22,742)
(c) severance pay	(1,729)	(2,055)
(d) social security expenses	(1,705)	-
(e) provision for employee severance pay	(303)	(275)
(f) provision for retirement benefits and similar obligations:	(2,150)	(1,174)
- defined-contribution	(387)	(537)
- defined benefit	(1,763)	(637)
(g) payments to external pension funds:	(1,199)	(1,841)
- defined-contribution	(1,096)	(1,067)
- defined-benefit	(103)	(774)
(h) costs arising from share-based payments	(490)	-
(i) other employee benefits	(24,310)	(17,159)
2) Other personnel in active employment	(12,177)	(11,507)
3) Directors and Statutory Auditors	(1,131)	(1,011)
4) Retired personnel	-	-
Total	(170,761)	(164,694)

12.2 Average number of employees by category

	12/31/2023	12/3172022
1. Employee	2,289	2,017
(a) Managers	552	467
(b) Administrative staff	1,737	1,550
2. Other staff	-	-
Total	2,289	2,017

It should be noted that as of December 31st, 2023, the average number of employees was equal to 2,289.

12.3 Corporate defined-benefit pension funds: income and expenses

With respect to pension funds, reference is made to the movements shown in item 120. “Provisions for risks and charges” on the Liabilities side.

12.4 Other employee benefits

The item "Other employee benefits" as of December 31st, 2023 amounted to €24,310 thousand.

12.5 Other administrative expenses: breakdown

Item / Sectors	Total 12/31/2023	Total 12/31/2022
1. Consulting and professional services	(12,035)	(12,550)
2. EDP costs	(34,670)	(32,064)
3. Rent and utilities	(8,412)	(7,117)
4. Indirect taxes and fees	(11,248)	(8,942)
5. Advertising and promotion expenses	(7,611)	(4,268)
6. Other expenses	(17,362)	(14,286)
Total	(91,338)	(79,227)

SECTION 13 - Net provisions for risks and charges - Item 200

13.1 Net provisions for credit risk related to commitments to disburse funds and financial guarantees given: breakdown

	Total 12/31/2023		Total 12/31/2022	
	Provisions	Releases	Provisions	Releases
1. Provisions for risks and charges related to operating leases.	(706)	138	(31)	440
1.1 Provision for maintenance. Future assets under operating leases	(706)	138	(31)	440
1.2 Provision for self-insurance	-	-	-	-
2. Net allocations to other provisions for risks and charges	(5,366)	20,470	(19,476)	8,120
3. Insurance technical reserve	-	-	-	-
4. Legal disputes	(455)	32	(253)	91
Total	**(6,527)**	**20,640**	**(19,760)**	**8,651**

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

14.1. Impairment on property, plant and equipment: breakdown

Assets/P&L item	Depreciation (a)	Impairment (b)	Write-backs (c)	Net result (a + b - c)
A. Property, plant and equipment				
1 For use in operations	(202,474)	(402)	972	(201,904)
- Owned	(171,482)	(390)	972	(170,900)
- Rights of use acquired through leases	(30,992)	(12)	-	(31,004)
2 Held for investment purposes	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leases	-	-	-	-
3 Inventories	X	-	-	-
Total	(202,474)	(402)	972	(201,904)

Section 15 - Impairment on intangible assets - Item 220

15.1 Impairment on intangible assets: breakdown

Assets/P&L items	Amortization (a)	Impairment (b)	Write-backs (c)	Net result (a + b - c)
A. Intangible assets				
Of which: software	(944)	-	-	(944)
A.1 Owned	(16,927)	(115)	-	(17,042)
- Generated internally by the company	-	-	-	-
- Other	(16,927)	(115)	-	(17,042)
A.2 Rights of use acquired through leases	-	-	-	-
B. Assets held for sale	X	(622)	-	(622)
Total	(16,927)	(737)	-	(17,664)

Section 16 - Other operating income and expenses - Item 230

16.1 Other operating expenses: breakdown

Items	Total 12/31/2023	Total 12/31/2022
1. Credit collection expenses	(6,735)	(6,169)
2. Information expenses	(1,299)	(553)
3. Other expenses:	(277,853)	(127,935)
3.1 operating lease expenses	(110,714)	(41,258)
3.2 finance lease expenses	(76,367)	(26,885)
3.3 contract expenses	(2,595)	(3,542)
3.4 miscellaneous expenses	(88,177)	(56,250)
Total	(285,887)	(134,657)

16.2 Other operating income: breakdown

Items	Total 12/31/2023	Total 12/31/2022
1. Expense recovery	29,651	28,867
2. Operating lease income	504,208	219,150
3. Finance lease income	29,698	40
4. Miscellaneous income	270,675	77,415
Total	834,232	325,472

The item includes indemnities for the dissolution of the partnership with Stellantis amounting to € 161.7 million.

Section 19 - Goodwill impairment - Item 270

19.1 Goodwill impairment: breakdown

P&L items/Values	Total 12/31/2023	Total 12/31/2022
Goodwill impairment	-	(86,858)

Reference is made to Part A - Accounting Policies, 7 - Intangible Assets for a description of how goodwill impairment is determined.

Reference is made to Part B - Notes to the consolidated statement of financial position, Section 10 - Intangible Assets - Item 100 and, in particular, to Section 10.3 Other Information for a description of the results of the goodwill impairment test and the procedures used to perform it.

Section 20 - Gains (losses) on disposal of investments - Item 280

20.1 Gains (losses) on disposal of investments: breakdown

Item/Amounts	Total 12/31/2023	Total 12/31/2022
A. Real estate	-	-
- Gains on disposal	-	-
- Losses on disposal	-	-
B. Other assets	-	646,709
- Gains on disposal	-	646,709
- Losses on disposal	-	-
Net income	-	646,709

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

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

P&L Items/Sectors	Total 12/31/2023	Total 12/31/2022
1. Current taxes (-)	(157,750)	(129,588)
2. Changes in current taxes from previous years (+/-)	7,031	(212)
3. Reduction in current taxes for the year (+)	-	-
3.bis Reduction in current taxes for the year for tax credits under Law No. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(5,931)	(19,162)
5. Change in deferred tax liabilities (+/-)	2,803	(13,658)
6. Income tax for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(153,847)	(162,620)

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

21.2 Reconciliation of theoretical tax charge to actual tax charge

Items	12/31/2023
Profit for the year before taxes	554,053
Income tax - Tax charge at statutory tax rate	152,365
Effect of higher permanent differences	7,391
Effect of lower permanent differences	(36,354)
Consolidation effect	29,720
Income tax – Effective tax charge (A)	153,122
IRAP - Tax charge at statutory tax rate	30,861
Effect of higher permanent differences	1,582
Effect of charges that do not contribute to the formation of the taxable base	(11,227)
Effect of lower permanent differences	(3,221)
Consolidation effect	(10,071)
IRAP - Effective tax charge (B)	7,924
Adjustment of taxes for previous years (C)	(7,199)
Effective tax charge A+B+C	153,847

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

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

Companies name	Total 12/31/2023	Total 12/31/2022
1. CA Auto Bank GmbH	835	1.568
2. Ferrari Financial Services GmbH	6.443	6.891
3. Other minorities	2	3
Total	7.280	8.462

Net profit pertaining to non-controlling interests amounted to €7,280 thousand, mainly attributable to CA Auto Bank GmbH and Ferrari Financial Services GmbH.

Section 25 - Earnings per share

25.1 Average number of ordinary shares on a diluted basis

The Parent Company's capital consists of 700,000,000 shares with a nominal value of €1 each.

PART D - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items/Amounts		Total 12/31/2023	Total 12/31/2022
10.	Net profit (loss) for the period	400,206	1,019,369
	Other comprehensive after-tax income not reclassified to profit or loss	(642)	11,362
70.	Defined-benefit plans	2,267	14,637
100.	Taxes on other comprehensive income without reclassification to profit or loss	(2,909)	(3,275)
	Other comprehensive income after tax reclassified to profit or loss	(752)	(4,255)
110.	Hedge of a net investment in foreign operations:	34	-
	a) changes in fair value	34	-
120.	Exchange rate differences	3,283	(5,025)
	c) other changes	3,283	(5,025)
130.	Cash flow hedges	(6,171)	1,158
	a) changes in fair value	(6,171)	1,158
180.	Taxes on other comprehensive income with reclassification to profit or loss	2,102	(388)
200.	Total other comprehensive income after tax	(1,394)	7,107
210	Total comprehensive income (items 10+200)	398,812	1,026,476
220.	Total comprehensive income attributable to non-controlling interests	7,280	8,722
230.	Total comprehensive income attributable to the Shareholders of the Parent Company	391,532	1,017,754

PART E - INFORMATION ON RISK AND RELATED RISK MANAGEMENT AND HEDGING POLICIES

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

Risk monitoring and control, which is designed to ensure the sound and prudent management of the Group, are carried out through a three-level internal control system. For the organization and management activities as well as the processes and key functions devoted to risk prevention, monitoring and assessment, reference is made to the Consolidated Non-Financial Statement, where, in the section on “The internal control system”, a description is provided of the operations, areas and controls related to the Bank’s risk management.

The identification and mapping of risks is an ongoing process, to improve risk management and to update the map of risks to which the Group is exposed.

The CA Auto Bank Group, in its capacity as a Group 2 Bank uses standardized methods to measure all its risks.

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

The Group’s risk underwriting strategies are summarized in its Risk Appetite Framework (RAF), approved in 2023 by the Board of Directors. The RAF is designed to ensure that the risks taken are in line with the shareholders’ expectations, taking into account the Group’s risk position and the current economic and business conditions. The framework sets out risk propensity limits and the controls established for the overall risk profile and the main specific risks.

The RAF is an organic and structured approach, which extends from the Risk Management function to the Group as a whole to:

- ensure that the Board of Directors and management are properly involved in the Group’s risk management;
- combine strategic policies and business choices with risk propensity;

- ensure that shareholder value and returns are generated;
- comply with all regulatory requirements;
- activate a structured approach for the management, implementation and monitoring of the Risk Appetite Framework at all Group levels;
- define precisely roles and responsibilities in case of breaches of risk propensity and to foster dialogue among the areas concerned at both parent and Subsidiary level.

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

The definition of the Risk Appetite Framework is a comprehensive process driven by the Chief Risk Officer, which calls for close cooperation with the Chief Financial Officers and the heads of the various Business Units. It is developed in keeping with the ICAAP and ILAAP processes and is the key reference for the development of the budget and the business plan. In this way, consistency is established between the strategy and the risk underwriting policy, on one side, and the planning and budgeting process, on the other.

The definition of the Risk Appetite Framework and the consequent operational limits on the main specific risks, the use of risk measurement tools in the context of credit management processes and operational risk control, the use of capital-at-risk measures to report Company performance and the internal capital adequacy assessment are key steps in the operational process to implement risk management strategies, defined by the Board of Directors, along the Group's entire decision-making chain.

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

Impacts deriving from global crisis scenarios

In the past two years, CA Auto Bank also had to deal with other unprecedented crisis scenarios, foremost among them the Russian-Ukrainian conflict as well as the tensions that emerged in the Middle East. While they did not present direct risks to the Group, these crises generated indirect ones, especially the energy crisis, which, in turn, contributed significantly to the rise in inflation and interest rates. The conflicts have also increased the risk of cybercrime and contributed to the already ongoing commodity crisis.

In connection with the above, CA Auto Bank has been very quick to measure the new risks and implement control and monitoring plans to minimize their impact.

In dealing with the new crisis scenarios, the Bank confirmed its attitudes of responsiveness, adaptation to change, and resilience.

Section 1 - risks of accounting consolidation

Quantitative disclosures

A. CREDIT QUALITY

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

A.1.1 Breakdown of financial assets by portfolio and credit quality (book values)

Portfolios/quality	Bad exposures	Unlikely to pay	Non-performing past due exposures	Performing past due exposure	Other performing exposures	Total
1. Financial assets measured at amortized cost	42,189	42,294	205,446	441,651	23,999,338	24,730,918
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-
Total 12/31/2023	42,189	42,294	205,446	441,651	23,999,338	24,730,918
Total 12/31/2022	27,019	30,244	156,466	336,614	22,487,747	23,038,090

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

Portfolios/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total provisions	Net exposure	Total Write-offs*	Gross exposure	Total provisions	Net exposure	
1. Financial assets measured at amortized cost	498,262	(208,333)	289,929	726	24,601,160	(160,172)	24,440,989	24,730,918
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	-	-
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 12/31/2023	498,262	(208,333)	289,929	726	24,601,160	(160,172)	24,440,989	24,730,918
Total 12/31/2022	381,581	(167,852)	213,729	69	22,959,602	(135,241)	22,824,361	23,038,090

Note: Value shown for information purposes.

Portfolios/quality	Low credit quality assets		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	9,187
2. Hedging derivatives	-	-	263,105
Total 12/31/2023	-	-	272,292
Total 12/31/2022	-	-	550,433

Section 2 - Risks of prudential consolidation

1.1 Credit risk

Qualitative disclosures

1. Overview

Credit risk is the risk that unexpected changes in creditworthiness cause a borrower's default, producing unforeseen losses in on- and off-balance-sheet exposures. Credit risk includes also counterparty risk, that is the risk that a counterparty in a transaction involving specific instruments (financial and credit derivatives, repurchase agreements, securities/commodities borrowing, margin loans) defaults before the cash flows of the transaction are finally settled.

For the Group, this risk arises in its core operations, that is:

- loans and leases to buyers of vehicles of its manufacturing partners (Retail Financing business line);
- loans to the dealers of the manufacturing partners (Wholesale Financing business);
- holding and control of equity interest in commercial firms that are not part of the Banking Group in Italy and in Europe. Moreover, the Bank provides funding support to its subsidiaries through lines of credit and guarantees to external lenders.

To calculate the internal capital required for credit risk, the Group, in agreement with Circular 285/2013 of the Bank of Italy for class 2 Banks, uses the standard approach for the calculation of capital requirements under Pillar I.

Exposures are classified in keeping with the regulatory framework of reference.

To calculate the internal capital required for counterparty risk, in the same vein as the credit risk calculated with the standard methodology, the Group applies the Simplified Standard Method to determine the exposure at default in relation to counterparty risk.

To calculate capital requirements for CVA (Credit Valuation Adjustment) risk, the Group adopts the standardized method as per article 384 of Regulation (EU) no. 575/2013 (CRR).

2. Credit risk management policies

2.1 Organizational aspects

The CA Auto Bank Group's credit policies are designed in essence to foster the assumption of risks that must be:

- controlled;
- reasonable;
- contained within certain parameters.

The CA Auto Bank Group has a specific Group Credit Guidelines intended to:

- support the analysis of the parties responsible for credit approvals;
- set and maintain the quality of credit standards;
- meet the customers' credit requirements;
- take the commercial opportunities provided by the possibility to develop new financing products in Markets/Branches and limit losses.

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

2.2 Management, measurement and control systems

Roles and responsibilities

In this context, the CA Auto Bank Group manages credit risk through a specific allocation of roles and responsibilities involving:

- the Board of Directors;
- the Board Executive Credit Committee;
- the Head Quarter Internal Credit Committee (HQICC) which may include, depending on the delegation of authority or any credit issues, also the opinion of CACF
- Local Credit Committees.

Regarding credit, the Board of Directors is responsible for:

- approving Group Credit Guidelines;

- adopting and approving the power delegation system and any amendment thereof;

- vesting the HQICC, based on CACF's opinion (according to the powers contemplated for the production affected by the scorecards) with the authority to approve the new decision-making grids and related cutoff of the scorecard, monitoring the relevant performance;

- making decisions on the credit approval requests coming from the Market/Branch in keeping with its powers and authority.

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

The HQICC, based on CACF's opinion, is responsible for:

- proposing Group Credit Guidelines to the Board of Directors (and possible variations thereof);

- defining signatory powers within the scope of the range set periodically by the Board of Directors for each business of CA Auto Bank;

- approving the new decision-making grids and related cut -off of the scorecards, as delegated by the Board of Directors;

- analyzing any other matter delegated to it by the Board of Directors;

- making decisions, in keeping with its powers and authority, on the credit approval requests coming from the Market/Branch and analyzing the requests that must be submitted to the Board of Directors.

The HQ Internal Credit Committee is responsible for:

- making decisions, in keeping with its powers and authority, on the credit approval requests coming from the Market/Branch and analysing the requests that must be submitted to the JV Credit Committee;

- evaluating any changes to Group credit policies;

- considering any changes in Group credit guidelines;

- evaluating, approving or submitting to the competent bodies the requests coming from the Market/Branches on single credit policy themes, as per the Governance of the FCAB Group Credit Guidelines;

- setting signatory powers for Entities and Branches within the range established by the Board of Directors;

- deciding changes to scorecards strategies;

- analyzing the findings of monitoring scorecards and credit performance at least every six months.

The Local Credit Committees are responsible for:

- implementing locally general policies and guidelines for credit approval, control and collection, formalizing and updating local credit procedures in accordance with the Group Credit Guidelines;

- analyzing and monitoring credit performances;

- analyzing credit exposures and credit limits;

- setting, within the scope of its powers, the limits and the process to evaluate and approve the lines of credit;

- allocating powers within its own organizational structure;

- approving credit applications within the authorized limits.

The financial reporting process

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

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

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

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

- the adequacy of the processes and procedures used for the purpose of preparing the financial reports and any other financial disclosure;

- the monitoring of IT architectures and applications, especially with reference to the management of data processing and the actions taken to develop the summary systems used for financial reporting;

- the completeness and consistency of the disclosures made to the market.

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

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

Today, the risk control matrix is made up of 6 macro processes, for a total of 148 checks, 25 of which referred specifically to the Consolidated Financial Statements.

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

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

2.3 Measurement methods for 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:

$$ECL= PD x LGD x EAD$$

- 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:

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

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:

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

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

$$LGDR = 1 - RR$$

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

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

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 scenario and the adverse scenario.

To build 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. Subsequently they were fed updated in Q4 2023 on the basis of Q3 2023 macroeconomic scenarios. The total impact on the cost of risk for 2023 was additional provisions in the amount of €4.3 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 framework

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 framework covers the following:

- 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 managed at HQ level).

2.4 Credit risk mitigation techniques

The CA Auto Bank Group has developed its own model for managing and mitigating credit risks, involving:

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

Group Credit Guidelines

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

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

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

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

Scoring systems

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

Definition of specific KRIs

CA Auto Bank’s Risk Appetite Framework set the following metrics as significant for credit risk management and control:

- Non-Performing Loans (NPL) Ratio, which is calculated as the ratio of non-performing exposures to total exposures at the end of the month;

- Cost of Risk (CoR) Ratio, which is calculated as the ratio of total provisions to the average exposure calculated at the end of the month.

With specific reference to the Retail business, the R&PC department monitors also the performance of:

- Incident Rate n Ratio, calculated as the number of contracts of a given generation (n) with two or more instalments overdue as a share of total production for the same generation;

- collection indicators, expressed as a % of the total outstanding in collection;

- litigation indicators, expressed as a % of the total outstanding in litigation.

Monitoring of specific KRIs

The first line of defense monitors, on a monthly basis and with specific focuses where useful/necessary, the credit risk indicators.

The Risk & Permanent Control department monitors constantly developments in the credit portfolio of each business line (Retail and Wholesale Financing), trends in specific KRIs and adherence to the risk limits set within the Risk Appetite Framework, with escalation systems in cases of breach.

Second-level control activities carried out by the R&PC department

In relation to second-level controls, the R&PC department is responsible for the following activities: Credit and collection Reviews, which entail a number of controls over the activities of the underwriting departments (i.e., verifying compliance with Group credit policies and the existing procedures; considering any training requirements; identifying potential risks).

Third-level control activities carried out by the Internal Audit department

The third line of defense (Internal Audit), which is the Group's last control level, must evaluate regularly whether policies, methods and procedures are adequate and to ensure their effective implementation.

Guarantees

In analyzing a credit application, the Bank and the other Group companies may indicate that approval of the financing is subject to the posting of collateral by the customer. Risk mitigation techniques are used mainly in the Wholesale Financing business.

Below, a summary is provided of the guarantees allowed by the credit policies in place:

- guarantees in rem: pledges, deposits, mortgages;
- guarantees in personam: Bank and insurance guarantees, sureties;
- other types: third-party funds, comfort letters, retention of title, Bank guarantees, buyback obligations.

