FCA Bank Group

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31st, 2021

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FCA Bank S.p.A.

Registered office: Corso Orbassano, 367 - 10137 Turin – www.fcabankgroup.com - Paid-up Share Capital: Euro 700,000,000 - Company Register Turin Office no. 08349560014 - Tax Code and VAT no. 08349560014 - Italian Register of Banks no. 5764 - Parent Company of "FCA Bank" Banking Group - Registered in the Italian Register of Banking Groups – ABI code 3445 - Italian Single Register of Insurance Brokers (RUI) no. D000164561, Member of the National InterBank Deposit Guarantee Fund.

INTRODUCTION

The Consolidated Financial Statements of the FCA Bank Group for the year-ended December 31st, 2021 have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), in keeping with Bank of Italy's instructions laid down in circular no. 262 of December 22nd, 2005 (7th update of October 29th, 2021 as subsequently supplemented through a communication dated December 21st, 2021 (replacing the previous communication of January 27th, 2021) concerning the impact of Covid-19 and measures to support the economy and amendments to IAS/IFRSs.). The formats and manner of preparation of the accounts are mandated by these rules and standards.

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

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

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

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

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

Key figures

1,046 €/MLN
Net banking income and rental margin
↓
4.19%
On average portfolio

57 €/MLN
Cost of risk
↓
0.23%
On average portfolio

283 €/MLN
Net operating expenses
↓
27.0%
Cost/income ratio

11,736 €/MLN
New retail, leasing and rental/mobility volumes

→ 6,583 €/MLN
of which exFCA brand leasing financing volumes

→ 2,763 €/MLN
of which other brands new retail, leasing

→ 2,390 €/MLN
of which all brands rental/mobility volumes

1.7 MLN
Retail financing and rental/mobility active contracts

→ 1.1 MLN
of which exFCA brands retail financing active contracts portfolio

→ 0.2 MLN
of which other brands retail financing active contracts portfolio

→ 0.4 MLN
of which rental/mobility active contracts

24.8 €/BLN
End of year portfolio

→ 14.3 €/BLN
of which exFCA brands end of year portfolio

→ 5.9 €/BLN
of which other brands end of year portfolio

→ 4.6 €/BLN
of which net value of rental/mobility vehicles

24.9 €/BLN
Average portfolio

→ 14.9 €/BLN
of which exFCA brands average portfolio

→ 6.1 €/BLN
of which other brands average portfolio

→ 3.9 €/BLN
of which net value of rental/mobility vehicles

18.37%

CET 1 Ratio

13.61%

Leverage Ratio

20.33%

Total Capital Ratio

706 €/MLN

Operating Income FCA Bank Group

→ 161 €/MLN
of which Leasys Group

494 €/MLN

Net profit FCA Bank Group

→ 123 €/MLN
of which Leasys Group

18

Countries

2,483

Employees

→ 1,603
FCA Bank Group

880
Leasys Group

376 THOUSAND

Leasys fleet long- and short-term rental and fleet management

→ 27 THOUSAND
of which rental/mobility Leasys Rent S.p.A.

20

Brands

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

Abstract

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THE YEAR AHEAD

Giacomo Carelli – CEO & General Manager

We are now at the end of 2021. While the year was dominated by the continuation of the pandemic and the success of the vaccination campaign, it was also marked by economic recovery and the acceleration of the Green Deal in Europe. Twelve months of profound changes, which translated into as many challenges for the automotive and mobility sector.

These challenges have been at the heart of FCA Bank's work, which was driven by the desire to provide its customers with the tools they need to buy and rent vehicles, deploying significant resources to support the business and invest in the future, as well as to consolidate the role as a Bank for sustainable mobility. Partly because of these efforts, 2021 proved to be an annus mirabilis for the Group, which reached a climax in December with a joint announcement by Stellantis and Crédit Agricole Consumer Finance related to the strategic reorganization of their activities, giving rise to a new and ambitious project.

This will take place in two parallel directions, which will allow us to express our full potential.

On the one hand, the acquisition by CA Consumer Finance of the shares in FCA Bank and Leasys Rent currently held by Stellantis will lead to the creation of a new pan-European player, expected to become one of the leading independent operators in car finance, rental and mobility, thanks to a multi-brand organization already operating in 18 countries, with an international and 100% digital platform.

The new Company, wholly-owned by CA Consumer Finance, will be able to consolidate and develop agreements with the partners currently managed by FCA Bank, as well as to enter into new ones, while continuing to support Stellantis in certain defined geographical areas. In addition, it will be able to pursue new agreements with all market players (suppliers, distribution Groups, dealers, rental companies, etc.) in sectors ranging from automotive to motorcycles, to commercial vehicles, to leisure vehicles and more. The scope of operations defined by CA Consumer Finance will also include vehicle rentals, subscriptions and short- and medium-term mobility activities, managed by Leasys Rent through the over 500 fully-electrified Mobility Stores located in Europe.

On the other hand, Leasys and Free2Move Lease will be merged to give rise to a new pan-European, multi-brand, modern and digital long-term rental Company, owned by Stellantis and CA Consumer Finance. This new operator will target customers, both businesses and individuals, in 10 European countries and is set to be one of the top three players in Europe. Leasys's long-term rental offering will form its basis.

The agreements for these transactions, which are expected to be signed in early 2022, will be implemented by the first half of 2023. What lies ahead is therefore an exciting and challenging future, harbinger of new possibilities and opportunities for success, confirming the excellent work carried out during 2021 to build a solid, innovative and sustainability-oriented business.

Suffice it to think of the debut of Leasys on the capital market, with the placement of a green bond that raised €500 million, to be used for the development of the electric fleet and the fast-charging infrastructure. This is the first time that our Group and Stellantis have carried out such a transaction.

FCA Bank launched new financing solutions for low-emission vehicles, such as GO4xe, a product dedicated to the Jeep PHEV range, which won the international "Best New Finance Solution" award at the last Motor Finance Awards. With Leasys, we have expanded the rental and mobility plans dedicated to hybrid and electric vehicles, bringing some products already successfully tested in Italy to new European markets. In parallel, with Leasys Rent, we opened to the public in Turin, Milan and Rome LeasysGO!, the car-sharing service dedicated to the electric New 500, and in November we launched Be Free Evo, the first long-term car subscription.

Moreover, we are continuing to expand the network of Leasys Mobility Stores. Today we are present in three markets (Italy, France and Spain) with 650 touchpoints and 1,500 charging points, and plan to open new locations in other countries. On the internationalization front, the opening of branches in Austria and Greece has brought to twelve the number of countries in which Leasys is operational. In addition, the acquisitions of Easirent (ER CAPITAL Ltd) in the UK and Sado Rent - Automoveis de Aluguer Sem Condutor in Portugal will allow us to market our short- and medium-term rental solutions in these countries as well.

Accordingly, we will continue our efforts to drive the Group's business on a path of further growth, in Italy as well as in Europe, powered by innovation, digitalization and attention to environmental sustainability, in the interest of our customers and society.

MACROECONOMIC CONTEXT AND FINANCIAL POLICY OF FCA BANK

Luca Caffaro – Chief Financial Officer

After the economic contraction in 2020, 2021 has seen a recovery in the real economy of the eurozone, also thanks to progress on the health front and the resulting easing of restrictive measures. The improvement in the real economy also translated into a generally positive sentiment in the behavior of financial markets, with improved financing conditions in the eurozone.

Given this macroeconomic backdrop, economists agree in their expectations of sustained growth also for 2022, although there is one variable that deserves specific attention, and that is inflation. In 2020 the average inflation for the year in the eurozone fell to 0.3%. Since the beginning of 2021, producer prices have been rising at an increasingly faster pace. Obstacles in the supply chain of raw materials and semi-finished products are being experienced, with the bottleneck in the automotive sector due to a semiconductor shortage deserving a special mention. According to various analysts, the current rise in inflation should be of a largely transitory nature. However, it cannot be ruled out that the phenomenon in question will become structural, prompting the monetary authorities to take action. The Company will continue to monitor developments in this regard, in order to prevent and act in anticipation of any monetary policy interventions that are less accommodating than those witnessed in recent years.

In this context, the FCA Bank Group - in addition to relying on the availability of funding from its Banking partner, Crédit Agricole Consumer Finance, and on the gradual extension of the TLTRO-III monetary policy operations for a further €1,300 billion (collateralized by the A.BA.CO. program and the securitization transactions originated within the FCA Bank Group) - continued to pursue its funding diversification policy.

Specifically, FCA Bank S.p.A. issued, through its Irish branch, around €1.4 billion in bonds, which were taken up by investors through three private placements (for a total amount of €510 million and maturities of between 24 and 30 months) and one public placement (for a total amount of €850 million with a three-year maturity) at the lowest interest rates ever in the history of the FCA Bank Group on the Eurobond market.

In addition, after an absence of around two years, in June 2021 FCA Capital Suisse SA returned to the Swiss financial market with a new bond (guaranteed by FCA Bank), with maturity in December 2024 and a notional amount of 200 million Swiss francs, the highest amount issued by the Group in Switzerland.

Of special interest is the debut on the capital markets of Leasys, a wholly-owned Subsidiary of FCA Bank S.p.A engaged in the rental and mobility sector. In fact, after a two-day virtual road show in which a number of important European investors were met, on July 15th, 2020 the Company completed the successful placement of the Stellantis Group's first green bond, for an amount of €500 million, at a 0.00 percent fixed interest rate and with maturity in July 2024.

The proceeds of the green bond, which attracted orders for €2.3 billion from 129 investors, will be used by Leasys to finance its fleet of electric and plug-in hybrid vehicles, while extending its network of electric charging points, as described in the "green bond framework" certified by Sustainalytics.

The combination of these activities, accompanied by the renewal of existing lines and the finalization of new Bank lines for approximately €2.4 billion, as well as the net increase of approximately €800 million in deposits from the public in Italy and Germany (which brought the total amount of deposits at December 31st, 2021 to approximately €2.3 billion), secured the resources needed to finance the Group's activities, in a context of progressive reduction of borrowing requirements, which made it possible to further improve the cost of funds and, consequently, Banking margins.

Highlights

BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND EXTERNAL AUDITORS

Board of Directors

Chairman
Stéphane Priami

CEO & General Manager
Giacomo Carelli

Directors
Richard Bouligny

Paola De Vincentiis*

Andrea Faina

Andrea Giorio*

Olivier Guilhamon

Davide Mele

Valérie Wanquet

Philippe De Rovira[1]

Board of Statutory Auditors

Chairman
Valter Cantino

Statutory auditors
Vincenzo Maurizio Dispinzeri

Maria Ludovica Giovanardi

Alternate Statutory Auditors
Luigi Matta[2]

Francesca Pasqualin

External Auditors

PricewaterhouseCoopers S.p.A.

*independent directors
[1]appointed on June 26th, 2021
[2]appointed on November 2nd, 2021

FCA BANK GROUP – PRESENTATION AND MILESTONES

FCA Bank S.p.A. is an equally held joint venture between FCA Italy S.p.A. (a Fiat Chrysler Automobile Group Company) and CA Consumer Finance S.A. (a Crédit Agricole Group Company) established in December 2006 to provide financial and rental services in Europe.

FCA Bank operates in 17 European markets and in Morocco and acts as the partner of reference for Fiat Chrysler Automobiles brands (Fiat, Lancia, Alfa Romeo, Fiat Professional, Abarth, Maserati, Chrysler and Jeep®) for the prestigious manufacturers Ferrari, Jaguar Land Rover and the Erwin Group, Europe's largest manufacturer of motorhomes and campervans.
SAVA, from which the FCA BANK Group was born, began operating as a support in the automotive sector in 1925, in Italy and in Europe.

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

- the creation of Leasys, which took place in 2010 as a result of the merger of Savarent - a Fiat Group Company founded in 1995 - with Leasys - an equally-held joint venture between Fiat and Enel founded in 2001. In 2006, both Leasys and Savarent became part of the joint venture between Fiat and Crédit Agricole (FGA Capital, now FCA Bank), which made it possible to develop the long-term rental business, first in Italy and then in Europe (with an internationalization process started in 2017). In 2018, Leasys entered the short-term rental market through the acquisition of Win Rent (later to become Leasys Rent) and, subsequently, of 4 short-term rental companies in France, Spain, United Kingdom and Portugal. Over the last 2 years, through the creation of the Leasys Mobility Stores and their electrification, the Group has also created "LeasysGO!", a car-sharing service operated solely with electric Fiat 500s;
- the transformation into a Bank, which took place on January 16th, 2015, led to the creation of FCA Bank S.p.A., which, by obtaining a Banking license in Italy, became the Parent Company of an international Banking Group operational in 18 countries. This has enabled the Group to reinforce and optimize its funding strategy, based on the diversification of funding sources.

The most recent events may initiate a further process of transformation of the FCA Bank Group.

In fact, on December 17th, 2021, Stellantis N.V. announced that it has entered into exclusive negotiations with BNP Paribas Personal Finance ("BNPP PF"), Crédit Agricole Consumer Finance ("CACF") and Santander Consumer Finance ("SCF") to enhance the current financing offering in Europe.

Specifically, the industrial shareholder intends to create a multi-brand operating leasing Company with the combination of the Leasys and F2ML businesses, in which Stellantis and CACF each hold a 50% stake, and to reorganize its financing activities through JVs set up with BNPP PF or SCF in each country to manage the financing operations for all Stellantis brands.

Accordingly:

1. CACF will purchase 50% of the shares of FCA Bank and Leasys Rent currently owned by Stellantis, with the understanding that these entities would continue to conduct their financing activities primarily under existing and future White Label Agreements;

2. BNPP PF and SCF will carry out financing activities through JVs with Stellantis in various European countries in order to become exclusive partners of Stellantis for financing activities.

The relevant agreements are expected to be signed during 2022 upon completion of the information and consultation procedures with staff representative bodies in connection with the plan.

The proposed transactions will be completed in the first half of 2023, once the necessary authorization has been obtained from the relevant antitrust and market regulatory authorities.

PROFILE OF THE FCA BANK GROUP

Stellantis N.V.

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

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

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

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

Crédit Agricole Consumer Finance

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

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

With managed outstanding of €92.5 billion at December 31st, 2021, Crédit Agricole Consumer Finance is a leading player in the consumer credit market. It offers its customers and partners financing solutions that are flexible, responsible and tailored to their needs. With a presence in 17 countries in Europe, as well as in China and Morocco, Crédit Agricole Consumer Finance uses its know-how and expertise to ensure that the customer loyalty policies of its partners, be them vehicle manufacturers, distributors, dealers, Banks or institutional organizations become a commercial success

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

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

CRÉDIT AGRICOLE S.A.

100%

CRÉDIT AGRICOLE CONSUMER FINANCE

50%

FCA BANK

GROUP STRUCTURE

FCA BANK

Banking Group

- FCA Bank S.p.A. (Belgian Branch)
- FCA Bank S.p.A. (French Branch) **(1)**
- FCA Bank S.p.A. (Irish Branch)
- FCA Bank S.p.A. S.A. Oddział w Polsce (Polish Branch)
- FCA Bank S.p.A. (Portugal Branch) **(2)**
- 50% — FCA Bank GmbH (AT) **(3)**
  - FCA Bank GmbH (Hellenic Branch)
- 100% — FCA Capital Suisse S.A. (CH)
- 100% — FCA Bank Deutschland GmbH (DE)
- 100% — FCA Capital Danmark A/S (DK)
  - FCA Capital Danmark A/S (Finland Branch)
  - 100% — FCA Capital Norge AS (NO)
  - 100% — FCA Capital Sverige AB (SE)
- 100% — FCA Capital España EFC S.A. (ES)
- 100% — FCA Dealer Services España S.A. (ES)
  - FCA Dealer Services España S.A. (Morocco Branch)
- 99,99% — FCA Leasing France S.A. (FR) **(4)**
- 100% — FCA Capital Nederland B.V. (NL)
- 100% — FCA Automotive Services UK Ltd (UK)
- 100% — FCA Dealer Services UK Ltd (UK)
- 50% — Ferrari Financial Services GmbH (DE) **(5)**
  - Ferrari Financial Services GmbH (UK Branch)

Other companies

- 100% — Leasys S.p.A. (IT)
  - Leasys S.p.A. (Belgian Branch)
  - Leasys S.p.A. (Danish Branch)
  - Leasys S.p.A. (German Branch)
  - Leasys S.p.A. (Spanish Branch)
  - 100%:
    - Leasys Austria GmbH (AT) **(6)**
    - Leasys France S.A.S. (FR)
    - Leasys Hellas SM S.A. (GR)
    - Leasys Nederland B.V. (NL)
    - Leasys Polska Sp.Zo.o. (PL) **(7)**
    - Leasys Portugal S.A. (PT)
    - Leasys UK Ltd (UK)
    - Leasys Rent Espana S.L.U. (ES)
    - Leasys Rent France S.A.S. (FR)
    - Leasys Rent S.p.A. (IT)
      - 100% — Sado Rent - Automoveis de Aluguer Sem Condutor, S.A (PT) **(8)**
    - Clickar S.r.l. (IT)
    - ER CAPITAL Ltd (UK) **(9)**
- 100% — FCA Insurance Hellas S.A. (GR)
- 100% — FCA Capital RE DAC (IE)
- FCA Versicherungsservice GmbH (DE) **(10)**

Note:

(1) On December 1st, 2021, FCA Capital France S.A. was merged into FCA Bank S.p.A..

(2) Effective December 31st 2021, FCA Capital Portugal I.F.I.C. S.A. was merged into FCA Bank S.p.A..

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

(4) On December 1st, 2021, following the merger by incorporation of FCA Capital France S.A., the participation that FCA Capital France S.A. held in the FCA Leasing France S.A. was transferred to FCA Bank S.p.A..

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

(6) Effective June 8th, 2021, FCA Leasing GmbH changed the company name to Leasys Austria GmbH. The company is still part of the Banking Group.

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

(8) On December 21st, 2021, Leasys Rent S.p.A. acquired 100% of the share capital of Sado Rent – Automoveis de Aluguer Sem Condutor, S.A..

(9) Effective July 23th, 2021, ER CAPITAL Ltd became a 100% subsidiary of Leasys S.p.A..

(10) Effective June 1st, 2021, FCA Versicherungsservice became a 100% subsidiary of FCA Bank Deutschland GmbH.

Legal entity

Branch

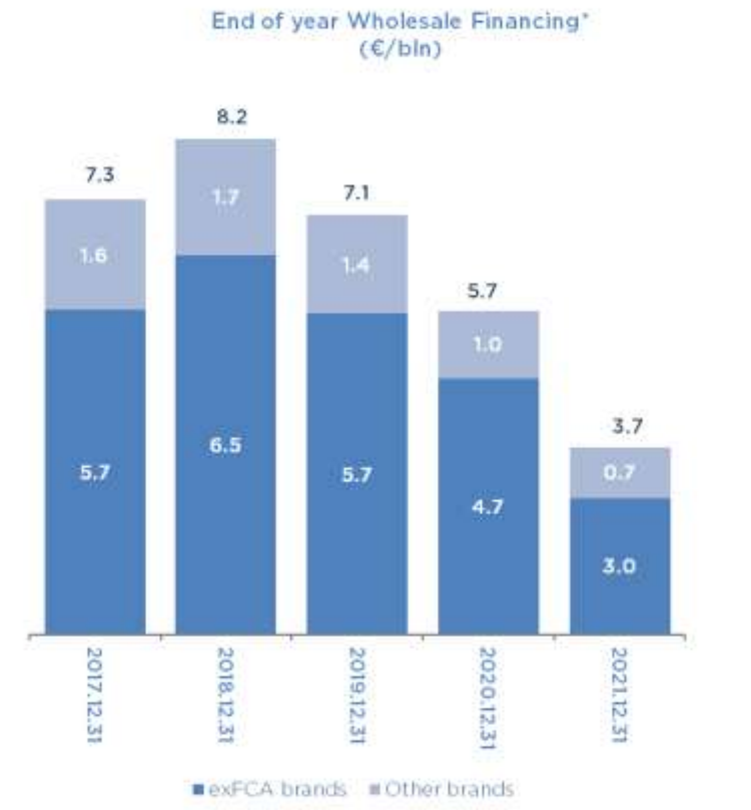
GEOGRAPHICAL FOOTPRINT

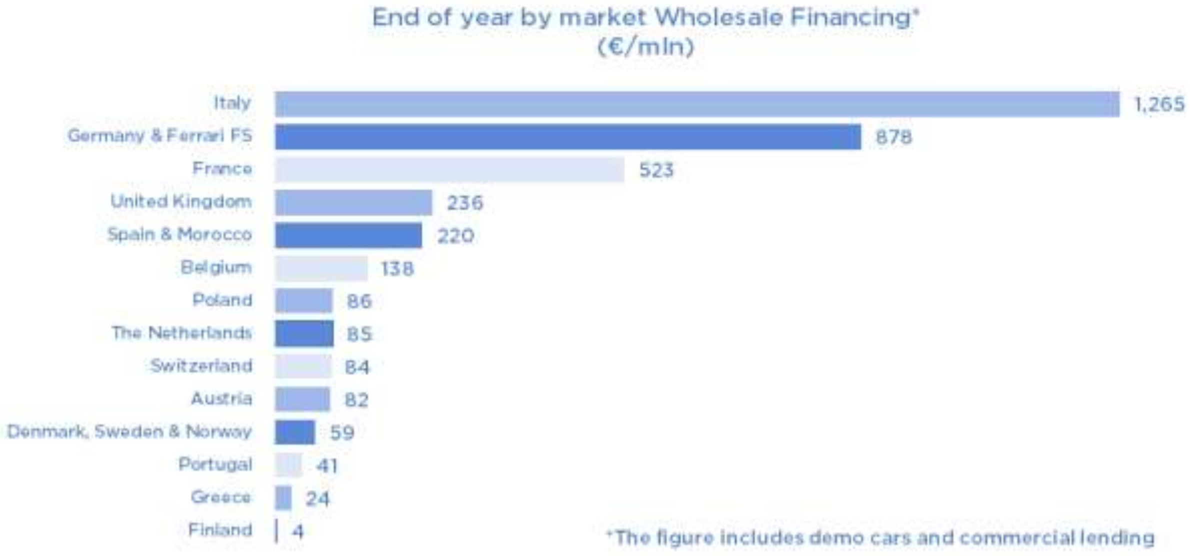
RESULTS OF OPERATIONS

Economic data (€/mln)	12/31/2021	12/31/2020
Net Banking income and rental margin	1,046	993
Net operating expenses	(283)	(279)
Cost of risk	(57)	(68)
Other incomes / (expenses)	(21)	16
Profit before tax	685	663
Net income	**494**	**501**
Outstanding		
Average	24,993	25,535
End of year	24,823	26,168
Ratio		
Net Banking income and Rental margin (on Average Outstanding)	4.19%	3.89%
Cost/Income ratio	27.04%	28.06%
Cost of risk (on Average Outstanding)	0.23%	0.26%
CET1	18.37%	15.43%
Total Capital ratio (TCR)	20.33%	17.21%
Leverage Ratio	13.61%	12.03%

THE BUSINESS LINES

BANKING – WHOLESALE FINANCING





FCA Bank confirmed its financial support for the FCA, Maserati, Ferrari, JLR and Hymer dealer network, also completing the operational roll-out to the Lotus and Pilote network dealers. Continuing the trend of development and diversification of the Bank's wholesale portfolio, a partnership agreement was finalized with the Knaus Tabbert brand, an important manufacturer in the leisure business sector, with Bergè in Sweden (which recently became the local importer of FCA brands), and the foundations were laid for further partnerships that are expected to come to fruition in the first quarter of 2022.

It is also worth mentioning that FCA Bank has concluded agreements with the Opel and FCA dealer network in Greece.

In terms of business performance, outstandings at the end of December remained at €3.725 billion (in sharp decline from €5.474 billion at the end of June 2021 and at the end of December 2020).

Especially during the second half of the year, the very low availability of "semi-conductors" had a major impact on production capacity, contributing significantly to the drop in new financing.

The manufacturers maintained a prudent management of billing flows, increasingly confirming their strategic inclination to satisfy end-customer orders and maintain the stock available to the network at a reasonable level.

Confirming the expectations expressed at the end of 2021, the portfolio's risk performance is still very good. The number of units financed more than 180 days past due remained low for both the FCA network (1,143 units; 2.3%) and the JLR network (443 units; 9.9%), while payment performance remained good for the entire portfolio. Past due amounts accounted for 0.36% of the outstanding portfolio.

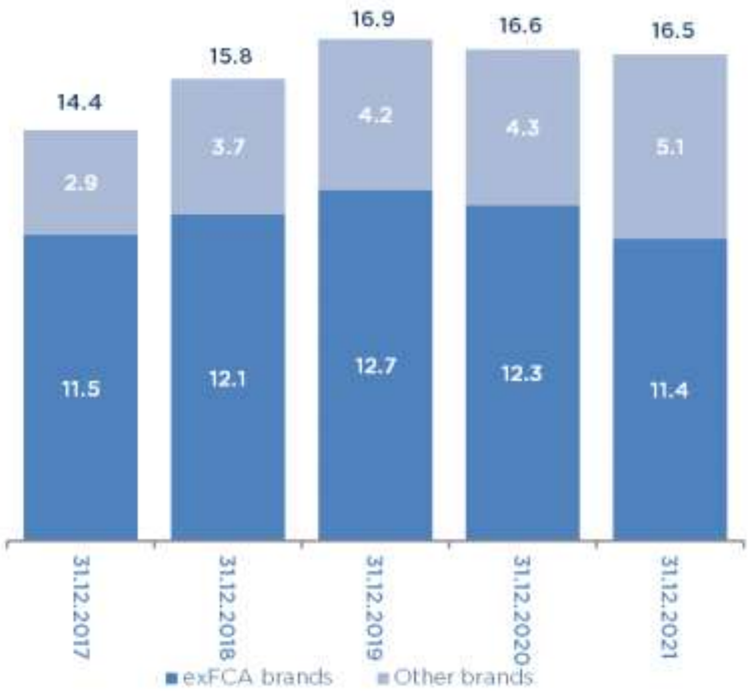
Despite the continuing decline in volumes, the business line nevertheless met the expected result in terms of net Banking income (2.52%) and came in slightly below expectations in terms of operating income (€116 million).

Italy is still the key market which generates volumes that account for 34% of total loans and leases (slightly down from 36% at the end of 2020). Considering the volumes generated in France and Germany, this ratio rose to 72%.

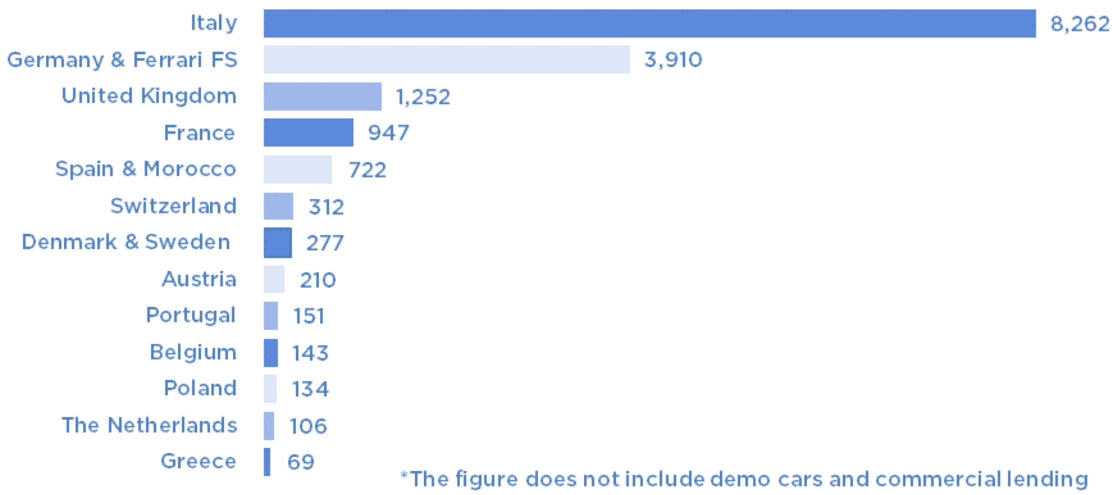

Retail Financing New Originations
(€/mln)
10,660
11,588
11,659
9,109
9,346
2,649
2,997
3,257
2,789
2,763
8,011
8,591
8,402
6,320
6,583
2017.12.31
2018.12.31
2019.12.31
2020.12.31
2021.12.31
exFCA brands
Others brands


New originations in 2021 by market Retail Financing
(€/mln)
Italy 3,618
Germany 1,945
United Kingdom 1,054
France 1,026
Spain 368
Belgium 277
Switzerland 261
Austria 229
Poland 169
Denmark and Sweden 129
Netherland 122
Greece 76
Portugal 72

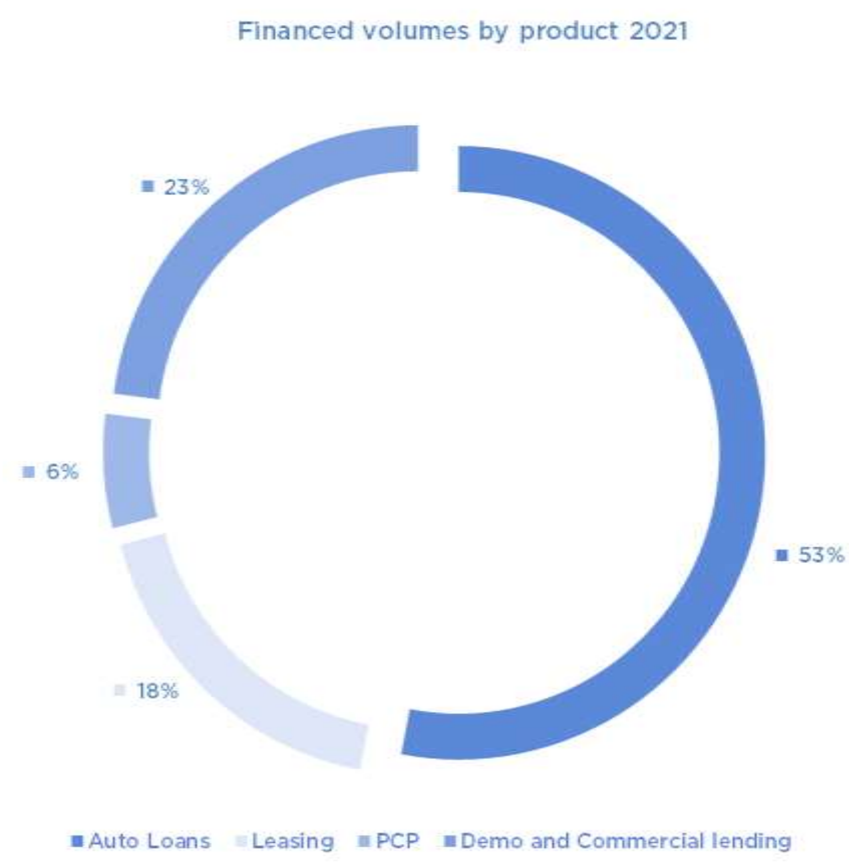
End of year Retail Financing*
(€/bln)



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



*The figure does not include demo cars and commercial lending



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

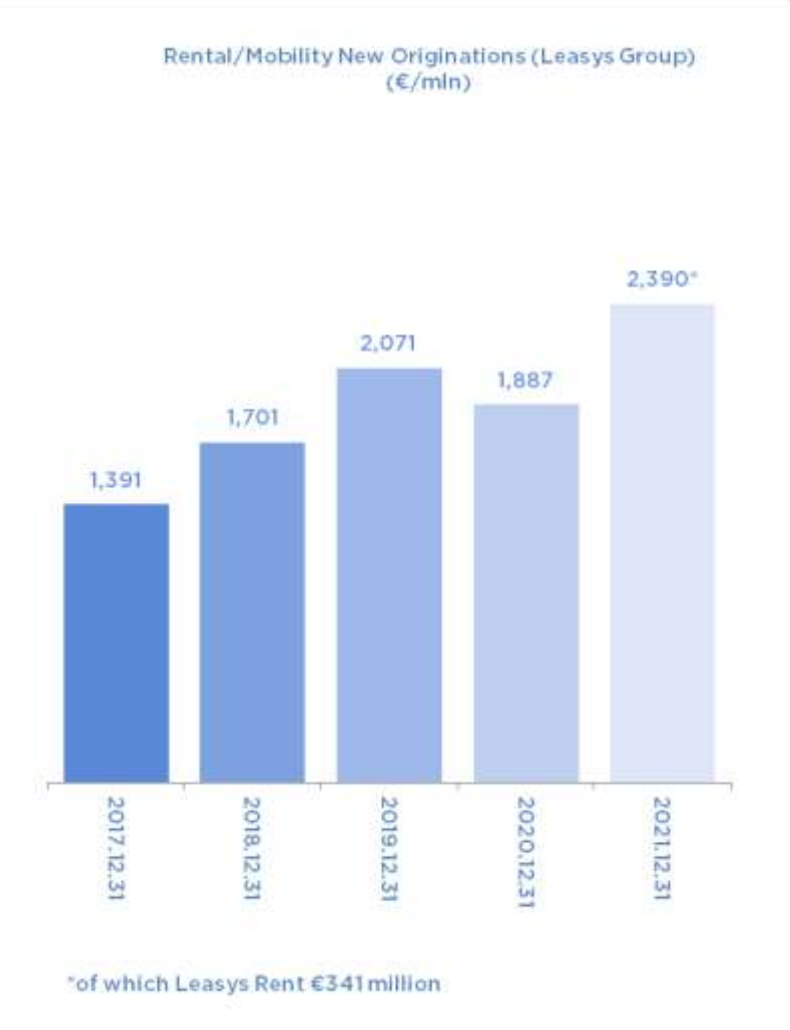
At a time when digitalization is the key to building and maintaining contact with customers, to support sales FCA Bank Group has continued to improve a series of instruments aimed at increasing not only customer satisfaction, but also its loyalty. Moreover, the new e-commerce platform, currently developed in Italy, enables a fully digital self-onboarding process for customers who apply for a personal loan or for a loan to purchase a used car. Lastly, the development of the new CRM tool, Connection, is currently available in Italy. Both will be exported throughout Europe in 2022.