In the event that guarantees other than those allowed are offered, or guarantees are offered with characteristics other than those contemplated in the Bank's procedures, the single subsidiaries must request authorization (or ratification) from the Parent Company to set the credit limit.

To ensure that guarantees are fully effective, the Parent Company has put in place specific checks to ensure that they all contain the following elements:

- certainty of the issue date, which is obtained by adding a date and by complying and executing the necessary formalities;
- simultaneousness with the financing;
- reference to the underlying contract.

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

Credit Risk Mitigation (CRM) policy

Based on guidance from the Supervision Authority on the implementation, for prudential purposes, of Credit Risk Mitigation (CRM) techniques, the Parent Company, CA Auto Bank, designed a policy to govern such techniques. Specifically, such policy calls for contracts ancillary to the exposure or other tools and techniques that reduce credit risk in ways that affect positively the calculation of capital requirements.

Currently, CA Auto Bank S.p.A. adopts, for prudential purposes, credit risk mitigation techniques that include the use of the following tools:

- Cash collateral for derivative arrangements;
- Repurchase agreements – REPO;
- Offset accounting.

The policy is intended to define:

- the general nature of credit risk mitigation (CRM) techniques;
- the requirements that guarantees have to meet to be considered for credit risk mitigation purposes;
- the credit risk mitigation tools used by CA Auto Bank.

In this case, the policy sets out the general and specific principles of credit risk mitigation as provided for by the CRR, chapter 4, section 1, articles 192 et seq. Anything not specifically provided for by the policy is governed by the CRR.

The CRM techniques recognized in the calculation of capital requirements fall under two general categories:

- "funded credit protection", where the reduction of the credit risk on the exposure of an institution derives from the right of that institution, in the event of default of the counterparty or on the occurrence of other specified credit events relating to the counterparty, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the exposure to, or to replace it with, the amount of the difference between the amount of the exposure and the amount of a claim on the institution (Ref. article 4 of CRR, paragraph 58);

- "unfunded credit protection" where the reduction of the credit risk on the exposure of an institution derives from the obligation of a third party to pay an amount in the event of the default of the borrower or the occurrence of other specified credit events (Ref. article 4 of CRR, paragraph 59).

3. Non-performing credit exposures

3.1 Management strategies and policies

CA Auto Bank continues to show low NPL levels.

CA Auto Bank, as a Holding of a Group engaged in multiple Markets/Branches:

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

3.2 Write-off

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

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

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

3.3 Impaired financial assets acquired or originated

This section is not applicable for the Group.

4. Commercial renegotiation financial assets and forborne exposures

Forbearance policies set out:

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

Quantitative disclosures

A. Credit quality

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

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

Portfolios/risk stages	First stage			Second stage			Third stage			Impaired acquired or originated		
	1 day to 30 days	Over than 30 days up to 90 days	Over 90 days	1 day to 30 days	Over than 30 days up to 90 days	Over 90 days	1 day to 30 days	Over than 30 days up to 90 days	Over 90 days	1 day to 30 days	Over than 30 days up to 90 days	Over 90 days
1. Financial assets at amortized cost	41,345	1,769	1,837	177,130	121,789	42,227	11,184	7,398	265,302	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 12/31/2023	41,345	1,769	1,837	177,130	121,789	42,227	11,184	7,398	265,302	-	-	-
Total 12/31/2023	66,433	19,128	3,928	141,739	72,542	32,100	6,934	16,833	175,712	-	-	-

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

p.1

Causal/ risk stages	Total accumulated impairments																	
	First stage activities						Second stage activities						Third stage activities					
	Credit to Banks and Central Banks on demands	Financial assets measured at amortized cost	Financial assets measured at fair value with impact on total profitability	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Credit to Banks and Central Banks on demands	Financial assets measured at amortized cost	Financial assets measured at fair value with impact on total profitability	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Credit to Banks and Central Banks on demands	Financial assets measured at amortized cost	Financial assets measured at fair value with impact on total profitability	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns
Total opening adjustments	**-**	**80,423**	**-**	**-**	**233**	**80,191**	**-**	**54,140**	**-**	**-**	**222**	**53,917**	**-**	**167,619**	**-**	**-**	**36,026**	**131,594**
Changes in increase from financial assets acquired or originated	-	165	-	-	-	165	-	1,052	-	-	-	1,052	-	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net write-downs/write-backs for credit risk	-	14,790	-	-	36	14,754	-	10,738	-	-	(57)	10,795	-	52,430	-	-	(2,877)	55,307
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recorded directly in the income statement	-	(15)	-	-	-	(15)	-	-	-	-	-	-	-	(14,512)	-	-	(2,438)	(12,074)
Other changes	-	11,789	-	-	1,664	10,125	-	(13,722)	-	-	(28)	(13,694)	-	2,624	-	-	2,414	210
Closing total adjustments	**-**	**107,152**	**-**	**-**	**1,933**	**105,220**	**-**	**52,208**	**-**	**-**	**137**	**52,070**	**-**	**208,161**	**-**	**-**	**33,125**	**175,037**
Recoveries from financial assets subject to write - off	-	-	-	-	-	-	-	-	-	-	-	-	-	184	-	-	53	131
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	(261)	-	-	-	(261)	-

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

p.2

Causes/ risk stages	Total accumulated impairments					Total provisions related to commitments to disburse funds and financial guarantees issued				Total
	Purchased or originated impaired financial assets									
	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact on total profitability	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	First stage	Second stage	Third stage	Commitments to provide funds and financial guarantees issued acquired/ or originated	
Total opening adjustments	-	-	-	-	-	-	-	-	-	302,182,471
Changes in increase from financial assets acquired or originated	X	X	X	X	X	-	-	-	-	1,216,129
Cancellation other than write-offs	-	-	-	-	-	-	-	-	-	-
Net write-downs/ write-backs for credit risk	-	-	-	-	-	-	-	-	-	77,957,421
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-
Write-offs non recorded directly in the income statement	-	-	-	-	-	-	-	-	-	(14,526,848)
Other variations	-	-	-	-	-	-	-	-	-	691,349
Total closing adjustments	-	-	-	-	-	-	-	-	-	367,520,522
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	184,214
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	(260,654)

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

Type of exposure/amounts	Gross exposure/Nominal value					
	Transfers between first and second stage		Transfers between second and third stage		Transfers between first and third stage	
	From first to second stage	From second to first stage	From second to third stage	From third to second stage	From first to third stage	From third to first stage
1. Financial assets at amortized cost	528,281	228,509	80,260	30,319	130,541	10,520
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees issued	80	9	14	7	25	13
Total 12/31/2023	528,361	228,518	80,274	30,326	130,566	10,533
Total 12/31/2023	401,685	236,420	38,887	14,759	79,508	1,646

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

Type of exposure/amounts	Gross exposure					Total impairments and total provisions					Net exposure	Total write-off*
		First stage	Second stage	Third stage	Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
A. On-balance-sheet credit exposures												
A.1 On demand	1,522,597	1,522,597	-	-	-	-	-	-	-	-	1,522,597	-
(a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
(b) Performing	1,522,597	1,522,597	-	X	-	-	-	-	X	-	1,522,597	-
A.2 Other	134,207	134,207	-	-	-	-	-	-	-	-	134,207	-
(a) Bad exposures	-	X	-	-	-	-	X	-	-	-	-	-
- Of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
(e) Other performing exposures	134,207	134,207	-	X	-	-	-	-	X	-	134,207	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	1,656,804	1,656,804	-	-	-	-	-	-	-	-	1,656,804	-
B. Off-balance sheet credit exposures												
(a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
(b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
Total (B)	-	-	-	-	-	-	-	-	-	-	-	-
Total (A+B)	1,656,804	1,656,804	-	-	-	-	-	-	-	-	1,656,804	-

*Value shown for information purposes.

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

Type of exposure/Amounts	Gross exposure					Total impairments and total provisions					Net exposure	Total write-off*
		First stage	Second stage	Third stage	Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
A. On-balance sheet credit exposures												
(a) Bad exposures	115,775	x	-	115,775	-	73,747	x	-	73,747	-	42,027	76
- Of which: forborne exposures	1,187	x	-	1,187	-	741	x	-	741	-	446	-
b) Unlikely to pay	72,793	x	-	72,793	-	30,507	x	-	30,507	-	42,286	-
- of which: forborne exposures	4,450	x	-	4,450	-	1,593	x	-	1,593	-	2,857	-
c) Non-performing past due exposures	309,324	x	-	309,324	-	103,907	x	-	103,907	-	205,417	-
- of which: forborne exposures	10	x	-	10	-	4	x	-	4	-	6	-
d) Performing past due exposures	487,466	46,428	441,038	x	-	46,438	1,414	45,024	x	-	441,028	-
- of which: forborne exposures	-	-	-	x	-	-	-	-	x	-	-	-
(e) Other performing exposures	23,854,275	23,048,397	805,878	x	-	112,922	105,738	7,183	x	-	23,741,353	-
- of which: forborne exposures	58	25	33	x	-	1	0	1	x	-	57	-
TOTAL (A)	**24,839,632**	**23,094,825**	**1,246,916**	**497,891**	**-**	**367,521**	**107,152**	**52,208**	**208,161**	**-**	**24,472,112**	**76**
B. Off-balance sheet credit exposures												
a) Non-performing	88	X	-	88	-	1	X	-	1	-	89	-
b) Performing	653,504	653,390	114	X	-	43	43	-	X	-	653,461	-
TOTAL (B)	**653,592**	**653,390**	**114**	**88**	**-**	**44**	**43**	**-**	**1**	**-**	**653,550**	**-**
TOTAL (A+B)	**25,493,224**	**23,748,215**	**1,247,030**	**497,979**	**-**	**367,565**	**107,195**	**52,208**	**208,162**	**-**	**25,125,662**	**76**

* Value shown for information purposes.

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

Causes/Categories	Bad Exposures	Unlikely to pay	Impaired past due exposures
A. Opening balance (gross amount)	92,463	62,915	225,798
- of which sold non-derecognized exposures	16,557	10,671	14,878
B. Increases	76,783	53,205	226,320
B.1 transfers from performing loans	10,296	22,361	114,301
B.2 entry from impaired financial assets acquired or originated	-	-	-
B.3 transfers from other impaired exposures	17,818	11,828	591
B.4 contractual changes without cancellations	-	-	-
B.5 other increases	48,669	19,016	111,428
C. Decreases	53,472	43,327	142,794
C.1 transfers to perfomorming loans	2,554	4,055	22,156
C.2 write-offs	22,851	246	1,383
C.3 recoveries	14,056	15,602	59,842
C.4 sales proceeds	851	-	-
C.5 losses on disposals	6,933	-	-
C.6 transfers to other impaired exposures	1,197	4,924	23,705
C.7 contractual changes without cancellations	-	-	-
C.8 other decreases	5,030	18,501	35,708
D. Closing balance (gross amounts)	115,775	72,793	309,324
- of which sold non-derecognized exposures	12,435	8,639	25,313

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

Causes/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening balance (gross amount)	9,354	278
- of which sold non-derecognized exposures	2,630	-
B. Increases	1,180	571
B.1 transfers from performing non-forborne exposures	437	484
B.2 transfers from performing forborne exposures	45	X
B.3 transfers from non-performing forborne exposures	X	2
B.4 transfers from non-performing non-forborne exposures	15	-
B.5 other increases	683	85
C. Decreases	4,890	791
C.1 transfers to performing non-forborne exposures	X	31
C.2 transfers to performing forborne exposures	2	X
C.3 transfers to non-performing forborne exposures	X	9
C.4 write-offs	236	-
C.5 collections	1,995	228
C.6 sales proceeds	-	-
C.7 losses on disposals	64	456
C.8 other decreases	2.593	67
D. Closing balance (gross amounts)	5,646	58
- of which sold non-derecognized exposures	1,861	-

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

Causes/Categories	Bad exposures		Unlikely to pay		Non-performing past due	
	Total	Of which: forborne exposures	Total	Of which: forborne exposures	Total	Of which: forborne exposures
A. Opening total impairments	65,787	1,849	32,692	3,422	69,373	4
- Of which: exposures sold not derecognized	11,401	12	5,682	1,388	2,695	-
B. Increases	61,326	162	13,488	432	55,166	4
B.1 Write-downs of acquired or originated impaired financial assets	81	X	36	X	714	X
B.2 other write-downs	13,735	-	6,624	214	23,383	4
B.3 losses on disposal	1,529	64	-	-	-	-
B.4 transfers from other categories of non-performing exposures	9,958	62	4,070	12	325	-
B.5 contractual changes without derecognitions	-	-	-	-	-	-
B.6 other increases	36,022	37	2,758	206	30,744	-
C. Decreases	53,199	1,271	15,667	2,256	20,633	4
C.1 write-back from valuation	13,752	492	774	506	2,911	1
C.2 write-backs from collections	19	-	23	14	261	1
C.3 gains on disposal	29	-	-	-	-	-
C.4 write-offs	22,851	17	246	220	1,383	-
C.5 transfers to other categories of non-performing exposures	982	349	3,940	62	9,431	3
C.6 contractual changes without derecognitions	-	-	-	-	-	-
C.7 other decreases	15,566	414	10,684	1,454	6,647	-
D. Closing balance overall amount of write-downs	73,914	741	30,512	1,599	103,907	4
- of which sold non-derecognized exposures	5,940	-	4,179	1,048	6,788	-

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

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

Exposures	External rating classes						Without rating	Total
	class 1	class 2	class 3	class 4	class 5	class 6		
A. Financial assets valued at amortized cost	-	-	-	-	-	-	24,973,839	23,973,839
- First stage	-	-	-	-	-	-	23,229,032	23,229,032
- Second stage	-	-	-	-	-	-	1,246,916	1,246,916
- Third stage	-	-	-	-	-	-	497,891	497,891
- Purchased or originated impaired	-	-	-	-	-	-	-	-
B. Financial assets valued at fair value with impact on overall profitability	-	-	-	-	-	-	-	-
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	-	-	-	-	-	-	-	-
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	-	-	-	-	-	-	24,973,839	24,973,839
D. Commitments and financial guarantees given	-	-	-	-	-	-	653,592	653,592
- First stage	-	-	-	-	-	-	653,592	653,592
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (D)	-	-	-	-	-	-	653,592	653,592
Total (A+B+C+D)	-	-	-	-	-	-	25,627,431	25,627.431

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

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

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)	
							Credit derivatives	
			Property - mortgages	Property – finance leases	Securities	Other collateral	CLN	Other derivatives
								Central counterparties
1. Secured on-balance-sheet credit exposures:	30,344	30,344	-	-	23,378	-	-	-
1.1. totally secured	23,378	23,378	-	-	23,378	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2. partially secured	6,966	6,966	-	-	6,966	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.3. unsecured credit exposures	-	-	-	-	-	-	-	-
2. Secured off-balance sheet credit exposures:	-	-	-	-	-	-	-	-
2.1. totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

A.3.1 Prudential consolidation - Secured on- and off-balance sheet credit exposures to banks

p.2

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial companies	Other parties	General government	Banks	Other financial companies	Other parties	
1. Secured on-balance-sheet credit exposures:	-	-	-	-	-	-	-	23,378
1.1. totally secured	-	-	-	-	-	-	-	23,378
- of which non-performing	-	-	-	-	-	-	-	-
1.2. partially secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2. Secured off-balance sheet credit exposures:	-	-	-	-	-	-	-	-
2.1. totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

A.3.2 Prudential consolidation - Secured on-balance and off-balance sheet credit exposures to customers

p.1

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)	
							Credit derivatives	
			Property- mortgages	Property - finance leases	Securities	Other collateral	CLN	Other derivatives
								Central counterparties
1. Secured on-balance-sheet credit exposures:	8,795,008	8,644,539	738	-	4,319,060	2,316,496	-	-
1.1. totally secured	7,021,162	6,914,387	738	-	4,319,060	2,314,409	-	-
- of which non-performing	155,072	91,775	738	-	33,087	42,156	-	-
1.2. partially secured	1,773,846	1,730,152	-	-	-	2,087	-	-
- of which non-performing	6,327	4,418	-	-	-	-	-	-
2. Secured "off-balance sheet" credit exposures:	127,735	127,735	-	-	-	50,208	-	-
2.1. totally secured	50,370	50,370	-	-	-	50,208	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially secured	77,365	77,365	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

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

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	Public sector entities	Banks	Other financial companies	Other entities	
1. Secured on-balance-sheet credit exposures:	-	-	-	-	18,594	-	-	6,636,294
1.1. totally secured	-	-	-	-	9,018	-	-	6,643,225
- of which non-performing	-	-	-	-	-	-	-	75,980
1.2. partially secured	-	-	-	-	9,576	-	-	11,663
- of which non-performing	-	-	-	-	22	-	-	22
2. Secured "off-balance sheet" credit exposures:	-	-	-	-	-	-	-	-
2.1. totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

B. Distribution and concentration of credit exposures

B.1 Prudential consolidation - Breakdown by sector of on- and off-balance sheet credit exposures to customers

p.1

Exposures/Counterparties	Public administration		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet credit exposures						
A.1 Non-performing loans	-	-	24	42	-	-
- of wich: forborne exposures	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	17	24	-	-
- of wich: forborne exposures	-	-	-	-	-	-
A.3 Impaired past due exposures	1	-	2,304	170	-	-
- of wich: forborne exposures	-	-	-	-	-	-
A.4 Not impaired exposures	475	5	3,729,291	226	-	-
- of wich: forborne exposures	-		-	-	-	-
Total (A)	476	5	3,731,636	462	-	-
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures	-	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-
Total (A+B) 12/31/2023	476	5	3,731,636	462	-	-
Total (A+B) 12/31/2022	21,345	(59)	2,357,711	(1,012)	-	-

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

Exposures/Counterparties	Non-financial companies		Households	
	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet credit exposures				
A.1 Non-performing loans	12,398	(29,279)	29,605	(44,426)
- of which forborne exposures	446	(696)	(1)	(45)
A.2 Unlikely to pay	11,872	(9,141)	30,397	(21,342)
- Of which forborne exposures	1,251	(1,214)	618	(379)
A.3 Impaired past due exposures	78,378	(43,076)	124,734	(60,660)
- of which: forborne exposures	-	-	6	(4)
A.4 Not impaired exposures	5,825,745	(52,247)	14,626,871	(106,882)
- of wich: forborne exposures	5	-	52	(1)
Total (A)	5,928,393	(133,743)	14,811,607	(233,310)
B. Off-balance sheet credit exposures				
B.1 Non-performing exposures	-	-	-	-
B.2 Performing exposures	(78)	-	-	-
Total (B)	(78)	-	-	-
Total (A+B) 12/31/2023	5,928,315	(133,743)	14,811,607	(233,310)
Total (A+B) 12/31/2023	9,728,758	(139,491)	11,476,095	(161,671)

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

p.1

Exposures/Geographic areas	Italy		Other European countries	
	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet credit exposures				
A.1 Non-performing loans	20,532	(40,642)	21,496	(33,107)
A.2 Unlikely to pay	29,079	(19,555)	13,207	(10,951)
A.3 Impaired past due exposures	119,238	(69,186)	86,179	(34,721)
A.4 Not impaired exposures	10,761,271	(83,446)	13,421,110	(75,913)
Total (A)	10,930,120	(212,829)	13,541,992	(154,692)
B. Off-balance sheet credit exposures				
B.1 Non-performing exposures				
B.2 Performing exposures				
Total (B)	-	-	-	-
Total (A+B) December 12/31/2023	10,930,120	(212,829)	13,541,992	(154,692)
Total (A+B) December 12/31/2022	15,880,233	(157,436)	7,694,281	(144,733)

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

p.2

Exposures/Geographic Areas	United States	Asia		Rest of the world	
	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet credit exposures					
A.1 Non-performing loans	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Impaired past due exposures	-	-	-	-	-
A.4 Performing exposures	-	-	-	-	-
Total (A)	-	-	-	-	-
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	-	-	-	-	-
Total (A+B) 12/31/2023	-	-	-	-	-
Total (A+B)12/31/2022	-	-	-	-	-

B.3 Prudential consolidation - Geographic distribution of on- and off-balance sheet credit exposures to banks

p.1

Exposures/Geographic Areas	Italy		Other european countries		United States
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure
A. Balance sheet credit exposures					
A.1 Bad Exposures	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Impaired past due exposures	-	-	-	-	-
A.4 Not impaired exposures	69,833	-	64,374	-	-
Total (A)	69,833	-	64,374	-	-
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	-	-	-	-	-
Total (A+B) 12/31/2023	69,833	-	64,374	-	-
Total (A+B) 12/31/2022	97,560	-	20,341	-	-

B.3 Prudential consolidation - Geographic distribution of on- and off-balance sheet credit exposures to banks

p.2

Exposures/Geographic areas	Unites States	Asia		Rest of the world	
	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. Balance sheet credit exposures					
A.1 Bad Exposures	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Impaired past due exposures	-	-	-	-	-
A.4 Not impaired exposures	-	-	-	-	-
Total (A)	-	-	-	-	-
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	-	-	-	-	-
Total (A+B) 12/31/2023	-	-	-	-	-
Total (A+B) 12/31/2022	-	-	-	-	-

B.4 Large exposures

Based on regulatory provisions, the number large exposures was determined by the reference to unweighted exposures in excess of 10% of Tier1 as defined by EU Regulation 575/2013 (CRR) and subsequent updates. The 'exposures' are defined as the sum of on-balance sheet assets at risk and off-balance transactions with a customer or a Group of related customers, without applying weighting factors.