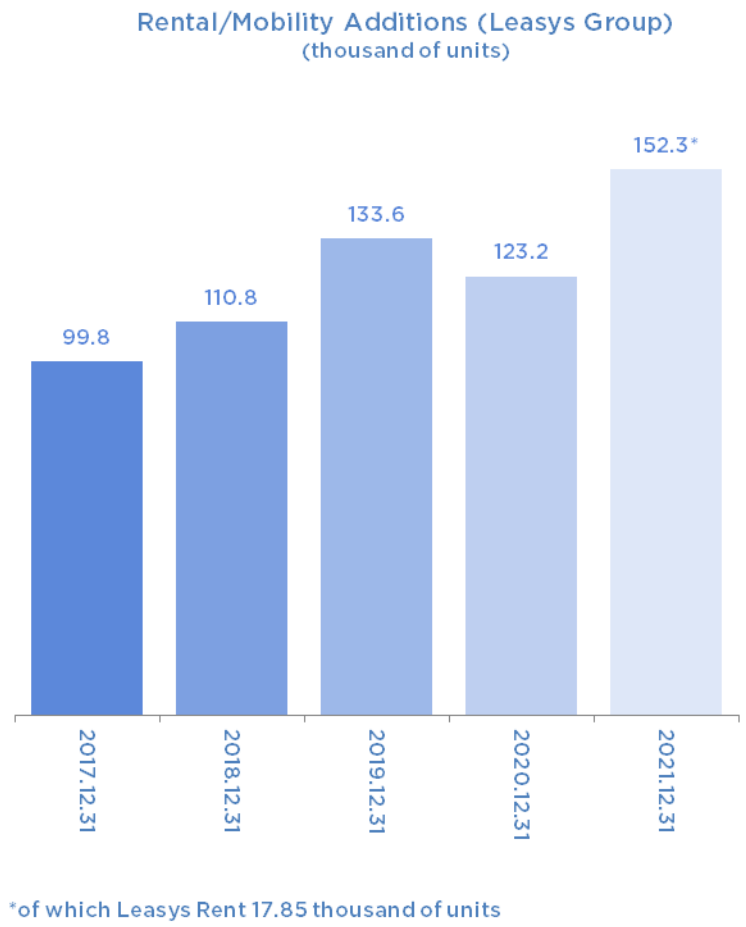
With particular reference to the insurance offer, FCA Bank Group has confirmed its willingness to collaborate with the leading companies in the market, in order to build a complete range of products, ranging from insurance coverage in case of events that personally involve the customer to those dedicated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

The financial and insurance offer converge in a single relationship with the customer, which simplifies and helps the management and payment of the vehicle and services connected to it.

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

RENTAL/MOBILITY





Regarding the Mobility-Rental sector, the FCA Bank Group operates in 12 European countries (Italy, Germany, France, Spain, United Kingdom, the Netherlands, Belgium, Poland, Portugal, Denmark, Greece and Austria) through the Leasys Group.

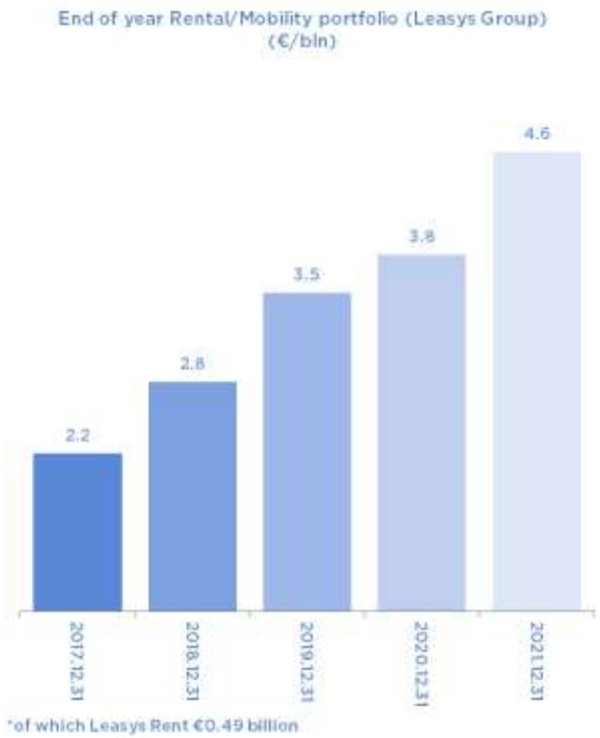
The Leasys Group, through its Leasys Rent operations in five markets (Italy, France, Spain, United Kingdom, Portugal), confirms its ambition to act as a 360-degree mobility pioneer in Europe and achieved two important new milestones with the acquisition of ER CAPITAL LTD in the UK and Sado Rent – Automoveis de Aluguer Sem Condutor, S.A. in Portugal, an effort to firm up its presence in that country and to expand its range of innovative products.

The number of Leasys Mobility Stores keeps growing, during 2021 there were 665 stores across Europe.

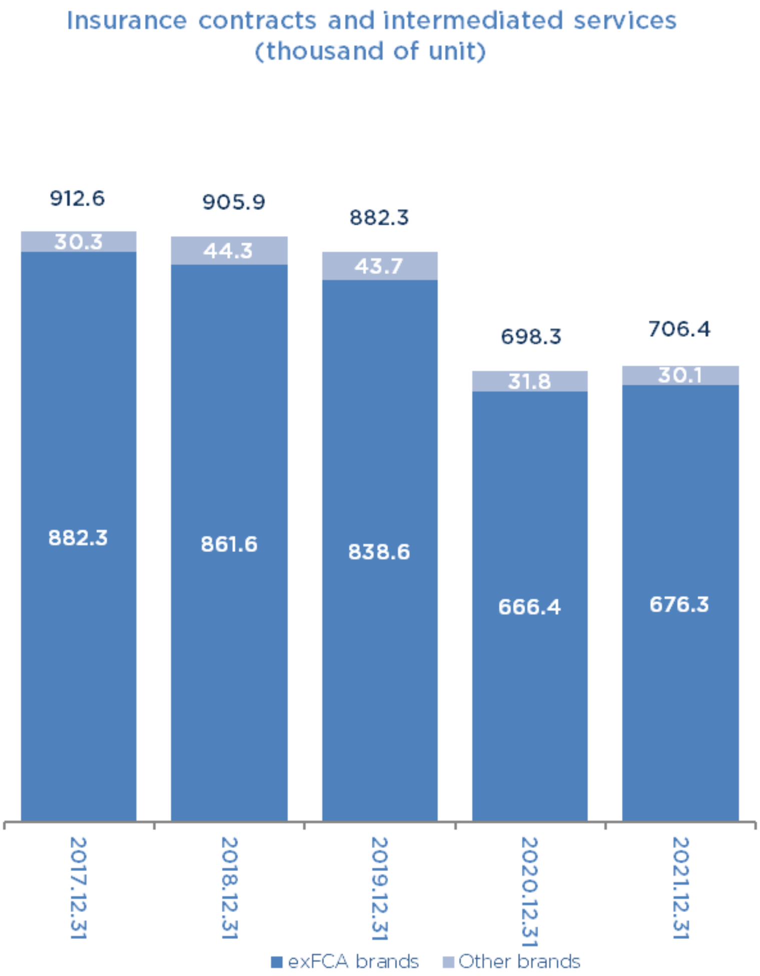
FCA Bank and Leasys confirmed their role as key players in the Italian revolution of electric and sustainable mobility, with plans involving significant investments in infrastructure, fleet and service.

CarCloud (the first mobility subscription service in Italy that allows customers to choose at any time the vehicle that best fits their needs), CarBox (the first on-demand subscription service, designed for occasional use of the vehicle, to be rented only as necessary) reached a total of 30,000 subscribers, with an offering of 12 different formulas.
Also are available rental featuring unlimited kilometrage and charging by Leasys Unlimited, pay-per-use rental by Leasys Miles, and the flexibility of Leasys Be Free, which gives customers the freedom to terminate the contract early without penalty and the right of first refusal for purchases.

Thus, the FCA Bank Group has proved once again its ability to meet the different mobility requirements of all sorts of customers, from large to small and medium companies, to self-employed professionals and individuals.
Sales of off lease cars continue under the Clickar trademark, through the largest online platform in Italy devoted to sector operators and private individuals, where Leasys, during May, launched in Italy the new e-commerce function, which will make it possible to complete the car purchase procedure online in an even simpler and faster manner.



INSURANCE AND SERVICES



FCA Bank Group provides a wide range of credit- and vehicle-protection insurance products and services in connection with financing contracts, which made it possible to sell 2 policies per loan/rental contract in the first half of 2021.

Below, a list of the main insurance services provided in the various European markets is provided:

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

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

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

FCA Bank Deutschland GmbH acquired FCA Versicherungsservice GmbH, a Company engaged in the distribution of insurance policies to be bundled with financing from FCA dealers, especially Motor Insurance and extended warranties, which will allow the growth of the services offered to German customers to continue.

The FCA Bank Group has developed a digital channel for the distribution of insurance policies to its customers, including policies not directly related to the car. The platform, which is accessible from the Italian customer portal, will be rolled out to the main European markets during 2022.

MARKET AND AUTOMOTIVE BRANDS DEVELOPMENT

The car market in Europe (European Union + UK + EFTA) during 2021 registered 12.7 million car and commercial vehicles sold, in line with 2020.

Fca Bank's partners

FCA registered 805 thousand vehicles, achieving 6.6% market share.

Worth noting is the launch of the electric Ducato, which represents the beginning of the electrification process for the Fiat Professional brand.

Production of the New Fiat Professional Scudo and the new Fiat Ulysse will begin soon, with both products available in the traditional and fully electric versions.

In the wake of record global sales, Jeep®, a brand known for its pioneer spirit, made further progress for the environment with the manufacture of the electric versions of such successful models as Wrangler PHEV and Compass MCA PHEV. Sales of the electric New 500 continue.

Against this backdrop, FCA Bank and Leasys continue in their efforts to support the Stellantis Group's strategy of promoting electric and alternative mobility, by offering products and services that make it increasingly easy for customers to choose advanced-fuel vehicles. In particular, September marked the launch of a service combined with financing dedicated to the Jeep Plug-In Hybrid range. Those who decide to finance the purchase will be able to pay in a lump sum for the vehicle, the Wallbox and the service, which includes a year's worth of charging.

Maserati delivered approximately 4,000 vehicles. In 2021, Leasys Miles offerings were launched in Italy, Spain and France. In Italy, the partnership between Leasys Rent S.p.A. and Maserati Car Cloud Collection continues.

In 2021 FCA Bank recorded €2,763 million of financing for business generated by the white label channel, representing 30% of all volumes financed.

Jaguar and Land Rover sold €1,644 million of financed volumes.

FCA Bank launched the Ferrari Financial Services Retail Financing business in Poland and financed a total volume of €668 million in Europe.

The collaboration arrangement with the Erwin Hymer Group generated €120 million in volumes financed.

Cooperation with Aston Martin continues to be good, generating €22.3 million in volumes financed by FCA Bank in 2021.

FCA Bank was heavily involved in the launch of the new Lotus Emira, which will be the last Lotus model with an internal combustion engine. Volumes financed with Lotus are €12.4 million.

FCA Bank also contributed to the promotion of the new Harley-Davidson Pan America motorbike, thus confirming the good collaboration with this manufacturer, which has enabled it to provide financing in the amount of €9.5 million in 2021.

LEASYS'S INNOVATIVE FLEET SOLUTIONS

LAURA MARTINI - Leasys Marketing & Business Development

Customer relations and customer satisfaction have always been fundamental values for Leasys, which works constantly to develop products and solutions that facilitate the management of the individual vehicle or fleet, throughout the term of the contract.

Large companies, in particular, can rely on dedicated consultants who can guarantee proven experience, speed and expertise in proposing mobility solutions tailored to their specific needs. We make available to fleet managers specialized teams which, together with our extensive and highly professional service network, meet promptly any type of requirement, ensuring the maximum operational efficiency of the fleet.

Our investments in digital platforms also go in the same direction. In fact, we have concentrated our efforts on expanding and improving the solutions that we make available to corporate customers, particularly fleet managers and drivers.

Technology investments in 2021 have enabled us to upgrade tools and applications for monitoring and managing the fleets of medium and large companies. The My Leasys portal - which allows fleet managers to monitor their fleets remotely, so as to keep track constantly and in real time of all their vehicles - has introduced new functions that are increasingly intuitive and usable from smartphones and tablets.

Thanks to the portal, which is available in all markets where Leasys operates, fleet managers and drivers can access various services in self-service mode, request online support, find the nearest service center for vehicle maintenance and repair, as well as access information about the contract, useful documents and reports. The new features implemented, for example, make it possible to send accident reports directly from the portal, thus expediting the handling and resolution of problems and guaranteeing the best customer experience.

The I-Share platform for managing corporate car sharing programs has also been completely upgraded to facilitate the use and sharing of Company vehicles, including the new Plug-In Hybrid and full electric vehicles. The service now features state-of-the-art keyless technology, a user-friendly app for drivers and a new website available to fleet managers who can easily manage the sharing fleet.

In view of the transition to electric vehicles, I-Share is the ideal solution to make available to the corporate community new motorization vehicles, a first step towards a more environment-friendly fleet.

FCA BANK STANDS BY CONSUMERS IN THE NEW AGE OF MOBILITY

DANIELA BERIAVA – Wholesale Financing

(in the current role since July 2nd, 2021)

After a 2020 marked by the Covid emergency, in 2021 the automotive sector was heavily impacted by delays in the supply chain of raw materials, particularly semiconductors, which in turn caused production and deliveries to lag behind for many months. The semiconductor crisis, with the consequent product shortage, has prompted many buyers to turn to second-hand vehicles, already available on the market, thereby boosting the used-car trade.

Also in 2021, worthy of note is Stellantis's decision to reorganize its distribution network in view of the introduction of new rules for the category (Block Exemption Regulation).

In this context characterized by rapid changes, new distribution methods and new trends in consumer attitudes, during 2021 FCA Bank's "wholesale" division laid the groundwork to transition to multi-brand activities by creating alternative financial solutions that complement the traditional products of the more purely captive business.

In the meantime, with the development of new distribution channels, the supply chain of the automotive sector has developed areas where new financing needs are emerging and which FCA Bank is getting ready to address.

The alternative financial solutions identified are intended to meet not only the financing and mobility needs of dealers, but also those of important industry players such as importers and new-generation digital distributors.

More specifically, during 2021 FCA Bank, on the initiative of the wholesale department, approved six new products and/or activities. These initiatives are currently being implemented.

In addition, FCA Bank has signed new cooperation agreements with important players in the new mobility sector, establishing itself as a go-to operator that aims to acCompany and facilitate the change underway.

It is on this basis that the wholesale department is tackling a scenario in constant flux, analyzing, identifying and promoting opportunities for a challenging future.

FCA BANK: A YEAR DRIVEN BY THE GREEN TRANSITION

GIULIO VIALE - FCA Bank Italia

FCA Bank's activities in 2021 focused on responding promptly and accurately to the latest trends linked to alternative and sustainable mobility. The possibility of contributing to the spread of the green models of its partner brands, which is gradually and steadily increasing, was the basis for the main marketing and commercial initiatives of the year.

The Bank addressed the change underway by launching on the market flexible financing solutions and services with "peace of mind" features, capable of facilitating the customer's choice of new green models. This approach resulted in the development of two new products that opened a new chapter for sustainable mobility.

One is GO4xe, which is dedicated to the Plug-In Hybrid models of the Jeep range, while the other is GO-Easy, for the electric New 500. Both make it possible to have a low down payment and small instalments and to allow customers to keep, replace or return the car according to the length of contract chosen (up to 5 years). In addition, with GO4xe and Go-Easy, the customer can change the car at every annual window (at 13, 25, 37 or 49 months, depending on the length of the contract) and, above all, there are no penalties in the event of early termination. Thanks to these new products, customers can choose to drive hybrid or electric in total serenity and without restrictions, with the possibility of changing car and fuel type (even returning to the traditional one) by obtaining new financing from FCA Bank.

A further element in support of environmental sustainability was the proposal of an innovative service such as All-e, which can be combined with all financing solutions - instalment, PCP, leasing - and help to make the Group's plug-in and electric models increasingly accessible thanks to an "all inclusive" feature. This involves the possibility of including in the financing the Wallbox and the EV charging service at public charging stations for one year or up to the equivalent of 2,000 km driven (400 KWh), at the end of which the customer can choose to switch to pay-per-use mode.

Implementation and management of the service are completely digital. Once the dealer has activated the financing contract, the energy service provider will send customers instructions on how to proceed with their smartphone by downloading the All-e app.

Also, two further initiatives in support of green mobility are worth mentioning. One is for customers who decide to purchase an electricity supply package directly from the F2M eSolutions portal. FCA Bank provides financing at no cost or charges to access the various proposals, with the possibility of also including financing for the purchase of the Wallbox, which can be used for home charging, with the relative installation service.

The second was carried out in support of the investments required of the Mopar workshop network to adapt to the management of activities linked to the new types of hybrid and electric cars. In one case, the financing was used to purchase the necessary equipment and, in the other, to set up charging stations in each venue.

OUR CORPORATE SOCIAL RESPONSIBILITY

VALENTINA LUGLI – Communication & CSR Manager

The electrification strategy and the objective of bringing people closer in a democratic way, by lowering the barriers to entry into this new electric age, have been the cornerstones of our corporate social responsibility throughout 2021.

The strong commitment to the development of new mobility solutions that take into account the emerging needs of these times and the satisfaction of customer expectations of a more sustainable mobility has been paramount. This has been the driver of innovation of a business that aims to develop a range of services intended to promote electric mobility and low CO_2 emissions.

In early 2021, the launch of LeasysGO! made it possible to achieve the important goal of a completely electric free-floating car sharing system that today has a fleet of over 1,000 electric Fiat New 500 in Turin, Milan and Rome. It has been estimated that LeasysGO! allows a reduction in the impact of CO_2 emissions of 12 tons per month, compared to the use of the same type of car with a combustion engine.

In parallel, work has been carried out to develop the infrastructure and the Leasys Mobility Stores which, at the end of the year, stood at over 500, with more than 1,500 charging points in Italy alone, in all major cities, airports and railway stations.

In the Stellantis 2021 Corporate Social Responsibility Report, Leasys set ambitious targets for low-emission vehicles (less than 50g of CO_2) in its car sharing, rental and subscription fleet, with the aim of reaching 100% in 2038, increasing revenues from low-emission vehicles by 80% by the same year.

Partnerships and corporate social responsibility projects launched in the previous year have been solidified. These include, among others, the Green Way with Crédit Agricole Italia, which is designed to bring sustainable mobility to the Bank through the opening of Mobility Stores within its branches, with the pilot project that completed the first installation at the Parma headquarters, and has now seen the opening of locations in Milan and Rome. ArtElectric, in partnership with the Palace of Venaria, continues to promote sustainable tourism through the creation of a network of charging stations that support green mobility for electric and hybrid cars.

Starting this year, FCA Bank and Leasys together demonstrate their commitment to sustainable mobility with their presence at the e-Village of the Green Pea, the innovative showcase of the first Green Retail Park dedicated to the theme of respect for the environment; and Leasys supports, with the set-up of charging stations, the project of Pista 500, a former test track for Fiat cars located on top of the Lingotto and now home to one of the largest roof gardens in the world.

Year 2021 will also remain memorable for Leasys's debut in sustainable finance, as the Company completed its first €500 million green bond placement, to raise the funds necessary to finance its fleet of electric and plug-in hybrid vehicles and to expand its network of electric fast-charge stations.

In accordance with ESG criteria and closely related to the development of human capital, the Group structurally applies remuneration policies informed by equal opportunities and non-discrimination principles. In order to strengthen this commitment and increase awareness of the issue at Group level, during 2021, also taking into account the new guidelines of the European Banking Authority, a further project, the Gender Neutrality Project, was defined and implemented, including with the setting of KPIs in relation to improvement objectives. A specific target was assigned to the HR professional family in such areas as gender balanced recruiting, increased representation of women in managerial positions and responsibilities, gender neutral remuneration, development and training opportunities.

As far as future plans are concerned, a pilot project will start in 2022 in the Italian market based on the evaluation of the ESG performance of some of our selected partners and suppliers, in order to rate them on these issues. In the same year we will join the Carbon Footprint project with CACF where, through the reporting of our main emissions at plant level, we will be able to calculate our carbon footprint and thus become aware of our environmental impact in order to improve it in the years to come.

LEASYS RENT GOES TO EUROPE

PAOLO MANFREDDI - CEO Leasys Rent & Head of New Mobility

The last two years have been very important for the development of Leasys Rent's mobility activities. In fact, four different new acquisitions in the short-term rental and mobility sector have been completed, allowing our Company to expand its activities in Europe and confirm its role as a 360° mobility operator.

The strategic drivers behind these deals have been the acquisition of skills, assets and technology platforms, all of which have enabled Leasys Rent to develop more rapidly as a provider of integrated mobility services in Europe. The objective that did, and does, guide us is the development under a single "roof" of a wide and integrated mobility offering, including medium and short term rentals, mobility subscription plans and car sharing, thus providing a concrete response to new market trends.

After the 2020 acquisitions of Aixia (Leasys Rent France S.A.S.) in France and Drivalia (Leasys Rent Espana S.L.U.) in Spain, in 2021 two new important acquisitions were completed, first in the UK and then in Portugal, which constitute key factors in the expansion of Leasys Rent's business in Europe.

In July 2021, ER CAPITAL Ltd, operating as Easirent in the UK, was acquired. It is one of the most dynamic companies in the short-term rental sector in the country, which stands out for its reputation and quality of service, as well as its offering of innovative products. It was therefore the most natural choice and, with the rebranding of more than twenty stores, Leasys Rent aims to consolidate its role as a mobility operator also in the UK, expanding the range of solutions offered.

In December 2021, the acquisition of Sado Rent - Automoveis de Aluguer Sem Condutor, S.A. a Company operating in the Portuguese market, was finalized. In its almost thirty years in business, Sado Rent - Automoveis de Aluguer Sem Condutor, S.A. has established itself in Portugal as one of the most dynamic and solid car rental companies. Leasys Rent benefits from the Company's experience on the ground, which it will combine with its green fleet and digital services.

The expansion and presence in five European countries is just the beginning of an ambitious project that will enable Leasys Rent to be recognized among the leading mobility operators in Europe, with the aim of providing customers with increasingly tailor-made services and, indeed, one day even in roaming mode.

THE NEW COURSE OF FCA BANK

JUAN MANUEL PINO – ICT Digital & Data Governance

This year has brought great new challenges for FCA Bank. Giving us more consciousness of our means towards customers and the planet while finding new ways of growing our business for the future.

Throughout the year, we have worked to strengthen FCA Bank's role as a leading digital Bank in car financing with specific solutions designed to meet our customer's expectations.

We have positioned ourselves as a Bank for a new and more sustainable digital mobility with our 19 partner brands to support their sales that ranges from day to day cars to the most luxury and powerful ones including LCV, leisure vehicles and even motorbikes.

2021 has been the year of the definitive digitalization of FCA Bank, offering a full digital and on-line journey that lets customers to buy in a quick and easy way allowing the from home to home, thanks to the new E-commerce platform. The platform has been set up in Italy by July and already under expansion over the European FCA Bank perimeter. This solution avoids any inconvenience for the customer that can choose his journey depending on his wills. Including into the journey innovative features as the pre-evaluation of the credit requests, the new marketing automation platform enabling FCA Bank to offer the more adequate solution to the customer in the most appropriate moment.

In addition, we have developed new financial and mobility products specifically dedicated to LEV vehicles (Full electric or Plug in Hybrid) to encourage sustainable mobility. Mobility is a key strategy for FCA Bank that thanks to the acquisition of Easy Rent (ER CAPITAL Ltd) in the UK and Sado Rent – Automoveis de Aluguer Sem Condutor, S.A. in Portugal extends its already extensive mobility product solutions. As all product range already available in Italy France and Spain will be also available into those markets making Leasys rent capabilities increase and being available over five European markets.

This is just the beginning, 2022 will lead us into a transformation year in which we'll be able to deep dive and acquire new partnerships to keep making FCA Bank a market referent in the automotive industry prepared for a brilliant future.

INNOVATION THAT TRAVELS ON WEB AND MOBILE HAS NO BOUNDARIES

SILVIA CELLIE - ICT Retail, Wholesale & Rental

In 2021, FCA Bank and Leasys decided to continue the process of changing the face of the Company on the web, defining an innovative and integrated solution to present to customers all the mobility-related products available on the market.

The UMOVE App is an innovative platform that contains in a single point all Leasys products and services that are immediately accessible at all times. UMOVE is the result of an ambitious Roadmap intended to redesign the best user experience around the Leasys user.

It all started with a design thinking workshop in which all Leasys business departments contributed to the birth of ideas and guidelines as central focuses of the new mobile App.

With a significant investment in financial terms as well as in terms of human and professional resources, the Company decided to create the new Native App downloadable from all stores (Apple, Android, Huawei), a single touchpoint for all products and services related to Short, Medium, Long Term Rental, Subscription and Car Sharing.

After it went live in Italy and was approved by the market for its innovative solutions of geolocation, info-mobility and information on the rental contract and its use of advanced technologies, the UMOVE App has been launched also in Leasys markets.

In 2021 the Company devised a Rollout plan, releasing a single version but adapted to the individual market peculiarities, in order to make the solution more effective and truly consistent with the needs of users in each European market.

UMOVE is an innovative platform because it combines the most advanced technologies and technical development solutions on the market; it takes advantage of all the ready-to-use libraries to improve the quality and maintainability of the software; it uses the Edge technologies available for Android and IOS; it integrates Google Analytics to detect user behavior and to provide a quick and precise redefinition of the functions by adapting to user behavior; it integrates the Crashalitics system to detect any crash and ensure an immediate intervention to restore functioning.

The software has been implemented to be ready to extend and improve quickly, following business and customer needs and providing constant improvements of user experience and functions for any Leasys customer, from marketing to any technical feature for a standard long-term user.

The solution is free, respects all local security and GDPR-compliant procedures and supports the business in the development of the electric component. In fact, all electric charging stations are available to paying customers or at no cost for Leasys and Leasys Rent customers.

The new App plays a fundamental role in bringing the Company's business closer to its customers, helping them to experience a true digital transformation.

MENTORING AS A TOOL FOR DEVELOPMENT AND EMPOWERMENT

ANDREA BARCIO – Human Resources

Mentoring is one of the most effective tools used at FCA Bank Group to build soft skills and to accelerate personal and professional growth. This term is used to indicate a process whereby experienced managers work alongside promising employees, to help them better define their goals and gain a clearer understanding of the context in which their professional growth can take place. One of the benefits is undoubtedly the inclusion and expansion of connections within the Company, encouraging the creation of transversal relationships among the people involved, regardless of their roles or areas of expertise

Mentoring is often confused with coaching, another training method.

Compared to the latter, however, mentoring is a learning process that is less focused on performance and specific skills, providing instead, thanks to the experience of the mentor, a broader perspective and the tools to develop one's potential to the fullest.

Over the years we have been able to practice mentoring with good results, not only within structured paths (e.g. Cross Path, Retail & Rental Development Path) but also as a common daily activity between manager and subordinate, especially during the induction of new employees, to help them to understand more clearly the processes and dynamics of the team.

In 2021, a complex year and still affected by the long wave of the pandemic, the Italian market, for example, chose mentoring as one of the tools in the Focus on You project to nurture the Company's junior profiles in their professional growth and to clarify the expected path.

At the FCA Bank Group level, during the year we saw the launch of the Grow & Inspire Mentoring Program, a pilot project totally dedicated to women. The new program supported 8 managers with proven experience in becoming mentors, with ad hoc training, and in acCompanying the growth and development of 16 female colleagues, adding value to their professional path.

This is one example of how mentoring fosters inclusion and the spread of diversity & inclusion values to which FCA Bank is committed with an increasingly structured approach.

Development initiatives such as mentoring involve and cross all levels of the Company.

In fact, they are among the tools that the Company's management uses on a daily basis, not only to train but also to raise the individual's awareness of his or her own potential within the team and the organization, a necessary exercise to deal effectively with an increasingly competitive market.

REPORT ON OPERATIONS

DECEMBER 31st, 2021

MACROECONOMIC SCENARIO, THE AUTOMOTIVE MARKET AND FINANCIAL MARKETS

The global economy continues to be on a recovery path for 2021. However, difficulties on the supply side, the rise in raw material prices and the spread of the Omicron variant of the coronavirus (Covid-19) continue to weigh on growth prospects in the short term.

In the euro area in particular, after two quarters of strong expansion, economic activity showed signs of slowing down in the latter part of the year. Inflation reached its highest level since the start of monetary Union, mainly due to rising energy prices. The Governing Council of the European Central Bank announced the plan for the future implementation of programs to purchase public and private securities, stressing that the orientation of monetary policy will remain expansionary and attentive to the evolution of the macroeconomic framework.

According to Eurosystem projections published in December, the GDP of the euro area is expected to grow by 5.1% in 2021, 4.2% in 2022 and 2.9% in 2023. Compared with the estimates produced in September, the estimate for 2021 remained substantially unchanged, those for 2022 and 2023 were revised downwards by 0.4 percentage points and upwards by 0.8 percentage points, respectively. The return of GDP above pre-pandemic levels was postponed by one quarter, to the first quarter of 2022.

With respect to the automotive market, in 2021 new car registrations (European Union + UK + EFTA) fell by 1.5%, in respect of 2020, to 11.8 million units registered.
The five most important European markets (Germany, United Kingdom, France, Italy, and Spain) showed a negative performance compared to the previous year, with decreases ranging from -23.9% in Italy to -31.7% in Spain.

The motorhome and caravan market, on the other hand, was up compared to 2020. In fact, volumes in 2021 rose by 9.9% compared to the previous year, according to ECF (European Caravan Federation) data, with 259,393 registrations at European level.

Lastly, with reference to the motorcycle market, 2021 was a particularly positive year. Considering the top five European markets (France, Germany, Italy, Spain and the United Kingdom), total registrations amounted to 949,400, an increase of 7.8% on the previous year. Italy confirmed its position as the leading market, with 269,600 registrations, for a growth rate of 23.6%.

SIGNIFICANT EVENTS AND STRATEGIC TRANSACTIONS

Covid-19 – Potential impacts

After a 2020 in which the Covid-19 pandemic had significantly dampened global economic growth, year 2021 showed that the world's economies were less sensitive to the pandemic, due in particular to high vaccination rates in many countries.

Economic growth was driven in particular by the recovery of the demand for services, fostered by the reopening after the lockdown. By converse, manufacturing was adversely affected by various factors, such as the scarcity of certain raw materials and problems in the global supply chain. Inflation is rising at a significant pace, mostly due to changes in the cost of energy. The recovery of GDP remains quite lively, particularly in the eurozone

In the euro area in particular, the European Central Bank will discontinue the PEPP ("Pandemic Emergency Purchase Programme") at the end of March 2022, although it will continue to support the European economy through the APP ("Asset Purchase Programme"), i.e. the ordinary program for the purchase of government bonds, which will continue until 2024.

The Consolidated Financial Statements describe in the various topics of interest the customer support measures implemented by the FCA Bank Group and the impact of the Covid-19 event, in compliance with the provisions of governments and local regulators.

Environmental, Social and Governance (ESG)

During 2021 the Bank underwent an ESG risk assessment by Sustainalytics (a Morningstar Group Company), which rated it as a low risk. Accordingly, no capital was allocated in ICAAP 2021. During 2022, the Bank plans to conduct an assessment of its situation with respect to the European Central Bank's 13 expectations and, consequently, devise an action plan, where necessary. Finally, a specific stress scenario for climate risk will be studied for use in ICAAP 2022.

To date, regarding the environment and the mitigation of climate risks, the initiatives undertaken by the Bank are discussed extensively in the Consolidated Non-Financial Statement under the topic of environmental aspects, as per Legislative Decree 254/2016. In particular, all the activities implemented by the FCA Bank Group in relation to sustainable mobility are illustrated.

For a complete view of the various initiatives, reference should therefore be made to the Consolidated Non-Financial Statement.

Italian Antitrust Authority – AGCM

On May 15th, 2017, the Italian Anti-Trust Authority (Autorità Garante della Concorrenza e del Mercato -AGCM) announced the launch of an inquiry into nine car financing operators, or "captives", which represent the industry in almost its entirety, and two trade associations Assofin "Associazione Italiana del Credito al Consumo e Immobiliare" and Assilea "Associazione Italiana Leasing") to ascertain if there was any violation of the TFEU (Article 101 of the Treaty on the Functioning of the European Union – Anti-competitive agreements) in the automotive financing industry.

FCA Bank S.p.A. ("Company") was one of the nine operators covered by the inquiry, which was intended to investigate alleged exchanges of information.
The decision was served to the Company on January 9th, 2019 indicating that the AGCM found the Company, together with the other captives, had been exchanging commercially sensitive information via direct contacts, as well as through the local industry associations Assofin and Assilea, with a view – according to the AGCM – to coordinating their commercial strategies with respect to car loans and leasing offerings, in breach of the TFEU.

The AGCM imposed a total sanction of €678 million to the involved parties, and specifically fined the Company €178.9 million.

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

The hearing was held on October 21st, as planned, and on November 24th, 2020 the Court accepted the Company's appeal, reversing the AGCM's decision and the related fines, on the basis of procedural and substantive reasons. As a result, the Company deemed it appropriate to release the €60 million provision made in 2018 in relation to the associated risks, also based on the recommendations of the defense counsel.

On December 11th, 2020 the Company notified the decision by the TAR of the Lazio Region to AGCM, which in turn lodged an appeal on December 23rd, 2020 with the Council of State, again on the basis of the arguments used by the plaintiff in the Court of first instance. The Company in turn filed its own defence brief with the Council of State on January 21st, 2021.

A hearing before the Council of State was held on January 13rd, 2022, the decision of which was announced on February 2nd, 2022: the appeal was rejected by the Council of State and the sanctioning measure was definitively canceled.

Swiss Competition Commission (ComCo)

On June 26th, 2019 the Swiss Competition Commission imposed a fine of CHF 4,421,232 against FCA Capital Suisse S.A. for allegedly infringing the Swiss Cartel Act.

FCA Capital Suisse S.A. has challenged this decision before the Federal Administrative Court, and this appeal is still pending. Hence, the fine is, at least for the time being, not payable by FCA Capital Suisse S.A..

Nonetheless, given the risk that the fine is likely to become legally binding, FCA Capital Suisse S.A. has raised a provision of CHF 4,549,041 accounting for the fine as well as the estimated future costs of the ComCo proceeding. The provision for risks and charges was set up in 2018.

Stellantis N.V. and corporate evolution

On January 4th, 2021, at their respective general meetings, the shareholders of both FCA and PSA approved the merger that will result in the creation of a new entity, Stellantis N.V.. The merger took effect on January 16th, 2021.

On December 17th, 2021, Stellantis N.V. announced that it had entered into exclusive negotiations with BNP Paribas Personal Finance ("BNPP PF"), Crédit Agricole Consumer Finance ("CACF") and Santander Consumer Finance ("SCF") to enhance its current Europe-wide financing offering.

In particular, Stellantis hypothesizes of:

- creating a multi-brand leasing Company with the merger of Leasys and F2ML, in which each of Stellantis and CACF hold a 50% stake, with the aim of achieving market leadership in Europe;

- reorganizing the financing activities through JVs set up with BNPP PF or SCF in each country to manage the car finance operations for all Stellantis brands.

Accordingly:

1. CACF would acquired 50% of the shares of FCA Bank and Leasys Rent, currently owned by Stellantis, with the understanding that these entities would continue to carry out their financing activities primarily under existing and future White Label Agreements;

2. BNPP PF would carry out financing activities (excluding B2B leases) through JVs with Stellantis in Germany, Austria and the United Kingdom in order to become Stellantis's exclusive partner for car finance operations in these countries

3. SCF would carry out financing activities (excluding B2B leases) through JVs with Stellantis in France, Italy, Spain, Belgium, Poland, the Netherlands and through a commercial agreement in Portugal, to become Stellantis's exclusive partner for car finance operations in these countries.

The relevant agreements are expected to be signed during 2022 upon completion of the information and consultation procedures with employee representative bodies in connection with the plan.

The proposed transactions will be completed in the first half of 2023, once the necessary authorization has been obtained from the relevant antitrust and market regulation authorities.

Changes in the corporate structure of the FCA Bank Group

FCA Capital France S.A.

On December 1st, 2021, FCA Capital France S.A. was merged with and into FCA Bank S.p.A. with the contextual transformation into a branch.

As was already the case with the Subsidiary in Poland, established in 2020, and in Belgium, in 2018, the new branch replaces the Subsidiary already operating in the country, FCA Capital France.

The transformation into a branch is part of a long-standing process aimed at making organizational and customer management processes more efficient and effective.

FCA Capital Portugal IFIC S.A.

FCA Capital Portugal IFIC S.A. was merged with and into FCA Bank S.p.A., effective December 31st, 2021 and the contextual transformation into a branch. For accounting and tax purposes only, the merger is effective retroactively as of January 1st, 2021.

The creation of the Portuguese branch strengthens the strategic position of FCA Bank, which has been operating for some time now with its own branches in an increasing number of countries.

FCA Bank – FCA Versicherungsservice

FCA Bank Deutschland GmbH acquired 100% of FCA Versicherungsservice GmbH. The Company, based in Heilbronn, has been operating in Germany since the early 1990s under the brand name "FCA Versicherung". The Company is a broker for insurance products offered to dealers and customers of the Alfa Romeo, Jeep®, Fiat, Abarth and Fiat Professional brands.

Leasys Group - organizational changes

ER CAPITAL Ltd

On July 23rd, 2021, Leasys S.p.A. acquired 100% of ER CAPITAL Ltd, a Company operating as Easirent in the United Kingdom.

Easirent is one of the most dynamic companies in the short-term rental and mobility sector in the United Kingdom; it stands out for its reputation and the quality of its service, providing innovative products that enable a fully digitized "customer journey".

Sado Rent – Automoveis de Aluguer Sem Condutor, S.A.

On December 21st, 2021, Leasys Rent S.p.A. acquired 100% of Sado Rent - Automoveis de Aluguer Sem Condutor, S.A., based in Portugal, a Company active in short-term rental.

In its almost thirty years of activity, Sado Rent - Automoveis de Aluguer Sem Condutor, S.A. has gained a reputation in Portugal as one of the most dynamic and solid car rental companies, with constantly growing revenues and a fleet of over one thousand vehicles.

Outlook for 2022

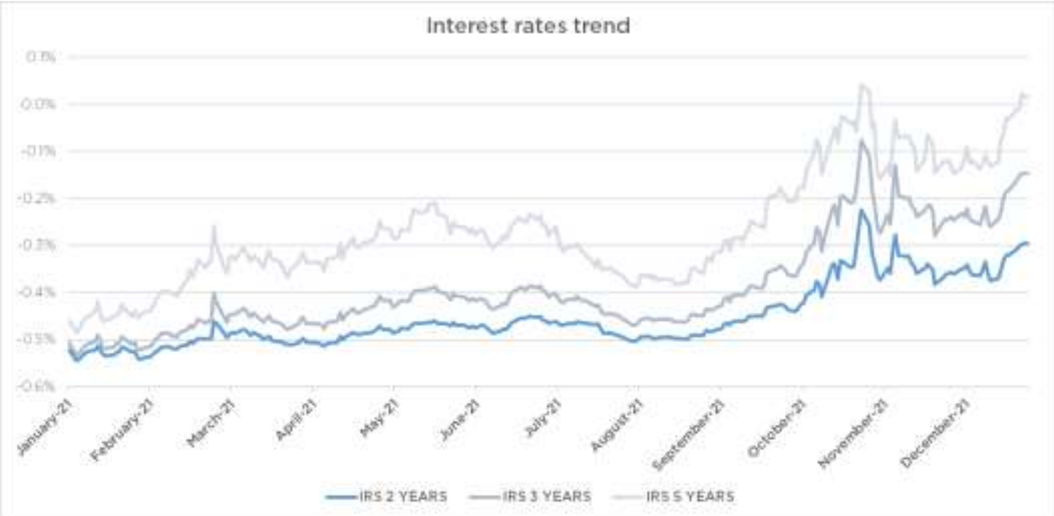
Business resumed relatively smoothly in 2021, with new production up 6.7% on the previous year. The financial results are still significant, with a Group net profit of €484.9 million, slightly down compared to 2020 (-1.9%). However, it is worth mentioning that in 2020 net profit reflected the benefit of the €60 million released from provisions in relation to the "AGCM" case (see in this regard page 53).

The FCA Group will continue to cooperate with its manufacturing partners, supporting them in the launch of the new product slated for the second half of 2021 and in the consolidation of recently unveiled products. Given the current economic conditions, a return to a pre-crisis situation, with the automotive partners' operating at full capacity, is highly desirable, albeit uncertain.

The FCA Bank Group continues to have a solid financial structure. In addition, the Group is ready to react to any deterioration in the conditions in which it operates and is prepared to take any opportunities that may arise.

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

FINANCIAL STRATEGY



The Treasury function manages the Group's liquidity and financial risks, in accordance with the risk management policies set by the Board of Directors.

The Group's funding strategy is designed to:

- maintain a stable and diversified funding source structure;
- manage liquidity risk;
- minimize the exposure to interest rate, currency and counterparty risks, within the scope of low and pre-set limits.

During 2021, the Treasury department raised the cash necessary to fund the Group's activity at competitive terms and conditions so as to improve the net interest margin.

The most important activities completed in the 2021 included:

- the debut on the capital market of the Subsidiary Leasys S.p.A. which, following a two-day virtual roadshow with major European investors, in July successfully placed a €500 million green bond – the first such issue for the Stellantis Group – with maturity July 2024 and a fixed-rate of 0.00 per cent. The proceeds of the green bond, which attracted orders for €2.3 billion from 129 investors, will be used by Leasys to finance its fleet of electric and plug-in hybrid vehicles and extend its network of electric charging points, as described in its green bond framework certified by Sustainalytics;

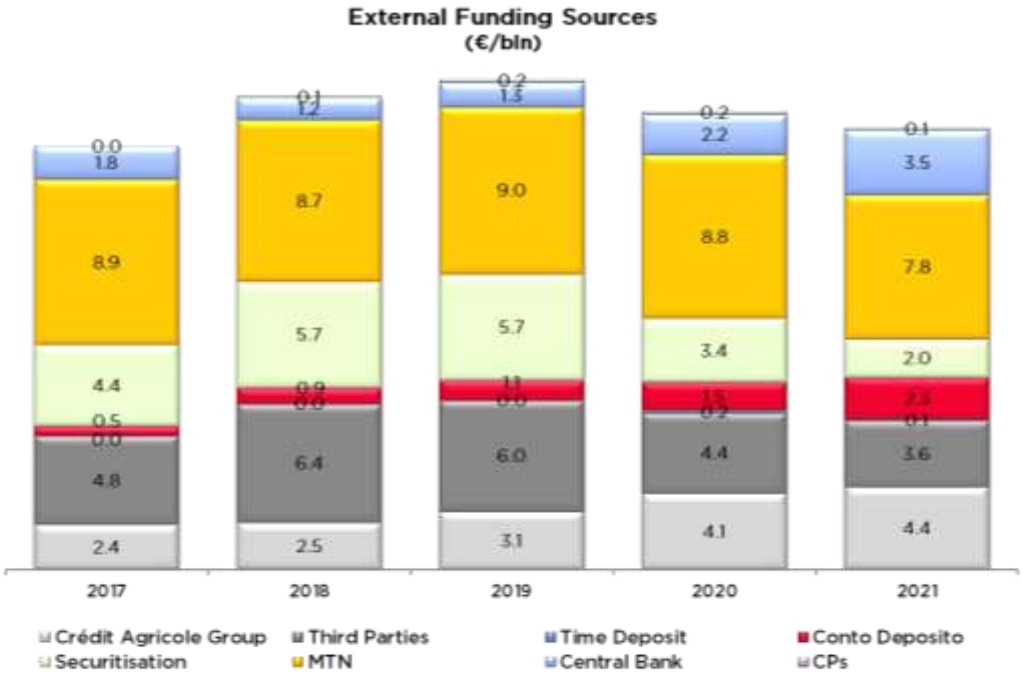
- the issue of a three-year Eurobond placed with the public by FCA Bank S.p.A. (through its Irish branch) in April for a total amount of €850 million, which represented the best result ever, in terms of interest, for the FCA Bank Group in the Eurobond market, with total orders for the amount of €3.3 billion from 200 investors);
- three private placements in euro issued by FCA Bank S.p.A. (through its Irish branch) in January and June 2021, for a total of €510 million, with maturities between 24 and 30 months;
- a public bond issue in Swiss francs by FCA Capital Suisse S.A. in June 2021, guaranteed by the Parent Company FCA Bank S.p.A. for an amount of CHF 200 million; the placement, which marks the Group's return to the Swiss domestic market after approximately two years, was completed in July 2021 and matures in December 2024;
- the placement of Euro Commercial Paper issued by FCA Bank S.p.A. (through its Irish branch) for a total amount of €140 million;
- the extension of the revolving period for A-Best Fourteen S.r.l. – a vehicle used for the securitization of Italian receivables used as collateral to borrow under the TLTRO-III program – until April 2021, at the end of which there was a total increase in Senior, Mezzanine and Junior securities of €506.2 million;
- the clean-up, in July, of the Nixes Seven B.V. transaction, a securitization program launched in 2017 and collateralized by car loans and leases originated in Germany by the Subsidiary FCA Bank Deutschland Gmbh;
- the structuring of two new receivable securitization transactions:
    - A-Best Twenty, Fondo de Titulazacion, transaction collateralized by auto loans and leases originated in Spain, whose securities were retained by FCA Capital Espana EFC S.A.; the Senior Class A securities were subsequently, during November 2021, sold to FCA Bank S.p.A to be used as collateral in the ECB's monetary policy operations under the TLTRO-III program;
    - A-Best Twenty-one UG, a transaction collateralized by auto loans and leases originated in Germany, whose securities were retained by FCA Bank Deutschland GmbH; the Senior Class A securities were subsequently, in September 2021, sold to FCA Bank S.p.A. to be used as collateral in the ECB's monetary policy operations under the TLTRO-III program.
- renewal of securitization programs:
    - Erasmus Finance DAC, in November, regarding receivables due from German, French and Spanish dealers, for a maximum financed amount of €600 million;
    - Nixes Six Plc, in December, regarding receivables from customers originating in the United Kingdom, for a maximum financed amount of GBP 570 million;

- securitization program originated in 2015 and collateralized by instalment loans originated in Germany by the Subsidiary FCA Bank Deutschland Gmbh and the gradual expansion of the TLTRO-III monetary policy operations, for €1,300 million overall in 2021, which were collateralized by the loans included in the Bank of Italy's A.BA.CO. program and by Senior ABS securities issued as part of securitization transactions originated by the Group;
- the renewal or stipulation of third bank (Crédit Agricole excluding) for a total amount of approximately €2.4 billion, of which approximately 75% in favour of the Leasys Group;
- an increase of around €800 million in deposits from the public by FCA Bank S.p.A. in Italy and Germany, bringing the total amount of deposits as at December 31st, 2021 to around €2.3 billion.

FINANCIAL STRUCTURE AND FUNDING SOURCES

The table below shows the financial structure and funding sources as of December 31st, 2021:

Description	as a % of total funding sources	as a % of total liabilities and equity
Crédit Agricole Group	18%	15%
Financial institutions	15%	12%
Securitisations	9%	7%
Bank deposits	0%	0%
Conto Deposito	9%	8%
MTN	33%	26%
Central Banks	15%	12%
Commercial papers	1%	1%
Equity		13%
Non-financial liabilities		6%
Total	100%	100%



The chart shows how the strategy to diversify the funding sources firmed up over the years, and was maintained during the Covid-19 pandemic.

In particular, the Banking license obtained in 2015 made it possible to resort to the European Central Bank and to benefit from the further diversification resulting from the launch of "Conto Deposito" in 2016 and "Euro Commercial Papers" in 2018.

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

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

Maturity matching is achieved also through more liquid derivative instruments, such as Interest Rate Swaps; occasionally, use is made also for Forward Rate Agreements. The Group's risk management policies do not allow the use of instruments other than "plain vanilla", such as exotic instruments.

The strategy pursued during the year involved constant and constant hedging, within the limits set by the hedging policies applicable to the risk in question, thereby offsetting the effect of interest rate and market volatility.

In terms of currency risk, the Group's policy does not contemplate the creation of foreign currency positions. As such, non-euro portfolios are usually funded in the matching currencies; where this is not possible, risk is hedged through Foreign Exchange Swaps. It is worthy of note that Group risk management policies allow the use of foreign exchange transactions solely for hedging purposes.

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

FCA BANK GROUP'S PROGRAMS AND ISSUES

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

- the Euro Medium Term Note (EMTN) program, with FCA Bank S.p.A. as issuer (through its Irish branch). On December 31st, 2021 the program has an aggregate maximum nominal amount of €7.0 billion. The notes and the program have been assigned FCA Bank S.p.A.'s long-term rating by Moody's, Standard & Poor's, Fitch and Scope;
- a euro-denominated green bond issued on a stand-alone basis by Leasys S.p.A.. As of December 31st, 2021, the maximum nominal amount of the outstanding bond was €500 million. The issue is assigned Leasys S.p.A.'s long-term rating by Fitch;
- stand-alone bonds denominated in Swiss francs issued by FCA Capital Suisse S.A. and guaranteed by FCA Bank S.p.A. on December 31st, 2021 there are two bonds outstanding for a total amount of 325 million Swiss francs. These bonds have been assigned FCA Bank S.p.A.'s long-term rating by Moody's and Fitch;
- the Euro Commercial Paper program with FCA Bank S.p.A. as issuer (through its Irish branch). On December 31st, 2021 the program has an aggregate maximum nominal amount of €750 million and approximately €140 million in commercial paper outstanding. The program has been assigned FCA Bank S.p.A.'s short-term rating by Moody's.

Issuer	Instrument	ISIN	Market	Settlement Date	Maturity Date	Amount (mln)
FCA Bank S.p.A. - Irish Branch	Public	XS1881804006	EUR	September 21st, 2018	February 21st,2022	600
FCA Bank S.p.A. - Irish Branch	Public	XS1954697923	EUR	February 21st, 2019	June 21st, 2022	650
FCA Bank S.p.A. - Irish Branch	Public	XS2001270995	EUR	May 24th, 2019	November 24th, 2022	800
FCA Bank S.p.A. - Irish Branch	Public	XS2051914963	EUR	September 13rd, 2019	September 13rd, 2024	850
FCA Bank S.p.A. - Irish Branch	Private	XS2072086049	EUR	October 24th, 2019	October 24th, 2022	200
FCA Bank S.p.A. - Irish Branch	Public	XS2109806369	EUR	January 29th, 2020	February 28th, 2023	850
FCA Bank S.p.A. - Irish Branch	Public	XS2231792586	EUR	September 18th, 2020	September 18th, 2023	800
FCA Bank S.p.A. - Irish Branch	Public	XS2258558464	EUR	November 16th, 2020	November 16th, 2023	850
FCA Bank S.p.A. - Irish Branch	Private	XS2293123670	EUR	January 27th, 2021	January 27th, 2023	240
FCA Bank S.p.A. - Irish Branch	Public	XS2332254015	EUR	April 16th, 2021	April 16th, 2024	850
FCA Bank S.p.A. - Irish Branch	Private	XS2352609213	EUR	June 10th, 2021	June 10th, 2023	200
FCA Bank S.p.A. - Irish Branch	Private	XS2353016442	EUR	June 10th, 2021	December 10th, 2023	70
FCA Bank S.p.A. - Irish Branch	Private	XS2288925212	EUR	January 13rd, 2021	January 12th, 2022	40
FCA Bank S.p.A. - Irish Branch	Private	XS2313674546	EUR	March 5th, 2021	March 4th, 2022	100
Leasys S.p.A.	Public	XS2366741770	EUR	July 22nd, 2021	July 22nd, 2024	500
FCA Capital Suisse SA	Public	CH0498400586	CHF	October 23rd, 2019	October 23rd, 2023	125
FCA Capital Suisse SA	Public	CH1118483697	CHF	July 20th, 2021	December 20th, 2024	200

RATING

During 2021, the major rating agencies improved their outlooks on FCA Bank's ratings. In particular:

- on May 12th, 2021, following improved expectations on the growth of the Italian economy after the contraction in 2020, Moody's revised the outlook on FCA Bank's rating to stable (from negative);
- on October 25th, following a similar move on Italy's rating, Standard & Poor's improved the outlook to positive (from stable);
- finally, on November 2nd, 2021, following the same action on Crédit Agricole, Fitch also restored the outlook to stable (from negative). The same was done on Leasys's rating;
- moreover, on January 12th, 2022, following the announcements on the future corporate developments of FCA Bank and Leasys made in December, Fitch placed both ratings on "positive rating watch".

The ratings assigned to FCA Bank at December 31st, 2021 are as follows:

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

The ratings assigned to Leasys are as follows:

Entity	Long-term Rating	Outlook	Short-term Rating	Long-term Deposits Rating
Fitch	BBB+	Stable. Positive rating watch	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, 2021.

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

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

During the first half of 2021, FCA Bank finalized additional TLTRO-III operations in the amount of €1.300 million, as a result of which, given the absence of maturities under the TLTRO-III program in the same period, total utilization of TLTRO-III funding as at December 31st, 2021 was €3,500 million.

COST OF RISK AND CREDIT QUALITY

Cost of risk

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

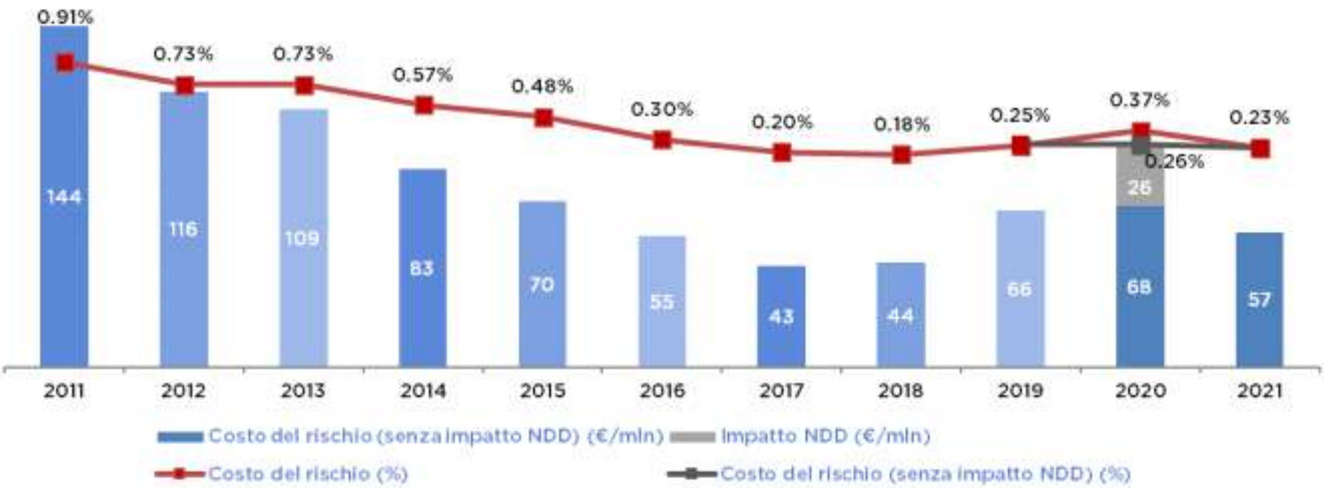
- core captive activities: support to the dealer network, loans and leases and mobility offerings for end customers;
- conservative credit policies: from the acceptance phase based on ratings, scores, decision engines;
- monitoring of credit performance, with prompt detection of performance deterioration situations through early warning indicators;
- effective credit collection actions.

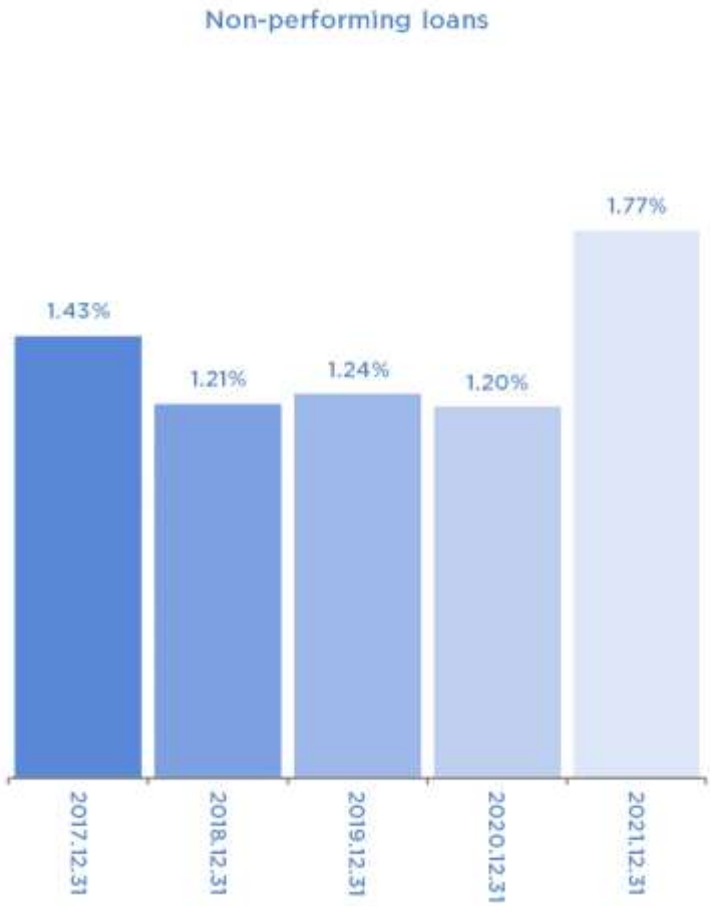
This makes it possible to maintain a low level of non-performing loans and customers/contracts showing a risk increase.

Also during 2021, cost of risk performance remains extremely positive, settling at 0.23% of the average outstanding portfolio and down 3 basis points compared to the previous year.

Compared to June 2021, there was a 13 bps increase in the cost of risk as a share of average outstanding. To this end, it should be remembered that in the first half of 2021 the adoption of the new impairment models, which reflect the New Definition of Default, combined with a review of the models (in particular the Loss Given Default of the Wholesale business line) had led to an overall reduction in loan loss provisions of €11.4 million (due to the combined effect of a release of €17.4 million associated with Wholesale Financing and an increase of €6 million relating to Retail Financing).

Overall, the cost of risk is confirmed at low levels, confirming the Bank's strong resilience following the prolonged Covid-19 emergency.





The level of NPL, equal to 1.77%, reflecting an increase as a result of the introduction of the New Default Definition, which took place on January 1st, 2021.

As to the Covid-19 emergency and the relief granted FCA Bank to its customers, below, details are provided of the most significant measures in both the Retail and Wholesale Financing business lines.


Cost of Risk and unemployement
7.6%
7.0%
6.4%
7.5%
6.4%
0.20%
0.18%
0.25%
0.37%
0.23%
0.26%
2017
2018
2019
2020
2021
Cost of Risk (without NDD impact)/ Average portfolio Ratio
Cost of Risk/ Average portfolio Ratio
Unemployement (Source Eurostat, EU 27 countries, December 2021)

Retail Financing

- During the Covid-19 emergency, an average of 3 instalments were suspended for FCA Bank's introduced voluntarily moratorium (this average increases considering local legislative and non-legislative moratoria). These actions, during 2020, involved a total of 84,000 contracts with a total impacted portfolio of €1,1 billion; the instalments were either deferred at the end of the contract or spread over the remaining debt (depending on the custom or regulations in force in the relevant European countries). The suspension actions were onerous and mainly concerned customers who were current in their payments;
- the actions were carried out in accordance with any local law-mandated or private moratoriums, which prevailed over the Bank's internal guidelines;
- in the meantime, specific monitoring tools were prepared to monitor the situation of the payments related to the suspended contracts as it focused on "repeat defaulters". These were customers who were unable to resume the regular fulfilment of their obligations in the three months following the expiry of the moratorium or that, after the moratorium period, required further contract restructuring due to financial difficulties occurred in the Covid-19 period. Repeat defaulters were 3.6% during the period under review, with such percentage continuing to be low compared to June 2021 (equal to 5.2%), considering that 95% of the moratoriums have ended.

Cost of risk in the Retail Financing line of business settled at -34 basis points of the average outstanding portfolio, reflecting a slight decreased compared to the first half of 2021 (-30 basis points), mainly as a result of the deterioration of certain exposures subject to a moratorium expiring in June 2021, with the related difficulties in payment resumption.

During 2021, the Group Compliance and Risk Management functions activated a dedicated monitoring system and periodic meetings with the different Group companies to ensure that local moratoriums were applied in keeping with the laws of reference. Moreover, guidelines were set out for, and specific support was provided to, all the jurisdictions on matters strictly related to the Covid-19 emergency.

It should also be noted that the company prudently did not consider the impact of the updated forward-looking parameters (which had also been revised following implementation of the New Definition of Default in the impairment models). In fact, this update would have led to a reduction of €9.0 million in loan loss provisions. However, given a context market by the uncertainty of future developments, especially due to the pandemic, the Company deemed it appropriate not to consider this positive impact in its analysis.

Wholesale Financing

- In the first half of the year, FCA Bank was steadfast in in its support of the sales network, acting in countries where the Covid-19 emergency continued to affect commercial performance. Subsequently, starting from the second half of 2021, the number of extensions of expiring invoices was really marginal. This condition was also the result of a significant decrease in business volumes, attributable in part to the chip shortage;
- as in 2020, during the 2021 actions were carried out in compliance with any local legislative and non-legislative moratoria. FCA Bank clearly continued to rely on internal risk mitigation procedures, such as confirming the blocking of new purchases in the event of amounts more than 15 days past due, and largely performing stock audit activities. All extensions granted continued to be onerous in nature;
- also during the second-half of 2021 witnessed the strong trend in the reduction of aging inventory (over 180 days), which has now stabilized at very low percentage levels (around 2.3% for the exFCA network) and down compared to June 30th, 2021 (5%, again for the ex FCA network).

The cost of risk of the Wholesale Financing business line was positive (revenue), as it was 28 bps of the average outstanding portfolio. This performance was affected n particular by the reduction in the outstanding portfolio compared to the previous year. It should also be noted that, following the introduction of the new impairment model, which reflects the new definition of default, the impairment model was revised (especially the Loss Given Default), resulting in a reduction in loan loss provisions of € 17.4 million in the first half of the year.

It should also be noted that the Company prudently did not consider the impact of the updated forward-looking parameters (which had also been revised following implementation of the New Definition of Default in the impairment models). In fact, this update would have led to a reduction of €2.3 million in loan loss provisions. However, given a context market by the uncertainty of future developments, especially due to the pandemic, the Company deemed it appropriate not to consider this positive impact in its analysis.