Such presentation criteria result in the inclusion in the financial statement table for large exposures of entities that – though with a 0% weight under article 400 of the CRR - present an unweighted exposure in excess of 10% of Tier1, for the purpose of large risk.

(€/000)	12/31/2023	12/31/2022
A. Amount (book value)	1,277,296	1,725,852
B. Amount (weighted value)	365,751	-
C. Number	2	1

C. Securitization transactions

Qualitative disclosures

Strategies and processes underlying securitizations and the assignment of receivables

Securitization transactions, undertaken pursuant to Law no. 130/1999 in Italy and comply with local regulations for transactions in other countries, as subsequently amended, and supplemented, are carried out by CA Auto Bank to achieve four objectives:

- diversification of funding sources: securitizations are a significant alternative source of funding to customer deposits for the Company;
- improvement of liquidity position: the Company's potential ability to securitize its receivables provides significant support to its liquidity position. The excellent results of the transactions carried out so far, together with the operating companies' reputation in the role of servicers, guarantee in fact immediate access to this instrument, in case of difficulties in the other financial markets of reference;
- optimization of the cost of funds: the structures used to carry out the securitizations and the quality of the receivables assigned make it possible, by receiving higher ratings, to obtain competitive funding costs;
- improved efficiency of the risk-weighted assets associated with the securitized portfolio, through traditional and synthetic securitizations.

Traditional securitizations

The securitization transactions currently in place carried out by CA Auto Bank pursuant to Law no. 130/1999 involve the transfer of receivable portfolios to Special Purpose Entities (SPEs) set up for the purpose, the purchase of which is financed through the proceeds from the placement of Asset-Backed Securities (ABSs) issued in different classes: Senior, Mezzanine and Junior.

Where permitted by market conditions, Senior but also Mezzanine and Junior Securities can be offered to European professional investors or can be placed privately, in whole or in part.

Senior Securities can be used also for refinancing operations with the European Central Bank, in which case the Securities are subscribed, and therefore retained, by the Originator (e.g., "self-securitization" or "retained" operations).

When Senior and Mezzanine Securities are listed in a regulated market, such Securities are assigned a rating by at least two rating agencies. On the other hand, private placements do not entail the assignment of a rating to the Securities.

Securitization transactions can be either revolving – where the Originator can assign from time-to-time additional receivables in accordance with the restrictions outlined in the securitization contract, for a pre-established period of time, so as to keep the existing portfolio at the same level as that at the time of issue – or amortizing, where the originator cannot assign additional receivables and the portfolio starts amortizing from the moment the ABSs are issued.

At the end of the revolving period, or from the time the ABSs are issued in case the transaction is amortizing, ABSs are repaid in the pre-determined order as the portfolio amortizes.

Revolving structure

Transactions with a revolving structure, as described above, can call for the SPE to purchase, for a pre- established period of time, additional receivable portfolios with the same legal and financial structure and a similar risk profile, funding the purchase both with the proceeds from the collection of receivables in the portfolio existing at the time of issue of the ABSs, and assigned previously by the Originator, and with proceeds from the placement of additional ABSs issued within the limits of the program.

At the end of the revolving phase, the ABSs issued are repaid as the underlying receivables are collected.

The revolving structure allows the fixed costs of the transaction to be amortized over a longer period of time, thereby optimizing the cost of the transaction.

As at December 31st, 2023, the securitization companies with a revolving structure were A-Best Twentyone UG and Nixes Six PLc.

Liquidity management

The Originator may be required, depending on the assessment methodologies of the Rating Agencies, in every transaction, and in ways that can differ formally from one another, to make available a liquidity line or a cash deposit to the SPE.

The amount is established by contract and is such as to allow the vehicle to meet temporary liquidity shortfalls (typically, at payment dates) that could occur in applying the waterfall payment structure described below.

Waterfall structure

In the case of transactions originated from retail receivables, where there is typically a distinction between income (e.g., the discount deriving from the receivable assignment) and principal of the receivables collected by the SPE, the waterfall provides - in a simplified way - for the following types of payment

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

Typically, securitization transactions have a similar waterfall structure, which calls for a pre-established payment order to be followed.

In the case of transactions originated from retail receivables, where there is typically a distinction between income (e.g., the discount deriving from the receivable assignment) and principal of the receivables collected by the SPE, the waterfall provides - in a simplified way - for the following types of payment:

INCOME

a) vehicle expenses (mainly expenses related to the service providers of the transaction);

b) swap (required by contract to hedge the SPE against interest rate risk);

c) servicer compensation;

d) interest on the ABSs;

e) liquidity line repayment/interest;

f) provisions for past due receivables;

g) other items.

PRINCIPAL

a) any payments required but not made in relation to the above income waterfall;

b) purchase of receivables (during the revolving period);

c) repayment of ABSs issued (at the end of any revolving period);

d) other items.

In the case of transactions originated from Wholesale Financing receivables, given the different portfolio characteristics, cash management arrangements are in place so that upon receipt of the following:

a) current account balance;

b) release of funds from the cash reserve structure;

c) receivable collections;

d) issue of new senior ABS, if any;

e) issue of new junior ABS, if any

The following payments are made:

a) vehicle expenses;

b) interest on senior ABSs;

c) provision in the cash reserve structure;

d) purchase of receivables (during the revolving period);

e) repayment of senior ABSs;

f) interest on junior ABSs;

g) any repayment of junior ABSs.

Servicing activity

The Servicer of securitization transactions is always the Originator.

The role of servicer of the transactions requires compliance with several qualitative standards related to the proper management of the assets underlying the notes issued by the SPE and an adequate organizational structure in terms of management and specialized personnel.

From an operational point of view, the Servicer:

- manages existing contracts according to its own credit and collection policies and the law, in agreement with the SPE and the trustee/representative of noteholders of the transaction, with reporting obligations also to the rating agencies in case of significant events;

- records collections and recoveries, transferring the relevant amounts. Collections by the servicer of the various transactions are transferred to the SPE according to a pre-established schedule in each transaction (typically every day) and are kept in interest-paying current accounts until the next payment date. The funds are then used to make payments in accordance with the waterfall structure or, alternatively, in case of transactions in Warehouse Phase or in ABS Revolving Phase, until when they can be used to pay for the purchase of additional receivables;

- monitors, reports on and checks the transaction (the roles of Paying Agent/Calculation Agent/Agent Bank are assigned to a different Bank).

The Servicer receives compensation by the SPE on an arm's length basis.

Rating agencies

The securitization transactions have been structured in such a way as to obtain, in case of public placements, at least the AA rating for the Senior Notes issued by the SPE. For all the existing publicly traded senior and mezzanine ABSs (excluding junior ones), ratings were obtained from at least two of the four main rating agencies eligible in the Eurosystem (Standard&Poor's, Moody's Investor Service, DBRS and Fitch Ratings). The ABSs placed privately may or may not receive a (private) rating, depending on the needs of the investor.
Junior ABS are not assigned a rating.

Performance of securitizations

The assigned receivable portfolios delivered excellent performances, as indicated in the reports produced by the Servicer and in the reports prepared by the Calculation Agent (for the benefit of investors, in the case of publicly traded ABSs).
This is attested also, in some cases, by the upgrade of the ratings assigned by the agencies to certain ABSs.
The portfolios are well within the limits and fully compliant with the restrictions set within the different transactions and no event took place which made the portfolio non-compliant in terms of the triggers monitored.
The triggers related to the portfolio are monitored, regarding the transactions originated from retail receivables, on every date of assignment (no monitoring is carried out for amortizing transactions because their portfolios are static, e.g., they are not subject to changes due to revolving assignments, and receive a rating from the rating agencies only at the beginning of the transaction. Accordingly, the monitoring of the performance is for information purposes only).
Regarding transactions originated from Wholesale Financing receivables, triggers and portfolio performances are monitored at least once a month and the assigned receivables show a regular performance.

Synthetic Securitizations

In the first half of 2023, the Company carried out three synthetic securitization transactions with the aim of streamlining risk-weighted assets through the issuance, on April 6th, 2023, of three series of Credit Linked Notes for a total amount of €906.2 million.
The three synthetic securitizations relate to installment loans and leases to individuals, installment loans and leases to SMEs, and loans to dealers, originated by CA Auto Bank S.p.A. or its subsidiaries in different European jurisdictions (Italy, Germany, France, Spain).
Of the three transactions, the one related to receivables from dealers was subject to a clean-up in October 2023 due to the positive performance of collections.
As of December 31st, the face value of the notes was €538 million.

Risks associated with securitizations

The Group Companies participate in the programs as originators, servicers and investors in one or more classes of securities. They are responsible for structuring the securitizations and performing the controls and monitoring for the smooth performance of the transactions, and for the servicing activities, including the production of periodic reports, as contractually required.

The Companies carry out traditional securitization transactions involving loans for the purchase of motor vehicles (consumer loans, or also "autoloans") or receivables from leasing contracts.
For such securitizations, the Treasury department has formalized a procedure to describe and govern the management and control process.

The risk arising from securitizations is that the economic substance of the transactions is not fully reflected in the risk assessment and management decisions.

The Group thinks that the risk associated with securitizations could arise if the Bank calculates capital on the basis of the securitization positions instead of the underlying assets. Only in this case could the risk originate that the capital requirement is not sufficiently representative of the actual riskiness of the transaction.

The accounting treatment is not relevant for prudential recognition purposes because, in accordance with IFRS 9, securitized assets continue to be shown on the balance sheet based on the following considerations:

a) the risks and rewards related to the transferred portfolio are not fully transferred to third parties;

b) the originator continues to exercise control over the transferred portfolio;

c) the originator also performs servicing activities.

In the event that the securitization transactions are put in place without the derecognition of the receivables, by virtue of the underwriting - by CA Auto Bank - of the first-loss tranche (junior notes), this risk is quantified in the allocation of internal capital to credit risk.

In this case, given the dual role of the originator of the receivables and the underwriter of the subordinated tranche of the securities, and in view of the fact that (in line with the supervisory instructions on securitizations, which stipulate that the risk-weighted value of all positions related to the same securitization cannot be higher than the risk-weighted value of the securitized assets calculated as if the latter had not been securitized) the capital requirement is calculated on the underlying assets and pursuant to Regulation (EU) no. 575/2013 (CRR), this risk is quantified in the allocation of internal capital to credit risk.

Therefore, there is no uncertainty in this case in the assessment of the economic nature of securitizations that are explicitly categorized for the purpose of calculating capital requirements.

On the other hand, in cases where securitization transactions are put in place with the derecognition of receivables for prudential purposes only, CA Auto Bank makes a specific assessment of the risk arising from securitizations with respect to the actual transfer of the credit risk underlying the securitized assets.

The Companies do not aim to make a quantitative assessment (internal capital) for this risk, but rather to assess the methodologies and processes implemented to monitor and mitigate such risk.

Therefore, the securitizations implemented by the companies present, alternatively, capital absorptions equal to the absorption related to the assets sold (in line with the supervisory instructions on securitizations, which stipulate that the risk-weighted value of all positions related to the same securitization cannot be higher than the risk-weighted value of the securitized assets calculated as if the latter had not been securitized) or, in the case where receivables are derecognized for prudential purposes only, as in the case of the transaction A-Best Seventeen S.r.l. or synthetic securitization transactions implemented during 2023, capital absorptions are equal to that determined on the basis of the positions held by the Bank in these securitizations.

As for the risk arising from securitizations - i.e., the risk that the economic substance of the securitization transaction is not fully reflected in the risk assessment and management decisions, since the significant risk transfer is achieved in accordance with Regulation (EU) 2017/2401 by putting in place a specific assessment of the risk arising from securitizations and the methodologies and processes implemented to monitor and mitigate the risk itself - no risk is deemed to arise from securitizations.

Therefore, there is no uncertainty in this case in the assessment of the economic nature of securitizations that are explicitly categorized for the purpose of calculating capital requirements.

Organizational structure

In order to cope with securitization risks, CA Auto Bank has:

- a structured organizational model;
- a process for identifying, monitoring and mitigating securitization risks formalized in appropriate internal procedures.

Each new securitization transaction, structured by the Securitization and Risk Transfer unit of the Treasury department, is validated by the Group Chief Financial Officer, is submitted to the NPA committee, chaired by the Chief Executive Officer & General Manager, his direct reports, and the second level internal control functions for approval.

The approval minutes and any opinions issued by the Company's second-level control functions are forwarded together with the product concept to the Board of Directors for final approval.

Securitization and Risk Transfer, a unit of the Treasury department, is responsible for:

- the structuring of all Group transactions and the direct management (in Italy) and oversight (abroad) of servicing activities of securitization transactions put in place as well as for the management of relations with rating agencies and investors;

- the execution of level 2.1 controls. Level 1 controls, on the other hand, are carried out directly by foreign markets.

Risk & Permanent Control defines and develops the methodologies, policies and procedures for the detection, assessment, monitoring, measurement and mitigation of second-level securitization risks; it also expresses its opinion within the NPA Committee.

Internal Audit performs, at least once every three years, a review of the degree of adequacy of the internal control system and verification of compliance with regulations with reference to the management of securitization transactions and the servicing activities carried out by CA Auto Bank S.p.A.

The control tools provided by the Company include the following processes:

- review of the overall documentary and contractual framework of the transaction by the Treasury - Securitization and Risk Transfer unit, in cooperation with in-house counsel and external law firms;

- check of the fairness and economic adequacy of the transaction as a whole by the Treasury - Securitization and Risk Transfer unit;

- Risk & Permanent Control is also directly responsible for permanent second-level controls over securitization transactions.

It should also be noted that all transactions to date have performed in line with expectations, both in terms of the adequacy of cash flows - vis-à-vis the forecasts made at the inception of the securitization - and in terms of compliance with the main indicators (triggers) related to the portfolio.

It is confirmed that no implicit support techniques are applied to the transactions, there are no "clean-up call" clauses for values exceeding 10% of the initial issue, nor are there any automatic early redemption devices linked to "excess spread" levels, consistent with corporate procedures.

Quantitative disclosures

The attached tables summarize the information related to the main securitization transactions existing at December 31st, 2022.

It is worthy of note that these transactions, which had Group companies as originators, were completed in the year just ended or in previous years. In every case, at the end of the amortization period, the Originator exercised the clean-up option, as provided for by the relevant contracts, whereby the Originator reserves the right - upon reaching a minimum portfolio amount provided for by contract - to buy back the remaining portfolio to complete the transaction:

SPV	Clean-up date
A-BEST SIXTEEN S.r.l.	February 21st, 2023
A-BEST FOURTEEN S.r.l.	May 27th, 2023
ERASMUS FINANCE DAC	June 29th, 2023

Characteristics of the securitization transactions

€/000	A-BEST SEVENTEEN S.r.l.			A-BEST NINETEEN UG		
Start date	November-19			November-20		
Transaction type	Public			Public		
Originator	CA Auto Bank S.p.A.			CA Auto Bank S.p.A. (German Branch)		
Servicer	CA Auto Bank S.p.A.			CA Auto Bank S.p.A. (German Branch)		
Arranger	Banca IMI / Unicredit / Crédit Agricole - CIB			Banca IMI / Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	Banca IMI / Unicredit / Crédit Agricole - CIB / Santander			Banca IMI / Unicredit / Crédit Agricole - CIB		
Underlying assets	Italian AutoLoans			Italian AutoLoans		
Currency (CCY)	EUR			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000				NA		
Notes outstanding	Amount	%	Coupon (bps)	Amount	%	Coupon (bps)
Class A (Senior)	116.217	80,00%	1M E+70	230.998	74,70%	1M E+70
Class B (Mezzanine)	4.917	3,40%	1M E+125	19.500	6,30%	65
Class C (Mezzanine)	3.277	2,30%	1M E+180	18.200	5,90%	125
Class D (Mezzanine)	4.261	2,90%	1M E+285	10.300	3,30%	198
Class E (Mezzanine)	1.802	1,20%	1M E+385	10.700	3,50%	350
Class M/M1/Junior (Subordinated)	14.730	10,20%	687,5	19.600	6,30%	650
Class M2 (Subordinated)		0,00%	-		0,00%	-
ABS Tranches at issue	Amount	%	Tranche	Amount	%	Tranche
Class A (Senior)	810.000	88,80%	5% RETAINED	483.500	86,10%	100% RETAINED
Class B (Mezzanine)	27.000	3,00%	5% RETAINED	19.500	3,50%	100% RETAINED
Class C (Mezzanine)	18.000	2,00%	5% RETAINED	18.200	3,20%	100% RETAINED
Class D (Mezzanine)	23.400	2,50%	5% RETAINED	10.300	1,80%	100% RETAINED
Class E (Mezzanine)	9.900	1,10%	5% RETAINED	10.700	1,90%	100% RETAINED
Class M/M1/Junior (Subordinated)	24.300	2,60%	5% RETAINED	19.600	3,50%	100% RETAINED
Class M2 (Subordinated)	-	0,00%		-	0,00%	
Current rating	Fitch	DBRS		Fitch	Moody's	
Class A (Senior)	AA	AAA		AAA	Aaa	
Class B (Mezzanine)	AA	AAA		AAA	Aaa	
Class C (Mezzanine)	AA-	AAA		AA	Aa1	
Class D (Mezzanine)	A-	AAH		A+	Aa2	
Class E (Mezzanine)	A-	AA		BBB+	A1	
M/M1/Junior/M2 (Subordinated)	Unrated			Unrated		

N.B.
(1) Limit of the Program funded by third parties.
NA = Not applicable
WAL (aa) = Weighted average duration (years)
VR = Variable Return
1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + spread

€/000	A-BEST TWENTY FT			A-BEST TWENTYONE UG		
Start date	September-21			August-21		
Transaction type	Public			Public		
Originator	CA Auto Bank S.p.A. (Spanish Branch)			CA Auto Bank S.p.A. (German Branch)		
Servicer	CA Auto Bank S.p.A. (Spanish Branch)			CA Auto Bank S.p.A. (German Branch)		
Arranger	Unicredit /Crédit Agricole - CIB / Santander			Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	Unicredit /Crédit Agricole - CIB / Santander			Unicredit / Crédit Agricole - CIB		
Underlying assets	Espana AutoLoans			German AutoLoans and Leasing		
Currency (CCY)	EUR			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	NA			NA		
Notes outstanding	Amount	%	Coupon (bps)	Amount	%	Coupon (bps)
Class A (Senior)	73.700	64,20%	0	313.800	78,40%	1M E+70
Class B (Mezzanine)	16.900	14,70%	62,5	20.700	5,10%	65
Class C (Mezzanine)	-	0,00%	-	20.200	5,00%	125
Class D (Mezzanine)	-	0,00%	-	15.500	3,90%	198
Class E (Mezzanine)	-	0,00%	-	12.700	3,20%	350
Class M/M1/Junior (Subordinated)	24.200	21,10%	230	17.500	4,40%	650
Class M2 (Subordinated)		0,00%	-		0,00%	-
ABS Tranches at issue	Amount	%	Tranche	Amount	%	Tranche
Class A (Senior)	431.300	91,30%	100% RETAINED	400.000	82,20%	100% RETAINED
Class B (Mezzanine)	16.900	3,60%	100% RETAINED	20.700	4,30%	100% RETAINED
Class C (Mezzanine)	-	0,00%	-	20.200	4,20%	100% RETAINED
Class D (Mezzanine)	-	0,00%	-	15.500	3,20%	100% RETAINED
Class E (Mezzanine)	-	0,00%	-	12.700	2,60%	100% RETAINED
Class M/M1/Junior (Subordinated)	24.200	5,10%	100% RETAINED	17.500	3,60%	100% RETAINED
Class M2 (Subordinated)	-	0,00%	-	-	0,00%	-
Current rating	Fitch	DBRS		Fitch	Moody's	
Class A (Senior)	AA+	AAA		AAA	Aaa	
Class B (Mezzanine)	AA+	AAA		AA	Aaa	
Class C (Mezzanine)	NA	NA		A	Aaa	
Class D (Mezzanine)	NA	NA		BBB	Aa1	
Class E (Mezzanine)	NA	NA		BB	Aa3	
M/M1/Junior/M2 (Subordinated)	Unrated			Unrated		

N.B.
(1) Limit of the Program funded by third parties.
NA = Not applicable
WAL (aa) = Weighted average duration (years)
VR = Variable Return
1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + spread

€/000	NIXES SIX PLc			RAST S.À R.L		
Start date	December-13			December-23		
Transaction type	Private			Private		
Originator	CA Auto Finance UK Ltd			FERRARI FINANCIAL SERVICES GMBH		
Servicer	CA Auto Finance UK Ltd			FERRARI FINANCIAL SERVICES GMBH		
Arranger	Crédit Agricole-CIB			BAML		
Underlying assets	UK AutoLoans			UK AutoLoans		
Currency (CCY)	GBP			GBP		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	1,050,000,000 (1)			500.000.000		
Notes outstanding	Amount	%	Coupon (bps)	Amount	%	Coupon (bps)
Class A (Senior)	1.050.000	65,50%	NA	484.831	87,60%	NA
Class B (Mezzanine)	NA	0,00%	NA	0	0,00%	NA
Class C (Mezzanine)	NA	0,00%	NA	0	0,00%	NA
Class D (Mezzanine)	NA	0,00%	NA	0	0,00%	NA
Junior Tranche (Subordinated)	553.978	34,50%	VR	68.479	12,40%	VR
Current rating (private)						
Class A (Senior)	Unrated			Unrated		
Class B (Mezzanine)	NA			NA		
Class C (Mezzanine)	NA			NA		
Class D (Mezzanine)	NA			NA		
Class E (Mezzanine)						
Junior Tranche (Subordinated)	Unrated			Unrated		

N.B.
(1) Limit of the Program funded by third parties.
NA = Not applicable
WAL (aa) = Weighted average duration (years)
VR = Variable Return
1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + spread

€/000	A-BEST TWENTYTWO S.r.l.		
Start date	October-23		
Transaction type	Public		
Originator	CA Auto Bank S.p.A.		
Servicer	CA Auto Bank S.p.A.		
Arranger	Crédit Agricole-CIB / Unicredit		
Joint Lead Manager	NA		
Underlying assets	Italian AutoLoans		
Currency (CCY)	EUR		
Transfer of collections (frequency)	daily		
Programme Amount CCY/000	NA		
Notes outstanding	Amount	%	Coupon (bps)
Class A (Senior)	1.191.767	83,80%	1M E+100
Class B (Mezzanine)	79.300	5,60%	475
Class C (Mezzanine)	64.900	4,60%	490
Class D (Mezzanine)	28.900	2,00%	500
Class E (Mezzanine)	14.400	1,00%	525
Class M/M1/Junior (Subordinated)	43.000	3,00%	600
Class M2 (Subordinated)			
ABS Tranches at issue	Amount	%	Tranche
Class A (Senior)	1.233.100	84,30%	49.96% RETAINED
Class B (Mezzanine)	79.300	5,40%	100% RETAINED
Class C (Mezzanine)	64.900	4,40%	100% RETAINED
Class D (Mezzanine)	28.900	2,00%	100% RETAINED
Class E (Mezzanine)	14.400	1,00%	100% RETAINED
Class M/M1/Junior (Subordinated)	43.000	2,90%	100% RETAINED
Class M2 (Subordinated)			
Current rating	S&P	Fitch	
Class A (Senior)	AA	AA	
Class B (Mezzanine)	A	AA	
Class C (Mezzanine)	BBB	A+	
Class D (Mezzanine)	BBB-	A-	
Class E (Mezzanine)	BB+	BBB+	
M/M1/Junior/M2 (Subordinated)	Unrated		

NOTE
N.B.
(1) Limit of the Program funded by third parties.
NA = Not applicable
WAL (aa) = Weighted average duration (years)
VR = Variable Return
1M E = Euribor 1 month
1M L = Libor 1 month
Coupon (bps) = base rate + spread

C.1 Prudential consolidation - Exposures from major proprietary securitization transactions broken down by type of assets securitized and by exposure type
p.1

	On Balance-sheet exposures					
	Senior		Mezzanine		Junior	
Types of securitized asset/exposures	Book value	Write-downs/ Write-backs	Book value	Write-downs/ Write-backs	Book value	Write-downs/ Write-backs
A. Totally derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other financing	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
B. Partially derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other financing	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
C. Not derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other financing	612,725	-	316,013	-	797,086	-
- of which non-performing	-	-	-	-	-	-

C.1 Prudential consolidation - Exposures from major proprietary securitization transactions broken down by type of assets securitized and by exposure type

p.2

Types of securitized asset/exposures	Guarantees given					
	Senior		Mezzanine		Junior	
	Net exposure	Write-downs/ Write-backs	Net exposure	Write-downs/ Write-backs	Net exposure	Write-downs/ Write-backs
A. Totally derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other financing	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
B. Partially derecognized from balance sheet						
Factoring	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
Other financing	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
C. Not derecognized from balance sheet						
Factoring	-	-	-	-		-
- of which non-performing	-	-	-	-		-
Other financing	-	-	-	-		-
- of which non-performing	-	-	-	-	-	-

C.1 Prudential consolidation - Exposures from major proprietary securitization transactions broken down by type of assets securitized and by exposure type

p.3

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

C.3 Prudential consolidation - Interests in Securitization SPVs

Name of securitization/ Name of vehicle	Country of incorporation	Consolidation	Assets			Liabilities		
			Credits	Debts securities	Other	Senior	Mezzanine	Junior
A-BEST NINETEEN UG	Frankfurt am Main - Germany	Line-by-line	290,389	-	26,050	230,998	58,700	19,600
A-BEST TWENTYONE UG	Frankfurt am Main - Germany	Line-by-line	383,186	-	27,782	313,800	69,100	17,500
A-BEST SEVENTEEN UG	Conegliano (TV) - Italy	Line-by-line	118,193	-	34,064	116,217	14,258	21,771
A-BEST TWENTYTWO S.r.l.	Conegliano (TV) - Italy	Line-by-line	1,375,232	-	61,226	1,191,767	187,500	14,731
Nixes Six PLc	London - United Kingdom	Line-by-line	1,780,731	-	74,648	1,208,216	-	637,453
RAST SRL	Frankfurt am Main - Germany	Line-by-line	617,779	-	640,934	557,886	-	78,797

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

Not appliable to the Group.

C.5 Prudential Consolidation - Servicer activities - proprietary securitizations: collections of securitized receivables and servicing of securities issued by the securitization vehicle

Servicer	Vehicle entity	Securitized assets (end-of-period figure)		Collection of receivables during the year		Percentage share of repaid securities (end-of-period figure)					
						Senior		Mezzanine		Junior	
		Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing
CA AUTO BANK (German Branch)	A-BEST NINETEEN UG	4,999	285,390	4,604	296,853	-	-	-	-	-	-
CA AUTO BANK (German Branch)	A-BEST TWENTYONE UG	3,872	379,314	3,477	390,777	-	-	-	-	-	-
CA AUTO BANK S.p.A.	A-BEST SEVENTEEN S.r.l.	5,272	112,921	1,694	153,576						
CA AUTO BANK S.p.A.	A-BEST TWENTYTWO S.r.l.	879	1,374,353	-	91,634	-	-	-	-	-	-
CA AUTO FINANCE UK Ltd	Nixes Six PLc	1,996	1,778,735	-	571,812	-	-	-	-	-	-
FERRARI FINANCIAL SERVICES GMBH	RAST SRL	-	617,779	-	16,637	-	-	-	-	-	-

C.6 Prudential consolidation - Consolidated securitization vehicles

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
A-BEST TWENTY-TWO S.r.l.	Conegliano (TV) - Italy
RACE AUTO SECURITIZATION TRANSACTION S.A.R.L.	Luxembourg - Luxembourg

D. Disposal transactions

A. Financial assets sold and not fully derecognized

Qualitative disclosures

In addition to what has already been outlined in "C. Securitization Transactions", to which reference is made, CA Auto Bank engages to a limited extent in sales pursuant to Law no. 52/1991, (Factoring) which are carried out to achieve two results:

- improvement of the liquidity position;
- deconsolidation of certain assets, in case the sale is made "without recourse".

Types of transactions

Transactions are mainly of two types:

- revolving factoring transactions;
- non-revolving factoring transactions.

Revolving factoring transactions

In these transactions, the buyer (Factor) purchases receivables at a specified frequency, over a pre-defined time period. The Originator can sell, periodically, new receivables in accordance with the terms and conditions of the sale agreement. The purchase of such receivable portfolios is financed by the Factor. At the end of the sale period, the portfolio begins to amortize and the funds borrowed are repaid.

Non-revolving factoring transactions

In these transactions the Factor purchases the receivables offered by the seller. The purchase of these receivables is financed by the Factor, on the basis of the loans provided to the single borrowers sold.

Quantitative disclosures

D.1 Prudential consolidation - Sold financial assets recognized in full and associated financial liabilities: carrying amounts

	Fully recognized sold financial assets				Associated financial liabilities		
	Carrying amount	Of which: securitized	Of which: included in sale agreements h repurchase obligation	Of which: non-performing	Carrying amount	Of which: securitized	Of which: included in sale agreements h repurchase obligation
A. Financial assets held for trading	-	-	-	X	-	-	-
1. Debt securities	-	-	-	X	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortized cost	4,984,185	4,984,185	-	17,018	3,571,995	3,571,995	-
1. Debt securities	4,984,185	4,984,185	-	17,018	3,571,995	3,571,995	-
2. Loans	4,984,185	4,984,185	-	17,018	3,571,995	3,571,995	-
Total 12/31/2023	4,984,185	4,984,185	-	17,018	3,571,995	3,571,995	-
Total 12/31/2022	3,920,778	3,920,778	-	10,002	1,962,111	1,962,111	-

B. Financial assets sold and derecognized in full with recognition of continuing involvement

Qualitative disclosures

In December 2023, the non-recourse factoring transaction with recognition of continuing involvement was finalized. The nominal value of the assigned receivables was equal to approximately €82 million.

As required by IFRS 7, it is specified that the items "Financial assets measured at amortized cost" and "Financial liabilities measured at amortized cost" of the Statement of financial position in these financial statements include the maximum amount of interest to be paid to the assignee as a guarantee for up to 90 days beyond the maturity date of the assigned receivables.

Quantitative disclosures

The following is the disclosure required by IFRS 7:

- the massive amount of interest to be recognized to the assignee as a guarantee up to 90 days beyond the maturity date of the assigned receivable is equal to €2.8 million;
- the item "Interest expense and similar charges" in the income statement reflects interest accrued as of December 31st, 2023 and related to the assigned receivable in the amount of €99 thousand. This interest was calculated on the amount of the exposure advanced to the assignee.

E.4 Covered bond transaction

As of the end of the fiscal year, there were no "covered bond" transactions outstanding.

1.2 Market risks

A. General aspects

Market risk is the risk of loss from trading in financial instruments (held-for-trading portfolio), currencies and commodities due to market trends and the issuer's situation. The type of market risk to which the CA Auto Bank Group is exposed is the exchange rate risk.

Foreign exchange risk arises as a result of the business in local currencies carried out by subsidiaries of CA Auto Bank S.p.A. operating in countries with currencies other than the euro. As of December 31st, 2023, the sum of the total net foreign exchange position represents more than the 2% of the Total Own Funds, so the Group calculates an own funds requirement for this risk.

The Group does not perform trading activities and, as a consequence, is not exposed to market risk per se.

In accordance with the definition of "Trading Book" of EU Regulation no. 575/2013 (CRR), derivative instruments held by the Group should not be classified as "held for trading" as there is no trading intent in connection with them. In fact, these contracts are entered into solely for the purpose of hedging interest rate risk, within the framework of securitization transactions, in accordance with the criteria applied by rating agencies, which require the execution of these derivative contracts in order to assign a rating to the securities issued.

That is the reason why derivatives do not attract capital charges for market risk (Pillar I), pursuant to the rules on supervisory returns, and are instead entered in the Banking book, the portfolio which contains financial instruments that attract capital charges for credit and counterparty risks, as defined by the cited supervisory rules.

1.2.1 Interest rate risk and price risk - Regulatory trading book

Quantitative disclosures

A. General aspects

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

As stated in Section "A. General Aspects", the Group at the year-end closing doesn't hold any financial instruments classified in the Regulatory Trading Portfolio.

1.2.2 Interest Rate Risk and Price Risk - Banking Book

Qualitative disclosures

A. General aspects, management processes, and methods for measuring interest rate risk and price risk

The CA Auto Bank Group has an exposure to interest rate risk to the extent that changes in interest rates affect its interest spreads. More specifically, the risk lies in the mismatch or gap between the reset dates (date when the interest rate is set: for fixed-rate instruments this is the maturity date while for floating-rate instruments this is the end of the interest period) for assets and liabilities.

Regarding interest rate risk management, CA Auto Bank's Treasury, which does not act in a profit center capacity, executes solely risk hedging activities, thereby minimizing the impact deriving from the volatility of interest rates.

This activity is carried out also for the Group's subsidiaries. Risk mitigation occurs through derivative transactions entered into on the basis of standard contracts (ISDA, International Swaps and Derivatives Association).

To calculate interest rate risk exposure, the following methodologies have been used:

• Credit Agricole SA's Group Matching Methodology: this methodology is aimed at identifying the average net exposure between assets and liabilities (including equity) according to the rate reset date appropriately aggregated into monthly buckets. The method requires that the average annual net exposure meet predetermined limits aimed at ensuring that a potential rate shock +/-200 basis points does not compromise the Income Statement and Equity beyond certain thresholds.

• Duration Analysis: this methodology is designed to determine the difference between the duration of assets and that of liabilities analyzed by reset date. In particular, the assets maturing/resetting in a given month are totaled and discounted to present value at the appropriate rate, as calculated on the basis of the interest rates prevailing in the market at the end of the month under analysis. The sum of all the assets so discounted, as weighted by their effective term to maturity in months, divided by the total of all discounted assets, is called asset duration. The liabilities maturing/resetting in a given month are totaled and discounted to present value at the appropriate rate, as calculated on the basis of the interest rates prevailing in the market. The sum of all the liabilities so discounted, as weighted by their effective term to maturity in months, divided by the total of all discounted assets, is called liabilities duration. The difference between asset duration and liabilities duration as a percentage share of asset duration is called duration gap index.

To ensure compliance with the limits set at the consolidated level by the Asset & Liability Policy, Treasury uses derivative instruments, such as interest rate swaps, to remedy any mismatches by aligning the reset date profiles of assets and liabilities.

Organizational structure

The governance model defined by the Bank for the Group includes specific market risk management and control processes that are developed at different levels of the organizational structure:

- Board of Directors is responsible for managing, setting policies and reviewing the compliance, and appropriateness, of the risk management structure;

- Finance & Control Committee is responsible for monitoring the Company's and the Group's position on market risk and to define strategies to hedge significant risks;

- Group Internal Risk Committee is responsible for setting policies on, and monitoring the proper working of, the Group's internal control system and is convened whenever there is a crisis situation;

- ALM Internal Committee (I.C.) is responsible for:

    - monitoring and controlling financial risks, in particular ensuring consistency between the interest rate and exchange rate risk hedging transactions approved and those executed each month;

    - supporting the CFO in approving the market risk hedging transactions to be executed;

    - evaluating corporate actions and the performance of liabilities as well as borrowing costs;

    - evaluating and monitoring the level of capitalization.

- Treasury is responsible for:

    - executing the hedging transactions approved by the CFO~~;~~

    - monitoring the trading process;

    - defining the hedging strategy within the limits set by the ALM Internal Committee;

    - performing, on an ongoing basis, first-level controls over the activities to monitor and hedge interest rate, foreign exchange and position risk.

- ALM is responsible for:

    - monitoring interest rate and exchange rate risk associated with the currencies with which the Company and the Group operate;

    - monitoring position risk and liquidity risks, particularly the LCR and NSFR regulatory ratios, at both actual and forecast levels;

    - performing, on an ongoing basis, first-level controls over the activities to monitor and hedge interest rate, foreign exchange and position risk;

    - carrying out the required stress tests;

    - performing middle office activities on transactions executed by Treasury;

    - preparing reports for the ALM Internal Committee;

- Risk & Permanent Control is responsible for performs systematic controls on the proper application of Treasury/ALM & Financial Reporting procedures.

Interest rate risk measurement approaches

Interest rate risk in the banking book (IRRBB) refers to the current or prospective risk to the Bank's capital and profits from adverse movements in interest rates pertaining to the banking book. In fact, fluctuation in interest rates, by causing a change in the present value and timing of future cash flows, consequently changes the underlying value of assets, liabilities, and off-balance sheet instruments, and thus their economic value. In addition, changes in interest rates also affect all those income statement components related to them.

In compliance with Directive 2013/36/EU, Bank of Italy Circular 285/2013 (Title III, Chapter I, Annex C), and consistent with the EBA Guidelines, the CA Auto Bank Group measures interest rate risk exposure through the use of the following approaches:

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

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

As part of the ICAAP and for the purpose of calculating and allocating Pillar 2 Capital to cover the IRRBB, the CA Auto Bank Group adopts the result of the more conservative of the results of the two approaches listed above.

In order to determine whether the risk indicator, calculated as the ratio of the sum of positive weighted net exposures to both Tier 1 and Own Funds, falls within the relevant attention thresholds, equal to 20% (in line with the requirements of Bank of Italy Circular 285/2013), the following steps are taken:

- assets and liabilities in the portfolio are classified into 19 time bands taking into account their composition. Specifically, fixed-rate assets and liabilities are classified according to their residual life while floating-rate assets and liabilities are brought back into the different time bands based on the date of rate reset;

- each time band includes the asset positions offset with the liability positions, thus obtaining the net position;

- the net position in each band is multiplied by the weighting factors, obtained as the product of a hypothetical change in rates and an approximation of the modified duration relative to the individual bands. To calculate these factors, the Group applies the assumptions defined in "Annex C - Interest Rate Risk on the Banking Book" of Bank of Italy Circular 285/2013;

- the weighted exposures of the different bands are added together; the net weighted exposure obtained in this way approximates the change in the present value of items denominated in a certain currency in the event of the assumed rate shock. The exposures for individual "relevant currencies" (EUR and GBP) and the aggregate of "nonrelevant currencies" are added together. This yields a value representing the change in business economic value given the assumed interest rate scenario.

The stress tests to evaluate interest rate risk are performed on a quarter basis.