Scoring models to evaluate “Retail” credit risk

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

Scorecards are statistical models designed to estimate the probability of risk associated with a credit application received. Based on this probability, the request is classified in the area of rejection or acceptance through the application of the approved threshold value.

The use of statistical models ensure an objective, transparent, structured and consistent assessment of all the information related to the customer and the financing required.

To assess an applicant's creditworthiness, the outcome of the scorecards is combined with the outcome of the process governing credit evaluation (such as control over external negative events, status of internal risks, etc.). In cases where a credit analyst is involved, the rating obtained may be confirmed or revised, as needed.

Currently, the FCA Bank Group uses 33 scorecards based on country, type of customer and, where possible, seniority and type of product.
In FCA Bank's organizational model, adopted to improve the level of the services provided by the Parent Company to all the Group companies, the central credit function is responsible, for all the markets:

- for the statistical development of the scorecards used in the credit process (acceptance, anti-frauds, collection) and for managing the approval process; this includes the performance of the analyses necessary for the modification of the threshold value for defining the area of acceptance/rejection and for the modification of the scope of an automated decision-making process;
- for monitoring the scorecards and to recommend corrective actions in case their predictive ability deteriorates;
- for preparing the procedures and the Group operational manuals on credit scorecards.

From a quantitative point of view, during the second half of 2021 for the Retail Financing business line saw the conclusion and approval of the fine-tuning of the scorecard used in the United Kingdom for private customers while a new scorecard is being approved for private customers in Italy. In addition, rules have been defined and approved to increase the area subject to automated decision-making for the private segment in Italy, Belgium and France, while the necessary analyses are underway in Spain.

Rating models to evaluate "Corporate" risk

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

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

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

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

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

Description	12/31/2021			12/31/2021		
	Gross exposures	Allowance for loan and lease	Net exposure	Gross exposures	Allowance for loan and lease	Net exposure
- Bad debt exposures	108,028	(68,552)	39,477	136,763	(94,472)	42,291
- Unlikely to pay	74,332	(39,142)	35,190	79,366	(28,499)	50,867
- Non Performing Past Due	175,920	(61,837)	114,083	51,908	(22,439)	29,469
Non performing loans	358,280	(169,531)	188,750	268,037	(145,410)	122,627
Performing Loans	19,831,286	(105,004)	19,726,282	22,097,966	(141,033)	21,956,933
Total	20,189,566	(274,535)	19,915,031	22,366,003	(286,443)	22,079,560

Description	12/31/2021			12/31/2021		
	Gross exposure weight	Net exposure weight	Coverage ratio	Gross exposure weight	Net exposure weight	Coverage ratio
- Bad debt exposures	0.54%	0.20%	63.46%	0.61%	0.19%	69.08%
- Unlikely to pay	0.37%	0.18%	52.66%	0.35%	0.23%	35.91%
- Non Performing Past Due	0.87%	0.57%	35.15%	0.23%	0.13%	43.23%
Non performing loans	1.77%	0.95%	47.32%	1.20%	0.56%	54.25%
Performing Loans	98.23%	99.05%	0.53%	98.80%	99.44%	0.64%
Total	100.00%	100.00%	1.36%	100.00%	100.00%	1.28%

The credit quality is confirmed at an excellent level, with non-performing loans representing 1.77% of total net exposure. The net exposure of non-performing loans amounted to €189 million compared to a total net exposure of €20 billion.

The higher incidence compared to the previous year (+57 basis points) is due to the adoption of the New Definition of Default, which introduced stricter rules for determining impaired assets..

Allowance for loans and lease losses amounted to €275 million at the end of 2021, compared to €286 million at the end of 2020; gross exposure for impaired loans amounted to €358 million compared to €268 million at the end of 2021.

RESIDUAL VALUES

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

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

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

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

euro/mln	12/31/2019	12/31/2020	12/31/2021
Consumer loans and leases:			
- Residual Risk borne by Group FCA Bank	1,102	1,062	1,107
of which UK market	*687*	*530*	*531*

Provisions for residual value	32

Regarding rentals/mobilities, residual risk on rented vehicles is generally borne by the rental/mobility car Company, save for specific arrangements with third parties.
In this case, residual risk is represented by the difference between the market value of the vehicle at the end of the contract and the carrying amount of the vehicle.

Leasys S.p.A. and its subsidiaries, which are not part of the Banking Group, are the Group companies operating in the rental/mobility business.

euro/mln	12/31/2019	12/31/2020	12/31/2021
Rental/Mobility:			
- Residual Risk borne by Group FCA Bank	1,497	1,692	2,349

Provisions for residual value	18

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

RESULTS OF OPERATIONS

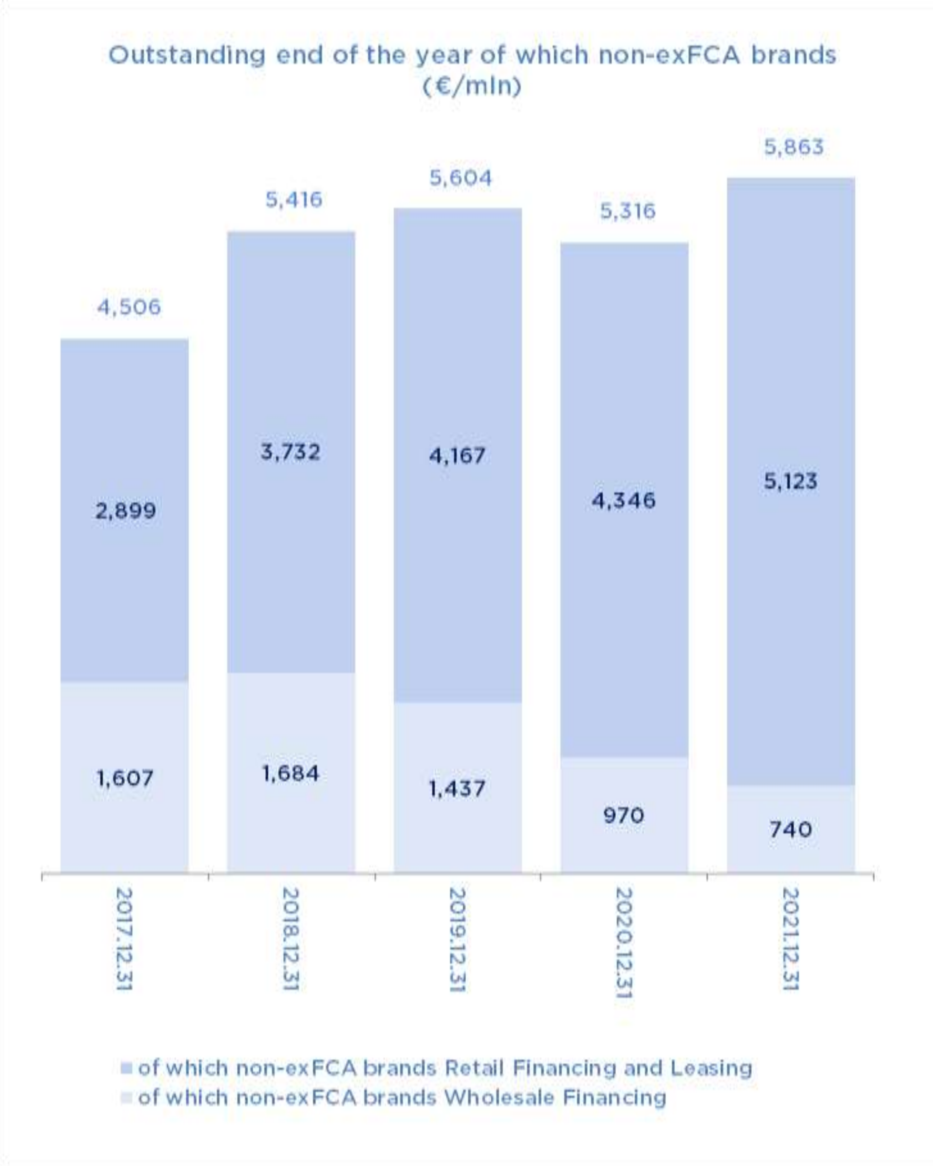
Economic data (€/mln)	12/31/2021	12/31/2020
Net Banking income and rental margin	1,046	993
Net operating expenses	(283)	(279)
Cost of risk	(57)	(68)
Other income / (expense)	(21)	16
Profit before tax	685	663
Net income	**494**	**501**
Outstanding		
Average	24,993	25,535
End of year	24,823	26,168
Ratio		
Net Banking income and Rental margin (on Average Outstanding)	4.19%	3.89%
Cost/Income ratio	27.04%	28.06%
Cost of risk (on Average Outstanding)	0.23%	0.26%
CET1	18.37%	15.43%
Total Capital ratio (TCR)	20.33%	17.21%
Leverage Ratio	13.61%	12.03%

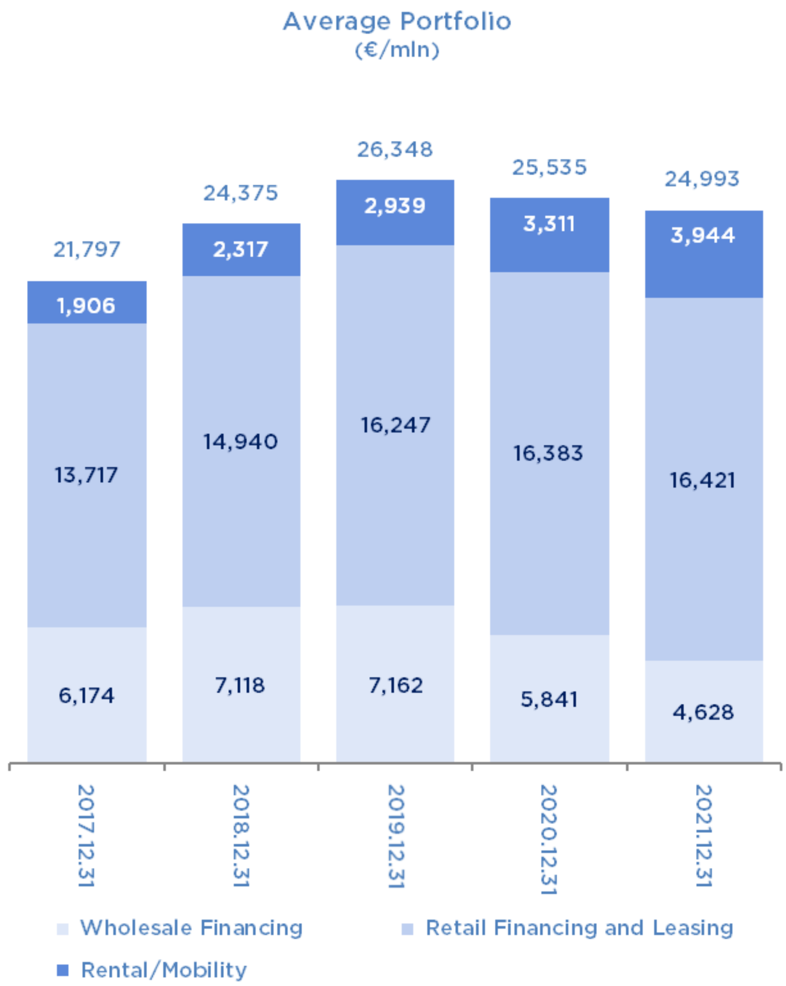
Balance sheet data (€/mln)	12/31/2021	12/31/2020*
Cash and cash balances	2,259	2,127
Financial assets at fair value through other comprehensive income	9	9
Financial assets at amortized costs:	20,732	22,491
a) Loans and receivables with Banks	817	412
b) Loans and receivables with customers	19,915	22,080
Hedging derivatives	46	23
Changes in fair value of portfolio hedge items	(14)	70
Insurance reserves attributable to reinsures	9	9
Property, plant and equipment	4,197	3,461
Intangible assets	322	296
Tax assets	359	360
Other assets	1,540	1,330
Total assets	**29,459**	**30,177**
Total liabilities	**25,557**	**26,523**
Net equity	**3,902**	**3,654**

* the figures as of 12/31/2020 have been restated to take into account the changes introduced by the 7th update of Circular no. 262 of the Bank of Italy with the communication dated December 21st, 2021. More in detail, the amount of current accounts and on demand deposits with Banks is exposed, starting from December 31st, 2021, in the item "Cash and cash balances" instead of between "Financial assets at amortized cost: loans and receivables with Banks".

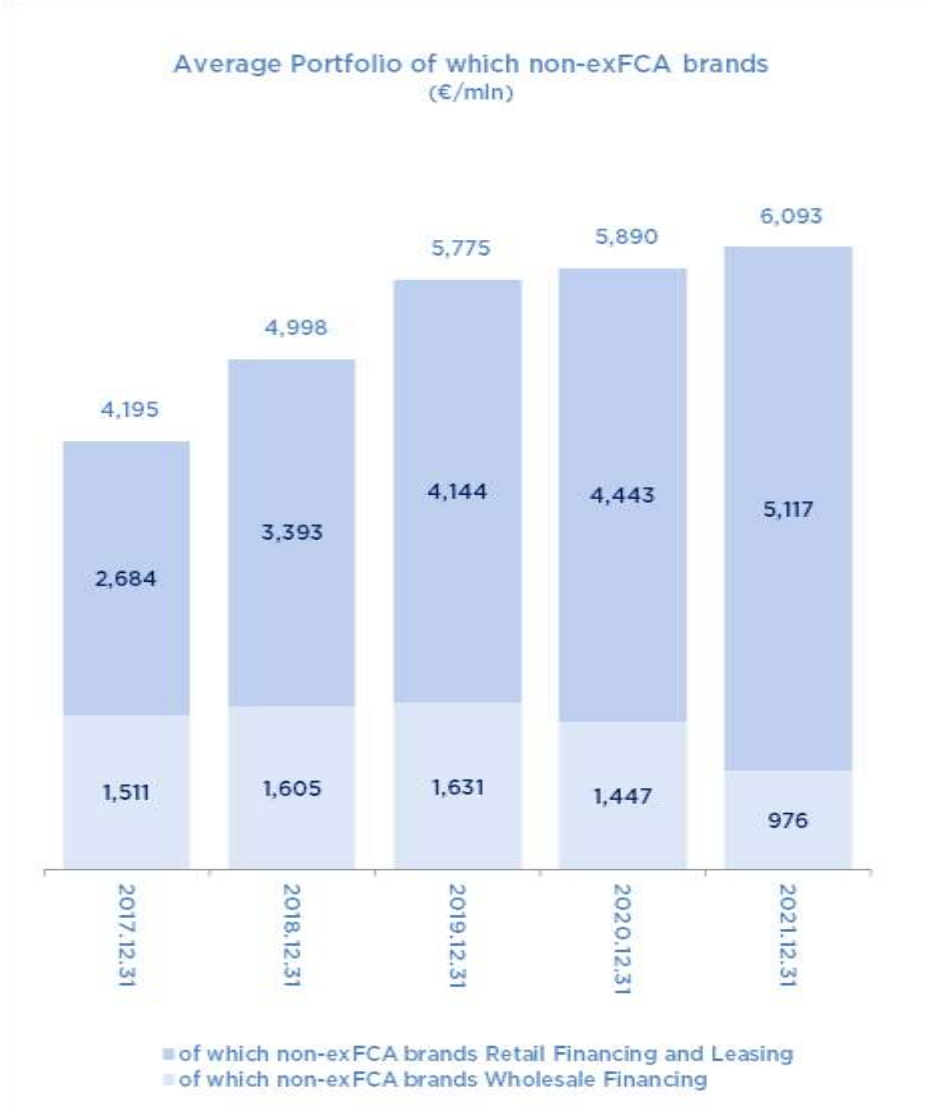
Despite the difficult economic context determined by the pandemic and the problems of the automotive sector caused by the shortage of raw materials (primarily semi-conductors), the average productive portfolio for 2021 showed a small decline, by 2%, compared to 2020.

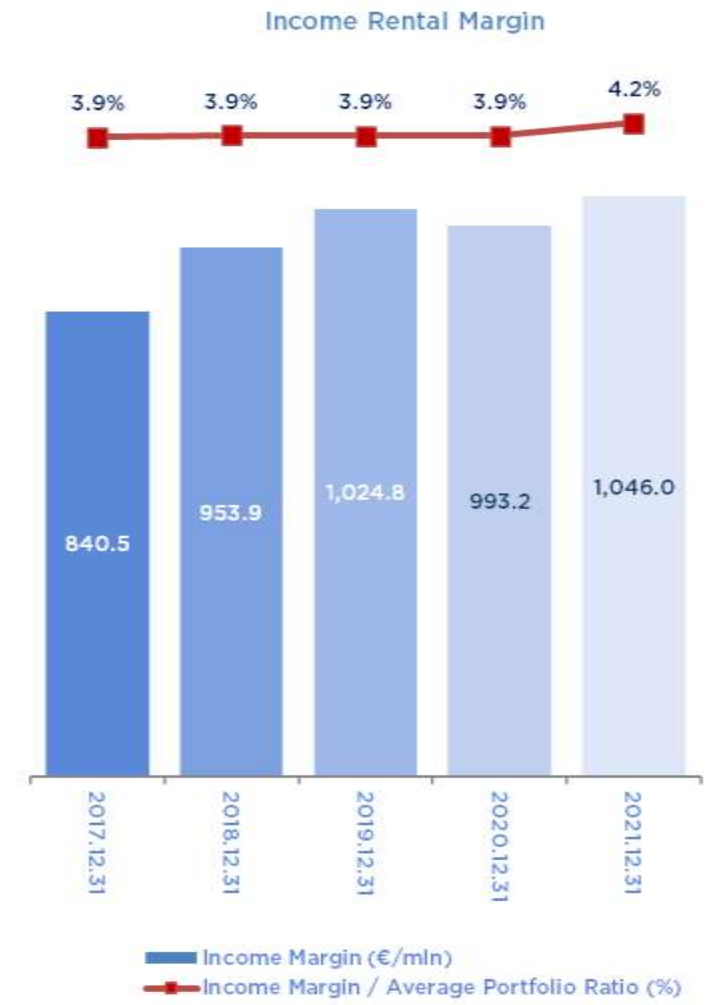
It is mainly due to the Wholesale Financing business (-21%), Retail Financing was stable while Rental/Mobility rose (+20%) on the preceding year thanks to the good cooperation with the commercial partners.


Outstanding end of the year of which non-exFCA brands
(€/mln)
4,506
5,416
5,604
5,316
5,863
2,899
3,732
4,167
4,346
5,123
1,607
1,684
1,437
970
740
2017.12.31
2018.12.31
2019.12.31
2020.12.31
2021.12.31
of which non-exFCA brands Retail Financing and Leasing
of which non-exFCA brands Wholesale Financing



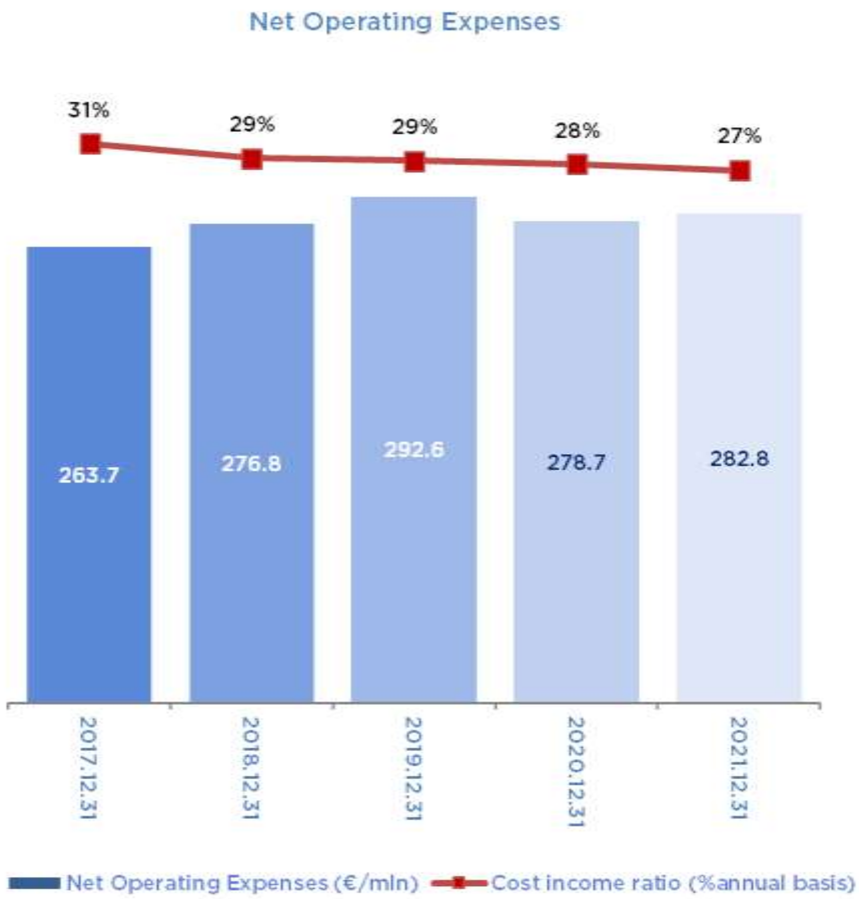
Average Portfolio
(€/mln)
21,797
24,375
26,348
25,535
24,993
1,906
2,317
2,939
3,311
3,944
13,717
14,940
16,247
16,383
16,421
6,174
7,118
7,162
5,841
4,628
2017.12.31
2018.12.31
2019.12.31
2020.12.31
2021.12.31
Wholesale Financing
Retail Financing and Leasing
Rental/Mobility


Average Portfolio of which non-exFCA brands
(€/mln)
4,195
4,998
5,775
5,890
6,093
2,684
3,393
4,144
4,443
5,117
1,511
1,605
1,631
1,447
976
2017.12.31
2018.12.31
2019.12.31
2020.12.31
2021.12.31
of which non-exFCA brands Retail Financing and Leasing
of which non-exFCA brands Wholesale Financing



Despite the decrease in the average portfolio, net Banking income and rental margin for the year increased by €52.9 million on the comparable year-earlier amount, reaching €1,046 million thanks to the improvement in the cost of money and the increase in profitability of retail and rental/mobility activities. In particular, in the rental/mobility business, there has been a significant rise in the margin from the sales of off-lease vehicles.

Net Banking margin accounted for 4.2% of the average outstanding portfolio (+0.3% compared to 2020).

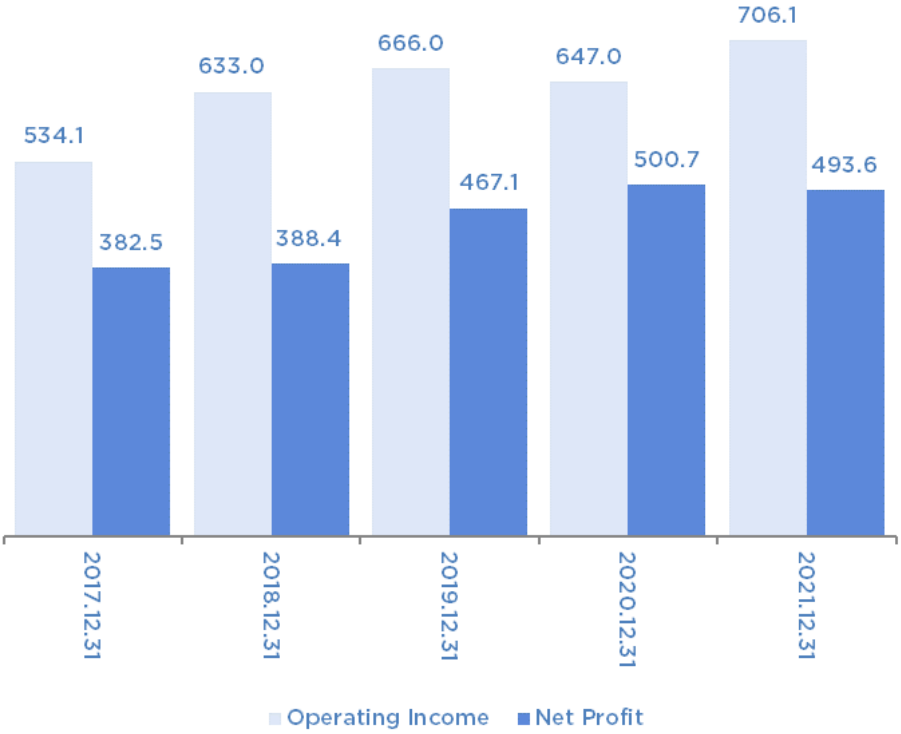


Operating efficiency combined with the ability of profit to grow relatively faster than costs resulted in a net operating expenses/income margin of 27.0%, continuing the improvement process under way for a number of years.

In absolute terms, net operating costs were up by around €4 million on 2020, partly due to the cost incurred for the acquisitions of ER CAPITAL Ltd and FCA Versicherungsservice GmbH completed in 2021.

In 2021 the cost of risk - which stood at €57 million, equal to 0.23% of the average outstanding portfolio – decreased thanks to the good portfolio performance and the introduction of the new impairment model determined by the New Definition of Default.

Operating Income and Net profit
(€/mln)



Net profit for 2021 amounts to €493.6 million (down 1% in respect of 2020).

Expenses include the contribution to the Single Resolution Fund for €14.8 million, inclusive of €3.6 million in additional contribution to the national fund requested by the Bank of Italy.

It is recalled that in 2020 revenue includes the release of €60 million in provisions made in 2018 to cover the risks associated with the fine levied by the AGCM.

EQUITY AND CAPITAL RATIO

Own Funds and Ratios (€/000)	12/31/2021	12/31/2020
Common Equity Tier 1 - CET1	3,217,935	2,975,763
Additional Tier 1 - AT1	6,282	5,921
Tier 1 - T1	**3,224,217**	**2,981,684**
Tier 2 - T2	338,377	337,895
Total Capital	**3,562,594**	**3,319,579**
Risk Weighted Assets (RWA)	**17,519,670**	**19,287,717**
REGULATORY RATIOS		
CET 1	18.37%	15.43%
Total Capital Ratio (TCR)	20.33%	17.21%
LCR	199%	243%
NSFR	113%	116%
OTHER RATIOS		
Leverage Ratio	13.61%	12.03%
RONE (Net Profit/Average Normative Equity)	29.66%	27.32%

At December 31st, 2021, the Total Capital Ratio was 20.33%, reflecting an improvement over the comparable metric at the end of 2020.
CET1 was 18.37%, while RONE (Return on Normative Equity) calculated considering the average Normative Equity and a 9.5% capital requirement for RWA, stood at 29.66%.

The increase in the Leverage Ratio compared to 2020 is mainly attributable to the growth of Tier1, following the inclusion of the 2020 net profit after the dividend distribution.

The reduction in the LCR is mainly attributable to the decrease in high quality liquid assets, which declined by €229 million compared to the previous year.

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

RECONCILIATION BETWEEN RECLASSIFIED AND REPORTED FINANCIAL STATEMENT FIGURES

Reconciliation between the income statement according to Circular 262 of Bank of Italy and reclassified income statement (€/mln)

	12/31/2021	12/31/2020	Ref. Notes to the financial statements Part C
10. Interest incomes and similar revenues	835	864	1.1
20. Interest expenses and similar charges	(197)	(209)	1.3
40. Fee and commission incomes	109	117	2.1
50. Fee and commision expenses	(38)	(33)	2.2
80. Net income financial assets and liabilities held for trading	3	0	4.1
90. Fair value adjustments in hedge accounting	(4)	(5)	5.1
160. Net premium earned	3	2	10.1
170. Net other operating incomes/ charges from insurance activities	(1)	1	11.1
190. Administrative costs	(1)		12.1
200. Net provision for risks and charges	(10)	(11)	13.3
210. Depreciation/Impairment on tangible assets (*)	(565)	(496)	14.1
230. Other operating incomes/charges	912	763	16.1
Net Banking Income (**)	1,046	993	
40. Fee and commission incomes	18	16	2.1
190. Administrative costs	(285)	(259)	12.1
200. Net provision for risks and charges	(3)	(1)	13.3
210. Impairment on tangible assets	(13)	(14)	14.1
220. Impairment on intangible assets	(21)	(16)	15.1
230. Other operating incomes/charges	20	(5)	16.1
Net operating expenses	(283)	(279)	
50. Fee and commision expenses	(11)	(11)	2.2
100. Profits (losses) on disposal or repurchase of:			
a) Financial assets at amortized cost	(1)		
130. Impairment/reinstatement for credit risk			
a) Financial assets at amortized cost	(30)	(44)	8.1
230. Other operating incomes/charges	(15)	(13)	16.1
Cost of risk	(57)	(68)	
130. Impairment/reinstatement of value of loans			
a) Financial assets at amortized cost	-	(26)	8.1
190. Administrative costs	-	(15)	12.1
200. Net provision for risks and charges	-	60	13.3
230. Other operating incomes/charges	(21)	(3)	16.1
Other incomes/expenses	(21)	16	
300. Tax expense related to profit or loss from continuing operations	(191)	(162)	21.1
Income taxes	(191)	(162)	
Net profit	494	501	

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

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

	12/31/2021	Ref. Notes to the financial statements
Outstanding	24,823	
90. Property, plant and equipment (*)	(4,089)	Part B 9.6.1 FS assets
130. Other assets (**)	(875)	Part B 13.1 FS assets
10.b) Deposits from customers	1	Part B 1.2 FS liabilities
80. Other liabilities	227	Part B 8.1 FS liabilities
40.b) Loans and receivables with customers not included in the outstanding	109	Part B 4.2 FS assets
Accounting-only reclassifications	(6)	
40.b) Loans and receivables with customers	20,190	
Allowance for loans Management data	315	
90. Property, plant and equipment	-	
130. Other assets	(40)	Part B 13.1 FP assets
10.b) Deposits from customers	-	
80. Other liabilities	-	
40.b) Loans and receivables with customers not included in the outstanding	-	
Allowance for loans with customers Item 40.b)	275	

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

(**) The item includes the consignment for €135 million and receivables from customers relating to the rental/mobility business for €694 million.

RECONCILIATION BETWEEN PARENT COMPANY AND CONSOLIDATED EQUITY

	Equity	of which: Profit for the period
Equity and profit for the period of FCA Bank S.p.A.	2,488,767	317,379
Equity and profit of subsidiaries less non-controlling interests	2,274,197	269,933
Consolidation adjustments:	(931,141)	(102,418)
Elimination of carrying amount of consolidated companies	(914,283)	-
InterCompany dividends	-	(117,531)
Other consolidation adjustments	(16,858)	15,113
Equity and profit attributable to FCA Bank S.p.A.'s shareholders	3,831,823	484,893
Equity and profit attributable to non-controlling interests	70,136	8,711
Consolidated equity and net profit	3,901,959	493,605

ORGANIZATION AND HUMAN RESOURCES

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

INFORMATION TECHNOLOGY

In line with the digitalization process implemented by the Group, the Information and Communication Technology department continued to pursue its actions to upgrade the information systems to achieve dematerialization in the Consumer Financing sale process. This department was particularly important in 2020, due to the economic and lockdown problems caused by the Covid-19 and continued in the 2021.

In the second half of the 2021, significant projects were implemented and managed in the financial, regulatory area and designed to enhance its profitability:

- the Regulatory Reporting Tool is underway. This is a tool for managing and monitoring supervisory reporting, based on continuous monitoring and regulatory update services, which allows the mapping of all reporting obligations towards Supervisory Authorities (mainly the Bank of Italy), and the related deadlines, as well as the optimization of internal processes for managing and monitoring reports.
- the A.BA.CO. (Attivi Bancari Collaterali – Collateralized Banking Assets) system has been released in the Retail area;
- the new Financial Calculator 3.0 project is underway. It provides a new Company tool for the public, to enable a more effective and prompt calculation of the Company's financing proposals for the purchase of vehicles and for Long Term Rental contracts, with the possibility of calculating and identifying products starting from a specific instalment. The new tool, available on all digital front-ends, will be connected with the Company's back-ends in real time; the project will continue throughout 2021 and part of 2022;
- the Pre Scoring platform was released into production during 2021 also in Italy, integrating with the Financial Calculator 3.0, and will allow the Company's path towards e-commerce to be supported also for all the other FCA Bank markets whose releases have been planned in 2021 and will continue in 2022;
- the functionalities of the Customer Area of the FCA Bank's website were improved, for a better User Experience, by activating the integration of a single digital identity (Single Sign On) with Conto Deposito;
- a new Remote Financing system was released, leveraging the new Digital Onboarding system which enabled FCA Bank to continue its activities in the market, despite the difficult period caused by the lockdown due to the pandemic.

FCA Bank Group renewed the process to redefine all the central Treasury systems replacing the current applications with a new integrated system that fully manages the operational process of financial instruments in both outturn and forecasting mode, from the entry of contracts (also in draft and/or simulated status), to valuations (by portfolio, legal entity, liquidity flows, etc.), to financial analyses, to the use of information for supervisory, accounting and financial reporting purposes, to the monitoring of current accounts and internal and regulatory limits, to the production of reports and payment instructions.

The new Roadmap for the Business Intelligence platform is underway, to replace the current corporate DataWarehouse system for a more innovative platform until the first half of 2022.

Moreover, the Bank reconsidered the Customer Care tool by selecting, in a constantly changing market, a platform with a better performance than the current pone. The markets in which FCA Bank Group and Leasys Group operate, starting with those abroad, have been involved in the implementation of the new Salesforce CRM system starting in January 2021 and will be involved in this project throughout 2022.

Moreover, all the markets worked in synergy with HQ on the Prescoring, Customer Portal, CRM and Financial Calculator 3.0 projects.

In the foreign markets, the cluster-based approach to upgrade management and accounting systems continued, as did the rollouts started in 2015 to create the IT platforms to cover the Retail Financing and Rental/Mobility lines of business.

During 2021 the rental solutions for the France, Denmark and Portugal markets were released and at the beginning of 2022 the retail solutions (front-end) for the Portugal and Spain markets will be released.

In the second half of 2021, the CA MOBILITY RENT France project was released, to support the new long-term rental business in the CA perimeter, which will be serviced by Leasys.

At the end of 2021 the process began to adapt the systems of Leasys Rent S.p.A., the short-term rental Company acquired by Leasys S.p.A. to meet new market needs, to stay ahead of the competition and to address the preferences of Web customers, with the creation of new and innovative products such as Car Cloud and Car Box, which are based on the subscription model leverage the functionality of the existing Leasys GO! platform.

In November 2021, the project to rollout the new Leasys APP (UMOVE) and the MYLEASYS Customer Web Portal to all Leasys Markets was successfully completed, providing new Prospects and Customers with all Leasys S.p.A. and Leasys Rent S.p.A. products in a single platform, enabling the Company to participate in international tenders for the supply of fleets by the fleet manager through MYLEASYS.

The rollout project on Milan, Rome and Lyon of LeasysGO! – Car Sharing, a new platform owned by Leasys S.p.A. where the shared fleet management system, was also completed during the second part of 2021, with such platform to be inaugurated with the commercial launch of the electric New 500.

Regarding the RPA (Robotic Process Automation) project, activities continued to complete process automation both within FCA Bank and within Leasys S.p.A..

The RPA project activated progressively 90 robots, to cover HQ, BU Italy and Leasys S.p.A. processes, thus confirming the strategic automation plan for the repetitive activities of many of FCA Bank's functional areas, with the ensuing reduction of personnel expenses and the reallocation of business resources to higher-value added activities.

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

Finally, the post go live phase of the new CRFS Italia Retail system is underway.

INTERNAL CONTROL SYSTEM

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

Internal Control Functions

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

Internal Board Committees

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

Committees involved in the Internal Control System

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

OTHER INFORMATION

PRINCIPAL RISKS AND UNCERTAINTIES

The specific risks that can give rise to obligations for the Company are evaluated when the relevant provisions are made and are reported in the notes to the financial statements, together with significant contingent liabilities. In this section, reference is made to risk and uncertainty factors related essentially to the economic, regulatory and market context which can produce effects for the Company's performance.

The Company's financial condition, operating performance and cash flows are affected first of all by the various factors that make up the macroeconomic picture in which it operates, including increases and decreases in gross domestic product, consumer and business confidence levels, trends in interest, exchange and unemployment rates.

The Group's activity is mainly linked to the performance of the automotive sector, which is historically cyclical. Bearing in mind that it is hard to predict the breadth and length of the different economic cycles, every macroeconomic event (such as a significant drop in the main end markets, the solvency of counterparties, the volatility of financial markets and interest rates) can impact the Group's prospects and its financial and operating results.

The extraordinary nature of the Covid-19 event has taken on special significance. Two years have now passed since the start of the pandemic and the vaccination campaign has been underway for a year. National governments, given a significant increase in infections between the end of 2021 and the beginning of 2022, do not seem inclined to implement lockdown measures similar to those put in place at the start of the pandemic. However, uncertainty remains about the months ahead, the impacts on the economy and the Company's results, in relation to possible developments of the pandemic.

The FCA Bank Group complies with the laws in the countries in which it operates. Most of the legal proceedings are involved in reflect disputes on payment delinquencies by customers and dealers in the course of our ordinary business activities.

Our policy on provisions for loan and lease losses, and the close monitoring under way, allows us to evaluate promptly the possible effects on our accounts.

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 euros, 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.

In 2021 the Bank received as a grant an amount of €22.7 thousand. 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.

DIRECTION AND COORDINATION ACTIVITIES

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

DIVIDEND AND RESERVE DISTRIBUTIONS

During the first half of 2021, dividends amounting to €280 million were distributed. The dividend payment took place on March 30th, 2021 in accordance with the resolution adopted by the Shareholders at the General Meeting of March 29th, 2021.

OTHER REGULATORY DISCLOSURES

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

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

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

Consolidated Income Statement details and reconciliation with reclassified Income Statement (€/mln)		12/31/2021	Reclassified Income Statement Items
10	INTEREST INCOMES AND SIMILAR REVENUES	835	NBI
80	NET INCOME FINANCIAL ASSETS AND LIABILTIES HELD FOR TRADING	3	NBI
40	FEE AND COMMISSION INCOMES	128	
	Fee and commission incomes	109	NBI
	Fee and commission incomes	18	NOE
	FINANCIAL REVENUES	965	
	of which insurance	*228*	
100	PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF FINANCIAL ASSETS AT AMORTIZED COST	(1)	NBI
160	NET PREMIUM EARNED	3	NBI
170	NET OTHER OPERATING INCOMES/ CHARGES FROM INSURANCE ACTIVITIES	(1)	NBI
	TOTAL FINANCIAL REVENUES	**966**	
20	INTEREST EXPENSES AND SIMILAR CHARGES	(197)	NBI
90	FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(4)	NBI
50	FEE AND COMMISSION EXPENSES	(49)	
	Fee and commission expenses	(38)	NBI
	Insurance credit costs	(11)	COR
	TOTAL FINANCIAL COSTS	**(250)**	
130	IMPAIRMENT LOSSES ON LOANS	(30)	COR
	Impairment losses and loans	(30)	COR
	Impairment losses and loans	-	OTH
180	**NET PROFIT FROM FINANCIAL AND INSURANCE ACTIVITIES**	**686**	
190	ADMINISTRATIVE COSTS	(286)	NOE
	Administrative costs	(285)	NOE
	Administrative costs	(1)	OTH
200	NET PROVISIONS FOR RISKS AND CHARGES	(12)	NBI
	Net provisions for risks and charges	(10)	NBI
	Net provisions for risks and charges	(3)	NOE
210	IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT	(578)	
	Depreciation of rental assets (rental/mobility business)	(565)	NBI
	Depreciation of property, plant and equipment	(13)	NOE
220	IMPAIRMENT ON INTANGIBLE ASSETS	(21)	NOE
230	OTHER OPERATING INCOMES / CHARGES	896	
	Rental income/charges (rental/mobility business)	912	NBI
	Eexpense recoveries and credit collection expenses	20	NOE
	Impairment of rental receivables (rental/mobility business)	(15)	COR
	Other	(21)	OTH
240	**OPERATING COSTS**	**(1)**	
290	**TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS**	**685**	
300	TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS	(191)	TAX
330	**NET PROFIT OR LOSS**	**494**	
340	MINORITY PORTION OF NET INCOME (LOSS)	9	
350	**HOLDINGS INCOME (LOSS) OF THE YEAR**	**485**	

Reclassified Income Statement Items (€/mln)	12/31/2021	
Net Banking Income	1,046	NBI
Net Operating Expenses	(283)	NOE
Cost of risk	(57)	COR
Operating Income	706	
Other expenses/ incomes	(21)	OTH
Profit before tax	685	
Tax expense	(191)	TAX
Net profit	**494**	

Turin, March 2nd, 2022

On behalf of the Board of Directors

Chief Executive Officer and General Manager

Giacomo Carelli

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Assets (€/000)	12/31/2021	12/31/2020*
10.	Cash and cash balances	2,258,788	2,126,836
30.	Financial assets at fair value through other comprehensive income (FVOCI)	9,305	9,305
40.	Financial assets at amortized cost	20,732,395	22,491,147
	a) loans and advances to Banks	817,364	411,587
	b) loans and advances to customers	19,915,031	22,079,560
50.	Hedging derivatives	45,697	23,333
60.	Changes in fair value of portfolio hedge items (+/-)	(14,292)	69,936
70.	Equity investments	62	62
80.	Insurance reserves attributable to reinsurers	8,720	9,480
90.	Property, plant and equipment	4,197,489	3,461,371
100.	Intangible assets	322,492	296,043
	of which:		
	- goodwill	215,560	204,206
110.	Tax assets	358,908	359,695
	a) current	149,954	109,346
	b) deferred	208,954	250,349
130.	Other assets	1,539,807	1,329,886
	Total assets	**29,459,370**	**30,177,095**

* the figures as of 12/31/2020 have been restated to take into account the changes introduced by the 7th update of Circular no. 262 of the Bank of Italy with the communication dated December 21st, 2021. More in detail, the amount of current accounts and on demand deposits with Banks is exposed, starting from December 31st, 2021, in the item "Cash and cash balances" instead of between "Financial assets at amortized cost: loans and receivables with Banks".

	Liabilities and Shareholders' Equity (€/000)	12/31/2021	12/31/2020
10.	Financial liabilities at amortised cost	23,853,478	24,909,653
	a) deposits from Banks	11,410,655	10,372,312
	b) deposits from customers	2,494,981	2,099,562
	c) debt securities in issue	9,947,842	12,437,778
20.	Financial liabilities held for trading	1,987	2,041
40.	Hedging derivatives	62,721	93,920
60.	Tax liabilities	316,873	310,552
	a) current	121,173	73,139
	b) deferred	195,700	237,413
80.	Other liabilities	1,157,928	1,039,333
90.	Provision for employee severance pay	9,892	10,917
100.	Provisions for risks and charges	140,833	143,974
	a) committments and guarantees given	17	-
	b) post-retirement benefit obligations	46,134	47,547
	c) other provisions for risks and charges	94,682	96,427
110.	Insurance reserves	13,698	12,621
120.	Revaluation reserves	(10,906)	(44,736)
150.	Reserves	2,465,090	2,250,488
160.	Share premium	192,746	192,746
170.	Share capital	700,000	700,000
190.	Minorities (+/-)	70,136	61,431
200.	Net Profit (Loss) for the year (+/-)	484,893	494,154
	Total liabilities and shareholders' equity	**29,459,370**	**30,177,095**

CONSOLIDATED INCOME STATEMENT

	Items (€/000)	12/31/2021	12/31/2020
10.	Interest income and similar revenues	834,633	864,030
	of which: interest income calculated using the effective interest method	820,841	844,544
20.	Interest expenses and similar charges	(196,586)	(209,295)
30.	**Net interest margin**	**638,047**	**654,735**
40.	Fee and commission income	127,658	133,368
50.	Fee and commission expenses	(49,488)	(43,434)
60.	**Net fee and commission**	**78,170**	**89,933**
80.	Net gains (losses) on trading	2,791	249
90.	Net gains (losses) on hedge accounting	(4,285)	(4,808)
100.	Profits (losses) on disposal or repurchase of:	(934)	(11)
	a) financial asstets at amortized cost	(934)	(11)
120.	**Operating income**	**713,790**	**740,100**
130.	Net impairment/reinstatement for credit risk:	(29,748)	(70,588)
	a) financial asstets at amortized cost	(29,748)	(70,588)
150.	**Net profit from financial activities**	**684,041**	**669,511**
160.	Net premium earned	2,948	2401.897
170.	Net other operating income/charges from insurance activities	(715)	701
180.	**Net profit from financial and insurance activities**	**686,274**	**672,614**
190.	Administrative costs:	(286,124)	(274,299)
	a) payroll costs	(185,431)	(171,104)
	b) other administrative costs	(100,692)	(103,195)
200.	Net provisions for risks and charges	(12,337)	47,666
	a) commitments and financial guarantees given	(17)	-
	b) other net provisions	(12,321)	47,666
210.	Impairment on property, plant and equipment	(577,921)	(509,238)
220.	Impairment on intangible assets	(20,749)	(15,921)
230.	Other operating income/charges	895,701	741,915
240.	**Operating costs**	**(1,430)**	**(9,876)**
290.	**Total profit or loss before tax from continuing operations**	**684,844**	**662,737**
300.	Tax expense related to profit or loss from continuing operations	(191,240)	(162,068)
310.	**Total profit or loss after tax continuing**	**493,605**	**500,670**
330.	**Net profit or loss**	**493,605**	**500,670**
340.	Minority portion of net income	(8,711)	(6,515)
350.	**Holding income (loss) of the year**	**484,893**	**494,154**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Items (€/000)	12/31/2021	12/31/2020
10.	Profit (Loss) for the year	493,605	500,670
	Other comprehensive income after tax not reclassified to profit or loss	**2,134**	**919**
70.	Defined-benefit plans	2,134	919
	Other comprehensive income after tax reclassified to profit or loss	**32,132**	**(18,678)**
110.	Exchange rate differences	21,108	(15,344)
120.	Cash flow hedging	11,024	(3,334)
170.	**Total other comprehensive income after tax**	**34,266**	**(17,759)**
180.	Other comprehensive income (Item 10+170)	527,871	482,911
190.	Total comprehensive income (loss) attributable to non-controlling interests	8,705	6,500
200.	Total comprehensive income (loss) attributable to the Shareholders of the Parent Company	519,166	476,411

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

(€/thousands)

	Closing balance as at 12/31/2020	Changes in opening balance	Balance as at 01/01/2021	Allocation on profit from previous year		Changes during the year									Equity as at 12/31/2021	Equity attributable to Parent Company's shareholders as at 12/31/2021	Non-controlling interests as at 12/31/2021
							Equity transactions										
				Reserves	Dividends and other allocations	Changes in reserves	New share issues	Share buyback	Special dividends paid	Changes in equity instruments	Derivatives on shares	Stock options	Change in equity interests	Consolidated comprehensive income 2021			
Share capital:																	
a) common shares	703,389		703,389												703,389	700,000	3,389
b) other shares																	
Share premium reserve	195,623		195,623												195,623	192,746	2,877
Reserves:																	
a) retained earnings	2,299,201		2,299,201	500,670	(280,000)										2,519,871	2,464,643	55,228
b) other																	
Valutation reserve	(44,799)		(44,799)											34,266	(10,533)	(10,464)	(69)
Equity instruments																	
Interim dividends																	
Treasury shares																	
Profit (Loss) for the year	500,670		500,670	(500,670)										493,605	493,605	484,894	8,711
Equity	3,654,083		3,654,083											527,871	3,901,954		
Equity attributable to Parent Company's shareholders	3,592,652		3,592,652		(280,000)									519,166		3,831,818	
Non-controlling interests	61,431		61,431											8,705			70,136

(euro thousand)

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

CONSOLIDATED STATEMENT OF CASH FLOW (direct method)

Items (€/000)	12/31/2021	12/31/2020*
A. OPERATING ACTIVITIES		
1. Business operations	**1,068,194**	**1,072,057**
- interest income (+)	761,379	870,238
- interest expense (-)	(220,869)	(229,051)
- dividends and similar income (+)	-	-
- fee and commission income (expense) (+/-)	78,170	89,933
- personnel expenses (-)	(168,252)	(156,566)
- net earned premiums (+)	2,948	2,402
- other insurance income/expenses (+/-)	(715)	701
- other expenses (-)	(75,558)	(77,962)
- other revenue (+)	886,516	730,359
- taxes and levies (-)	(195,424)	(157,996)
- expenses/revenues relating to discontinued operations net of the tax effect (+/-)		
2. Cash flows generated/absorbed by financial assets	**1,039,654**	**1,817,327**
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets compulsorily assessed at fair value	-	-
- financial assets at fair value with impact on other comprehensive income	-	503
- financial assets at amortized cost	1,777,819	1,828,399
- other assets	(735,166)	(11,576)
3. Cash flows generated/absorbed by financial liabilities	**(1,196,872)**	**(2,050,297)**
- fiancial liabilities at amortized cost	(1,031,892)	(2,004,219)
- financial liabilities held for trading	(54)	(1,366)
- titoli in circolazione	-	-
- other liabilities	(164,926)	(44,713)
Cash flows generated/absorbed by operating activities	**910,975**	**839,085**
B. INVESTING ACTIVITIES		
1. Cash flows generated by	425,895	**425,895**
- vendite di partecipazioni	-	-
- dividendi incassati su partecipazioni	-	-
- sales of property, plant and equipment	425,895	425,895
- sales of intangible assests	-	-
- vendite di società controllate e di rami d'azienda	-	-
2. Cash flows absorbed by	**(1,204,918)**	**(1,204,918)**
- acquisti di partecipazioni	-	-
- purchases of property,plant and equipment	(1,155,752)	(1,155,752)
- purchases of intangible assets	(49,167)	(49,167)
- acquisti di società controllate e di rami d'azienda	-	-
Cash flows generated/absorbed by investing activities	**(779,023)**	**(779,023)**
C. FINANCING ACTIVITIES		
- emissioni/acquisti di azioni proprie	-	-
- emissioni/acquisti di strumenti di capitale	-	-
- dividend and other distributions	-	-
- vendita/acquisto di controllo di terzi	-	-
Cash flows generated/absorbed by financing activities	-	**-**
CASH FLOWS GENERATED/ABSORBED DURING THE YEAR	**131,952**	**60,062**

* the figures as of 12/31/2020 have been restated to take into account the changes introduced by the 7th update of Circular no. 262 of the Bank of Italy with the communication dated December 21st, 2021. More in detail, the amount of current accounts and on demand deposits with Banks is exposed, starting from December 31st, 2021, in the item "Cash and cash balances" instead of between "Financial assets at amortized cost: loans and receivables with Banks".

RECONCILIATION

Items (€/000)	12/31/2021	12/31/2020*
Cash and cash equivalents at the beginning of the year	2,126,836	2,066,774
Cash flows generated/absorbed during the year	131,952	60,062
Cash and cash equivalents at the end of the year	2,258,788	2,126,836

* the figures as of 12/31/2020 have been restated to take into account the changes introduced by the 7th update of Circular no. 262 of the Bank of Italy with the communication dated December 21st, 2021. More in detail, the amount of current accounts and on demand deposits with Banks is exposed, starting from December 31st, 2021, in the item "Cash and cash balances" instead of between "Financial assets at amortized cost: loans and receivables with Banks".

With reference to the disclosure required by paragraph 44 B of IAS 7, it should be noted that changes in liabilities due to financing activities amounted to -1.0 billion (use of cash), of which -34 million related to changes in fair value and the remainder to cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PART A - ACCOUNTING POLICIES

A1 – GENERAL INFORMATION

Section 1 - Statement of compliance with International Financial Reporting Standards

The Consolidated Financial Statements as of and for the year-ended December 31th, 2021 have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission with Regulation no. 1606 of July, 19th 2002 and transposed into the Italian legal system with Legislative Decree no. 38 of February 28th, 2005, up to December 31st, 2021.

Bank of Italy, whose powers in relation to the accounts of Banks and financial companies subject to its supervision were laid down by Legislative Decree no. 87/92 and confirmed by the above-mentioned Legislative Decree, established the formats of the accounts and the notes used to prepare these financial statements through circular no. 262 of December 22nd, 2005, and with the 7th amendment of October 29th, 2021, in the preparation of the same financial statement, account was taken of the communication of December 21, 2021 - Additions to the provisions of Circular no. 262 "The financial statements of Banks: formats and rules for preparation", regarding an update on the Covid-19 impacts and measures to support the economy.

ESMA's communication of October 29th, 2021 "European common enforcement priorities for 2021 annual financial reports" was also taken into account in the preparation of the Consolidated Financial Statements. The main enforcement priorities are:

- careful assessment and transparency in accounting for the long-term impacts of the Covid-19 pandemic and the recovery phase;
- consistency between the information contained in IFRS financial statements and non-financial climate-related information, consideration of climate risks, disclosure of any significant judgments and estimation of uncertainty about climate risks, clearly assessing materiality;
- increased transparency regarding the measurement of expected credit loss (ECL), particularly in relation to management overlap, significant changes in credit risk, forward-looking information, changes in loss provisions, credit risk exposures and guarantees, and the effect of climate-related risk on ECL measurement.

Section 2 – Basis of preparation

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

The financial statements and the notes show the amounts for the year just ended at December 31st, 2021 well as the comparative figures at December 31st, 2020.

The FCA Bank Group's Consolidated Financial Statements were prepared in accordance with IAS 1 and the guidelines of Bank of Italy's circular no. 262 of December 22nd, 2005, 7th update of October 29th, 2021. In particular:

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

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

- *Consolidated statement of comprehensive income.*

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

- *Consolidated statement of changes in equity.*

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

- *Consolidated statement of cash flows.*

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

- *Unit of account.*

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

- *Going concern, accrual basis of accounting and consistency of presentation of financial statements.*

The Group is expected to remain viable in the foreseeable future. Accordingly, the financial statements for the year-ended December 31st, 2021 were prepared on the assumption that the Company is a going concern, in accordance with the accrual basis of accounting and consistent with the financial statements for the previous year.

There were no departures from the application of IAS/IFRSs as approved by the European Commission.

Risks and uncertainties related to the use of estimates

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

In particular, estimates were made to support the carrying amounts of certain significant items of the Consolidated Financial Statements as of December 31st, 2021, in accordance with IAS/IFRSs and the above-mentioned guidelines. Such estimates concerned largely the future recoverability of the reported carrying amounts in accordance with the applicable rules and based on a going concern assumption.

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

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

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

TLTRO-III

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

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

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

The characteristics of the TLTRO-III operations are such that they cannot be accounted for under IAS/IFRS in a straightforward manner, particularly with reference to the following situations:

- change of estimated target achievement;
- recording of operating effects, particularly "special interest";
- management of early repayments.

In fact, it was deemed that reference could be made by analogy to "IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance" or to "IFRS 9 – Financial Instruments".

To account for the operations in question, the FCA Bank Group chose to refer to IFRS 9, considering that the funding conditions available to Banks through the ECB's TLTRO program are at arm's length.

Section 3 - Scope and methods of consolidation

The Consolidated Financial Statements as of December 31st, 2021 include the accounts of the Parent Company, FCA Bank S.p.A., and its direct and indirect Italian and foreign subsidiaries, as required by IFRS 10.

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

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

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

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

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

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

The Group does not have any investments in joint ventures.

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

The following table shows the companies included in the consolidation area. The changes in the scope of consolidation during 2021 concern the entry into the full consolidation area of:

- FCA Versicherungsservice GmbH;
- ER CAPITAL Ltd;
- Sado Rent – Automoveis de Aluguer Sem Condutor, S.A..

Finally, for completeness, it should be noted that FCA Leasing GmbH has changed the Company name to Leasys Austria GmbH.

1. Investments in controlled Subsidiaries

NAME	REGISTERED OFFICE	COUNTRY OF INCORPORATION (*)	TYPE OF RELATIONSHIP (**)	PARENT COMPANY (***)	SHARING %
FCA Bank S.p.A.	Turin - Italy				
Leasys S.p.A.	Turin - Italy	Rome - Italy	1		100,00
Leasys Rent S.p.A.	Bolzano - Italy	Rome - Italy	1	Leasys S.p.A.	100,00
Clickar S.r.l.	Turin - Italy	Rome, Turin - Italy	1	Leasys S.p.A.	100,00
FCA Leasing France S.A.	Trappes - France		1		99,99
Leasys France SAS	Trappes - France		1	Leasys S.p.A.	100,00
Leasys Rent France S.A.S.	Limonest - France		1	Leasys S.p.A.	100,00
FCA Bank Deutschland GmbH	Heilbronn - Germany		1		100,00
FCA Versicherungsservice GmbH	Heilbronn - Germany		1	FCA Bank Deutschland GmbH	100,00
Ferrari Financial Services GmbH	Pullach - Germany		1		50,00 01
FCA Automotive Services UK Ltd	Slough - UK		1		100,00
FCA Dealer Services UK Ltd	Slough - UK		1		100,00
Leasys UK Ltd	Slough - UK		1	Leasys S.p.A.	100,00
ER CAPITAL Ltd	Slough - UK		1	Leasys S.p.A.	100,00
FCA Capital España EFC SA	Alcala de Henares - Spain		1		100,00
FCA Dealer Services España SA	Alcala de Henares - Spain		1		100,00
Leasys Rent Espana S.L.U.	Alicante - Spain		1	Leasys S.p.A.	100,00
Leasys Portugal S.A.	Lisbon - Portugal		1	Leasys S.p.A.	100,00
Sado Rent – Automoveis de Aluguer Sem Condutor, S.A.	Lisbon - Portugal		1	Leasys Rent S.p.A.	100,00
FCA Capital Suisse SA	Schlieren - Switzereland		1		100,00
Leasys Polska Sp.Zo.o.	Warsaw - Poland		1	Leasys S.p.A.	100,00
FCA Capital Netherlands BV	Amsterdam - The Netherlands		1		100,00
Leasys Nederland B.V.	Amsterdam - The Netherlands		1	Leasys S.p.A.	100,00
FCA Capital Danmark A/S	Glostrup - Denmark		1		100,00
FCA Bank GmbH	Vienna - Austria		2		50,00
Leasys Austria GmbH	Vienna - Austria		1	Leasys S.p.A.	100,00
FCA Insurance Hellas SA	Athens - Greece		1		100,00
Leasys Hellas SM SA	Athens - Greece		1	Leasys S.p.A.	100,00
FCA Capital Re DAC	Dublin - Ireland		1		100,00
FCA Capital Sverige AB	Höllviken - Sweden		1	FCA Capital Danmark A/S	100,00
FCA Capital Norge AS	Oslo - Norway		1	FCA Capital Danmark A/S	100,00

(*) If different from Registered Office

(**) Relation Type:

1 = majority of voting rights at ordinary meetings

2 = dominant influence at ordinary meeting

(***) If different from FCA Bank S.p.A.

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

NAME	COUNTRY
Nixes Six PLc	London - UK
Erasmus Finance DAC	Dublin - Ireland
A-BEST FOURTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST FIFTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST SIXTEEN UG	Frankfurt am Main - Germany
A-BEST SEVENTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST EIGHTEEN S.r.l	Conegliano (TV) - Italy
A-BEST NINETEEN UG	Frankfurt am Main - Germany
A-BEST TWENTY-ONE UG	Frankfurt am Main - Germany
A-BEST TWENTY	Madrid - Spain

3. Investments in subsidiaries with significant non-controlling interests

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

Name	Non-controlling interests (%)	Availability of non-controlling interests' voting rights (%)	Dividends distributed to non-controlling interests
FCA Bank GmbH (Austria)	50%	50%	-
Ferrari Financial Services GmbH (Germany)	49,99%	49,99%	-

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

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

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

(amounts in thousands of euros)

FCA BANK GMBH (AUSTRIA)	12/31/2021	12/31/2020*
Total assets	188,700	247,654
Finacial assets	174,201	245,174
Financial liabilities	122,890	188,098
Equity	59,113	55,455
Net interest income	6,621	6,478
Net fee and commission income	476	561
Banking income	7,098	7,039
Net result from investment activities	7,557	7,463
Net result from investment and insurance activities	7,557	7,463
Operating costs	(2,798)	(2,296)
Profit (loss) before taxes from continuing operations	4,759	5,168
Net profit (loss) for the period	3,637	3,736

*In data 22 dicembre 2020 la FCA Bank S.p.A. ha ceduto tutte le quote possedute nella FCA Leasing GmbH alla propria controllata italiana Leasys S.p.A

(amounts in thousands of euros)

FERRARI FINANCIAL SERVICES GMBH (GERMANY)	12/31/2021	12/31/2020
Total assets	868,177	739,922
Finacial assets	843,746	732,216
Financial liabilities	765,606	654,263
Equity	81,156	67,352
Net interest income	29,484	24,301
Net fee and commission income	121	77
Banking income	29,184	22,837
Net result from investment activities	27,480	22,290
Net result from investment and insurance activities	27,480	22,290
Operating costs	(9,644)	(9,097)
Profit (loss) before taxes from continuing operations	17,836	13,193
Net profit (loss) for the period	13,793	9,295

Consolidation methods

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

Any difference arising during this process – after the allocation to the assets and liabilities of the Subsidiary – is recognized as goodwill on first time consolidation and, subsequently, among other reserves. The share of net profit pertaining to non-controlling interests is indicated separately, in order to determine the amount of net profit attributable to the Parent Company's shareholders. Assets, liabilities, costs and revenues arising from interCompany transactions are eliminated. The financial statements of the Parent Company and those of the subsidiaries used for the Consolidated Financial Statements are all as of the same date.

For foreign subsidiaries, which prepare their accounts in currencies other than the euro, assets and liabilities are translated at the exchange rate prevailing on the balance sheet date, while revenues and costs are translated at the average exchange rate for the period.
Exchange differences arising from the conversion of costs and revenues at the average exchange rate and the conversion of assets and liabilities at the reporting date are reported in profit or loss in the period. Exchange differences arising from the equity of consolidated subsidiaries are recognized in other comprehensive income and reversed to profit and loss when loss of control over the subsidiaries' occurs.

The exchange rates used to translate the financial statements at December 31st, 2021 are as follows:

	End of year 12/31/2021	Average 12/31/2021	End of year 12/31/2020	Average 12/31/2020
Polish Zloty (PLN)	4,597	4,565	4,560	4,443
Danish Krone (DKK)	7,436	7,437	7,441	7,454
Swiss Franc (CHF)	1,033	1,081	1,080	1,071
GB Pound (GBP)	0,840	0,860	0,899	0,890
Norwegian Krone (NOK)	9,989	10,163	10,470	10,723
Moroccan Dirham (MAD)	10,501	10,632	10,894	10,831
Svedish Krona (SEK)	10,250	10,146	10,034	10,485

5. Other information

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

- financial statements at December 31st, 2021 of the Parent Company FCA Bank S.p.A.;
- accounts as of December 31st, 2021, approved by the competent bodies and functions, of the other fully consolidated companies, as adjusted to take into account the consolidation process and, where necessary, to comply with the Group's accounting policies.

Section 4 - Subsequent events

After the reporting date, the following changes have occurred:
- on February 22nd, 2022 the Company A Lease & Mobility A/S (share capital DKK 6,700,000, divided into 6,700,000 shares with a value of DKK 1 each) was registered at the Danish Companies' Register, with effect from February 17th, 2022; at the date of these financial statements this Company, wholly owned by Leasys S.p.A., was dormant and dedicated to the rental business;

- on February 28th, 2022 FCA Bank SpA set up FCA Leasing Polska Sp. z o.o. in Poland. (share capital PLN 9,000,000, authorized but not yet paid up). Although formally incorporated, the Company does not yet have full legal capacity and is currently undergoing the process of registration with the local Polish authorities, at the end of which it will be assigned a VAT code, a tax code and registration number with the National Court Register (KRS). Due to a peculiarity of Polish corporate law, the Company is legally established and exists, but at the same time it is in the state of "w organizacji" (in the process of structuring). The Company, which is currently inactive, will be primarily engaged in lease financing activities and is therefore part of the Banking perimeter.

No events occurred after the balance sheet date which should result in adjustments of the Consolidated Financial Statements as of December 31st, 2021. The Group closely monitors the evolution of the possible issues and the economic impact of the conflict between Russia and Ukraine. On the basis of the evidence and information available to date and the analyses carried out, there are no credit exposures to entities linked to Russia, Ukraine and Belarus; there are no direct impacts arising from the Russia-Ukraine conflict and the related geo-political situation; and all information available to this date on any indirect impacts has been reflected in the Consolidated Financial Statements and made available to you.

Section 5 – Other information

Following the changes made to Circular 262 of December 22nd, 2005 - 7th update published in October 2021, the Bank reclassified some items on the statement of financial position as at December 31st, 2020 in order to allow a comparison between the two accounting periods. Details of the reclassifications made to the Statement of Financial Position as at December 31st, 2020 are provided in the table below:

Assets (€/000)	12/31/2020	Amount reclassified	Reclassified 12/31/2020
10. Cash and cash balances	571,525	1,555,311	2,126,836
40. Financial assets at amortized cost			
a) loans and advances to Banks	1,966,899	(1,555,311)	411,587

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS ENDORSED BY THE EUROPEAN UNION WITH EFFECT APPLICABLE AS OF JANUARY 1st, 2021

As required by IAS 8, the table below shows the new international financial reporting standards, or the amendments of standards already effective, which took effect as of January 1st, 2021.