1. Banking portfolio: distribution by residual maturity (by repricing date) of financial assets and liabilities

Type/Residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 year to 5 years	5 years to 10 years	Over 10 years	Unspecified maturity
1. Liquid assets	**1,785,133**	**2,903,045**	**2,025,027**	**2,952,260**	**11,098,107**	**3,107,572**	**58,023**	**2,200,222**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Loans to banks	1,585,283	47,638	12	25	17,668	6,178	-	-
1.3 Loans to customers	199,850	2,855,408	2,025,015	2,952,236	11,080,439	3,101,394	58,023	2,200,222
- overdrafts	93,976	23,074	22,942	44,848	196,942	60,605	-	-
- other loans	105,874	2,832,334	2,002,073	2,907,388	10,883,497	3,040,789	58,023	2,200,222
- with early repayment option	83,675	3,006	636	-	-	-	-	-
- other	22,199	2,829,328	2,001,437	2,907,388	10,883,497	3,040,789	58,023	2,200,222
2. Liquid liabilities	**409,425**	**15,130,758**	**1,368,162**	**3,177,731**	**2,748,251**	**1,065,623**	**1,138**	**-**
2.1 Due to customers	193,424	399,016	95,679	896,871	757,081	64,216	1,138	-
- deposits	-	-	-	-	-	-	-	-
- other payables	193,424	399,016	95,679	896,871	757,081	64,216	1,138	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	193,424	399,016	95,679	896,871	757,081	64,216	1,138	-
2.2 Due to banks	213,801	10,142,796	316,674	1,019,991	124,938	-	-	-
- deposits	27,228	-	-	-	-	-	-	-
- other payables	186,573	10,142,796	316,674	1,019,991	124,938	-	-	-
2.3 Debt securities	2,200	4,588,946	955,808	1,260,869	1,866,232	1,001,408	-	-
- with early redemption option	-	-	849,755	851,266	1,726,151	450,136	-	-
- other	2,200	4,588,946	106,053	409,604	140,081	551,271	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	**-**	**9,248,058**	**314,624**	**(525,992)**	**(10,003,400)**	**966,710**	**-**	**-**
3.1 With underlying security	-	4,408	(483)	(1,242)	(2,683)	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	4,408	(483)	(1,242)	(2,683)	-	-	-
+ Long positions	-	2,011,188	51,298	56,292	106,632	-	-	-
+ Short positions	-	2,006,780	51,781	57,534	109,315	-	-	-
3.2 Without underlying security	-	9,243,650	315,107	(524,750)	(10,000,716)	966,710	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	9,243,650	315,107	(524,750)	(10,000,716)	966,710	-	-
+ Long positions	-	12,787,412	1,146,630	1,227,633	2,445,045	1,796,663	-	-
+ Short positions	-	3,543,762	831,523	1,752,382	12,445,761	829,953	-	-
4. Other off-balance sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

1.2.3 Exchange rate risk

Qualitative disclosures

A. General aspects, management processes, and methods for measuring foreign exchange risk

In terms of exchange rate risk, the CA Auto Bank Group does not hold currency positions beyond predefined limits as set annually by the Board of Directors. Therefore, financial receivables in currencies other than the euro are funded in the corresponding currency, or, in certain cases, also by taking out loans in currencies other than those of the financed portfolios, but in all cases through the use of derivative instruments (Foreign Exchange Swaps) in accordance with the ISDA standard.

Foreign exchange risk as of December 31st, 2023 relates to local currency activities carried out by subsidiaries of CA Auto Bank S.p.A. operating in countries with currencies other than the euro. The sum of the total net foreign exchange position represents more than 2% of Total Own Funds, so the Group calculates an own funds requirement for this risk.

1.3 Derivative instruments and hedging policies

1.3.1 Trading derivatives

As reported in section "A. General Aspects," the Group does not engage in trading activities and is therefore not exposed to market risks per se, but the financial derivatives classified in the balance sheet as trading financial instruments refer to contracts entered into for the purpose of hedging interest rate risk, as part of securitization transactions, in accordance with the criteria applied by rating agencies, which require the entering into of such derivative contracts in order to assign a rating to the securities issued.

A. Financial derivatives

A.1 Trading financial derivatives: notional values at the end of the period

Underlying assets/Derivative types	Total 12/31/2023				Total 12/31/2022			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	-	-	4,894,117	-	-	-	1,870,472	-
(a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	4,894,117	-	-	-	1,870,472	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equity securities and stock indices	-	-	-	-	-	-	-	-
(a) Options	-	-	-	-	-	-	-	-
(b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	-	-	-	-	-	-	-	-
(a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-
Total	-	-	4,894,117	-	-	-	1,870,472	-

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

Derivative types	Total 12/31/2023				Total 12/31/2022			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value			9,187					
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	9,187	-	-	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
2. Negative fair value			10,925				868	
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	10,925	-	-	-	868	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-

A.3 OTC financial trading derivatives - notional values, gross positive and negative fair values by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other parties
Contracts not covered by netting agreements				
1) Debt securities and interest rates				
- notional value	X	4,850,321	43,796	-
- positive fair value	X	8,144	1,043	-
- negative fair value	X	10,892	33	-
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting agreements				
1) Debt securities and interest rates				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equity securities and equity indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Remaining life of OTC financial derivatives: notional values

Underlyings/Remaining life	Up to 1 year	1 year to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	47,301	40,291	4,806,525	4,894,117
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total December 12/31/2023	47,301	40,291	4,806,525	4,894,117
Total December 12/31/2022	1,809,581	-	60,891	1,870,472

1.3.2 Accounting hedging policies

Qualitative disclosures

Fair value hedging activities

The Group's risk management policies do not allow the use of instruments other than plain vanilla ones.

Given its exposure to interest rate risk on loans made and bonds issued, the CA Auto Bank Group uses interest rate risk hedging instruments designated as Fair Value Hedges.

Specifically, interest rate risk hedging of the loan portfolio is done by using the Fair Value Macro Hedge approach.

Where necessary, interest rate risk related to the T-LTRO borrowings and bonds issued is hedged through Interest Rate Swaps with the Fair Value Micro Hedge approach.

Hedge effectiveness

The group CA Auto Bank tests the effectiveness of the fair value macro hedge at the end of every reporting period, whether annual or interim, by using:

- prospective tests, which justifies hedge accounting, to the extent that they show hedge effectiveness;

The prospective test compares:

- the run-off of the fixed-rate Retail portfolio outstanding at the observation date (hedged instrument);

- the run-off of swaps outstanding at the observation date (notional value).

Both run-offs are compared by maturity range. The effectiveness test is met if, for every maturity range, the average value of the portfolio is greater than the average value of the derivative instruments.

The retrospective test compares:

- the notional value of the portfolio and the notional value of the derivatives outstanding, whose starting date precedes the date of the last observation period (September 30th, 2023);

- the future notional value of the portfolio and derivatives projected from the last observation date (September 30th, 2023) to the reporting date (December 31st, 2023).

The retrospective effectiveness test is passed if changes in the notional value of the derivative instrument are highly effective in offsetting, within the 80%-125% hedge ratio, changes in the notional value of the hedged instruments from the last observation date (September 30th, 2023).

Cash flow hedges, hedged instruments

The Group uses IRS (with floor option) designated as cash flow micro hedges to manage the interest rate risk on its financial liabilities.

Effectiveness is measured by comparing the change in fair value of the interest rate swaps and the change in fair value of the hedged instrument.

The effectiveness test is met if the result of the hedge (percentage difference between the change in fair value of the interest rate swaps and the change in fair value of the hedged instrument) ranges from 80%-125%.

The effectiveness test is met also when the value of the hedged instrument is greater than the value of the derivative instrument (in absolute terms) at the observation date

Qualitative disclosures

A.Hedging financial derivatives

A.1 Hedging financial derivatives: notional values at the end of the period

Underlying assets/Derivative types	Total 12/31/2023				Total 12/31/2022			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	14,509,264	-	-	-	14,662,904	-	350,018	-
(a) Options	-	-	-	-	-	-	-	-
b) Swaps	14,509,264	-	-	-	14,662,904	-	350,018	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equity securities and stock indices	-	-	-	-	-	-	-	-
(a) Options	-	-	-	-	-	-	-	-
(b) Swaps	-	-	-	-	-	-	-	-
(c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	-	-	2,225,409	-	-	-	1,780,599	-
(a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	2,225,409	-	-	-	1,780,599	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-
Total	14,509,264	-	2,225,409	-	14,662,904	-	2,130,617	-

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

Derivative types	Positive and negative fair value							
	Total 12/31/2023				Total 12/31/2022			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	262,902	-	-	-	520,620	-	2,988	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	123	-	-	-	26,824	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	262,902	-	123	-	520,620	-	29,813	-
Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	142,950	-	-	-	173,925	-	4,510	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	16,558	-	-	-	2,089	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	142,950	-	16,558	-	173,925	-	6,598	-

A.3 OTC hedging financial derivatives - notional values, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other parties
Contracts not covered by netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity instruments and stock indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	2,225,409	-	-
- positive fair value	X	123	-	-
- negative fair value	X	16,558	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting agreements				
1) Debt securities and interest rates				
- notional value	14,509,264	-	-	-
- positive fair value	262,902	-	-	-
- negative fair value	142,950	-	-	-
2) Equity instruments and stock indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others	-	-	-	-
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Remaining life of OTC hedging financial derivatives: notional values

Underlyings/Remaining life	Up to 1 year	1 year to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	3,878,051	10,143,213	488,000	14,509,264
A.2 Financial derivatives on equity instruments and stock indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	2,118,778	106,632	-	2,225,410
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 12/31/2023	5,996,829	10,249,845	488,000	16,734,674
Total 12/31/2022	6,168,593	9,836,094	788,834	16,793,521

1.3.3 Other information on derivative instruments (trading and hedging)

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair values by counterparty

	Central counterparty	Banks	Other financial companies	Other parties
A. Financial derivatives				
1) Debt securities and interest rates				
- notional value	14,509,264	4,850,321	43,796	-
- positive net fair value	262,902	8,144	1,043	-
- negative net fair value	142,950	10,892	33	-
2) Equity instruments and stock indices				
- notional value	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	2,225,409	-	-
- net positive fair value	-	123	-	-
- negative net fair value	-	16,558	-	-
4) Commodities				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- negative net fair value	-	-	-	-
5) Others				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- negative net fair value	-	-	-	-
B. Credit derivatives				
1) Protection Purchase				
- notional value	-	-	-	-
- positive net fair value	-	-	-	-
- negative net fair value	-	-	-	-
2) Protection sale				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- negative net fair value	-	-	-	-

1.4 Liquidity risk

Qualitative disclosures

A. General aspects, management processes, and methods for measuring liquidity risk

Liquidity risk is represented for the Company by the inability to honor its financial obligations on the due dates. Specifically, the risk is embodied in the Company's inability to renew, extend, refinance at maturity, in whole or in part, for any future date in the horizon considered, portions of loans in its various forms, structured or otherwise.

To facilitate the proper identification and management of liquidity risk, it should be pointed out that:

- liquidity management is carried out in a centralized manner in CA Auto Bank S.p.A., with the Parent Company's Treasury department responsible for ensuring the proper marshalling of financial resources of all the subsidiaries. In addition, the negotiation of all structured finance transactions, possibly originated by its branches and subsidiaries, including foreign ones, is coordinated and followed centrally;

- CA Auto Bank is the only Group entity with credit ratings assigned by Fitch Ratings, Moody's and Standard & Poor's. As such, all banking relationships and resulting credit lines are centrally managed;

- all branches and subsidiaries refer to CA Auto Bank S.p.A. (Parent Company) for the coverage of their borrowing requirements, through the negotiation of the most appropriate financing instruments, both with regard to locally available sources of financing attributable to the subsidiary itself, and with regard to intercompany lending.

To manage this risk, the Group maintains a policy of matching the maturity profile of assets with that of liabilities (by amount and maturity). This makes it possible to minimize the exposure of the Company and its subsidiaries to liquidity risk. The liquidity condition is also measured monthly for each individual currency in which the Company operates (Euro, British Pound, Swiss Franc, Danish Krone, Swedish Krona, Czech Koruna, Norway Krona and Polish Zloty).

The liquidity risk management model hinges around a number of key activities, such as:

- management of operational and structural liquidity, including through financial planning reviewed and updated on a monthly basis;
- constant monitoring of cash flow movements and adoption of metrics to measure and control exposure to liquidity risk (maturity mismatch approach);
- definition of exposure and concentration limits regarding liquidity risk;
- stress test analysis in order to assess risk exposure;
- definition of the Contingency Funding Plan aimed at defining roles and responsibilities, processes, actions to be taken and the identification of risk mitigation tools to be adopted in the event of a sudden liquidity crisis.

The methodological approach adopted by CA Auto Bank for measuring risk involves the calculation, with reference to both operating and structural liquidity, of the:

- Maturity Ladder, which is used to calculate, monitor and control any liquidity shortfall by maturity bucket;
- Cumulative Liquidity Gap, which is used to calculate progressive cash flows and identifies the presence of any negative cash flows that would require hedging.

CA Auto Bank S.p.A., consistent with the Basel III framework, calculates:

- the Liquidity Coverage Ratio (LCR); every month;
- the Net Stable Funding Ratio (NSFR) every quarter.

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

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

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

To this end, it is noted that, starting November 16, 2018, CA Auto Bank S.p.A. opened a direct account with the Bank of Italy. As such, the level of HQLA necessary to meet the pre-established objectives is achieved through deposits with the Central Bank and through open market transactions.

Liquidity ratios

The regulatory liquidity ratios required by the Basel III regulations return the following values for CA Auto Bank S.p.A. at the consolidated level as of December 31st, 2023:

- Liquidity Coverage Ratio (LCR) 160%;
- Net Stable Funding Ratio (NSFR) 114%.

The indicators shown above also recorded values above the regulatory minimum threshold also in all the surveys conducted during the year.

Quantitative disclosures

1. Distribution by time to maturity of financial assets and liabilities

Items/Maturity	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Unspecified maturity
On-balance-sheet assets	**1,527,803**	**128,333**	**113,575**	**1,503,658**	**3,599,347**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	1,527,803	128,333	113,575	1,503,658	3,599,347	-	-	-	-	-
- Banks	1,476,964	3,730	26,067	1,073,004	1,518,213	-	-	-	-	-
- Customers	50,840	124,602	87,508	430,654	2,081,134	-	-	-	-	-
On balance sheet liabilities	**319,725**	**34,790**	**159,628**	**1,289,695**	**3,029,716**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	156,862	9,049	-	-	-	-	-	-	-	-
- Banks	156,862	9,049	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	578	-	152,882	103,391	1,036,034	-	-	-	-	-
B.3 Other liabilities	162,285	25,741	6,746	1,186,304	1,993,682	-	-	-	-	-
"Off-balance sheet transactions										
C.1 Financial derivatives with principal swap										
- Long positions	-	-	455,834	1,090,475	464,879	-	-	-	-	-
- Short positions	-	-	457,206	1,102,416	468,251	-	-	-	-	-
C.2 Financial derivatives without principal swap										
- Long positions	363	-	-	49,429	96,950	-	-	-	-	-
- Short positions	-	-	9,087	16,637	54,529	-	-	-	-	-
C.3 Deposits and loans receivable										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

C.4 Irrevocable commitments to disburse funds										
- Long positions	59,300	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with principal swaps	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without principal swaps	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Self-securitization transactions and refinancing operations of the European Central Bank

As of the reporting date, in addition to the other transactions previously described, CA Auto Bank had the A- Best Twenty Fondo de Titulazacion self-securitization transaction in place.

The financial assets underlying the securities issued and related to the above self-securitization refer to the consumer loan portfolio from retail activities. As of December 31st, 2023, the amount of the underlying assets was equal to approximately €106 million.
With regard to the type of securities issued and their rating, reference is made to section "C. Securitization Transactions" in this part of the financial statements.

It should also be pointed out that given the loans received from the European Central Bank, which amounted to €1.3 billion at the end of the year, as a result of participating in the TLTRO refinancing program, the following were pledged as collateral:

- Senior Class A-Best Seventeen Securities - in the amount of approximately €6 million - resulting from the securitization transaction carried out by CA Auto Bank S.p.A.

- Senior Class A-Best Nineteen securities - in the amount of approximately €12 million - arising from the securitization transaction carried out by the former subsidiary, now branch, CA Auto Bank Deutschland Gmbh.

- Receivables from factoring and retail transactions, related to the A.BA.CO. program. (Collateralized Banking Assets) for a total amount of approximately €3051 million.

Finally, as of December 31st, 2023, short-, medium- and long-term repurchase agreements ("REPO") were secured by Senior/Mezzanine Class securities issued by A-Best Nineteen, A-Best Twenty, A-Best Twentyone and A-Best Twentytwo for a total of approximately €988 million.

1.5 Operational risk

Qualitative disclosures

A. General aspects, management processes, and methods for measuring operational risk

Operational risk is the risk of incurring losses for inadequate or failed internal processes, people or systems or from external events, including legal risk. Operational risk covers also, among others, losses deriving from frauds, human errors, disruptions from external events, breakdowns of systems, contractual defaults, natural catastrophes. Operational risk includes legal risk (but not strategic and reputational risks.

With that in mind, the Bank's most significant risk is associated with the losses deriving from external frauds.

To calculate the internal capital required for operational risk, CA Auto Bank S.p.A, in keeping with the provisions of Circular 285/2013 of the Bank of Italy for class 2 Banks, uses the Basic Indicator Approach (BIA) to calculate capital requirements under Pillar I.

The Organizational Model to manage operational risk implemented at Group level calls for the presence of the following players:

- Risk & Permanent Control: which defines and develops the methodologies, the policies and the procedures to detect, evaluate, monitor, measure and mitigate operational risks at Group level;

- single organizational units within the Bank and the Group companies that participate actively, with different levels of responsibility and involvement, in operational risk management processes through the identification of the principal (effective and potential) risks that might arise in day-to-day operations and ongoing risk monitoring within the scope of their duties and responsibilities.

The Organizational Model to manage operational risk unfolds in the following processes:

- mapping of operational risks by Company process, in their expected and unexpected nature (annual update or following structural process changes);

- quarterly survey of loss events;

- analysis and classification of risk and loss events and definition, where necessary, of risk management and mitigation actions.

Classification of operational risk event

Operational risk events have been classified over the years on the basis of CA Auto Bank's specific experience as follows:

- internal fraud;
- external fraud;
- employment relationship and safety at work;
- customers, products and professional practices;
- damage to property, plant and equipment;
- operation disruptions and information systems breakdowns;
- process execution and management.

Operational risk relates to all products, activities, processes and systems and it is generated in every business and support area.

Therefore, all employees are responsible for managing and controlling the operational risks arising from their areas of responsibility. The staff of each organizational unit of the Group is responsible also for the operational risk arising in such units. As such, adequate dedication and training levels should be ensured in this field while incentive plans should be designed to avoid possible conflicts of interest.

The organizational structure of the units should be adapted to the risk profile maintained, as well as to the size, strategy and business model of the department, applying, where necessary, the principle of proportionality.

Operational risk must be managed and controlled throughout its entire cycle, which includes: planning, risk identification and assessment processes, risk monitoring and application of mitigation measures, availability of information, reporting and communication of relevant aspects.

It is therefore necessary to:

- use and document the necessary policies, procedures and tools appropriate to the nature and type of risks, identifying the participants, controls and evidence necessary;

- ensure adequate lines of communication and governance between the personnel responsible for the processes, the control functions specialized in the management of operational risks and the party in charge of control;

- report events that may constitute Operational Risks, regardless of whether or not they result in a loss for the Company, according to the guidelines established from time to time.

Section 3 - Insurance Company Risks

3.1 Insurance risks

Qualitative disclosures

This sub-section outlines the disclosure required by IFRS 17.

Risk management framework

The company (CA Auto Reinsurance DAC) has developed and implemented a risk management framework to identify and monitor areas of risk to the Company. A review of the risk management framework is undertaken at least on an annual basis.

Exchange rate risk

All significant transactions of the Company are denominated in Euro with the exception of a small amount of business written in Poland. All Bank accounts are held in Euro and Polish Zloty. The Company is not exposed to any significant currency risk.

Credit risk

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

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

Counterparty risk

The Company's principal financial assets are insurance and other receivables, reinsurance assets and cash and cash equivalents.

Counterparty risk related to the cash and cash equivalent balances is controlled through the setting of minimum credit rating requirements for counterparties, and by diversification requirements, set out in the investment policy adopted by the Shareholders' Meeting. Investment of available assets is thus limited to highly liquid instruments and deposits with banks and counterparties with good credit ratings.

Liquidity risk

The Company is subject to monthly audits regarding cash availability, mainly to meet claims related to reinsurance contracts. Liquidity risk is the risk of being unable to meet a financial obligation, including of a significant amount.

The Company manages its cash holdings in such a way as to ensure that an adequate amount of funds is available for such audits. Insurance risk

The risk attached to the reinsurance policies written by the Company is the possibility that cost of the risks which occur over time are greater than the premiums received to cover such risks.

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

In order to avoid excessive losses on the underwriting risks assumed, the Company has a retrocession strategy in place with Hannover Re in respect of CPI business and a stop loss arrangement with AXA in respect of GAP business. The Company engages an independent actuarial firm to review the technical provisions at the year end.