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

2021/1421	August 31st, 2021	April 1st, 2021	**Amendments to IFRS 16 Leases: Covid-19 Related Rent Concessions beyond June 30th, 2021.** In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30th, 2021. Since lessors continue to grant Covid-19-related rent concessions to lessees and since the effects of the Covid-19 pandemic are ongoing and significant, the IASB decided to extend the time period of the practical expedient not only to changes in the payments of 2020 but also to those of 2021 as the effects of Covid-19 could lead to a rescheduling of the same payments for a longer period. The amendment is effective for annual reporting periods beginning on or after April 1st, 2021 (earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued).

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

ACCOUNTING STANDARDS, AMENDMENTS ANF IFRS AND IFRIC INTERPRETATIONS EDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AS AT DECEMBER 31st, 2021

EC endorsement regulation	Date of pubblication	Date of application	Description of standars/amendment
1080/2021	July 2nd, 2021	January 1st, 2022	**Amendments to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020.** On May 14th, 2020, the IASB issued several small amendments to IFRS Standards: - Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. - Amendments to IAS 16 Property, Plant and Equipment prohibit a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a Company will recognise such sales proceeds and related cost in profit or loss. - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a Company includes when assessing whether a contract will be loss-making; - Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples acCompanying IFRS 16 Leases. All amendments are effective January 1st, 2022.

2021/2036	November 23rd, 2021	January 1st, 2023	**IFRS 17 Insurance Contracts, including amendments to IFRS 17.** On May 18th, 2017, the IASB issued IFRS 17 - Insurance Contracts which applies to annual reporting periods beginning on or after January 1st, 2021. The new standard, which deals with accounting for insurance contracts (previously known as IFRS 4), intends to improve the understanding of investors, among others, of insurers' risk exposure, operating performance and financial position. The IASB published a final version after a long consultation phase. IFRS 17 is a complex standard which will include certain key differences from the current accounting treatment regarding the measurement of liabilities and the recognition of profits. IFRS 17 applies to all insurance contracts. The accounting model of reference, the General Model, is based on the present value of expected cash flows, the identification of a risk adjustment and a contractual service margin ("CSM"), which cannot be negative and represents the present value of unearned profit, to be released to profit or loss in each period with the passage of time. On June 25th, 2020, the IASB issued amendments to IFRS 17 Insurance Contracts aimed at helping companies implement the Standard and making it easier for them to explain their financial performance. The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from Stakeholders, are designed to: - reduce costs by simplifying some requirements in the Standard; - make financial performance easier to explain; and - ease transition by deferring the effective date of the Standard to 2023 and reducing the costs when applying IFRS 17 for the first time. The Regulation recognizes the possibility for companies to exempt contracts characterized by intergenerational mutualization and congruity of financial flows from the application of the obligation of Grouping into annual cohorts referred to in IFRS 17. The companies apply the provisions starting from January 1st, 2023.

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

Standard/amendment	Date of pubblication	Date of application	Description of standars/amendment
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	January 23rd, 2020 July 15th, 2020	January 1st, 2023	**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.** On January 23rd, 2020, the IASB issued the amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a Company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa. In response to Covid-19, the IASB proposed to defer the effective date of the amendments, initially scheduled for January 1st, 2022 to January 1st, 2023. Early application of the amendments is permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	February 12th, 2020	January 1st, 2023	**Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies.** On February 12th, 2021, the IASB issued narrow-scope amendments to IFRS Standards. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways: - an entity is now required to disclose its material accounting policy information instead of its significant accounting policies; - several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material; - the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; - the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and - the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1st, 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	February 12th, 2020	January 1st, 2023	**Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.** On February 12th, 2021, the IASB issued amendments to IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. Companies sometimes struggle to distinguish between accounting policies and accounting estimates. Therefore, the Interpretations Committee received a request to clarify the distinction. The Interpretations Committee observed that it would be helpful if more clarity were given and brought the issue to the IASB's attention for future consideration. The amendments are effective for annual periods beginning on or after January 1st, 2023, with early application permitted.
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	May 7th, 2021	January 1st, 2023	**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.** The International Accounting Standards Board (IASB) has published "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)" that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1st, 2023. Early adoption is permitted.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	December 9th, 2021	January 1st, 2023	**Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.** The International Accounting Standards Board (IASB) has issued a narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts, providing insurers with an option aimed at improving the usefulness of information to investors on initial application of the new Standard. The amendment relates to insurers' transition to the new Standard only–it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. IFRS 17, including this amendment, is effective for annual reporting periods starting on or after January 1st, 2023.

A.2 - MAIN ITEMS IN THE FINANCIAL STATEMENTS

This section shows the accounting policies adopted to prepare the Consolidated Financial Statements as at December 31st, 2021. Such description is provided with reference to the recognition, classification, measurement and derecognition of the different assets and liabilities.

1. Cash and cash balances

This item includes: currencies with legal tender, 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 (checking accounts and demand deposits) to Banks.

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

This category includes the financial assets that meet both the following conditions:

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

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

In particular, this caption includes:

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

According to the general rules established by IFRS 9 on the reclassification of financial assets (except for equity instruments, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for those financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from those measured at fair value through other comprehensive income to one of the other two categories established by IFRS 9 (Financial assets measured at amortized cost or financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification

date. In the event of reclassification from this category to the amortized cost category, the cumulative gain (loss) recognized in the valuation reserve is allocated as an adjustment to the fair value of the financial asset at the reclassification date. In the event of reclassification to the fair value through profit or loss category, the cumulative gain (loss) previously recognized in the valuation reserve is reclassified from shareholders' equity to net income (loss).
Initial recognition of financial assets occurs at settlement date for debt securities and equity instruments and at disbursement date for loans. On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument.

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

Equity instruments, for which the choice has been made to classify them in this category, are measured at fair value and the amounts recognized in other comprehensive income cannot be subsequently transferred to profit or loss, not even if they are sold. The only component related to these equities that is recognized through profit or loss is their dividends. For further information on the criteria used to determine fair value, reference should be made to Section "A.4 Fair Value Disclosures".

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

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

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

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

3. Financial assets measured at amortized cost

This category includes the financial assets (in particular loans and debt securities) that meet both the following conditions:

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

More specifically, the following are recognized in this caption:

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

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

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

After the initial recognition, these financial assets are measured at amortized cost, using the effective interest method. The assets are recognized in the balance sheet at an amount equal to their initial carrying amount less principal repayments, plus or minus the cumulative amortization (calculated using the effective interest rate method referred to above) of the difference between this initial amount and the amount at maturity (typically attributable to costs/income directly attributable to the individual asset) and adjusted by any provision for losses. The effective interest rate is the rate that exactly discounts estimated future cash payments of the asset, as principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to that financial asset. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/income directly attributable to a financial asset over its expected lifetime. The amortized cost method is not used for assets, measured at historical cost, whose short duration makes the effect of discounting negligible, or for assets without a definite maturity or revocable loans. The measurement criteria are closely linked to the inclusion of these instruments in one of the three stages of credit risk established by IFRS 9, the last of which (stage 3) consists of non-performing financial assets and the remaining (stages 1 and 2) of performing financial assets.

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

- on initial recognition, for an amount equal to the 12-month expected credit loss;
- on subsequent measurement of the asset, when the credit risk has not increased significantly since initial recognition, in relation to changes in the amount of adjustments for the 12-month expected credit losses;
- on subsequent measurement of the asset, when the credit risk has increased significantly since initial recognition, in relation to the recognition of adjustments for expected credit losses over the contractually agreed remaining lifetime of the asset;
- on subsequent measurement of the asset, where – after a significant increase in credit risk has occurred since initial recognition – the increase is no longer "significant" due to the alignment of the cumulative value adjustments to take account of the change from a lifetime expected credit loss to a 12-month expected credit loss for the instrument.

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

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

If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement. The size of the recovery must not lead the carrying value of the financial asset to exceed the amortized cost had no impairment losses been recognized in previous periods. Recoveries on impairment with time value effects are recognized in net interest income. In certain cases, during the life of the financial assets in question and, in particular, of receivables, the original terms and conditions are subsequently amended by the parties.

In some cases, during the lifetime of these financial assets, and of loans in particular, the original contractual conditions may be subsequently modified by the parties to the contract. When the contractual clauses are subject to change during the lifetime of an instrument, it is necessary to verify whether the original asset should continue to be recognized in the balance sheet or whether, instead, the original instrument needs to be derecognized and a new financial instrument needs to be recognized.
In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial".

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (e.g., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4. Hedging derivatives

The Group accounts for hedging transactions in accordance with the provisions of IAS 39. Hedging derivatives are aimed at neutralizing potential losses on a specific item of Group of items, attributable to a certain risk, if such a risk should actually occur.
The FCA Bank Group hedges its exposure to the interest rate risk associated with receivables arising from instalment loans and bonds issued at fixed interest rates with derivatives designated as fair value hedges. Derivatives entered into to hedge the variable interest rate risk associated with the debt of the companies engaged in long-term rental are designated as cash flow hedges.
Only derivatives entered into with a counterparty not belonging to the Group may be treated as hedging instruments.

Hedging derivatives are stated at fair value. Specifically:

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

The fair value of derivative instruments is calculated on the basis of interest and exchange rates quoted in the market, taking into account the counterparties' creditworthiness, and reflects the present value of the future cash flows generated by the individual contracts.
Gains or losses on derivatives hedging interest rate risk are allocated either to 10. "Interest and similar income" or 20. "Interest and similar expenses", as the case may be.

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

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

Effectiveness is assessed at every year-end or interim reporting date by using:

- prospective tests, to demonstrate an expectation of effectiveness in order to qualify for hedge accounting;
- retrospective tests, to ensure that the hedging relationship has been highly effective throughout the reporting period, measuring the extent to which the achieved hedge deviates from a perfect hedge.

If the tests fail to demonstrate hedge effectiveness, hedge accounting, as indicated above, is discontinued and the derivative contract is reclassified to held-for-trading financial assets or financial liabilities and is therefore measured in a manner consistent with its classification.

In case of macro hedging, IAS 39 permits the establishment of a fair value hedge for the interest rate risk exposure of a designated amount of financial assets or liabilities so that a Group of derivative contracts can be used to offset the changes in fair value of the hedged items as interest rates vary.

Macro hedges cannot be applied to a net position being the difference between financial assets and liabilities. Macro hedging is considered highly effective if, like fair value hedges, at inception and in subsequent periods the changes in fair value of the hedged amount are offset by the changes in fair value of the hedging derivatives in the range of 80% to 125%.

5. Investments

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

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

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

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

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

6. Property, plant and equipment

This item includes furniture, fixtures, technical and other equipment and assets related to the leasing business.
The item also includes the rights of use acquired with leasing pursuant to IFRS 16.
These properties, plants and equipments are used to provide goods and services, to be leased to third parties, or for administrative purposes and are expected to be utilized for more than one period.

This item is divided into the following categories:

- assets for use in the business;
- assets held for investment purposes.

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

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

Assets leased out include vehicles provided under operating lease agreements by the Group's long-term car rental companies. Trade receivables to be collected in connection with recovery procedures in relation to operating leases are classified as 130. "Other assets". Operating lease agreements with a buyback clause are also included in 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, less accumulated depreciation and impairment losses. 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 property, plant and equipment".

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

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

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

7. Intangible assets

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

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

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

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

Intangible assets are recognized if they are identifiable and originated from legal or contractual rights.

Intangible assets purchased separately and/or generated internally are initially recognized a cost and, except for goodwill, are amortized on a straight line basis over their remaining useful life.

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

Definite-life intangibles are amortized over their remaining useful life and are tested for impairment every time there is objective evidence of a possible loss of value. The amortization period of a definite-life intangible asset is reviewed at least once every year, at year-end. Changes in the useful life in which the future economic benefits related to the asset will materialize result in changes in the amortization period and are considered as changes in estimates. The amortization of definite-life intangible asset is recognized in the income statement in the cost category consistent with the function of the intangible asset.
Any adjustments are recognized in the income statement, item 220. "Amortization/Impairment on intangible assets".

Indefinite-life intangible assets, including goodwill, are not amortized but are tested every year for impairment both individually and at the level of cash generating units (CGUs). Every year (or whenever there is evidence of impairment) goodwill is tested for impairment. To this end, the cash generating unit to which goodwill is to be attributed is identified. The amount of any impairment is calculated as the difference between the carrying amount of goodwill and its recoverable value, if lower. Recoverable value is equal to the greater of the fair value of the cash generating unit, less any selling costs, and the relevant value in use.

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

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

8. Current and deferred taxation

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

In accordance with the balance sheet method, current and deferred taxes are accounted for as follows:

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

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

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

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

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

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

Current tax assets are shown in the balance sheet net of current tax liabilities whenever the following conditions are met:

- existence of an enforceable right to offset the amounts recognized;
- the parties intend to settle the assets and liabilities in a single payment on a net basis or to realize he asset and simultaneously extinguish the liability.

Deferred tax assets are reported in the Statement of financial position net of deferred tax liabilities whenever the following conditions are met:

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

9. Provisions for risks and charges

POST-EMPLOYMENT BENEFITS AND SIMILAR OBLIGATIONS

Post-employment benefits are established in accordance with labor agreements and are qualified as defined-benefit plans.

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

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

OTHER PROVISIONS

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

Provisions for risks and charges are made solely whenever:

a) there is a current (legal or constructive) obligation as a result of a past event;
b) fulfilment of this obligation is likely to be onerous;
c) the amount of the liability can be reliably estimated.

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

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

10. Financial liabilities at amortised cost

The items Deposits from Banks, Deposits from customers and Debt securities in issue include the financial instruments (other than financial liabilities held for trading and recognized at their fair value) issued to raise funds from external sources. In particular, Debt securities 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".

11. Financial liabilities held for trading

Financial liabilities held for trading include mainly derivative contracts that are not designated as hedging instruments.

These financial liabilities are recognized initially at their fair value initially and subsequently until they are extinguished, with the exception of derivative contracts to be settled with the delivery of an unlisted equity instrument whose fair value cannot be determined reliably and that, as such, are recognized at cost.

12. Foreign currency transactions

Foreign currency transactions are entered, upon initial recognition, in the reference currency by applying to the foreign currency amount the exchange rate prevailing on the transaction date. At every interim and year-end reporting date, items originated in a foreign currency are reported as follows:

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

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

When a gain or a loss related to a non-monetary item is recognized through other comprehensive income (OCI), the exchange rate difference related to such item is also recognized through OCI. By converse, when a gain or a loss is recognized through profit or loss, the exchange rate difference related to such item is also recognized through profit or loss.

13. Insurance assets and liabilities

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

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

In essence the accounting treatment of such products calls for the recognition:

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

14. Other information

EMPLOYEE SEVERANCE FUND

The FCA Bank Group has established different defined-benefit and defined-contribution pension plans, in line with the conditions and practices in the countries in which it carries out its activities.

In Italy, the Employee Severance Fund is treated as "post-employment benefits", classified as:

- "defined-contribution plan" for the severance amounts accrued to employees as of January 1st, 2007 (effective date of Legislative Decree no. 252 on the reform of supplementary pension funds), both in case the employee exercised the option to allocate the sums attributable to him/her to supplementary pension funds and in case the employee opted for the allocation of these sums to INPS's Treasury fund. For these sums, the amount accounted for as personnel expenses is determine on the basis of the contributions due without applying actuarial calculation methods;

- "defined-benefit plan", recognized on the basis of its actuarial value as determined by using the projected credit unit method, for the severance amounts accrued until December 31st, 2006. These amounts are recognized on the basis of their actuarial value as determined by using the projected credit unit method. To discount these amounts to present value, the discount rate was determined on the basis of yields of bonds issued by prime corporates taking into account the average remaining duration of the liability, as weighted by the percentage of any payment and advance payment, for each payment date, in relation to the total amount to be paid and paid in advance until the full amount of the liability is extinguished.

Costs related to the employee severance fund are recognized in the income statement, item no. 190.a) "Administrative expenses: personnel expenses" and include, for the part relating to the defined-benefit plan (i) service costs related to companies with less than 50 employees; (ii) interest cost accrued for the year, for the defined-contribution part; (iii) the severance amounts accrued in the year and credited to either the pension funds or to INPS's Treasury fund. On the Statement of financial position, item 90. "Employee severance fund" reflects the balance of the fund exiting at December 31st, 2006, minus any payment made until December 31st, 2021. Item 80. "Other liabilities" – "Due to social security institutions" shows the debt accrued at December 31st, 2021 relating to the severance amounts payable to pension funds and INPS's Treasury fund. Actuarial gains and losses, reflecting the difference between the carrying amount of the liability and the present value of the obligation at year-end, are recognized in the consolidated statement of comprehensive income without reclassification to profit or loss (that is through equity in the Valuation reserve), in accordance with IAS 19 Revised.

REVENUE RECOGNITION

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

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

COST RECOGNITION

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

Impairment losses are recognized in the income statement as incurred.

FINANCE LEASES

Lease transactions are accounted for in accordance with IFRS 16.

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

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

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

USE OF ESTIMATES

Financial reporting requires use of estimates and assumptions which might determine significant effects on the amounts reported in the Statement of financial position and in the Income statement, as well as the disclosure of contingent assets and liabilities. The preparation of these estimates implies the use of the information available and subjective assessments, based on historical experience, used to make reasonable assumptions to record the transactions. By their nature the estimates and assumptions used may vary from one year to the next and, as such, so may the carrying amounts in the following years, significantly as well, as a result of changes in the subjective assessments made.

The main cases where subjective assessments are required include:

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

The estimates and assumptions used are periodically and regularly updated by the Group. Variations in actual circumstances could require that those estimates and assumptions are subsequently adjusted. The impacts of any changes in estimates and assumptions are recognized directly in profit or loss in the period in which the estimates are revised, if the revision impacts only that period, or also in future periods, if the revision impacts both the current and future periods.

Following are the key considerations and assumptions made by management in applying IFRS and that could have a significant impact on the amounts recognized in the Consolidated Financial Statements or where there is significant risk of a material adjustment to the carrying amounts of assets and liabilities during a subsequent financial period.

RECOVERABILITY OF DEFERRED TAX ASSETS

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

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

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

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

CONTINGENT LIABILITIES

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

INTEREST RATE BENCHMARK REFORM

In 2021, the interest rate benchmark reform took effect, with the gradual discontinuation of certain interest rate benchmarks relating to various currencies.

The FCA Bank Group was affected by the termination of EONIA (as regards EUR) and LIBOR (as regards CHF and GBP).

Consequently, during December, the full transition process from the old to the new benchmarks (known as RFR - risk-free rates) was completed, with respect to both existing liabilities and derivative contracts, on one side, and the portfolios of variable-rate loans indexed to the above-mentioned benchmarks, on the pother, for all Group companies, which are the subject of careful analysis.

To minimize, or even eliminate, the risks of mismatch potentially deriving from the transition, thus ensuring that the Group's risk management strategy remains unchanged, the transition phase took place in a rather short period of time, involving both assets and liabilities.

SELF-SECURITIZATION TRANSACTIONS

As of the reporting date FCA Bank had five self-securitizations in place for which it took up all the notes issued. The transactions were originated in accordance with the retention requirements of the European Securitisation Regulation.

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

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

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

In 2021 no inter-portfolio transfers were made.

A.4 – INFORMATION ON FAIR VALUE

Qualitative disclosures

The disclosure on the fair value required by IFRS 13 applies to financial instruments and non-financial assets and liabilities that are measured at fair value, on a recurring or non-recurring basis. This standard calls for fair value to be determined in accordance with a three-level hierarchy based on the significance of the inputs used in such measurement

- Level 1 (L1): quoted prices (without adjustments) in an active market – as defined by IFRS 9 – for the assets and liabilities to be measured;
- Level 2 (L2): inputs other than quoted market prices included within Level 1 that are observable either directly (prices) or indirectly (derived from prices) in the market;
- Level 3 (L3): inputs that are not based on observable market data.

Below, a description is provided of the methods adopted by the Company to determine fair value.
The Financial Instruments, classified (L1), whose fair value is the same as their market value (instruments quoted in an active market) refer to:

- Austrian government bonds purchased by the Austrian Subsidiary, quoted in regulated markets (Item 30. "Financial assets designated at fair value with effects on comprehensive income");
- bonds issued by FCA Bank and the Subsidiary Switzerland under, the Euro Medium Term Notes programme and listed in regulated markets (Item 10. "Financial liabilities valued at amortized cost – c) debt certificates including bonds"), in this case the fair value is determined solely for information purposes;
- bonds issued in connection with securitization transactions, placed with the public or with private investors, by different Group entities (Item 10. "Financial liabilities valued at amortized cost – c) debt certificates including bonds"), in this case the fair value is determined solely for information purposes.

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

Financial assets and liabilities classified as (L2), whose fair value is determined by using inputs other than quoted market prices that are observable either directly (prices) or indirectly (derived from prices) in the market, refer to:

- OTC trading derivatives to hedge securitization transactions;
- OTC derivatives entered into to hedge Group companies' receivables;
- Receivables to Banks, in this case the fair value is determined solely for information purposes.

Receivable portfolio (Item 40. "Financial assets valued at amortized cost – b) Loans and receivables with customers"), borrowings and other issued bonds, not quoted, are classified in L3, in this case the fair value is determined solely for information purposes.
Derivatives are measured by discounting their cash flows at the rates plotted on the yield curves provided by Bloomberg.
In accordance with IFRS 13, to determine fair value, the FCA Bank Group considers default risk, which includes changes in the creditworthiness of the entity and its counterparties.

In particular:

- a CVA (Credit Value Adjustment) is a negative amount that takes into account scenarios in which the counterparty fails before the Company and the Company has a positive exposure to the counterparty. Under these scenarios, the Company incurs a loss equal to the replacement value of the derivative;
- a DVA (Debt Value Adjustment) is a positive amount that takes into account scenarios in which the Company fails before the counterparty and the Company has a negative exposure to the counterparty. Under these scenarios, the Company obtains a gain for an amount equal to the replacement cost of the derivative.

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

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

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

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

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

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

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

A.4.2 PROCESSES AND SENSITIVITY OF MEASUREMENT

Choosing between the above methods is not an option, since they shall be applied in a hierarchical order: absolute priority is given to official prices that are available on active markets for assets and liabilities to be measured (Level 1) or for assets and liabilities that are measured using techniques based on parameters that are observable on the market (Level 2); lower priority is given to assets and liabilities whose fair value is determined based on measurement techniques referring to parameters that are unobservable on the market and, thus, more discretionary (Level 3).

A.4.3 FAIR VALUE HIERARCHY

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

A.4.4 OTHER INFORMATION

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

Quantitative disclosures

A.4.5 FAIR VALUE HIERARCHY

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

Assets/liabilities valued at fair value	12/31/2021			12/31/2020		
	L1	L2	L3	L1	L2	L3
1. Financial assets valued at fair value with impact on income statement of which	-	-	-	-	-	-
a) financial assets held for trading	-	-	-	-	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-
c) Other financial assets compulsorily assessed at fair	-	-	-	-	-	-
2. Financial assets valued at fair value with impact on overall profitability	9,305	-	-	9,305	-	-
3. Cover derivatives	-	45,697	-	-	23,333	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	9,305	45,697	-	9,305	23,333	-
1. Financial liabilities held for trading	-	1,987	-	-	2,041	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Cover derivatives	-	62,721	-	-	93,920	-
Total	-	64,708	-	-	95,961	-

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

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

Assets / Liabilities not measured at fair value or measured at fair value on a non-recurring basis	12/31/2021				12/31/2020*			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets valued at amortized cost	20,732,395	-	817,100	19,900,739	22,491,147	-	411,587	22,149,496
2. Available for sale financial	-	-	-	-	-	-	-	-
3. Non current assets classified as held for sale	-	-	-	-	-	-	-	-
Total	20,732,395	-	817,100	19,900,739	22,491,147	-	411,587	22,149,496
1. Financial liabilities measured at amortized cost	23,853,478	8,287,569	-	15,546,361	24,909,653	9,958,002	-	16,464,764
2. Liabilities associated with assets classified as held for	-	-	-	-	-	-	-	-
Total	23,853,478	8,287,569	-	15,546,361	24,909,653	9,958,002	-	16,464,764

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

* the figures as of 12/31/2020 have been restated to take into account the changes introduced by the 7th update of Circular no. 262 of the Bank of Italy with the communication dated December 21st, 2021. More in detail, the amount of current accounts and on demand deposits with Banks is exposed, starting from December 31st, 2021, in the item "Cash and cash balances" instead of between "Financial assets at amortized cost: loans and receivables with Banks".

A.5 INFORMATION REGARDING “DAY ONE PROFIT/LOSS”

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

At December 31st, 2021, in the Consolidated Financial Statements this case is not present.

PART B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Section 1 – Cash and cash balances – Item 10

This item includes cheques, cash and cash equivalent items.

1.1 Cash and cash balances

	Total 12/31/2021	Total 12/31/2020*
a) Cash	9,285	24
b) Current accounts and demand deposits with Central Banks	1,052,437	1,324,354
c) Current accounts and demand deposits with Banks	1,197,066	802,458
Total	**2,258,788**	**2.,126,836**

* the figures as of 12/31/2020 have been restated to take into account the changes introduced by the 7th update of Circular no. 262 of the Bank of Italy with the communication dated December 21st, 2021. More in detail, the amount of current accounts and on demand deposits with Banks is exposed, starting from December 31st, 2021, in the item "Cash and cash balances" instead of between "Financial assets at amortized cost: loans and receivables with Banks".

Bank deposits and current accounts include funds available on current accounts or deposited by SPVs totaling €236 million (€243 million at December 31st, 2020). Liquidity is restricted as per each relevant securitization contract.

A breakdown by SPV is provided below:

SPV	12/31/2021	12/31/2020*
A-Best Seventeen S.r.l.	35,178	42,442
A-Best Nineteen S.r.l.	24,562	17,096
A-Best Fourteen S.r.l.	93,298	95,335
A-Best Fifteen S.r.l.	18,353	31,373
A-Best Sixteen S.r.l.	26,712	41,043
A-Best Eighteen S.r.l.	11,755	15,890
A-Best Twenty-one UG	26,225	-
Total	**236,083**	**243,179**

* the figures as of 12/31/2020 have been restated to take into account the changes introduced by the 7th update of Circular no. 262 of the Bank of Italy with the communication dated December 21st, 2021. More in detail, the amount of current accounts and on demand deposits with Banks is exposed, starting from December 31st, 2021, in the item "Cash and cash balances" instead of between "Financial assets at amortized cost: loans and receivables with Banks".

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

The funds held in current accounts or as Bank deposits are used for:

- acquisition of new portfolio of receivables/loans;
- repayment of notes;
- payment of interest on "senior" notes;
- SPE operating costs.

Bank deposits and current accounts also include short-term deposits held temporarily with Banks and year-end current account balances resulting from ordinary operating activities.

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

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

Item/Values	Total 12/31/2021			Total 12/31/2020		
	L1	L2	L3	L1	L2	L3
1. Debts securities	9,305	-	-	9,305	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	9,305	-	-	9,305	-	-
2. Equity instruments	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-
Total	**9,305**	**-**	**-**	**9,305**	**-**	**-**

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

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

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

Items/Values	Total 12/31/2021	Total 12/31/2020
1. Debt securities	**9,305**	**9,305**
a) Central Banks	-	-
b) Public sector entities	9,305	9,305
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
2. Equity instruments	**-**	**-**
a) Banks	-	-
b) Other issuers:	-	-
- other financial companies	-	-
of which: insurance companies	-	-
- non financial companies	-	-
- others	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public sector entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
f) Households	-	-
Total	**9,305**	**9,305**

3.3 Financial assets measured at fair value with an impact on overall profitability: gross vaue and total accumulated impairments

		Gross amount					Total accumulated impairments				Write-off parziali complessivi*
		First stage	of which: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	
Debt securities		9,305	-	-	-	-	-	-	-	-	-
Loans		-	-	-	-	-	-	-	-	-	-
Total	**12/31/2021**	**9,305**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**12/31/2020**	**9,305**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note: (*) Value shown for information purposes

Section 4 – Financial assets at amortised cost – Item 40

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

Type of transaction/Values	Total 12/31/2021						Total 12/31/2020					
	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	**37,575**	**-**	**-**	**-**	**37,575**	**-**	**24,412**	**-**	**-**	**-**	**24,412**	**-**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserves	37,218	-	-	X	X	X	24,412	-	-	X	X	X
3. Repos	-	-	-	X	X	X	-	-	-	X	X	X
4. Others	357	-	-	X	X	X	-	-	-	X	X	X
B. Receivables to Banks	**779,789**	**-**	**-**	**-**	**779,525**	**-**	**387,175**	**-**	**-**	**-**	**387,175**	**-**
1. Loans	779,789	-	-	-	779,525	-	387,175	-	-	-	387,175	-
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Time deposits	30,000	-	-	X	X	X	-	-	-	X	X	X
1.3 Other loans:	749,789	-	-	X	X	X	387,175	-	-	X	X	X
- Repos	443,914	-	-	X	X	X	60,265	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Others	305,875	-	-	X	X	X	326,910	-	-	X	X	X
2. Debts securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	**817,364**	**-**	**-**	**-**	**817,100**	**-**	**411,587**	**-**	**-**	**-**	**411,587**	**-**

* the figures as of 12/31/2020 have been restated to take into account the changes introduced by the 7th update of Circular no. 262 of the Bank of Italy with the communication dated December 21st, 2021. More in detail, the amount of current accounts and on demand deposits with Banks is exposed, starting from December 31st, 2021, in the item "Cash and cash balances" instead of between "Financial assets at amortized cost: loans and receivables with Banks".

4.2 Financial asset valued at amortized cost: breakdown product of receivables to customers

Type of transaction/Values	Total 12/31/2021						Total 12/31/2020					
	Balance value			Fair value			Balance 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	19,726,282	188,749	-	-	-	19,900,739	21,956,933	122,627	-	-	-	22,149,496
1.1.Deposits from customers	106,897	-	-	X	X	X	77,234	-	-	X	X	X
1.2. REPOs	-	-	-	X	X	X	-	-	-	X	X	X
1.3. Mortgages	-	-	-	X	X	X	-	-	-	X	X	X
1.4. Credit cards, personal loans and wage assignment losses	154,717	2,063	-	X	X	X	133,800	-	-	X	X	X
1.5 Lease loans	5,612,289	75,598	-	X	X	X	5,790,305	36,942	-	X	X	X
1.6. Factoring	3,619,759	23,361	-	X	X	X	5,629,942	26,987	-	X	X	X
1.7. Other loans	10,232,619	87,727	-	X	X	X	10,325,652	58,698	-	X	X	X
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	19,726,282	188,749	-	-	-	19,900,739	21,956,933	122,627	-	-	-	22,149,496

With reference to the table Reconciliation between Outstanding and Loans and Receivables with Customers, in the Outstanding are included the following items:

- "Deposits from customers" for €106 million;
- "Other loans" for €3 million.

Factoring

This item includes receivables arising from sales to the dealer network for €3.6 billion factored on a non-recourse basis by the FCA Group; of which, assets of SPE Erasmus for €505 million, consolidated in accordance with IFRS 10; FCA Bank Deutschland GmbH (Germany), FCA Capital France S.A. (France) and FCA Capital Espana EFC S.A. (Spain) are the originators of Erasmus.

Other loans

This item includes credit financing mainly concerned with fixed instalment car loans and personal loans.

The receivables comprise the amount of transaction costs/fees calculated in relation to the individual loans by including the following:

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

Receivables include €3.1 billion relating to SPEs for the securitization of receivables, as reported in accordance with IFRS 10.