Section 4 - Risks of the other enterprises

4.1 Risks arising from Securitization transactions

Qualitative disclosures

The Company participates in the programs as an originator, servicer and investor in one or more classes of securities. In addition, it is responsible for structuring the securitization transactions, performing controls and oversight to ensure their smooth performance, as well as for servicing activities, including the preparation of periodic reports as contractually required.

The Company engages in traditional securitization transactions involving special purpose loans for the purchase of motor vehicles (consumer loans or "autoloans") or also receivables from leasing contracts.

For such securitization transactions, the Treasury department has formalized a procedure to describe and govern the process for their management and control.

The risk deriving from securitization transactions is that the economic substance of the transaction is not fully incorporated in risk assessment and management decisions.

The Company feels that the risk associated with securitizations might materialize only in the event that the Bank calculates its capital requirements in relation to the position in the securitization instead of the underlying assets. Only in this case can there be a risk that the capital requirements in question do not reflect in full the actual risk of the transaction.

The accounting treatment is not relevant for prudential recognition purposes because, in accordance with IFRS 9, securitized assets continue to be shown on the balance sheet based on the following considerations:

a) the risks and rewards related to the transferred portfolio are not fully transferred to third parties;

b) the originator continues to exercise control over the transferred portfolio;

c) the originator also performs servicing activities.

In the event that the securitization transactions are put in place without the derecognition of the receivables, by virtue of the underwriting - by CA Auto Bank - of the first-loss tranche (junior notes), this risk is quantified in the allocation of internal capital to credit risk.

In this case, given the dual role of the originator of the receivables and the underwriter of the subordinated tranche of the securities, and in view of the fact that (in line with the supervisory instructions on securitizations, which stipulate that the risk-weighted value of all positions related to the same securitization cannot be higher than the risk-weighted value of the securitized assets calculated as if the latter had not been securitized) the capital requirement is calculated on the underlying assets and pursuant to Regulation (EU) no. 575/2013 (CRR), this risk is quantified in the allocation of internal capital to credit risk.

Therefore, there is no uncertainty in this case in the assessment of the economic nature of securitizations that are explicitly categorized for the purpose of calculating capital requirements.

On the other hand, in cases where securitization transactions are put in place with the derecognition of receivables for prudential purposes only, CA Auto Bank makes a specific assessment of the risk arising from securitizations with respect to the actual transfer of the credit risk underlying the securitized assets.

The Companies do not aim to make a quantitative assessment (internal capital) for this risk, but rather to assess the methodologies and processes implemented to monitor and mitigate such risk.

Therefore, the securitizations implemented by the companies present, alternatively, capital absorptions equal to the absorption related to the assets sold (in line with the supervisory instructions on securitizations, which stipulate that the risk-weighted value of all positions related to the same securitization cannot be higher than the risk-weighted value of the securitized assets calculated as if the latter had not been securitized) or, in the case where receivables are derecognized for prudential purposes only, as in the case of the transaction A-Best Seventeen S.r.l. or synthetic securitization transactions implemented during 2023, capital absorptions are equal to that determined on the basis of the positions held by the Bank in these securitizations.

As for the risk arising from securitizations - i.e., the risk that the economic substance of the securitization transaction is not fully reflected in the risk assessment and management decisions, since the significant risk transfer is achieved in accordance with Regulation (EU) 2017/2401 by putting in place a specific assessment of the risk arising from securitizations and the methodologies and processes implemented to monitor and mitigate the risk itself - no risk is deemed to arise from securitizations.

Therefore, there is no uncertainty in this case in the assessment of the economic nature of securitizations that are explicitly categorized for the purpose of calculating capital requirements.

Organizational structure

In order to cope with securitization risks, CA Auto Bank has:

- a structured organizational model;

- a process for identifying, monitoring and mitigating securitization risks formalized in appropriate internal procedures.

Each new securitization transaction, structured by the Securitization and Risk Transfer unit of the Treasury department, is validated by the Group Chief Financial Officer, is submitted to the NPA committee, chaired by the CEO & General Manager, his direct reports, and the second level internal control functions for approval.

The approval minutes and any opinions issued by the Company's second-level control functions are forwarded together with the product concept to the Board of Directors for final approval.

Securitization and Risk Transfer, a unit of the Treasury department, is responsible for:

- the structuring of all Group transactions and the direct management (in Italy) and oversight (abroad) of servicing activities of securitization transactions put in place as well as for the management of relations with rating agencies and investors;

- the execution of level 2.1 controls. Level 1 controls, on the other hand, are carried out directly by foreign markets.

Risk & Permanent Control defines and develops the methodologies, policies and procedures for the detection, assessment, monitoring, measurement and mitigation of second-level securitization risks; it also expresses its opinion within the NPA Committee.

Internal Audit performs, at least once every three years, a review of the degree of adequacy of the internal control system and verification of compliance with regulations with reference to the management of securitization transactions and the servicing activities carried out by CA Auto Bank S.p.A.

The control tools provided by the Company include the following processes:

- review of the overall documentary and contractual framework of the transaction by the Treasury - Securitization and Risk Transfer unit, in cooperation with in-house counsel and external law firms;

- check of the fairness and economic adequacy of the transaction as a whole by the Treasury - Securitization and Risk Transfer unit;

- Risk & Permanent Control is also directly responsible for permanent second-level controls over securitization transactions.

It should also be noted that all transactions to date have performed in line with expectations, both in terms of the adequacy of cash flows - vis-à-vis the forecasts made at the inception of the securitization - and in terms of compliance with the main indicators (triggers) related to the portfolio.

It is confirmed that no implicit support techniques are applied to the transactions, there are no "clean-up call" clauses for values exceeding 10% of the initial issue, nor are there any automatic early redemption devices linked to "excess spread" levels, consistent with corporate procedures.

Other risks

Climate risks

The Italian regulator (Bank of Italy) and European regulator (ECB) , have developed and published numerous supervisory guidelines on the integration of climate and environmental risks into the business strategies, governance, control and risk management systems and market disclosures of supervised intermediaries.

In light of the centrality of the issue, all relevant corporate functions have been duly informed and have initiated their own assessment of the issues brought by the specific expectations of regulators and their respective competencies.

In order to ensure a unified approach to the analysis of regulators' expectations, CA Auto Bank's Compliance function has initiated as early as 2022 a "working table" dedicated to discussing and sharing the necessary actions in order to meet the expectations of the regulators.

CA Auto Bank continued to strengthen its ESG governance toward the definition of a sound ESG strategy for the continuous improvement of the management of the Group's impacts on its stakeholders as well as ESG risks related to its activities.

In continuity with the path begun in previous years, a project was undertaken, with the support of external advisors, to strengthen the governance of ESG issues, define the pillars underlying the sustainability vision, develop a Corporate Purpose to be integrated into the value set, and digitize the Group's ESG data management processes.

CA Auto Bank is aware, in fact, of how important it is to give due weight to environmental, social and governance aspects and to develop a culture of sustainability in the company by actively involving, through a long-term commitment, all levels of the organization, from top management to project leaders and all employees.

In addition to a phase of industry ESG insights and benchmarks and critical analysis of structure and processes, the ESG project involved top management in a series of engagement interviews designed to investigate perceptions of sustainability in the company.

This process led to the identification and validation by the CEO of the ESG Pillars, key themes that represent the Group's ESG identity, and the Purpose of FCA Bank, as well as the identification of improvement actions to strengthen ESG Governance, thus laying the foundation for the Group's ESG strategy, which will see the approval of a sustainability plan, with defined objectives and targets for the coming years.

The Purpose "Creating everyday mobility solutions for a better planet" sums up the CA Auto Bank Group's raison d'être: to lead the transition to sustainable mobility, democratizing electric mobility.

This is made possible through both the financial solutions promoted by the bank and the comprehensive range of mobility solutions of its subsidiary Drivalia.

The Approach integrates Environmental, Social and Governance (ESG) aspects in 4 Pillars:

- Sustainable Mobility;

- Environment;

- People;

- Innovation and Digitization.

They constitute the Group's sustainability framework and guide processes both internally and to the community for the creation of value to stakeholders.

The CA Auto Bank Group, following its corporate reorganization in April 2023 and its entry as a wholly owned subsidiary of the Crédit Agricole S.A. Group, has further increased its focus on climate and environmental issues and in 2023 began integrating its own projects with those of the French group.

PART F - INFORMATION ON CONSOLIDATED EQUITY

Section 1 - Consolidated Equity

A. Qualitative disclosures

The "Banking Group" differs, for the consolidation scope, from the financial statements prepared according to IAS/IFRS. The differences are largely attributable to the line-by-line consolidation, in the IAS/IFRS financial statements, of non-Banking companies (mainly companies operating in the short-long term rental business) that are not included in the "Banking Group".

The Own Funds, the minimum capital requirements and the resulting Banking regulatory ratios were determined in accordance with the provisions contained in the Bank of Italy Circular No. 285 of December 17th, 2013 (and subsequent updates) "Supervisory provisions for Banks" and n. 286 of December 17th, 2013 (as amended) "Instructions for completing the prudential reporting by Banks".

The company's equity consists of the sum of the balances of the following balance sheet liability items:

- Share capital;
- Additional paid-in capital;
- Reserves;
- Treasury shares;
- Valuation reserves;
- Result for the year.

Shareholders' equity as at 31st December 2023, including valuation reserves and result for the year, amounted to €3,030.9 million, compared to €3,728.4 million in the previous year.

The main events, both increasing and decreasing, that led to the decrease of EUR 697.5 million were the payment of the dividend, amounting to € 1,100 million, and the profit for the year, amounting to €400.2 million.

B. Quantitative disclosures

B.1 Consolidated equity: breakdown by type of company

Equity items	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Share capital	703,389	1,086	66,267	(67,353)	703,389
2. Share premium reserve	195,623	5,000	121,217	(126,217)	195,623
3. Reserves	1,734,288	18,448	266,200	(282,368)	1,736,568
4. Equity instruments	-	-	-	-	-
(Treasury stock) 5.	-	-	-	-	-
6. Valuation reserves:	(2,539)	(97)	(2,320)	136	(4,820)
- Equity instruments designated at fair value through comprehensive income	-	-	-	-	-
- Hedges of equity securities designated at fair value through comprehensive income	-	-	-	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-	-	-	-	-
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedging of foreign investments	(180)	-	-	-	(180)
- Cash flow hedges	-	-	(2,281)	-	(2,281)
- Hedging instruments [undesignated items]	-	-	-	-	-
- Exchange rate differences	6,575	-	-	-	6,575
- Non-current assets and groups of assets held for sale	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-	-	-	-
- Actuarial gains (losses) on defined benefit pension plans	(9,388)	(97)	(39)	136	(9,388)
- Portion of the valuation reserves of subsidiaries recognized with the equity method	-	-	-	-	-
- Financial income or expense related to insurance contracts issued	-	-	-	-	-
- Financial income or expenses related to reinsurance cessions	-	-	-	-	-
- Special revaluation laws	454	-	-	-	454
7. Net profit (loss) for the year (+/-) of the group and third parties	400,206	8,214	110,441	(118,655)	400,206
Total	3,030,966	32,651	561,805	(594,456)	3,030,966

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

Changes in 2023

	Banking group	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Opening balance, net	40,021	-	(3,995)	3,995	40,021
2. Positive changes	-	-	4,056	(4,056)	-
2.1 Increases in fair value	-	-	-	-	-
2.2 Other changes	-	-	4,056	(4,056)	-
3. Negative changes	(49,409)	(97)	(100)	197	(49,409)
3.1 Decreases in fair value	(641)	(97)	(100)	197	(641)
3.2 Other changes	(48,767)	-	-	-	(48,767)
4. Closing balance	(9,388)	(97)	(39)	136	(9,388)

Section 2 - Own Funds and Regulatory Ratios

OWN FUNDS AND INDICES (€/000)	12/31/2023	12/31/2022
Common Equity Tier 1 - CET1	2,920,891	2,836,749
Additional Tier 1 - AT1	8,312	7,671
Tier 1 - T1	2,929,203	2,844,420
Tier 2 - T2)	257,703	322,813
Own Funds	3,186,906	3,167,233
Risk-Weighted Assets (RWA)	18,496,845	20,381,187
REGULATORY RATIOS		
CET 1	15.79%	13.92%
Total Capital Ratio (TCR)	17.23%	15.54%
LCR	160%	186%
NSFR	114%	112%
OTHER RATIOS		
Leverage Ratio	10.22%	10.22%
RONE (Net Profit/Average Normative Equity)	17.77%	24.48%

In addition, reference is made to the information about own funds and capital adequacy disclosed in “Pillar III”.

PART G - BUSINESS COMBINATIONS INVOLVING COMPANIES OR BRANCHES OF COMPANIES

Section 1 -Transactions carried out during the period

CA Auto Finance Nederland, on February 1st, 2023, acquired the shares representing the entire share capital of Findio N.V. from Crédit Agricole Consumer Finance Nederland. At the end of December, the merger of Findio N.V. into CA Auto Finance Nederland B.V. took place.

As described in the "Significant events during the period" section of the annual consolidated financial statements, in August Drivalia S.p.A. acquired 100% of the capital of Drivalia Lease Czech Republic s.r.o., Drivalia Lease Ireland Ltd, Drivalia Lease Norge AS and Drivalia Lease Finland Oy. The consideration for the total purchase of the investee's shares amounted to €252 million. As a result of this acquisition, the companies became part of the CAAB Group.

The transaction falls within the scope of business combinations in accordance with IAS/IFRS and in particular with IFRS 3, which provides for the application of the purchase method. Pursuant to IFRS 3, the acquiring entity must allocate the cost of the combination to the assets acquired, liabilities assumed, including contingent liabilities, which are measured at fair value (the so-called 'Purchase Price Allocation' - 'PPA'); any positive/negative difference not allocated represents, respectively, the 'goodwill' to be recognised in the balance sheet as goodwill or the 'bargain purchase' to be credited to the income statement as the profit realised on the acquisition.

At the time of the final allocation of the PPA, assessments will be conducted to identify and value any specific intangibles related to the transaction and the fair values of the assets and liabilities acquired. In this regard, appropriate assessments will be carried out during the financial year 2024 to allow for the proper valuation of this asset.

Items (€/000)	Drivalia Lease Czech Republic s.r.o. 01/08/2023	Drivalia Lease Ireland Ltd 01/08/2023	Drivalia Lease Norge AS 01/08/2023	Drivalia Lease Finland Oy 01/08/2023	Total
Assets					
Cash and cash equivalents	1,187	2,700	8,400	-	12,287
Financial assets at amortized cost	20,873	14,300	12,100	12,261	59,534
- leases and loans to customers	20,873	14,300	12,100	12,261	59,534
- loans and deposits with banks					-
Property, plant and equipment	457,923	156,100	217,300	463,424	1,294,747
Intangible assets	-	-	-	-	-
Tax assets:	-	900	-	-	900
- current		900			900
Other assets	22,145	600	12,500	10,631	45,876
Total assets	**502,128**	**173,700**	**250,300**	**486,316**	**1,412,444**
Liabilities					
Financial liabilities at amortized cost	368,850	133,100	202,100	358,334	1,062,384
- deposits from banks	356,393	125,600	201,600	339,267	1,022,860
- deposits from customers	12,457	7,500	500	19,067	
Tax liabilities:	39,855	-	11,100	22,465	73,420
- current	39,855	-	11,100	22,465	73,420
Other liabilities	15,609	487	17,106	42,146	75,348
Provision for employee severance pay					-
Provisions for risks and charges	814	7,200			8,014
Total liabilities	**425,128**	**140,787**	**230,306**	**422,945**	1,219,166
Equity	**77,000**	**33,913**	**19,994**	**63,371**	**193,278**

As a result, no amount has not yet been allocated to the balance sheet at December 31st,2023 as intangible as the net fair value of the assets and liabilities acquired is provisionally considered to be equal to the net book equity resulting from the situation at the date of purchase, amounting to €234 million as shown in the following table:

Items (€/000)	Drivalia Lease Czech Republic s.r.o. 01/08/2023	Drivalia Lease Ireland Ltd 01/08/2023	Drivalia Lease Norge AS 01/08/2023	Drivalia Lease Finland Oy 01/08/2023	Total	
Shareholders' equity as at date	**77,000**	**33,813**	**19,994**	**63,371**	**194,178**	A
Overall fair value difference - interim data	-	-	-	-	-	B
Fair value of assets and liabilities subject to acquisition - interim data	77,000	33,813	19,994	63,371	194,178	C=A+B
Transfer fee - interim data	110,000	51,160	26,286	65,000	252,446	D
Goodwill	**33,000**	**17,347**	**6,292**	**1,629**	**58,268**	E = C - D

In conclusion, with reference to the aggregation transaction under review, as shown in detail in the table below, the difference between the cost of the aggregation (€252.4 million) and the fair value of the assets acquired and liabilities assumed (determined - as indicated above - provisionally in € 194 million), is negative by euros 58 million. This difference is provisionally recognised as Goodwill under 'Intangible Assets'.

If, following the conclusion of the PPA process, a higher or lower fair value emerges for the identifiable assets acquired and liabilities assumed, this difference, taking into account the tax effect, will reduce the value of goodwill provisionally recognised in these financial statements. In accordance with the provisions of the Bank of Italy's Circular No. 262, the following table shows the figures for the entity subject to the aggregation transaction (figures in thousands of Euro):

Section 1 - Operations carried out during the financial year

1.1 Aggregation Transactions

Items	Closing Date	(1)	(2)	(3)	(4)
1. Findio N.V.	23/02/2023	22,510	100%	16,700	(1,216)
2. Drivalia Lease Czech Republic s.r.o.	08/01/2023	110,000	100%	4,211	2,840
3. Drivalia Lease Ireland Ltd	08/01/2023	51,160	100%	(414)	7,597
4. Drivalia Lease Norge AS	08/01/2023	26,286	100%	356	1,353
5. Drivalia Lease Finland Oy	08/01/2023	65,000	100%	7,599	4,807

(1) = Transaction Cost
(2) = Percentage interest acquired with voting rights in the ordinary shareholders' meeting.
(3) = Total group turnover
(4) = Net profit/loss of the group

Section 2 - Transactions carried out after the end of the financial year

As already highlighted in "Part A Events Subsequent to the Balance Sheet Date," effective January 1st, 2024, the transfer of a business unit related to Fonds de commerce Sofinco personnel from CA Consumer Finance S.A. to CA Auto Bank S.p.A (French Branch) took place.

PART H - RELATED-PARTY TRANSACTIONS

1. Information on compensation of key executives

In 2023, directors were paid fees equal to € 840 thousand, including social security and ancillary charges.

Compensation paid during the year to the members of the Board of Statutory Auditors of CA Auto Bank S.p.A. amounted to € 227 thousand.

No loans were disbursed or guarantees given to Directors and Statutory Auditors.

2. Information on related party transactions

Related party transactions were carried out under conditions equivalent to those applied for transactions with independent third parties. Intercompany transactions were carried out, following assessments of mutual benefits, at arm's length. In the preparation of the consolidated financial statements, intercompany transactions and outstanding balances were eliminated.

The table below shows assets, liabilities, costs and revenues as of and for the year ended December 31st, 2023 by type of related party.