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

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

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

Type of transaction / Values	Total 12/31/2021			Total 12/31/2020		
	First and second stage	Third stage	Purchased or originated impaired	First and second stage	Third stage	Purchased or originated impaired
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
a) Public sector entities	-	-	-	-	-	-
b) Other financial Company	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non financial companies	-	-	-	-	-	-
2. Loans to	**19,726,282**	**188,749**	**-**	**21,956,933**	122,627	**-**
a) Public sector entities	13,809	391	-	17,862	49	-
b) Other financial Company	352,635	3,903	-	277,056	902	-
of which: insurance companies	84	-	-	31	-	-
c) Non financial companies	6,534,042	84,365	-	8,598,982	53,313	-
d) Households	12,825,796	100,090	-	13,063,034	68,363	-
Total	**19,726,282**	**188,749**	**-**	**21,956,933**	**122,627**	**-**

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

	Gross amount					Writedowns				Write off partial total
	First stage	of which: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	
Debt securities	-	-	-	-	-	-	-	-	-	-
Loans	19,755,673	11,853,647	892,976	358,280	-	69,335	35,669	169,530	-	919
Total 12/31/2021	**19,755,673**	**11,853,647**	**892,976**	**358,280**	**-**	**69,335**	**35,669**	**169,530**	**-**	**919**
Total 12/31/2020	**23,392,412**	**13,903,186**	**672,452**	**268,037**	**-**	**103,017**	**38,016**	**145,410**	**-**	**1,303**

Note: (*) Value shown for information purposes.

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

	Gross value					Total accumulated impairments				Write off partial total*
	First stage	of which: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	
1. Loans and advances subject to EBA-compliant moratoria (legislative and non-legislative)	129,668	98,245	4,707	5,561	-	5,620	178	670	-	-
2. Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-
3. Other loans and advances subject to COVID-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-
4. Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis	-	-	-	-	-	-	-	-	-	-
Total 12/31/2021	**129,668**	**98,245**	**4,707**	**5,561**	**-**	**5,620**	**178**	**670**	**-**	**-**
Total 12/31/2020	**601,184**	**377,043**	**64,353**	**10,950**	**-**	**4,619**	**5,408**	**6,184**	**-**	**-**

Note: (*) Value shown for information purposes.

Section 5 – Hedging derivatives – Item 50

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

	FV 12/31/2021			NV 12/31/2021	FV 12/31/2020			NV 12/31/2020
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1. Fair Value	-	40,214	-	10,638,300	-	23,325	-	7,263,198
2. Cash flows	-	5,483	-	1,942,087	-	8	-	35,000
3. Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**45,697**	**-**	**12,580,387**	**-**	**23,333**	**-**	**7,298,198**

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

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

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

5.2 Hedging derivatives: breakdown by hedged portfolios and hedging type

Transactions / Hedging type	Fair Value							Cash-flow hedges		Net Investments on foreign subsidiaries
	Micro-hedge						Macro-hedge	Micro-hedge	Macro-hedge	
	debt securities and interest rates risk	equity instruments and equity indices risk	currencies and gold	credit	commodities	others				
1. Financial assets at fair through other comprehensive income	-	-	-	-	-	-	X	-	X	X
2. Financial assets at amortised cost	-	-	154	X	-	-	X	-	X	X
3. Portfolio	X	X	X	X	X	X	35,581	X	-	X
5. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	-	-	154	-	-	-	35,581	-	-	-
1. Financial Liabilities	4,479	-	-	X	-	-	X	193	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	4,479	-	-	-	-	-	-	193	-	X
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	5,290	-

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

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

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

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

Value adjustment of macro-hedged financial assets / Values	Total 12/31/2021	Total 12/31/2020
1. Positive adjustment	**19,525**	**69,988**
1.1 of specific portfolios:	-	-
a) financial assets at amortised cost	-	-
b) financial assets at fair value through other comprehensive income	-	-
1.2 overall	19,525	69,988
2. Negative adjustment	**(33,817)**	**(52)**
2.1 of specific portfolios:	-	-
a) financial assets at amortised cost	-	-
b) financial assets at fair value through other comprehensive income	-	-
2.2 overall	(33,817)	(52)
Total	**(14,292)**	**69,936**

Section 7 – Equity Investments – Item 70

7.1 Equity investments: information on shareholders' equity

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

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

Section 8 – Insurance reserves attributable to reinsurers – Item 80

8.1 Insurance reserves attributable to reinsurers: breakdown

	Total 12/31/2021	Total 12/31/2020
A. No-life business	**2,900**	**3,637**
A1. Premiums reserves	2,435	3,145
A2. Claims reserves	465	492
A3. Other reserves	-	-
B. Life business	**5,820**	**5,843**
B1. Mathematical reserves	2,303	2,430
B2. Reserves for amounts to be disbursed	3,517	3,413
B3. Other reserves	-	-
C. Technical reserves for investment risks to be borne by the insured	**-**	**-**
C1. Reserves for contracts with performances connected to investment funds and market indices	-	-
C2. Reserves arising from pension fund management	-	-
D. Total insurance reserves attributable to reinsurers	**8,720**	**9,480**

Section 9 – Property, plant and equipment – Item 90

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

Assets/Values	Total 12/31/2021	Total 12/31/2020
1. **Owened assets**	**4,088,394**	**3,346,207**
a) lands	-	-
b) buildings	432	428
c) furniture	5,132	5,579
d) electronic system	2,975	4,636
e) other	4,079,855	3,335,565
2. **Leased assets**	**109,095**	**115,164**
a) lands	-	-
b) buildings	-	-
c) furniture	108	49
d) electronic system	186	186
e) other	108,801	114,929
Total	**4,197,489**	**3,461,371**
of which: obtained by the enforcement of collateral	-	-

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

	Lands	Buildings	Furnitures	Electronic systems	Other	Total
A. Gross opening balance	**-**	**666**	**41,527**	**7,190**	**5,134,460**	**5,183,843**
A.1 Total net reduction value	-	(238)	(35,899)	(2,369)	(1,683,966)	1,722,471
A.2 Net opening balance	**-**	**428**	**5,628**	**4,821**	**3,450,494**	**3,461,372**
B. Increases:	**-**	**18**	**1,650**	**3,725**	**1,776,081**	**1,781,473**
B.1 Purchasing	-	-	320	2,270	1,499,410	1,502,000
- of which business combinations	-	-	-	-	2,538	2,538
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	4,901	4,901
B.4 Increases in fair value allocated to	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer from investment properties	-	-	X	X	X	-
B.7 Other changes	-	18	1,330	1,455	271,770	274,572
C. Decreases:	**-**	**13**	**2,039**	**5,386**	**1,037,919**	**1,045,356**
C.1 Disposals	-	-	14	2,930	414,317	417,260
- of which business combinations	-	-	-	-	-	-
C.2 Amorization	-	13	1,114	190	581,058	582,375
C.3 Impairment losses allocated to	-	-	-	-	446	446
a) equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	446	446
C.4 Decreases in fair value allocated to	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
C.5 Negative exchange difference	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) property, plant and equipment held for investment	-	-	X	X	X	-
b) non-current assets and Group of assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	911	2,266	42,098	45,275
D. Net closing balance	**-**	**433**	**5,240**	**3,160**	**4,188,656**	**4,197,489**
D.1 Total net reduction in value	-	(251)	(37,013)	(2,559)	(2,270,372)	(2,310,195)
D.2 Final gross balance	**-**	**684**	**42,253**	**5,718**	**6,459,027**	**6,507,683**
E. Carried at cost	-	-	-	-	-	-

Total amortization equal to €582 million is mainly due to property, plant and equipment in relation to Operating lease (€542 million).

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

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

	Total				
	Land	Building	Furnitures	Electronic systems	Other
A. Opening balance	**-**	**-**	**-**	**-**	**3,337,250**
B. Increases	**-**	**-**	**-**	**-**	**1,696,753**
B.1 Purchases	-	-	-	-	1,366,622
B.2 Capitalised expenditure on improvements	-	-	-	-	96,685
B.3 Increases in fair value	-	-	-	-	-
B.4 Write backs	-	-	-	-	4,894
B.5 Positive exchange differences	-	-	-	-	-
B.6 Transfer from properties used in the business	-	-	-	-	-
B.7 Other changes	-	-	-	-	228,553
C. Decreases	**-**	**-**	**-**	**-**	**944,658**
C.1 Disposals	-	-	-	-	324,807
C.2 Depreciation	-	-	-	-	541,603
C.3 Negative changes in fair value	-	-	-	-	36,366
C.4 Impariment losses	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-
C.6 Transfers to	-	-	-	-	-
a) properties used in the business	-	-	-	-	-
b) non current assets classified ad held for sale	-	-	-	-	-
C.7 Other changes	-	-	-	-	41,882
D. Closing balance	**-**	**-**	**-**	**-**	**4,089,346**
E. Measured at fair value	-	-	-	-	-

With reference to the table above, please consider that the item "Owned assets e) others" includes €4,089 million that in the table Reconciliation between Outstanding and Loans and Receivables with Customers are represented in the "Outstanding".

Section 10 – Intangible assets – Item 100

10.1 Intangible assets: breakdown by asset type

Assets/Values	Total 12/31/2021		Total 12/31/2020	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	X	215,560	X	**204,205**
A.1.1 attributable to the Group	X	206,319	X	204,205
A.1.2 attributable to minorities	X	-	X	-
A.2 Other intangible assets	**106,932**	**-**	**91,838**	**-**
di cui: software	1,260	-	1,450	-
A.2.1 Assets carried at cost:	106,932	-	91,838	-
a) intangible assets generated internally	-	-	-	-
b) other assets	106,932	-	91,838	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) intangible assets generated internally	-	-	-	-
b) other assets	-	-	-	-
Total	**106,932**	**215,560**	**91,838**	**204,205**

Intangible assets are recognized at cost.

The increase in goodwill for the year is due to the first-time consolidation of FCA Versicherungsservice GmbH, ER CAPITAL Ltd e Sado Rent – Automoveis de Aluguer Sem Condutor, S.A, for the details of which reference is made to note 10.3. This goodwill has been preliminarily recognized at the date of acquisition of the above-mentioned companies, pending completion of the Purchase Price Allocation process, which will be completed within 12 months of the respective dates of acquisition in accordance with the provisions of IFRS 3.

10.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		Finite Life	Indefinite Life	Finite Life	Indefinite Life	
A. Opening balance	**250,204**	**-**	**-**	**300,359**	**-**	**550,563**
A.1 Total net reduction in value	(45,998)	-	-	(208,522)	-	(254,520)
A.2 Net opening balance	**204,206**	**-**	**-**	**91,837**	**-**	**296,043**
B. Increases	**11,380**	**-**	**-**	**97,502**	**-**	**108,882**
B.1 Purchases	11,354	-	-	13,993	-	13,993
- of which business combinations	11,354	-	-	-	-	-
B.2 Increases in intangible assets generated internally	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- to equity	X	-	-	-	-	-
- to Profit & Loss statement	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	48
B.6 Other changes	-	-	-	83,509	-	94,841
C. Decreases	**-**	**-**	**-**	**82,407**	**-**	**82,433**
C.1 Disposals	-	-	-	149	-	149
- of which business combinations	-	-	-	-	-	-
C.2 Write-downs	-	-	-	20,749	-	20,749
- Amortisations	X	-	-	20,668	-	20,668
- Depreciations	-	-	-	81	-	81
+ to equity	X	-	-	-	-	-
+ to Profit & Loss statement	-	-	-	81	-	81
C.3 Decreases in fair value	-	-	-	-	-	-
- to equity	X	-	-	-	-	-
- to Profit & Loss statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differrences	-	-	-	-	-	-
C.6 Other changes	-	-	-	61,509	-	61,535
D. Net closing balance	**215,560**	**-**	**-**	**106,932**	**-**	**322,492**
D.1 Total net write-down	(45,998)	-	-	(229,271)	-	(275,269)
E. Gross closing balance	**261,558**	**-**	**-**	**336,204**	**-**	**597,762**
F. Carried at cost	-	-	-	-	-	-

10.3 Other information

The item "Goodwill" includes:

- €78.4 million relating to the Italian Subsidiary Leasys S.p.A.;
- €101.9 million of goodwill relating to Wholesale Financing business and arising on the reorganization of the FCA Bank Group which occurred in 2006 and 2007; in particular:
  - €50.1 million related to the recognition - by the Subsidiary Fidis Servizi Finanziari S.p.A., which merged into the Holding FCA Bank on March 1st, 2008 - of goodwill arising on the transfer of the "Network finance and other financing" business and the acquisition of the "Holding Division" from Fidis S.p.A.;
  - €15 million related to the acquisition of the Fidis Servizi Finanziari S.p.A. Group, which was eventually merged into the Parent Company;
  - €36.8 million related to the acquisition of certain European companies engaged in Wholesale Financing;
- €1.5 million of goodwill as a result of the first consolidation of the Company Ferrari Financial Services GmbH; on November 7th, 2016 FCA Bank S.p.A. acquired a majority stake in Ferrari Financial Services GmbH ("FFS GmbH") for a total purchase price of €18.6 million upon consummation of the share purchase agreement entered into by the parties;
- €1.4 million of goodwill as a result of the first consolidation of the Company Leasys Rent S.p.A. in the FCA Bank Group, on October 1st, 2018;
- €13.7 million of goodwill as a result of the first consolidation of the Company Leasys Rent France S.A.S. in the FCA Bank Group, on May 15th,2020;
- €7.3 million of goodwill as a result of the first consolidation of the Company Leasys Rent Espana S.L.U. in the FCA Bank Group, on November 5th, 2020;
- €1.8 million of goodwill as a result of the first consolidation of the Company FCA Versicherungsservice GmbH in the FCA Bank Group, on June 1st, 2021;
- €7.3 million of goodwill as a result of the first consolidation of the Company ER Capital Ltd. in the FCA Bank Group, on July 23th, 2021;
- €2.4 million of goodwill as a result of the first consolidation of the Company Sado Rent – Automoveis de Aluguer Sem Condutor S.A. in the FCA Bank Group, on December, 21th, 2021.

The item "Other intangible assets" mainly refers to:

- licenses and software of FCA Bank for €41 million;
- royalties of Leasys S.p.A. for €26 million;
- patents of the Parent Company FCA Bank S.p.A. for €27 million.

Impairment test of goodwill

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

Definition of CGUs

To test goodwill for impairment – considering that goodwill generates cash flows only in combination with other assets – it is necessary first of all to attribute it to an organizational unit that enjoys relative operational autonomy and is capable of generating cash flows. Such cash flows must be independent of other areas of activity but interdependent within the organizational unit, which is aptly defined as cash generating unit (CGU).

IAS 36 suggests that it is necessary to correlate the level at which goodwill is tested with the level of internal reporting at which management monitors the entity's operations. The definition of this level depends solely on the organizational models and the attribution of management responsibilities over the direction of the operational activity and the relevant monitoring.

For FCA Bank Group, the CGU relevant for goodwill allocation are identified in Wholesale Financing business unit, in Leasys S.p.A. and in Ferrari Financial Services GmbH business.

The CGU's carrying amount

The carrying amount of a CGU must be determined consistently with the criteria guiding the estimation of its recoverable amount.

From the standpoint of a Banking firm, the cash flows generated by a CGU cannot be identified without considering the cash flows of financial assets/liabilities, given that these result the firm's core business. Following this approach (e.g. "equity valuation"), the carrying amount of the CGU can be determined in terms of free cash flow to consolidated equity, including non-controlling interests.

Criteria to estimate the value in use of a CGU

The value in use of the CGUs was determined by discounting to present value their expected cash flows over a five-year forecast period. The cash flow of the fifth year was assumed to grow in perpetuity (at a rate indicated with the notation "g", to determine terminal value. The growth rate "g" was set on the basis of a consistent medium-term rate of inflation in the euro zone).

From the standpoint of a Banking/financial Company, the cash flows generated by a CGU cannot be identified without considering the cash flows of financial assets/liabilities, given that these arise from the Company's core business. In other words, the recoverable amount of the CGUs is affected by the above cash flows and, as such, must include also financial assets/liabilities. Accordingly, these assets and liabilities must be allocated to the CGU of reference.

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

Determining the discount rate to calculate the present value of cash flows

In determining value in use, cash flows were discounted to present value at a rate that reflects current considerations on market trends, the time value of money and the risks specific to the business.

The discount rate used – given that it was a financial firm – was estimated solely in terms of equity valuation that is considering only the cost of capital (Ke), in keeping with the criteria to determine cash flows that, as already shown, include also the inflows and outflows associated with financial assets and liabilities.

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

Results of the impairment test

Goodwill was tested for impairment on the reporting date, without any impairment loss.

The underlying assumptions to calculate the recoverable amounts of the CGUs reflect past experience and earnings forecasts approved by the competent corporate bodies and officers and are consistent with external sources of information, particularly:

- the discount rate of 7.24% was calculated as cost of capital, considering a risk-free interest rate of -0.18%, a risk premium for the Company of 5.58% and a beta of 1.33;
- the estimated growth rate was 1.8%.

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

CGU – €/mln	Goodwill	Market value	Recoverable value	Excess over carrying amount
Wholesale Financing	86,9	480,6	1.545,7	1.065,1
Leasys S.p.A.	93,5	402,7	2.957,5	2.554,8
Ferrari Financial Services GmbH	1,5	42,1	56,4	14,3
Leasys Rent S.p.A.	1,4	25,0	81,1	56,1
Leasys Rent France S.A.S.	13,7	25,8	78,3	52,5
Leasys Rent Espana S.L.U.	7,3	15,3	70,0	54,7
FCA Versicherungsservice GmbH	1,8	1,7	10,0	8,3
ER CAPITAL Ltd.	7,3	6,6	64,5	57,9
Sado Rent – Automoveis de Aluguer Sem Condutor S.A.	2,4	10,5		
Total	**215,8**	**1.010,3**	**4.863,4**	**3.863,7**

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

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

11.1 Assets for anticipated levy: breakdown

	Total 12/31/2021	Total 12/31/2020
- Balancing to P&L	197,610	233,411
- Balancing to Net Equity	11,344	16,938
Total	**208,954**	**250,349**

11.2 Deferred tax liabilities: breakdown

	Total 12/31/2021	Total 12/31/2020
- Balancing to P&L	194,574	236,287
- Balancing to Net Equity	1,126	1,126
Total	**195,700**	**237,413**

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

	Total 12/31/2021	Total 12/31/2020
1. Opening balance	**233,411**	**185,863**
2. Increases	**18,575**	**82,092**
2.1 Deferred tax assets arisen during the year	15,044	81,396
a) related to previous fiscal year	-	36,694
b) due to change in accounting criteria	-	-
c) write-backs	-	-
d) others	15,044	44,702
2.2 New taxes or increases in tax rates	-	598
2.3 Other increases	3,531	98
3. Decreases	**54,375**	**34,544**
3.1 Deferred tax assets derecognised during the year	53,266	32,448
a) reversals of temporary differences	7,467	29,673
b) write-downs of non-recoverable items	-	-
c) due to change in accounting criteria	-	-
d) others	45,799	2,775
3.2 Reduction in tax rates	33	171
3.3 Other decreases	1,076	1,925
a) conversion into tax credit under Italian Law 214/2011	-	-
b) others	1,076	1,925
4. Closing balance	197,611	**233,411**

The deferred tax assets on previous tax losses, booked by the susbsidiary Leasys S.p.A., amount to €33 million as at December 31st, 2021.

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

	Total 12/31/2021	Total 12/31/2020
1. Opening balance	**236,287**	**181,917**
2. Increases	**22,770**	**80,370**
2.1 Deferred tax liabilities arisen during the year	21,914	80,255
a) related to precedent fiscal year	-	38,106
b) due to change in accounting criteria	-	-
c) others	21,914	42,149
2.2 New taxes or increases in tax rates	-	9
2.3 Other increases	856	106
3. Decreases	**64,484**	**25,999**
3.1 Deferred tax liabilities derecognised during the year	63,955	22,429
a) reversals of temporary differences	30,968	20,688
b) due to change in accounting criteria	-	-
c) others	32,987	1,741
3.2 Reduction in tax rates	320	648
3.3 Other decreases	208	2,922
4. Closing balance	**194,574**	**236,287**

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

	Total 12/31/2021	Total 12/31/2020
1. Opening balance	**16,938**	**15,170**
2. Increases	**1,298**	**1,953**
2.1 Deferred tax assets arisen during the year	581	13,362
b) related to previous fiscal years	-	-
b) due to change in accounting criteria	-	-
c) others	581	1,362
2.2 New taxes or increases in tax rates	-	263
2.3 Other increases	717	328
3. Decreases	**6,892**	**184**
3.1 Deferred tax liabilities derecognised during the year	6,886	34
a) reversals of temporary differences	6,098	-
b) Write-downs of non-recoverable items	-	-
c) due to change in accounting criteria	-	-
d) others	788	34
3.2 Reduction in tax rates	6	16
3.3 Other decreases	-	134
4. Closing balance	**11,344**	**16,938**

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

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

	Total 12/31/2021	Total 12/31/2020
1. Opening balance	1,126	1,126
2. Increases	-	-
2.1 Deferred tax liabilities arisen during the year	-	-
a) related to previous fiscal year	-	-
b) due to change in accounting criteria	-	-
c) others	-	-
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-**	**-**
3.1 Deferred tax liabilities derecognised during the year	-	-
a) reversals of temporary differences	-	-
b) due to change in accounting criteria	-	-
c) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**1,126**	**1,126**

Section 13 – Other Assets – Item 130

13.1 Other assets: breakdown

Breakdown	Total 12/31/2021	Total 12/31/2020
1. Due from employees	2,848	3,147
2. Receivables arising from sales and services	52,273	86,378
3. Sundry receivables	477,306	377,937
receivables arising from insurance services	26,205	23,789
receivables in the process of collection	17,807	2,093
security deposits	1,846	1,996
reinsurance assets	12,699	12,083
other	418,749	337,976
4. Operating lease receivables	653,805	592,932
5. Consignment stock	134,743	120,244
6. Accrued income	218,832	149,248
Total	**1,539,807**	**1,329,886**

With reference to the above representation, please consider that items "Consignment stock" and "Operating lease receivables" are represented net of provision (€40 million) in the table Reconciliation between Outstanding and Loans and Receivables with Customers.

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

The item "Receivables arising from insurance services" relates mainly to the Parent Company and the Subsidiary Leasys S.p.A. and includes sums due from insurance companies for the payment of commissions.

"Reinsurance activities" relate to the Irish Subsidiary.

"Receivables arising from operating leases" amount to €654 million and the value of the vehicles purchased by the leasing companies under buyback arrangements with the seller – thus not accounted for as non-current assets – for a total of €347 million.

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

LIABILITIES

Section 1 – Financial liabilities at amortised cost – Item 10

1.1 Deposits from Banks: product breakdown

Type of transaction/Values	Total 12/31/2021				Total 12/31/2020			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Loans from central Banks	**3,463,734**	X	X	X	**2,190,823**	X	X	X
2. Loans from Banks	**7,949,921**	X	X	X	**8,181,489**	X	X	X
2.1 Other current accounts and demand deposits	44,092	X	X	X	94,459	X	X	X
2.2 Time deposits	-	X	X	X	-	X	X	X
2.3 Loans	7,873,167	X	X	X	8,079,085	X	X	X
2.3.1 Repurchase agreement	201,758	X	X	X	53,678	X	X	X
2.3.2 Other	7,671,409	X	X	X	8,025,407	X	X	X
2.4 Liabilities in respect of commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease payables	-	X	X	X	-	X	X	X
2.6 Other liabilities	29,662	X	X	X	7,945	X	X	X
Total	**11,410,655**	**-**	**-**	**11,402,713**	**10,372,312**	**-**	**-**	**11,843,047**

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

This item includes mainly borrowings from credit institution, of which €4.4 billion from the Crédit Agricole Group at arm's length.

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

Type of transactions/Values	Total 12/31/2021				Total 12/31/2020			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	497,263	X	X	X	371,170	X	X	X
2. Time deposits	1,745,762	X	X	X	1,145,809	X	X	X
3. Loans	127,299	X	X	X	396,788	X	X	X
3.1 Reverse repos	-	X	X	X	-	X	X	X
3.2 Other	127,299	X	X	X	396,788	X	X	X
4. Liabilities relating to commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease payables	42,943	X	X	X	50,463	X	X	X
6. Other liabilities	85,713	X	X	X	135,332	X	X	X
Total	**2,494,980**	**-**	**-**	**2,398,588**	**2,099,562**	**-**	**-**	**2,013,269**

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

Other payables include:

- security deposits by dealers for €1 million;
- retail liabilities and security deposits made by private individuals in relation to finance leases.

With reference to the above representation, please consider that a portion of the item "Others" (€1 million) is included in the item "Outstanding" in the table Reconciliation between Outstanding and Loans and Receivables with Customers.

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

Type of securities/Values	Total 12/31/2021				Total 12/31/2020			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Debts securities								
1. Bonds	9,947,264	8,318,430	-	1,691,809	12,437,201	9,958,002	-	2,067,870
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	9,947,264	8,318,430	-	1,691,809	12,437,201	9,958,002	-	2,067,870
2. Other securities	578	-	-	578	578	-	-	578
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	578	-	-	578	578	-	-	578
Total	**9,947,844**	**8,318,430**	**-**	**1,692,387**	**12,437,778**	**9,958,002**	**-**	**2,068,448**

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

The item "Other bonds" reflects:

i) bonds issued by SPEs in connection with securitization transactions, for a nominal amount of €2,042 million;

ii) bonds issued by FCA Bank S.p.A (Irish Branch) for a nominal amount of €6,960 million, by FCA Capital Suisse for a nominal amount of CHF 325 million and by Leasys S.p.A. for a nominal amount of €500 million.

1.4 Breakdown of subordinated debts/deposits

	Total 12/31/2021	Total 12/31/2020
A.1 Subordinated debts	**330,444**	**330,474**
- Banks	330,444	330,474
- customers	-	-
A.2 Non subordinated debts	**13,575,193**	**12,141,400**
- Banks	11,080,212	10,041,838
- customers	2,494,981	2,099,562
B.1 Subordinated deposits	**-**	**-**
- Banks	-	-
- customers	-	-
B.2 Non subordinated deposits	**9,947,842**	**12,437,789**
- Banks	1,394,773	1,827,247
- customers	8,553,068	10,610,532
Total	23,853,478	**24,909,653**

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

Section 2 – Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by product

Type of transactions/Values	Total 12/31/2021					Total 12/31/2020				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
		L1	L2	L3			L1	L2	L3	
A. Financial liabilities										
1. Deposits from Banks	-	-	-	-	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	X	-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives	X	-	1,987	-	X	X	-	2,041	-	X
1.1 Trading	X	-	-	-	X	X	-	-	-	X
1.2 Linked to fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	1,987	-	X	X	-	2,041	-	X
2. Credit derivatives	X	-	-	-	X	X	-	-	-	X
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Linked to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**-**	**1,987**	**-**	**X**	**X**	**-**	**2,041**	**-**	**X**
Total (A+B)	**X**	**-**	**1,987**	**-**	**X**	**X**	**-**	**2,041**	**-**	**X**

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

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

Section 4 – Hedging derivatives – Item 40

4.1 Hedging derivatives: breakdown by hedging type and by levels

	Fair value 12/31/2021			NV 12/31/2021	Fair value 12/31/2020			NV 12/31/2020
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	**-**	**65,721**	**-**	**13,689,982**	**-**	93,920	-	16,566,968
1) Fair value	-	58,177	-	12,304,726	-	78,231	-	13,825,238
2) Financial flows	-	4,544	-	1,385,256	-	15,689	-	2,741,730
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
1) Fair value	-	-	-	-	-	-	-	-
2) Financial flows	-	-	-	-	-	-	-	-
Total	**-**	**62,721**	**-**	**13,689,982**	**-**	**93,920**	**-**	**16,566,968**

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

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

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

Transactions/Type of hedge	Fair Value							Cash flow		Foreign invest.
	Micro-hedge						Macro-hedge	Micro-hedge	Macro-hedge	
	Debt securities and interest rates	Equitiy instruments and equity indice	Currencies and gold	Credit	Commodities	Others				
1. Financial assets at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets at amortized cost	-	X	16,592	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	20,304	X	-	X
4. Other operations	-	-	-	-	-	-	X	-	X	-
Total assets	**-**	**-**	**16,592**	**-**	**-**	**-**	**20,304**	**-**	**-**	**-**
1. Financial liabilities	21,281	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**21,281**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	4,544	-

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

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

Section 6 – Tax Liabilities - Item 60

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

Section 8 – Other Liabilities – Item 80

8.1 Other liabilities: breakdown

	Total 12/31/2021	Total 12/31/2020
1. Due to employees	5,707	5,650
2. Operating lease payables	515,110	511,885
3. Due to social security institutions	5,972	6,482
4. Sundry payables	631,161	515,316
- Payables for goods and services	265,326	77,224
- Due to insurance companies	55,959	54,288
- Due to customers	11,250	6,525
- Reinsurance activities	-	-
- Others	187,324	274,728
- Accrued expenses and deferred income	111,302	102,551
Total	1,157,950	1,039,333

The item "Operating lease payables" mainly includes payables for the purchase of cars and for services rendered to the Group's long-term-rental companies.

With reference to the above representation, please consider that €227 million are represented in the item "Outstanding" of the table Reconciliation between Outstanding and Loans and Receivables with Customers.

Line item "Payables for goods and services" includes:

- the provision of administrative, tax and payment services at arm's length by companies of the FCA Group;
- incentives payable to the FCA Group's dealer network;
- charges payable to dealers and Banks, mainly in connection with the Parent Company's operations.

The item "Due to insurance companies" mainly relates to sums due by the Parent Company and the Subsidiary Leasys.

Section 9 – Provision for employee severance pay – Item 90

9.1 Provision for employee severance pay: annual changes

	Total 12/31/2021	Total 12/31/2020
A. Opening balance	10,917	11,726
B. Increases	420	408
B.1 Provision of the year	-	46
B.2 Other increases	420	362
C. Decreases	1,444	1,218
C.1 Severance payments	269	98
C.2 Other decreases	1,175	1,119
D. Closing balance	9,892	10,917
Total	9,892	10,917

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

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

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

9.2 Other information

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

Defined benefit obligation as of 01/01/2021	**10,917**
a. Service cost	-
b. Interest cost	(29)
c. Curtailment	-
d. Other costs	-
e. Employer's contribution	-
f. Interest income on plan assets	-
g.1 Return on plan assets greater/(less) than discount rate	67
g.2 Return on plan assets greater/(less) than demographic assumptions	29
g.3 Net actuarial (gain)/loss: others	255
h. Plan participants' contributions	(1,263)
i. Past service costs/(income) and curtailment (gains) and losses	-
l. InterCompany transactions	(84)
m. Other changes	-
Total defined benefit obligations as of 12/31/2021	**9,892**

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

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

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

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

Main actuarial Assumptions	ITALY
	TFR
Discount rates	0.23%
Estimated future salary increases rate (inflation included)	1.26%
Expected inflation	2.13%
Mortality rate	SI2019 (modified on the basis of historical data)
Yearly employees outflow average	5.09%

Section 10 – Provisions for risks and charges – Item 100

10.1 Provisions risk and charges: breakdown

Items/Components	Total 12/31/2021	Total 12/31/2020
1. Funds for credit risk related to financial obligations and warranties	-	-
2. Funds on other obligations and warranties release	17	-
3. Funds of business retirement	46,134	47,547
4. Other funds for risks and obligations	94,682	97,427
4.1 legal and fiscal controversies	6,603	1,114
4.2 obligations for employees	24,942	14,262
4.3 others	63,137	81,051
Total	**140,833**	**143,974**

10.2 Provisions for risks and charges: annual changes

	Provisions for other commitments and other guarantees given	Pensions and other post-retirement benefit obligations	Other provisions for risks and charges	Total
A. Opening balance	**-**	**47,547**	**96,427**	**143,974**
B. Increases	**17**	**5,172**	**25,505**	**30,694**
B.1 Provisions for the year	17	2,021	12,869	14,904
B.2 Changes due to pass of time	-	-	-	-
B.3 Changes due to discount-rate changes	-	-	-	-
B.4 Other changes	-	3,151	12,636	15,787
- of which business aggregation operations	-	-	-	-
C. Decreases	**-**	**6,585**	**27,250**	**33,835**
C.1 Use during the year	-	1,426	10,302	11,728
C.2 Changes due to discount-rate changes	-	-	-	-
C.3 Other changes	-	5,159	16,948	22,107
- of which business aggregation operations	-	-	-	-
D. Closing balance	**17**	**46,134**	**94,682**	**140,833**

10.3 Provisions for credit risk on commitments and financial guarantees issued

	Provisions for credit risk on commitments and financial guarantees issued				
	First stage	Second stage	Third stage	Purchased or originated impaired	Total
Commitment to supply funds	17	-	-	-	17
Financial guarantees issued	-	-	-	-	-
Total	**17**	**-**	**-**	**-**	**17**

10.5 Provision for retirement benefits and similar obligations

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

Changes in defined benefit obligation	**12/31/2021**
Defined benefit obligation as of the prior period end date	**94,954**
a. Service cost	2,133
b. Interest cost	798
c. Curtailment	-
d. Other costs	14
e. Employer's contribution	-
f. Interest income on plan assets	-
g.1 Return on plan assets greater/(less) than discount rate	(1,968)
g.2 Return on plan assets greater/(less) than demographic assumptions	(416)
g.3 Net actuarial (gain)/loss: others	877
h. Plan participants' contributions	(1,388)
i. Past service costs/(income) and curtailment (gains) and losses	42
l. InterCompany transactions	(56)
m. Other changes	(114)
Total defined benefit obligations as of 12/31/2021	**94,876**

3. Information on the fair value of plan assets

Changes in plan assets	12/31/2021
Fair value of plan assets as of the prior period end date	**47,406**
a. Interest income on plan assets	528
b. Employers contribution	1,886
c. Disbursements from plan assets	(520)
d. Return on plan assets greater/(less) than discount rate	1,016
e. Other changes	(1,574)
Total defined benefit obligations as of 12/31/2021	**48,742**

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

The following table shows the main actuarial assumptions used for pension plans, distinguished by country ("Italy" and "Other countries").