Transactions with related parties: Balance Sheet

	Amounts at 12/31//2023			
	Shareholders	Key Executive Directors	Other Related Parties	Total
Cash and cash equivalents	-	-	10,944	10,944
Financial assets at fv with effects on P&L	-	-	-	-
- Financial assets held for trading	-	-	-	-
Financial assets held to maturity	-	-	-	
Financial assets valued at amortized cost	3,265	-	18,098	21,363
- Loans and receivables with Banks	3,265	-	10,480	13,745
- Loans and receivables with Customers	-	-	7,618	7,618
Hedging derivatives	-	-	5,988	5,988
Other assets	91	-	46,277	46,369
Total Assets	**3,356**	**-**	**81,307**	**84,663**
Financial liabilities valued at amortized cost	7,733,755	-	1,527,425	9,261,180
- Deposits from banks	7,733,755	-	1,518,095	9,251,851
- Deposits from customers	-	-	9,329	9,329
Financial liabilities held for trading	-	-	-	-
Hedging derivatives	-	-	27,994	27,994
Securities in issue	450,138			450,138
Other Liabilities	162,723	-	6,717	169,440
Total Liabilities	**8,346,616**	**-**	**1,562,136**	**9,908,752**

Transactions with related parties: Income Statement

	Amounts At 12/31/2023			
	Shareholders	Key Executive Directors	Other Related Parties	Total
Interest and similar income	212.916	-	26.750	239.666
Interest and similar expense	(512.424)	-	(70.506)	(582.930)
Fee and commission income	0	-	10.619	10.619
Fee and commission expense	(43)	-	-	(43)
Income and expenses from financial instruments at FV	(5.902)	-	(2.407)	(8.309)
Administrative expenses	(7.255)	(1.067)	(30.657)	(38.979)
Other operating income/expenses	(172)	-	(7.593)	(7.765)

Disclosure of auditing fees and fees for services other than auditing pursuant to article 2427, paragraph 16 bis of the Italian Civil Code

Fees due for the activity of:	Servicer Provider	12/31/2023
Audit	PricewaterhouseCoopers	2,518,943
Audit	Altri	535,737
Audit related	PricewaterhouseCoopers	259,106
Other services	PricewaterhouseCoopers	121,127
Total		3,434,912

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

PART L - SEGMENT REPORTING

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 2023, the activities of the Financing and Leasing business line reached €21.9 billion, representing a significant increase of 25% compared to December 31st, 2022. The activities of the Wholesale Financing business line decreased by 50% compared to December 31st, 2022, to €2.9 billion. Finally, the activities of the Drivalia (Rental/Mobility) business line experienced substantial growth compared to December 31st, 2022, reaching €2.4 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 12/31/2023	Wholesale Financing 12/31/2023	Drivalia (Rental/Mobility) 12/31/2023	Other 12/31/2023	Total 12/31/2023
Net banking income and rental margin	627	93	98	0	818
Net operating expenses	(191)	(14)	(50)	-	(255)
Cost of risk	(110)	16	(5)	-	(99)
Other unallocated income (expenses)	(28)	4	(6)	120	90
Pre-tax profit	**298**	**99**	**37**	**120**	**554**
Unallocated tax	-	-	-	(154)	(154)
Net profit for the period	**298**	**99**	**37**	**(34)**	**400**

Segment Reporting (€/Mln) Assets	Financing And Leasing 12/31/2023	Wholesale Financing 12/31/2023	Drivalia (Rental/Mobility) 12/31/2023	Other 12/31/2023	Total 12/31/2023
Period-end assets by segment	21,970	2,895	2,434	-	27,299
Average assets by segment	19,372	3,956	1,267	-	24,595
Unallocated assets	-	-	-	-	-

Segment Reporting (€/Mln)	Financing And Leasing 12/31/2022	Wholesale Financing 12/31/2022	Drivalia (Rental/Mobility) 12/31/2022	Other/Leasys* 12/31/2022	Total 12/31/2022
Net banking income and rental margin	643	87	58	300	1,088
Net operating expenses	(171)	(12)	(30)	(80)	(293)
Cost of risk	(75)	(5)	(2)	(19)	(101)
Other unallocated income (expenses)	(13)	(3)	(1)	546	529
Pre-tax profit	**384**	**67**	**25**	**747**	**1,223**
Unallocated tax	-	-	-	(205)	(205)
Net profit for the period	**384**	**67**	**25**	**542**	**1,018**

(*) The item "Other/ Leasys" refers to the contribution of the Leasys group company, whose shares was sold at the end of 2022.

Segment Reporting (€/Mln) Assets	Financing And Leasing 12/31/2022	Wholesale Financing 12/31/2022	Drivalia (Rental/Mobility) 12/31/2022	Other/Leasys 12/31/2022	Total 12/31/2022
Period-end assets by segment	17,587	5739	437	5,477	29,240
Average assets by segment	16,279	3,756	229	4,869	25,133
Unallocated assets	-	-	-	-	-

PART M – LEASING REPORTING

Section 1 - Lessee

Qualitative disclosures

In agreement with paragraphs 51-59 of IFRS 16, in the following notes additional information is provided on the ease contracts entered into by the CA Auto Bank Group as a lessee.

Based on the analysis of the lease contracts falling within the scope of IFRS 16, the group identified as the most significant the property lease contracts that it had signed as a lessee, mainly for office space.

Quantitative disclosures

As of December 31st, 2023, the Group recognized rights of use acquired through leasing in the amount of €38 million. Lease liabilities as of the same date were equal to €37.6 million. Interest expenses on lease liabilities amounted to €0.7 million.

The following is the schedule of due dates for lease liabilities:

€/000

	12 months	12 - 18 months	18 - 24 months	24 - 36 months	36 - 48 months	48 - 60 months	60 - 84 months	84 - 120 months	120 - 180 months	> 180 months
Lease liabilities	12,373	5,220	4,397	7,056	3,994	1,735	1,998	830	35	

There are no sub-lease contracts.

In keeping with the exemptions granted from the start, the CA Auto Bank Group elected not to apply IFRS 16 to contracts of up to 12 months and to contracts with the value of the underlying asset, when such asset is new, of up to €5,000. In this case the payments related to these leases are treated as expenses, in line with the past.

Section 2 - Lessor

Qualitative disclosures

The CA Auto Bank Group provides finance and operating leases in the markets in which it operates, to support the automotive business of the CA Auto Group and the manufacturing partners.

In the rental sector, the CA Auto Bank Group operated in 2023 through its subsidiary Drivalia and related subsidiaries. The offering is aimed at both large companies and SMEs, as well as professionals and individuals.

As lessor, the risk associated with the rights that CA Auto Bank Group retains to the underlying assets is managed through:

- repurchase agreements (buy backs);
- collateral: security deposits;
- bank and insurance guarantees and sureties.

In the case of contracts in which Gruppo CA Auto Bank directly bears the risk on the residual value of the contract, as there is no buyback agreement with the dealer or manufacturer, monitoring is carried out on a quarterly basis, to make provisions for residual values.

Quantitative disclosures

1. Information on the statement of financial position and income statement

Reference is made to the relevant tables in the statement of financial position and income statement sections.

2. Finance leases

2.1 Classification by time band of the payments to be received and reconciliation with the finance leases reported as assets

(Values expressed in euro units)

Time bands	Total 12/31/2023 Lease payments receivable	Total 12/31/ 2022 Lease payments receivable
Up to 1 year	3,556,022	2,425,094
Over 1 year up to 2 years	2,543,626	1,677,318
Over 2 years up to 3 years	2,016,302	1,288,441
From over 3 years up to 4 years	1,070,584	1,029,580
From over 4 years up to 5 years	313,894	177,449
From over 5 years	161,987	113,065
Total lease payments receivable	9,662,415	6,710,947
Reconciliation with financing		
Unaccrued financial income (-)	(262,958)	(329,499)
Unguaranteed residual value (-)	(306,639)	(193,298)
Value adjustments (-)	(116,959)	(79,799)
Lease financing	8,975,859	6,108,351

" Value adjustments" has been included to reconcile with lease financing recorded as assets and shown in Part B of these Notes, Section 4 (4.2 Financial assets measured at amortized cost: breakdown of leases and loans to customers).

3. Operating leases

3.1 Classification by time bands of payments receivable

(Values expressed in euro units)

Time bands	Total 12/31/2023 Lease payments receivable	Total 12/31/2022 Lease payments receivable
Up to 1 year	1,178,295	33,414
Over 1 year up to 2 years	320,412	-
Over 2 years up to 3 years	177,326	-
From over 3 years up to 4 years	160,666	-
From over 4 years up to 5 years	146,837	-
From over 5 years	5,515	-
Total	1,989,051	33,414

3.2 Other informations

There is no additional information to report beyond what has been reported previously.

COUNTRY BY COUNTRY REPORTING - As of December 31st, 2023

List of companies in the CA Auto Bank Group by location and nature of business conducted:

COUNTRY	COMPANY	NATURE OF BUSINESS
AUSTRIA	CA AUTO BANK GMBH	BANKING
BELGIUM	CA AUTO BANK S.P.A. (*BELGIAN BRANCH*)	BANKING
	DRIVALIA LEASE BELGIUM S.A.	NON-FINANCIAL
CZECH REPUBLIC	DRIVALIA LEASE CZECH REPUBLIC S.R.O.	NON-FINANCIAL
DENMARK	CA AUTO FINANCE DANMARK A/S	FINANCIAL
	DRIVALIA LEASE DANMARK A/S	NON-FINANCIAL
FINLAND	CA AUTO FINANCE DANMARK A/S FILIAL I FINLAND	FINANCIAL
	DRIVALIA LEASE FINLAND OY	NON-FINANCIAL
FRANCE	CA AUTO BANK S.P.A. (FRENCH BRANCH)	BANKING
	FL LOCATION AUTO	FINANCIAL
	DRIVALIA FRANCE S.A.S.	NON-FINANCIAL
	DRIVALIA LEASE FRANCE S.A.	FINANCIAL
GERMANY	CA AUTO BANK S.P.A. (GERMAN BRANCH)	BANKING
	CA VERSICHERUNGSSERVICE GMBH	NON-FINANCIAL
	FERRARI FINANCIAL SERVICES GMBH	FINANCIAL
GREECE	CA AUTO BANK G.M.B.H. (HELLENIC BRANCH)	BANKING
	DRIVALIA LEASE HELLAS SM S.A.	NON-FINANCIAL
	CA AUTO INSURANCE HELLAS S.A.	NON-FINANCIAL
IRELAND	CA AUTO BANK S.P.A. (IRISH BRANCH)	BANKING
	CA AUTO REINSURANCE DAC	NON-FINANCIAL
	DRIVALIA LEASE IRELAND LTD	NON-FINANCIAL
ITALY	CA AUTO BANK S.P.A.	BANKING
	DRIVALIA S.P.A.	NON-FINANCIAL
MOROCCO	DRIVALIA LEASE ESPAÑA S.A.U. (MOROCCAN BRANCH)	FINANCIAL
NORWAY	CA AUTO FINANCE NORGE AS	FINANCIAL
	DRIVALIA LEASE NORGE AS	NON-FINANCIAL
THE NETHERLANDS	CA AUTO FINANCE NEDERLAND B.V.	FINANCIAL
	FINDIO N.V.	FINANCIAL
	DRIVALIA LEASE NEDERLAND B.V.	NON-FINANCIAL
POLAND	CA AUTO BANK S.P.A. S.A. (POLSKA BRANCH)	BANKING
	DRIVALIA LEASE POLSKA SP Z O.O.	FINANCIAL
PORTUGAL	CA AUTO BANK S.P.A. (PORTUGUESE BRANCH)	BANKING
	DRIVALIA PORTUGAL S.A.	NON-FINANCIAL
UNITED KINGDOM	CA AUTO FINANCE UK LTD.	FINANCIAL
	DRIVALIA LEASE UK LTD.	FINANCIAL
	DRIVALIA UK LTD	NON-FINANCIAL
SPAIN	CA AUTO BANK S.P.A. (SPANISH BRANCH)	BANKING
	DRIVALIA LEASE ESPAÑA S.A.U.	FINANCIAL
	DRIVALIA ESPAÑA S.L.U.	NON-FINANCIAL
SWEDEN	CA AUTO FINANCE SVERIGE AB	FINANCIAL
SWITZERLAND	CA AUTO FINANCE SUISSE SA	FINANCIAL

Pursuant to article 89 of Directive 2013/36/EU of the European Parliament and of the Council (CRD IV):

LOCATION	COMPANY	NATURE OF BUSINESS	OPERATING INCOME (€/000)	FULL-TIME EQUIVALENT EMPLOYEES	PRE-TAX PROFIT OR LOSS (€/000)	INCOME TAX (€/000)
AUSTRIA	CA AUTO BANK GMBH	BANKING	5,578	27	1,540	1,614
BELGIUM	CA AUTO BANK S.P.A. (BELGIAN BRANCH)	BANKING	10,466	41	3,672	2,716
	DRIVALIA LEASE BELGIUM S.A.	NON-FINANCIAL	(13)	-	(144)	(144)
CZECH REPUBLIC	DRIVALIA LEASE CZECH REPUBLIC S.R.O.	NON-FINANCIAL	(4,072)	177	8,178	2,840
DENMARK	CA AUTO FINANCE DANMARK A/S	FINANCIAL	10,141	38	2,289	1,811
	DRIVALIA LEASE DANMARK A/S	NON-FINANCIAL	(5,704)	12	1,914	2,400
FINLAND	CA AUTO FINANCE DANMARK A/S FILIAL I FINLAND	FINANCIAL	(15)	1	(464)	(353)
	DRIVALIA LEASE FINLAND OY	NON-FINANCIAL	400	104	6,015	4,807
FRANCE	CA AUTO BANK S.P.A. (FRENCH BRANCH)	BANKING	23,433	120	13,306	7,898
	FL LOCATION AUTO	FINANCIAL	-	-	-	-
	DRIVALIA FRANCE S.A.S.	NON-FINANCIAL	(3,335)	77	(3,206)	(2,999)
	DRIVALIA LEASE FRANCE S.A.	FINANCIAL	21,727	-	20,408	15,774
GERMANY	CA AUTO BANK S.P.A. (GERMAN BRANCH)	BANKING	97,774	229	83,018	57,117
	CA VERSICHERUNGSSERVICE GMBH	NON-FINANCIAL	1,799	13	586	439
	FERRARI FINANCIAL SERVICES GMBH	FINANCIAL	29,063	42	18,359	13,213
GREECE	CA AUTO BANK G.M.B.H. (HELLENIC BRANCH)	BANKING	1,201	41	296	15
	DRIVALIA LEASE HELLAS SM S.A.	NON-FINANCIAL	6,269	7	3,942	2,830
	CA AUTO INSURANCE HELLAS S.A.	NON-FINANCIAL	429	-	360	279
IRELAND	CA AUTO BANK S.P.A. (IRISH BRANCH)	BANKING	88	2	(556)	(489)
	CA AUTO REINSURANCE DAC	NON-FINANCIAL	10,784	3	8,641	7,495
	DRIVALIA LEASE IRELAND LTD	NON-FINANCIAL	(1,850)	80	8,672	7,597
ITALY	CA AUTO BANK S.P.A.	BANKING	252,270	465	346,847	282,148
	DRIVALIA S.P.A.	NON-FINANCIAL	25,089	110	88,661	84,076

MOROCCO	DRIVALIA LEASE ESPAÑA S.A.U. (MOROCCAN BRANCH)	FINANCIAL	1,364	3	716	386
NORWAY	CA AUTO FINANCE NORGE AS	FINANCIAL	76	1	(519)	(395)
	DRIVALIA LEASE NORGE AS	NON-FINANCIAL	(4,903)	64	1,193	1,353
THE NETHERLANDS	CA AUTO FINANCE NEDERLAND B.V.	FINANCIAL	5,385	33	964	729
	FINDIO N.V.	FINANCIAL	8,146	16	1,620	1,216
	DRIVALIA LEASE NEDERLAND B.V.	NON-FINANCIAL	(2)	1	(159)	(129)
POLAND	CA AUTO BANK S.P.A. (POLSKA BRANCH)	BANKS	10,906	46	7,872	6,348
	DRIVALIA LEASE POLSKA SP Z O.O.	FINANCIAL	859	2	(351)	(287)
PORTUGAL	CA AUTO BANK S.P.A. (PORTUGUESE BRANCH)	BANKS	8,781	44	5,508	4,080
	DRIVALIA PORTUGAL S.A.	NON-FINANCIAL	(2,884)	38	966	593
UNITED KINGDOM	CA AUTO FINANCE UK LTD.	FINANCIAL	47,551	143	24,073	18,416
	DRIVALIA LEASE UK LTD.	FINANCIAL	4,476	5	33,142	25,303
	DRIVALIA UK LTD	NON-FINANCIAL	(1,276)	90	7,177	5,941
SPAIN	CA AUTO BANK S.P.A. (SPANISH BRANCH)	BANKING	33,494	86	38,576	26,997
	DRIVALIA LEASE ESPAÑA S.A.U.	FINANCIAL	8,435	-	14,268	10,689
	DRIVALIA ESPAÑA S.L.U.	NON-FINANCIAL	(1,233)	76	1,701	1,275
SWEDEN	CA AUTO FINANCE SVERIGE AB	FINANCIAL	570	1	(1,016)	(792)
SWITZERLAND	CA AUTO FINANCE SUISSE SA	FINANCIAL	17,676	51	9,197	7,302
Total Group companies			618,943	2,289	757,262	600,113
Consolidation adjustments			(60,651)		(203,209)	(199,907)
Group total			558,292		554,053	400,206

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31st, 2023

CA Auto Bank S.p.A.

Registered office in Turin, Corso Orbassano 367
Share capital 700,000,000 Euro fully paid-up
Turin Companies Register no. 08349560014
Registered in the Bank Register as no. 5764
Parent company of "CA Auto Bank" Banking Group,
entered in the Italian Register of Banking Groups code 3445
Single Shareholder CA Consumer Finance S.A.

Report of the Board of Statutory Auditors on the fiscal year ended December 31st, 2023 pursuant to art. 2429, paragraph 2, of Italian Civil Code

To the Shareholders' general meeting of CA Auto Bank S.p.A.

The duties of the Board of Statutory Auditors are mainly ruled by the Articles of Association, the Italian Civil Code, Legislative Decree no. 39/2010, Legislative Decree no. 385/1993 and the Regulatory Provisions issued by the competent Supervisory Authorities. During fiscal year 2023, the Board of Statutory Auditors carried out the oversight activities required by the aforementioned regulatory provisions, also taking into account the Rules of Conduct for Statutory Auditors issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC), the governing body of the Italian accounting profession.

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

1. RESULTS OF THE YEAR

The Financial Statements as of December 31st 2023 show Eur 475 million of operating income, Eur 501 million of total profit before tax, and Eur 388 million of net profit. Equity as of December 31st 2023 amounts to Eur 2,499 million; own funds amount to Eur 2,696 million, reflecting a *total capital ratio* of 17.15%.

2. THE ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

The considerations illustrated below are made having regard to the manner in which the Board of Statutory Auditors fulfilled its duties, and taking into account the guidelines issued by the Supervisory Authority and the Rules of Conduct for the Board of Statutory Auditors issued by the CNDCEC.

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

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

The reorganisation of the ownership structure

On April 3rd 2023, following the acquisition by CA Consumer Finance S.A., formerly holding 50% of FCA Bank S.p.A.'s shares, of the remaining 50% of shares, FCA Bank S.p.A. became a single-shareholder company and changed its name to "CA Auto Bank S.p.A."

Moreover, in 2023 the following corporate name changes occurred: on April 3rd 2023, CA Auto Finance UK Ltd. (formerly FCA Automotive Services UK Ltd), CA Auto Finance Nederland B.V. (formerly FCA Capital Nederland B.V.), CA Auto Insurance Hellas S.A. (formerly FCA Insurance Hellas S.A.), CA Auto Finance Norge AS (formerly FCA Capital Norge AS), CA Auto Finance Danmark A/S Filial I Finland (formerly FCA Capital Danmark A/S, Filial I Finland); on April 4th 2023 CA Auto Finance Sverige AB (formerly FCA Capital Sverige AB); April 5th 2023, CA Auto Reinsurance Da (formerly FCA Capital RE Dac); on April 17th 2023, CA Auto Finance Suisse SA (formerly FCA Capital Suisse SA).

Other major operations

On February 1st, 2023, CA Auto Finance Nederland B.V. acquired Findio N.V.'s entire share capital from Crédit Agricole Consumer Finance Nederland B.V. At the end of December (with retroactive effect to January 1st 2023 for accounting and tax purposes only) Findio N.V. was merged by incorporation into CA Auto Finance Nederland B.V.

On August 1st, Drivalia S.p.A. acquired all third parties' shares in the following companies: Drivalia Lease Norge AS (formerly ALD Automotive AS), Drivalia Lease Ireland Ltd. (Formerly Merrion Fleet Management Ltd), Drivalia Lease Czech Republic (formerly LeasePlan Ceská Republika s.r.o.) holding 100% of Fleet Insurance Plan s.r.o.'s share capital, as well as 100% of Drivalia Lease Finland Oy's (formerly LeasePlan Finland Oy) share capital.

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

During the year, we obtained adequate information on intercompany and related party transactions. These transactions are adequately described in the Report on Operations and in the Notes to the Financial Statements, in compliance with the provisions of Article 2428, paragraph 3 of the Italian Civil Code. To that end, we acknowledge their compliance with the law and the Articles of Association, their correspondence with the company's interests, as well as the absence of any situations that require further consideration or comment on our part.
We are not aware of any atypical or unusual transactions with related parties or third parties.

2.3 Observations on the Independent Auditor's report on the audit of the Financial Statements

The audit of Financial Statements is carried out by PricewaterhouseCoopers S.p.A.

The Independent Auditor, with whom we have maintained continuous contact, has reported to us about the audit work carried out, that it did not identify uncertainties about the Company's and the Group's ability to continue as a going concern, and that it did not encounter difficulties relating to the disclosure of the information necessary for the audit activities.
We have read the report issued by the Independent Auditor on March 18th, 2024 in accordance with article 14, Legislative Decree no. 39 of January 27th 2010, and article 10 of Regulation (EU) no. 537/2014, pertaining the audit of the Financial Statements as of December 31st 2023; in this regard, we note that the Independent Auditor expresses an unmodified opinion, and that the key audit matter regards the measurement of loans to customers carried at amortised cost.

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

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

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

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

2.6 Indication of any additional services rendered by the Independent Auditor

We acknowledge that the Independent Auditor and the network to which it belongs provided services in addition to the independent audits of the Financial Statements and Consolidated Financial Statements as of December 31st, 2023, mainly in relation to the performance of agreed procedures concerning assurance services connected with the audit and non-audit services authorized by us. Information on these activities is provided in the Notes to the Financial Statements.

The Independent Auditor declared that it did not provide any prohibited non-audit services referred to in article 5, paragraph 1, Regulation (EU) 537/2014 and that it remained independent of the Company in conducting the statutory audit.

2.7 Indication of the existence of opinions issued in accordance with the Law during the year

During the year, the Board of Statutory Auditors has issued its opinion on several matters, including: ICAAP and ILAAP reports, reports of the Control Functions, Anti-Money Laundering Report for Year 2022, Annual report on the review of outsourced essential or important functions.

2.8 Frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors

The Board of Statutory Auditors attended all meetings of the Board of Directors obtaining, in keeping with article 2381, paragraph 5, of the Italian Civil Code and the Articles of Association, timely and adequate information on the general performance of operations and on the outlook, as well as on the most significant transactions, in terms of size or characteristics carried out by the Bank. In particular, the decision-making process of the Board of Directors appeared to us to be inspired by respect for the fundamental principle of acting in an informed manner.

The Board of Statutory Auditors attended the General Meetings of Shareholders held on April 3rd 2023 and June 1st 2023, and the Extraordinary Meeting held on March 27th 2023.

We carried out audits and checks, performing the oversight activity required by law, through 33 meetings maintaining constant and adequate liaison with the *Internal Audit*, *Risk & Permanent Control* and *Compliance & Supervisory Relations* departments and periodically meeting with the Managers of the various Organizational Units and the Independent Auditor.

The Board of Statutory Auditors interacted with the Board Committees. As a non-voting member, the Chairman of the Board of Statutory Auditors, or a member of the same Board, attended all 11 meetings of the Risk & Audit Committee.

2.9 Observations on compliance with proper administration principles

We obtained knowledge of and oversaw, to the extent of our responsibility, compliance with the fundamental criterion of sound and prudent management of the Bank and with the more general principle of diligence, all on the basis of our participation in Board of Directors' meetings, of the documentation examined and of the timely information received from the various departments regarding the transactions implemented by the Bank, as well as through regular meetings organized with Top Management, Managers, Control Functions, Supervisory Board, and Top Management and the Board of Statutory Auditors of Drivalia S.p.A.

The information received enabled the Board of Statutory Auditors to ascertain that the actions decided upon and implemented were in compliance with the law and the Company's Articles of Association, and that they were not manifestly imprudent or risky.

We determined that the Bank has adopted an appropriate risk control and management policy, which is described in detail in the report on operations.

We ascertained, with the help of the *Compliance & Supervisory Relations* department and periodic meetings with the various corporate departments involved, the substantial adequacy of the training activities on Anti-Money Laundering and Countering the Financing of Terrorism and on the procedures in place for identifying suspicious transactions in compliance with Legislative Decree no. 231/2007.

We monitored the points of attention highlighted by the *Internal Audit*, *Risk & Permanent Control* and *Compliance* departments, as part of their activities, and the relative actions planned to correct the anomalies found. We oversaw the filing of the periodical statistical reports to the Bank of Italy.

We expressed, to the extent of our responsibility, an opinion on the overall adequacy of the process put in place by the Company to meet the regulatory requirements for ICAAP, as indicated in our report of April 28th 2023.

Lastly, in line with the Bank of Italy's regulation issued on of March 26th, 2019, as emended on August 1st 2023, which attributes to the Board of Statutory Auditors the task of monitoring compliance with regulations and the completeness, functionality and adequacy of the anti-money laundering system, we confirm that we found suitable the procedures adopted by the Company for customer due diligence, for recording and storing information and for reporting suspicious transactions.

2.10 Observations on the adequacy of the organisational structure

We oversaw the appropriate definition of delegated powers and closely monitored the changes undertaken in the Bank's organizational structure to ensure its adequacy, as well as the functioning of the Board Committees such as the Risk & Audit Committee, the Nomination Committee and the Remuneration Committee.

We verified the effectiveness of the Supervisory Board's monitoring of the adequacy, observance and update of the Organizational Model for the purposes of preventing the crimes referred to Legislative Decree no. 231/2001.

2.11 Observations on the adequacy of the internal control system

We oversaw the internal control system.

On our part, we deem the *Internal Audit*, *Risk & Permanent Control* and *Compliance & Supervisory Relations* departments meet the requirements of competence, autonomy and independence and that, together with the other bodies and departments to which a control function is assigned, they cooperate with one another by exchanging all useful information for the completion of their respective tasks.

2.12 Observations on the adequacy of the administrative and accounting system and the reliability of the latter to correctly report the Company's transactions

We checked, to the extent of our responsibility, the reliability of the administrative and accounting system and its fitness in correctly capturing and presenting transactions, both through receiving information from the heads of the various departments and periodic meetings with the

Independent Auditor and analyses of the results of their work.

2.13 Concluding remarks on the oversight activity carried out, as well as on any omissions, reprehensible events and irregularities found out during the activity

We acknowledge that our oversight activities were carried out in the normal course of business during the year and that no significant events emerged such as to require disclosure in this report.

3. INTERNAL CONTROL AND AUDIT COMMITTEE PUSUANT ART. 19 OF LEGISLATIVE DECREE no. 39/2010

With regard to the role as internal control and audit committee, assigned to the Board of Statutory Auditors by article 19 of Legislative Decree no. 39/2010, we specify that the Independent Auditor submitted to the Committee the following documentation – that had been subject to analysis:

- the reports in accordance with article 14, Legislative Decree January 27th 2010 no. 39, and article 10, Regulation (EU) no. 537/2014, pertaining the audit of the Financial Statements and the Consolidated Financial Statements as of December 31st 2023. Those reports attest that the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position and of the results of its operations and cash flows as of December 31st 2023;
- the additional report pursuant to article 11 of Regulation (EU) no. 537/2014, which does not reveal any critical issues or significant deficiencies;
- the annual confirmation of independence in compliance with Article 6(2)(a) of Regulation (EU) no. 537/2014 and paragraph 17 of International Standard on Auditing (ISA Italy) 260;
- the transparency report referred to in the first paragraph of article 13 of Regulation (EU) no. 537/2014, as of June 30th, 2023.

As members of the Committee, we have also:

- monitored the financial reporting process;
- checked the effectiveness of the internal control and risk management and internal audit systems, as regards financial reporting;
- monitored the independent audit of the Financial Statements and the Consolidated Financial Statements;
- verified the independence of the external auditors, especially as regards the adequacy of the provision of non-audit services.

Our supervisory activities did not give rise to any significant facts worthy of mention.

4. OBSERVATIONS AND PROPOSALS REGARDING THE FINANCIAL STATEMENTS AND THEIR APPROVAL

4.1 Financial Statements

With regard to the check that the accounts are properly kept and that the transactions are correctly entered in the accounting records, as well as the checks that the information in the Financial Statements is consistent with the accounting records and that the Financial Statements comply with the law, it should be noted that these tasks are entrusted to the Independent Auditor. On our part, we oversaw the general approach to the preparation of the Financial Statements.

In particular, having first ascertained, through meetings with the heads of the departments concerned and with the Independent Auditor, the adequacy of the administrative and accounting system to incorporate and correctly present transactions and to translate them into reliable data systems for external reporting, we acknowledge that:

- the Financial Statements have been prepared in accordance with the formats laid down in Legislative Decree no. 38 of February 28th, 2005, regarding the adoption of international accounting standards (IAS/IFRS) and in compliance with Bank of Italy Circular no. 262 of

December 22nd 2005, 8th update of November 17th, 2022;
- the Financial Statements reflect the facts and information of which we became aware following our participation in the meetings of the Governing Bodies, which enabled us to obtain adequate information on the transactions with the greatest impact on the Company's operating results, financial condition and cash flows.

We confirm that there were no departures from the accounting policies due to exceptional circumstances.

We determined that the report on operations complies with current legislation, as well as with the resolutions adopted by the Board of Directors and the information available to the Board of Statutory Auditors; we believe that the information provided is consistent with the relevant provisions and provides a true, fair and comprehensive view of the Bank's situation, the performance and results of operations, as well as an indication of the main risks to which the Bank is exposed.

4.2 Consolidated Financial Statements

As a result of the amendments to article 41 of Legislative Decree no. 127/91, which made it non-compulsory for the Board of Statutory Auditors, as opposed to the Independent Auditor, to draw up the report on the consolidated financial statements, we acknowledge, though solely for the purpose of providing greater disclosure to the shareholder and third parties, that the Bank has prepared the Consolidated Financial Statements in accordance with the instructions set out in Bank of Italy Circular no. 262 of December 22nd 2005, 8th update of November 17th, 2022, which govern the formats and rules for banks, based on international accounting standards (IAS/IFRS), as illustrated in the Notes to the Consolidated Financial Statements.

We verified the formation of the scope of consolidation and the coincidence of the reporting dates of the financial statements of the companies included in such scope.

The accounting standards and policies are consistent with those used in the previous year, with exception of such standards effective from January 1st, 2023, (IFRS 17) or emended for annual reporting periods beginning on or after that time.

The financial statements provided by the subsidiaries to the Parent Company for the purpose of consolidation have been examined by the bodies and/or individuals responsible for the control of the individual companies, in accordance with the applicable laws, and by the Independent Auditor as part of the procedures followed to audit the Consolidated Financial Statements.

As a result of the adoption of IAS/IFRS (in particular IFRS 10 and IFRS 12), the scope of consolidation also includes the special purpose entities involved in the securitization of receivables which, while not being directly owned by CA Auto Bank S.p.A., meet the requirements of effective control.

The scope of consolidation illustrated in the Notes to the Consolidated Financial Statements contains a list of the companies included in it as of December 31st 2023. There is a total of 38 such companies (inclusive of the consolidating company and 7 securitization vehicles), including CA Auto Bank GmbH (Austria), a 50%-held Subsidiary and Ferrari Financial Services GmbH, a 50.0001%-held Subsidiary.

The amount of consolidated equity and net profit attributable to non-controlling interests have been recorded in the Consolidated Financial Statements under Equity attributable to non-controlling interests and Minority portion of net income of the year, respectively. Total equity amounts to Eur 3,031 million, and consolidated net profit for the year amounts to Eur 400 million.

As well known, the preparation of the Consolidated Financial Statements is the responsibility of the company's Board of Directors. On the other hand, it is the responsibility of the Independent Auditor, PricewaterhouseCoopers S.p.A., to express a professional opinion on the Consolidated Financial Statements, based on their audit. This opinion was issued on March 18th 2024 and expresses an unmodified opinion.

On the basis of the reviews carried out, as well as the information provided by the Independent Auditor, we believe that the definition of the scope of consolidation, the choice of consolidation methods and the procedures followed in applying them have made it possible to present the financial and capital structure and significant profit and loss items with adequate clarity, in light of the layouts of the Statement of Financial Position and Income Statement required by the relevant legislation.

The Report on Operations and the Notes to the Consolidated Financial Statements provide information regarding the consolidated companies, their operating performance and financial position, as well as clarifications regarding assets and liabilities, to provide a comprehensive and clear picture of the situation. Information is also provided, as in the Financial Statements, on the main risks and uncertainties to which the Bank is exposed and on capital adequacy, as required by the third pillar of Basel II.

The Notes to the Consolidated Financial Statements clearly illustrate the accounting policies adopted in determining the results of operations and financial position; they adequately indicate the composition of and changes in the assets and liabilities and in the items in the income statement and anything else required by current regulations.

The application of these criteria, absent any reason for departures, has made it possible to correctly draw out a global representation of consolidated and financial position, along with consolidated results.

***

As stated in the Report on Operations, in compliance with Article 6, paragraph 2, of Legislative Decree no. 254 of December 30th 2016, which implements European Directive 2014/95/EU on the Non-Financial Statement, the Directors have taken advantage of the exemption granted by the aforementioned Article, as the Non-Financial Statement is published by the ultimate parent company Credit Agricole S.A.

4.3 Proposals pertaining the approval of the Financial Statements

Considering the information acquired through its oversight activities and the results of the audit carried out by the Independent Auditor PricewaterhouseCoopers S.p.A., as described in the Independent Auditor's report in accordance with article 14, Legislative Decree no. 39 of January 27th 2010, and article 10, Regulation (EU) no. 537/2014, the Board of Statutory Auditors does not have any further comments or proposals with regard to the Financial Statements as of December 31st 2023, finds no reasons to oppose to the approval by the Shareholders' General Meeting, and agrees on the proposal formulated by the Board of Directors regarding the allocation of net profit for the year.

* * * * *

This unofficial English language courtesy translation of the original Italian language report of the Board of Statutory Auditors of CA Auto Bank S.p.A. pursuant to article 2429, paragraph 2, of the Italian civil code, dated March 18th 2024, is for information purposes only and should not be relied upon. In case of any inconsistency between the two versions, the original Italian version shall prevail.

Turin, 18 March 2024

Maria Ludovica Giovanardi, President of the Board

Vincenzo Maurizio Dispinzeri, Standing Statutory Auditor

Mauro Ranalli, Standing Statutory Auditor

INDIPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31st, 2023

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholder of CA Auto Bank SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of CA Auto Bank Group (the "Group"), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of CA Auto Bank SpA (the "Company" or "Bank") pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*

Measurement of loans to customers carried at amortised cost

Notes to the consolidated financial statements:
Part A – Accounting policies
Part B – Information on the consolidated balance sheet, Assets, Section 4
Part C – Information on the consolidated income statement - Section 8
Part E - Information on risk and related risk management policies

As of 31 December 2023 'Loans and advances to customers' were equal to Euro 24,596.1 million, corresponding to 79 per cent of total assets in the consolidated financial statements.
Net value adjustments to loans to customers recognised in the year were equal to Euro 87,3 million and reflect the directors' best estimate of expected losses on the loan portfolio at the reporting date, based on the applicable financial reporting standards.

Estimation processes for loans to customers involve a high degree of judgement and the use of relevant assumptions when verifying the significant increase in credit risk ("SICR"), for allocating portfolios to the various stages of risk ("staging") and when determining the hypotheses and inputs to the models used to determine the expected credit loss ("ECL"). Also the residual portion of loans that are subject to analytical valuation (classified in the third stage) is subject to significant assumptions in estimating expected future cash flows.

For the year under consideration CA Auto Bank Group, in addition to updating the inputs, scenarios and, consequently, risk parameters (PD, LGD), introduced management overlays in order to consider elements that were not suitably reflected in the models used.

In the course of our audit we considered internal control relevant to the preparation of the consolidated financial statements. To address this key audit matter we performed the following main activities, also with the support of experts of the PwC network:

- We analysed the adequacy of the IT environment and verified the operating effectiveness of relevant controls on the systems and software applications used by the Group for evaluating loans;
- We understood and evaluated the design of controls relevant to the lending, monitoring and valuation of loans and verified the operating effectiveness of those controls;
- We analysed critically the tests carried out during the year by the controlling functions, the related findings and the corrective measures taken;
- We understood and verified the appropriateness of the policies, procedures and triggers used in the staging allocation and to measure the SICR, as well as to determine the ECL. We paid special attention to the method used to determine the management overlays applied, and we verified their nature and reasonableness;
- We understood and verified the method used to estimate the key risk parameters used in the models to determine the ECL;
- We verified the correct application of the measurement policies defined for the performing and non-performing loans,
- the completeness and accuracy of the data bases used for the calculation of the ECL, as well as the accuracy of implementation of the algorithms for the calculation of the ECL in the IT systems;
- We carried out portfolio analyses to understand, also through discussion with management, the main changes and

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
In consideration of the materiality of the balance, and of the complexity of the processes and methods applied, we considered the valuation of loans to customers a key matter in our audit of the consolidated financial statements of CA Auto Bank as of 31 December 2023.	related coverage levels by stage compared with the previous year; • We verified, on a sample basis, the reasonableness of the classification of the performing and non-performing loans, on the basis of information on the debtor's status and the trend of collections. With reference to the portion of impaired loans (Stage 3) measured individually, we performed specific analyses, on a sample basis, of the assumptions made with reference to the identification of the estimated realisable cash flows; • We verified the completeness and adequacy of disclosures made by the directors in the notes to the consolidated financial statements in accordance with IFRS and the regulatory framework as well as with communications from Regulatory Authorities.
Measurement and recoverability of the carrying amount of goodwill *Notes to the consolidated financial statements:* *Part A – Accounting policies* *Part B – Information on the consolidated balance sheet, Assets, Section 10* *Part C – Information on the consolidated income statement - Section 19* *Part G – Business combination* In the consolidated financial statements for the year ended 31 December 2023, the Bank reports goodwill of Euro 97.6 million within Intangible Assets (of which EUR 58.3 million were generated during the year as a result of new acquisitions). As a matter of fact, IAS 36 requires the performance, at least annually, of a test to verify whether an indefinite-lived intangible asset has become impaired, by comparing the carrying amount with the recoverable value ("impairment test").	In the course of our audit, to address this key audit matter we performed the following main activities, also with the support of experts of the PwC network: • We understood and evaluated the method and process of performance by the directors of the impairment test; specifically, we analysed critically the method used and the related valuation model (income method) as approved by the board of directors; • We verified the consistency of the valuation method adopted with the provision of the applicable financial reporting standards, also taking into account professional practice; • We discussed with the Bank's management to understand the key assumptions underlying the preparation of projections also in light of developments in the corporate structure;

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The model used for the impairment test, being based on financial projections developed on the basis of assumptions defined by the directors, which also incorporated the effects of foreseeable developments in the Bank's ownership structure, is subject to a high degree of judgement and the financial projections depend also on events outside the control of the directors. Moreover, the models normally adopted for the impairment test purpose, however well-established and recognised in prevailing practice, are extremely sensitive to the inputs and assumptions used and, by their very nature, incorporate a risk of incorrect valuation. In consideration of the intrinsic elements of subjectivity and uncertainty of the estimation process described above, and of the complexity of the methods applied, we considered the measurement and recoverability of goodwill a key matter in our audit of the consolidated financial statements of CA Auto Bank as of 31 December 2023.	• We assessed the reasonableness of the forecasts used to determine the prospective cash flows from the various CGUs and examined critically the reasonableness of the key assumptions used by the directors, also through comparison with external data, where available, of the key quantitative assumptions (cost of capital, discount rate and perpetual growth rate) used to determine the recoverable values of the CGUs; • We assessed the result of the sensitivity analyses performed by the directors for changes in the key inputs used; • We verified the mathematical accuracy of the calculations underlying the valuation model adopted and the accuracy of the resulting calculations; • We verified the completeness and adequacy of disclosures made by the directors in the notes to the consolidated financial statements in accordance with IFRS and the applicable regulatory framework.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the parent company CA Auto Bank SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 25 March 2020, the shareholders of CA Auto Bank SpA in general meeting engaged us to perform the statutory audit of Bank's and the consolidated financial statements for the years ending 31 December 2021 to 31 December 2029.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of CA Auto Bank SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the CA Auto Bank Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the CA Auto Bank Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of CA Auto Bank Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Exemption from the preparation of the non-financial statement

As illustrated in the report on operations, the directors of CA Auto Bank SpA have opted to use the exemption from the preparation of the non-financial statement allowed by article 6, paragraph 2, of Legislative Decree No. 254 of 30 December 2016.

Milan, 18 March 2024

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.
We have not examined the translation of the condensed Consolidated financial statements referred to in this report.