The table also includes actuarial assumptions for the Italian post-employment benefits ("Trattamento di Fine rapporto – TFR").

4. Description of the main actuarial assumptions

Main actuarial Assumptions	ITALY		OTHER COUNTRIES		
	Other post-employment benefit plans	Other long-term employee benefits	Pension plans	Other post-employment benefit plans	Other long-term employee benefits
Discount rates	0.23%	0.23%	0.95%	1.49%	1.65%
Estimated future salary increases rate (inflation included)	1.26%	1.26%	2.41%	2.31%	3,18%
Expected inflation	2.13%	2.13%	1.95%	2.00%	2.10%
Mortality tables	SI2019 (modified on the basis of historical data)		"MR-5 / FR-5 BVG 2020 / GTRT 2018 G Heubeck RT 2018 G RT 2018 G TH/TF 2000-2002AG Prognosetafel 2020 100% of S2PXA CMI 2017 1.25% long-term rate of improvement (LTR)"	"AVÖ 2018-P "Angestellte" TH/TF 2000-2002 EAE21012p GUS 2019"	"RT 2018 G Heubeck RT 2018 G GUS 2019"
Yearly employees outflow average	5.09%	5.09%	6.31%	3.47%	5.08%

10.6 Provisions for risks and charges: other provisions

	Total 12/31/2021	Total 12/31/2020
1. Provisions for retirement benefits and similar obligations	24,942	14,262
2. Other provisions for employees	-	-
3. Provisions for tax risks	162	132
4. Reserves for legal disputes	6,440	983
5. Provisions for risks and charges related to operating leases	5,186	11,765
6. Provisions for sundry risks	57,952	69,287
Total	94,682	96,427

Provisions for risks and charges related to operating leases

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

Provisions for tax risks

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

Provisions for sundry risks

This item reflects:

- provisions of €27 million for risks related, in the UK market, to the remaining value of the vehicles purchased with PCP (Personal Contract Purchase) loans and the customers' option to terminate voluntarily their contract, under local laws;
- other provisions in the amount of €31 million made mainly by FCA Bank S.p.A. and the subsidiaries in UK and France.

Section 11 – Insurance reserves – Item 110

11.1 Insurance provisions: breakdown

	Direct business	Indirect business	Total 12/31/2021	Total 12/31/2020
A. No-life business	**7,232**	**-**	**7,232**	**6,129**
A.1 Premiums reserves	6,075	-	6,075	5,161
A2. Claims reserves	1,157	-	1,157	968
A3. Other insurance reserves	-	-	-	-
B. Life business	**6,466**	**-**	**6,466**	**6,492**
B1. mathematical reserves	2,558	-	2,558	2,700
B2. Reserves for amounts to be disbursed	3,908	-	3,908	3,792
B3. Other reserves	-	-	-	-
C. Technical reserves for investment risks to be borne by the insured	**-**	**-**	**-**	**-**
C1. Reserves for contracts with performances connected to investment funds and market indices	-	-	-	-
C2. Reserves arising from pension fund management	-	-	-	-
D. Total technical reserves	**13,698**	**-**	**13,698**	**12,621**

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

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

	Total 12/31/2021	Total 12/31/2020
A. Share Capital		
A.1 Ordinary shares	700,000	700,000
A.2 Savings shares	-	-
A.3 Preferred shares	-	-
A.4 Other shares	-	-
B. Own shares		
B.1 Ordinary shares	-	-
B.2 Saving shares	-	-
B.3 Preferred shares	-	-
B.4 Other shares	-	-

13.2 Share capital - number of shares owned by the Parent Company: annual changes

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

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

13.4 Net profit reserve: other information

Group reserves amount to €2,509 million and include: legal reserve, statutory reserve, valuation reserves and other reserves.

The valuation reserves amount to negative €11 million and include reserves of cash flow hedge derivatives for +€1 million, exchange rate valuation reserves (relating to fully consolidated investments) for +€8 million as well as legally required revaluation reserves deriving from the revaluation of property and equipment for +€454 thousand and the negative reserve on actuarial profits (losses) from defined benefit pension plans for -€20 million.

Section 14 – Non controlling interests – Items 190

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

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

Companies name	Total 12/31/2021	Total 12/31/2020
Equity investments in consolidated companies with minority interests		
1. Ferrari Financial Services GmbH	40,578	33,.677
2. FCA Bank GmbH	29,556	27,728
Others investments	2	26
Total	**70,136**	**61,431**

14.2 Minorities: breakdown and annual changes

	Total 12/31/2021	Total 12/31/2020
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	55,228	48,713
6. Valuation reserves	(69)	(63)
7. Minority equity - Net income (loss)	8,711	6,515
Total	**70,136**	**61,431**

2. Others commitments and others guarantees given

	Nominal value	Nominal value
	Total 12/31/2021	Total 12/31/2020
Others guarantees given		
of which: non-performing loans	-	-
a) Central Banks	-	-
b) Public sector entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Other commitments		
of which: non-performing loans	-	-
a) Central Banks	-	-
b) Public sector entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	7,767,982	6,030,249
f) Households	4,688	4,470

The item refers to commitments to disburse funds relating to:

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

3. Assets used to guarantee own liabilities and commitments

Portfolios	Amount 12/31/2021	Amount 12/31/2020
1. Financial assets at fair value through profit or loss	-	-
2. Financial assets at fair value through other comprehensive income	-	-
3. Financial assets at amortised cost	6,604,845	5,536,335
4. Property, plant and equipment	-	-
of which: of which: inventories of property, plant and equipment	-	-

It should be noted that item 3 "Financial asset at amortised cost" includes assets encumbrance deriving from securitization operations.

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

Instrument type		Gross amount of financial assets (a)	Amount of financial liabilities offset in balance sheet (b)	Net amount of financial assets reported in balance sheet (c=a-b)	Related amounts not subject to accounting offsetting		Net amount (f=c-d-e)	Net amount (f=c-d-e)
					Financial instruments (d)	Cash deposit received in guarantee (e)	12/31/2021	12/31/2020
1. Derivatives		-	-	-	-	-	-	-
2. Repos		443,914	-	443,914	432,747	443,914	11,167	1,062
3. Securities lending		-	-	-	-	-	-	-
4. Others		800,000	800,000	-	-	800,000	-	-
Total	12/31/2021	1,243,914	800,000	443,914	432,747	-	11,167	X
Total	12/31/2020	1,230,265	1,170,000	60,265	59,203	-	X	1,062

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

Instrument type		Gross amount of the financial liabilities (a)	Financial assets offset in balance sheet (b)	Net amount of the financial liabilities reportes in balance sheet (c=a-b)	Related amounts not subjectto accounting offsetting		Net amount (f=c-d-e)	Net amount (f=c-d-e)
					Financial instruments (d)	Cash collateral received (e)	12/31/2021	12/31/2020
1. Derivatives		64,708	-	64,708,00	6,760	19,525	64,708	-
2. Repos		201,758	-	201,758	196,036	-	201,758	-
3. Securities lending		-	-	-	-	-	-	-
4. Other operations		800,000	800,000	-	-	-	800,000	-
Total	12/31/2021	1,066,466	800,000	266,466	202,796	19,525	1,066,466	X
Total	12/31/2020	1,291,490	1,170,000	121,490	76,650	44,840	X	-

PART C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 – Interests – Items 10 and 20

1.1 Interest income and similar revenue: breakdown

Items/Technical forms	Debt securities	Loans	Other operations	Total 12/31/2021	Total 12/31/2020
1. Financial assets valued to fv with impact to Profit and Loss:	-	-	-	-	-
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated to fv	-	-	-	-	-
1.3 Other financial assets mandatorly valued to fair value	-	-	-	-	-
2. Financial assets valued to fv with impact on overall profitability	-	-	X	-	-
3. Financial assets valued to amortize cost:	121,621	699,220	X	820,841	844,544
3.1 Credits to Banks	-	34,304	X	34,304	67,482
3.2 Credits to clients	121,621	664,916	X	786,537	777,062
4. Hedging derivatives	X	X	(18,451)	(18,451)	(16,552)
5. Other assets	X	X	11,989	11,989	25,791
6. Financial liabilities	X	X	X	20,254	10,247
Total	121,621	699,220	(6,462)	834,633	864,030
of which: income interests on deteriorated financial assets	-	-	-	-	-
of which: interest income on financial lease	X	-	X	-	-

1.2 Interest and similar income: other information

1.2.1 Interest income from financial assets denominated in currency

Items	Total 12/31/2021	Total 12/31/2020
Interest income from currency assets	123,183	157,852

1.2.2 Interest income from financial lease

Items	Total 12/31/2021	Total 12/31/2020
Interest income from financial lease	600,223	542,031

1.3 Interest expense and similar charges: breakdown

Items/Technical forms	Debts	Securities	Other operations	Total 12/31/2021	Total 12/31/2021
1. Financial liabilities at amortized cost	101,945	71,155	X	173,100	191,704
1.1 Debts to Central Banks	-	X	X	-	-
1.2 Debts to Banks	62,117	X	X	62,117	73,156
1.3 Debts to customers	39,828	X	X	39,828	25,946
1.4 Debt securities in issue	X	71,155	X	71,155	92,601
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and funds	X	X	4,364	4,364	3,369
5. Hedging derivatives	X	X	14,644	14,644	9,105
6. Financial assets	X	X	X	4,476	5,117
Total	101,945	71,155	**19,008**	**196,584**	**209,295**
of which: interest expense on lease payables	-	X	X	-	-

1.4 Interest expense and similar charges: other information

1.4.1 Interest expenses on liabilities denominated in currency

Items	Total 12/31/2021	Total 12/31/2020
Interest expense on liabilities held in foreign currency	(12,439)	(18,001)

1.4.2 Interest expenses on financial lease

Items	Total 12/31/2021	Total 12/31/2020
Interest expense on finance lease transactions	(63)	(1,230)

1.5 Differentials related to hedging operations

Items	Total 12/31/2021	Total 12/31/2020
A. Positive differentials related to hedging operations	-	-
B. Negative differentials related to hedging operations	(33,095)	(25,659)
C. Net differential (A-B)	(33,095)	**(25,659)**

Section 2 – Commissions – Items 40 e 50

2.1 Fee and commission income: breakdown

Type of service/Values	Total 12/31/2021	Total 12/31/2020
	-	-
1. Securities placement	-	-
1.1 Under firm assumption and/or on the basis of an irrevocable commitment	-	-
1.2 Without firm commitment	-	-
2. Receipt and transmission of orders and execution for customers	-	-
2.1 Receipt and transmission of orders for one or more financial instruments	-	-
2.2 Execution of orders on behalf of customers	-	-
3. Other fees connected with activities related to financial instruments	-	-
of which: trading on own account	-	-
of which: management of individual portfolios	-	-
b) Corporate Finance	-	-
1. Merger and Acquisition Advice	-	-
2. Treasury services	-	-
3. Other fees associated with corporate finance services	-	-
c) Investment advisory activities	-	-
d) Clearing and settlement	-	-
e) Collective Portfolio Management	-	-
f) Custody and administration	-	-
1. Custodian Bank	-	-
2. Other fees related to custody and administration	-	-
g) Central administrative services for collective portfolio management	-	-
h) Trust business	-	-
i) Payment services	456	1,956
1. Current accounts	-	-
2. Credit cards	151	86
3. Debit and other payment cards	-	-
4. Wire transfers and other payment orders	-	-
5. Other fees related to payment services	305	1,870
j) Distribution of third party services	50,082	53,769
1. Collective portfolio management	-	-
2. Insurance products	49,376	52,708
3. Other products	705	1,061
of which: individual portfolio management	-	-
k) Structured Finance	-	-
l) Servicing for securitization transactions	179	358
m) Commitments to disburse funds	-	-
n) Financial guarantees issued	-	-
of which: credit derivatives	-	-
o) Financing operations	12,380	16,165
of which: for factoring transactions	10,746	16,165
p) Currency trading	-	-
q) Goods	-	-
r) Other commission income	64,561	61,120
of which: for management activities of multilateral trading systems	-	-
of which: for management activities of organized trading systems	-	-
Total	**127,658**	133,368

2.2 Fee and commission expenses: breakdown

Services/Amounts	Total 12/31/2021	Total 12/31/2020
a) Financial instruments	-	-
of which: trading of financial instruments	-	-
of which: placement of financial instruments	-	-
of which: management of individual portfolios	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Clearing and settlement	-	-
c) Management of collective portfolios	-	-
1. Own	-	-
2. Delegated to third parties	-	-
d) Custody and administration	-	-
e) Payment and collection services	(14,575)	(14,793)
of which: credit cards, debit cards and other payment cards	(2,355)	(225)
f) Servicing activities for securitization transactions		
g) Commitments to receive funds	-	-
h) Financial guarantees received	(406)	(558)
of which: credit derivatives	-	-
i) Off-site offering of financial instruments, products and services	-	-
j) Currency trading	-	-
k) Other commission expenses	(34,507)	(28,083)
Total	**(49,488)**	**(43,434)**

With reference to the "Reconciliation between reported income statement and reclassified income statement" please see that the total of the item 50 equal to €49 millions is broken down, coherent with the mentioned managerial representation, in the following Groups:

- "guarantees received" in the present table also include insurance costs referred to the credit risk coverage on part of Wholesale Financing portfolio for a total of €11 million classified as "risk cost" at the managerial representation scope;
- residual €38 million are included in "Net Banking income".

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

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

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

Transactions / P&L items	Capital gains (A)	Incomes from negotiation (B)	Capital losses (C)	Losses from negotiation (D)	Net result [(A + B) - (C + D)]
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**(122)**	**(122)**
2.1 Debt securities	-	-	-	(122)	(122)
2.2 Debts	-	-	-	-	-
2.3 Others	-	-	-	-	-
Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(122)**
3. Derivatives	**(17,005)**	**22,080**	**4,958**	**(7,100)**	**2,932**
3.1 Financial derivatives:	(17,005)	22,080	4,958	(7,100)	2,933
- On debt securities and interest rates	(17,005)	22,080	4,958	(7,100)	2,933
- On equity securities and share indices	-	-	-	-	-
- On currency and gold	X	X	X	X	-
- Others	-	-	-	-	-
3.2 Credit derivatives	-	-	(1)	-	(1)
of which: economic hedges linked to the fair value option	X	X	X	X	-
Total	**(17,005)**	**22,080**	**4,957**	**(7,222)**	**2,790**

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

Section 5 – Fair value adjustments in hedge accounting– Item 90

5.1 Fair value adjustments in hedge accounting: breakdown

P&L items/Values	Total 12/31/2021	Total 12/31/2020
A. Incomes from:		
A.1 Fair value hedging instruments	85,384	39,633
A.2 Hedged financial assets (fair value)	-	33,048
A.3 Hedged financial liabilities (fair value)	34,086	7,947
A.4 Cash-flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	139	427
Total incomes on hedging activities (A)	**119,609**	**81,055**
B. Charges on:		
B.1 Fair value hedging instruments	(39,174)	(46,605)
B.2 Hedged financial assets (fair value)	(84,231)	(11,265)
B.3 Hedged financial liabilities (fair value)	-	(27,493)
B.4 Cash-flow hedging derivatives	-	-
B.5 Assets and liabilities denominated in currency	(489)	(500)
Total charges in hedge accounting (B)	**(123,894)**	**(85,863)**
C. Net hedging result (A-B)	**(4,285)**	**(4,808)**
of which: result of hedges on net exposures (IFRS 7 24C, lett. b) vi); IFRS 9 6.6.4)	-	-

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

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

6.1 Gains and losses on disposals/repurchases: breakdown

Items / P&L items	Total 12/31/2021			Total 12/31/2020		
	Gains	Losses	Net profit	Gains	Losses	Net profit
Financial assets						
1. Financial assets at amortised cost	221	(1,155)	(934)	358	(369)	(11)
1.1 Loans and receivables with Banks	-	-	-	-	-	-
1.2 Loans and receivables with customers	221	(1,155)	(934)	358	(369)	(11)
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-	-
2.2 Loans	-	-	-	-	-	-
Total assets	**221**	**(1,155)**	**(934)**	**358**	**(369)**	**(11)**
Financial liabilities at amortised cost	-	-	-	-	-	-
1. Deposits from Banks	-	-	-	-	-	-
2. Depositsfrom customers	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

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

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

Transactions/P&L items	Write-downs (1)						Write-backs (2)				Total 12/31/2021	Total 12/31/2020
	First stage	Second stage	Third stage		Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
			Write-off	Others	Write-off	Others						
A. Loans and advances to Banks	-	-	-	-	-	-	-		-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans and advances to customers	(23,743)	(7,945)	(5,322)	(47,621)	-	-	16,386	3,127	-	-	(29,748)	**(70,590)**
- Loans	(23,743)	(7,945)	(5,041)	(48,090)	-	-	16,386	3,127	-	-	(29,936)	(69,783)
- Debt securities	-	-	(281)	468	-	-	-	-	-	-	187	(807)
Total	(23,743)	(7,945)	(5,322)	(47,621)	-	-	16,386	3,127	-	-	(29,748)	**(70,590)**

With reference to the "Reconciliation between reported income statement and reclassified income statement", please see that the total of the item 130 equal to €30 millions is is included in the "cost of risk".

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

Operation / P&L item	Net Adjustments						Total 12/31/2021	Total 12/31/2020
	First stage	Second stage	Third stage		Purchased or originated impaired			
			Write-off	Others	Write-off	Others		
1. Loans and advances subject to EBA-compliant moratoria (legislative and non-legislative)	(1,552)	(13)	-	(178)	-	-	**(1,743)**	**(8,279)**
2. Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	**-**	**-**
3. Other loans and advances subject to COVID-19-related forbearance measures	-	-	-	-	-	-	**-**	**-**
4. Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis	-	-	-	-	-	-	**-**	**-**
Totale	**(1,552)**	**(13)**	**-**	**(178)**	**-**	**-**	**(1,743)**	**(8,279)**

Section 10 – Net premiums – Item 160

10.1 Net premiums: breakdown

Premiums from insurance	Direct business	Indirect business	Total 12/31/2021	Total 12/31/2020
A. Life business				
A.1 Gross premiums accounted (+)	2,017	-	2,017	2,251
A.2 Reinsurance premiums ceded (-)	(1,815)	X	(1,815)	(2,026)
A.3 Total	202	-	202	225
B. Non-life business				
B.1 Gross premiums accounted (+)	4,829	-	4,829	3,093
B.2 Reinsurance premiums ceded (-)	(473)	X	(473)	(658)
B.3 Change in gross value of premiums reserves (+/-)	(772)	-	(772)	2,804
B.4 Change in premium reserve ceded to reinsures (+/-)	(838)	-	(838)	(3,062)
B.5 Total	2,746	-	2,746	2,177
C. Total net premiums	**2,948**	**-**	**2,948**	**2,402**

Section 11 – Other net insurance income and expenses – Item 170

11.1 Other net insurance income and expenses: breakdown

Items	Total 12/31/2021	Total 12/31/2020
1. Net change in insurance provisions	(227)	84
2. Claims accrued and paid during the year	(441)	(253)
3. Other income and expenses from insurance	(47)	870
Total	**(715)**	**701**

11.2 Breakdown of "Net change in technical reserves"

Net change in insurance reserves	Total 12/31/2021	Total 12/31/2020
1. Life business		
A. Mathematical reserves	(12)	237
A.1 Gross annual amount	(116)	2,371
A.2 (-) Amount attributable to reinsurers	105	(2,134)
B. Other insurance reserves	-	-
B.1 Gross annual amount	-	-
B.2 (-) Amount attributable to reinsurers	-	-
C. Insurance reserves for investment risks to be borne by the insured	-	-
C.1 Gross annual amount	-	-
C.2 (-) Amount attributable to reinsurers	-	-
Total "life business reserves"	**(12)**	**237**
2. Non-life business		
Change in provisions for non-life business other than claims provisions, net of amounts ceded to reinsurers	(216)	(153)

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

Charges for claims	Total 12/31/2021	Total 12/31/2020
Life business: charges relating to claims, net of reinsurance ceded		
A. Amounts paid	(218)	(147)
A.1 Gross annual amount	(2,180)	(1,466)
A.2 (-) Amount attributable to reinsurers	1,962	1,319
B. Change in reserve for amounts payable	-	-
B.1 Gross annual amount	-	-
B.2 (-) Amount attributable to reinsurers	-	-
Total life business claims	**(218)**	**(147)**
Non-life business: charges relating to claims, net of recoveries and reinsurance ceded		
C. Amounts paid	(223)	(106)
C.1 Gross annual amount	(462)	(416)
C.2 (-) Amount attributable to reinsurers	239	310
D. Change in recoveries net of amount ceded to reinsures	-	-
E. Change in claims reserves	-	-
E.1 Gross annual amount	-	-
E.2 (-) Amount attributable to reinsurers	-	-
Total non-life business claims	**(223)**	**(106)**

11.4 Breakdown of "Other income and expenses arising from insurance business"

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

	Total 12/31/2021	Total 12/31/2020
Life insurance		
A. Revenues	-	239
- Other technical revenues net of reinsurance ceded	-	-
- Revenues and unrealized capital gains related to investments in favour of insured parties who bear the risk	-	-
- Change in commissions and Other acquisition costs to be amortized	-	-
- Commissions and profit-sharing received from reinsurers	-	-
- Other revenues	-	239
B. Expenses	9	-
- Other technical expenses net of reinsurance ceded	-	-
- Expenses and unrealized capital losses related to investments in favour of insured parties who bear the risk	-	-
- Acquisition commissions	-	-
- Other acquisition expenses	-	-
- Collection commissions	-	-
- Other expenses	-	-
Total Life insurance (A - B)	9	**239**

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

	Total 12/31/2021	Total 12/31/2020
Non-life insurance		
A. Revenues	-	640
- Other technical revenues net of reinsurance ceded	-	-
- Revenues and unrealized capital gains related to investments in favor of insured parties who bear the risk	-	-
- Change in commissions and Other acquisition costs to be amortized	-	-
- Other revenues	-	640
B. Expenses	37	-
- Other technical expenses net of reinsurance ceded	-	-
- Acquisition commissions	-	-
- Other acquisition expenses	-	-
- Collection commissions	-	-
- Other expenses	37	-
Total Non-life insurance (A - B)	**37**	**640**

Section 12 – Administrative expenses – Item 190

12.1 Staff expenses: breakdown

Type of expense/Sectors	Total 12/31/2021	Total 12/31/2020
1) Employees	**(174,642)**	**(163,969)**
a) wages and salaries	(117,062)	(113,876)
b) social obligation	(30,408)	(25,494)
c) severance pay	(2,735)	(2,761)
d) social security costs	(99)	-
e) allocation to employee severance pay provision	(239)	(209)
f) provision for retirements and similar provisions	(2,021)	(1,283)
- defined contribution	(562)	(570)
- defined benefit	(1,459)	(713)
g) Payments to external pension funds:	(2,160)	(2,588)
- defined contribution	(2,133)	(2,134)
- defined benefit	(27)	(454)
h) costs arising from share-based payments	-	-
i) other employee benefits	(19,917)	(17,757)
2) Other staffs in activity	**(9,454)**	**(6,059)**
3) Managers and statutory auditors	**(1,335)**	**(1,076)**
4) Staffs collocated to retirement	**-**	**-**
Total	**(185,431)**	**(171,104)**

12.2 Average number of employees by category

	Totale 12/31/2021	Totale 12/31/2020
1) Employees	**2,483**	**2,415**
a) senior manager	68	69
b) managers	489	471
c) remaining employees staff	1,889	1,875
2) Other staff	-	-
Total	**2,483**	**2,415**

12.3 Defined benefit Company retirement funds: costs and revenues

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

12.4 Other employee benefits

The balance of other benefits to employees as at December 31st, 2021 amounted to €19,917 thousand.

12.5 Other administrative expense: breakdown

Item / Sector	Total 12/31/2021	Total 12/31/2020
1. Consulting and professional services	(18,298)	(20,785)
2. EDP costs	(47,149)	(37,303)
3. Rents and utilities	(10,886)	(10,380)
4. Indirect and other taxes	(10,094)	(11,617)
5. Advertising and promotion expenses	(6,683)	(8,902)
6. Other expenses	(30,544)	(14,205)
Total	(123,654)	(103,195)

With reference to the "Reconciliation between reported income statement and reclassified income statement" please see that the total of the item 190 equal to €286 millions is broken down, coherent with the mentioned managerial representation, in the following Groups:

- €285 million are included in the net operating expense;
- €1 million are included in the other operating expenses and income.

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

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

13.3 Net provisions for risks and charges: breakdown

	Total 12/31/2021		Total 12/31/2020	
	Write-downs	Wtite-backs	Write-downs	Wtite-backs
1. Provisions for risks and charges related to operating leases	(7,889)	389	(10,882)	649
1.1 Future maintenance provision	(7,304)	389	(10,376)	1
1.2 Self-insurance provision	(585)	-	(507)	647
2. Provisions to other risks and charges	(3,797)	131	(3,255)	61,488
3. Technical insurance reserve	-	-	-	-
4. Legal risks	(1,183)	11	(388)	55
Total	(12,869)	531	(14,526)	62,192

On December 31st, 2021 the value of provisions for risks and charges is -€12 million, for managerial scope these provisions are aggregated as follow:

- write-downs are included in Net Banking income for a total of -€10 million;
- in net operating costs are included -€2 million of write-backs.

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

14.1 Impairment on property, plant and equipment: breakdown

Asset/Income	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Property, equipment and investment property				
1 For operational use	(582,375)	(446)	4,901	(577,920)
- Owned	(572,244)	(446)	4,901	(567,789)
- Licenses acquired through lease	(10,131)	-	-	(10,131)
2 Held for investment	-	-	-	-
- Owned	-	-	-	-
- Licenses acquired through lease	-	-	-	-
3 Inventories	X	-	-	-
Total	**(582,375)**	**(446)**	**4,901**	**(577,920)**

With reference to "Reconciliation between reported income statement and reclassified income statement"

- in the item "net banking income" are included rental amortized costs for 565 million;
- in "net operating expenses" are included amortizing amortized costs referred to other fixed assets for €13 million (office furniture and fitting, electronic system and others).

Section 15 – Impairment on intangible assets – Item 220

15.1 Impairment on intangible assets: breakdown

Asset/Income	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Intangible assets				
of which: software	(624)	-	-	(624)
A.1 Owned	(20,668)	(81)	-	(20,749)
- Generated internally by the Company	-	-	-	-
- Other	(20,668)	(81)	-	(20,749)
A.2 Licenses acquired through lease	-	-	-	-
Total	**(20,667)**	**(81)**	**-**	**(20.749)**

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

Section 16 – Other operating expenses/income – Item 230

16.1 Other operating expenses: breakdown

Items	Total 12/31/2021	Total 12/31/2020
1. Credit collection expenses	(10,665)	(8,236)
2. Information charges	(762)	(3,411)
3. Other expenses:	(545,502)	(472,982)
3.1 operating lease charges	(466,288)	(395,720)
3.2 finance lease charges	(27,300)	(22,195)
3.3 contract expenses	(4,208)	(7,272)
3.4 sundry charges	(47,706)	(47,795)
Total	(556,929)	(484,630)

16.2 Other operating incomes: breakdown

Items	Total 12/31/2021	Total 12/31/2020
1. Expense recoveries	34,644	35,784
2. Income from operating leases	1,359,140	1,151,178
3. Income fron finance lease	290	10
4. Sundry income	58,556	39,574
Total	1,452,630	1,226,545

With reference to "Reconciliation between reported income statement and reclassified income statement" of the report on operations please see the item 230 amount "other operating income/charges" equal to €896 million is allocated as follow:

- other operating income for €912 million are allocated in the "net banking income" and other operating charges;
- other operating charges are included for €20 million in "net operating expenses";
- other operating charges for -€15 million are included in "cost of risk";
- other operating charges related to retail are included for -€21 million in "other operating income/charges".

Section 21 – Tax expenses (income) for the period from continuing operations – Item 300

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

P&L items/Sectors	Total 12/31/2021	Total 12/31/2020
1. Current taxes (-)	(185,224)	(153,061)
2. Change of current taxes of previous years (+/-)	(103)	(2,184)
3. Reduction of current taxes for the year (+)	-	-
3. bis Reduction of current taxes for the year due tax credit under Law 214/2011 (+)	-	-
4. Change of deferred tax assets (+/-)	35,800	47,548
5. Change of deferred tax liabilities (+/-)	(41,173)	(54,371)
6. Tax expenses for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5)	(191,240)	(162,068)

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

	12/31/2021
Profit for the year before taxes	**684,844**
Theoretical tax liability	**188,332**
Increase effect of permanent differences	699
Decrease effect of permanent differences	(40,100)
Consolidation effect	14,836
Actual tax liability (A)	**163,767**
IRAP - Theoretical tax liability	**38,146**
Increase effect of permanent differences	1,237
Decrease effect of permanent differences	(5,632)
Consolidation effect	(6,640)
IRAP - Actual tax liability (B)	**27,110**
Prior years tax adjustments (C)	**362**
Actual tax liability recognized A+B+C	**191,240**

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

23.1 Breakdown of item 340 "Minority gains (losses)"

Companies name	Total 12/31/2021	Total 12/31/2020
FCA Bank GmbH	1,815	1,868
Ferrari Financial Services GmbH	6,897	4,647
Others minorities	-	-
Total	**8,712**	**6,515**

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

Section 25 – Earnings per share

25.1 Average number of ordinary shares

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

PART D - CONSOLIDATED COMPREHENSIVE INCOME

	Items	Total 12/31/2020	Total 12/31/2019
10.	**Net Profit (Loss) for the year**	493,605	**500,670**
	Other comprehensive income after tax not to be recycled to income statement	2,134	**919**
70.	Defined benefit plans	2,264	783
100.	Income taxes relating to other income components without reversal to the income statement	(130)	136
	Other comprehensive income after tax to be recycled to income statement	32,132	**(18,678)**
120.	Exchange differrences:	21,108	(15,344)
	a) Value change	-	-
	b) Transfer to the income statement	-	-
	c) Other changes	21,108	(15,344)
130.	Cash flow hedges:	16,498	(4,966)
	a) Changes in fair value	16,498	(4,966)
	b) Transfer to the income statement	-	-
	c) Other changes	-	-
	of which: result of net positions	-	-
180.	Income taxes relating to other income components with reversal to the income statement	(5,474)	1,632
190.	**Total of other comprehensive income after tax**	34,266	**(17,759)**
200.	**Comprehensive income (Items 10+190)**	527,870	**482,911**
210.	Consolidated comprehensive income attributable to minorities	8,705	6,500
220.	**Consolidated comprehensive income attributable to Parent Company**	519,165	**476,411**

PART E - INFORMATION ON RISK AND RELATED RISK MANAGEMENT POLICIES

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

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

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

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

The Group's risk underwriting strategies are summarized in its Risk Appetite Framework (RAF), approved during the first-half of 2021 by the Board of Directors. The RAF is designed to ensure that the risks taken are in line with the shareholders' expectations, taking into account the Group's risk position and the current economic and business conditions. The framework sets out risk propensity limits and the controls established for the overall risk profile and the main specific risks.

The RAF is an organic and structured approach, which extends from the Risk Management function to the Group as a whole to:

- ensure that the Board of Directors and management are properly involved in the Group's risk management;
- combine strategic policies and business choices with risk propensity;
- ensure that shareholder value and returns are generated;
- comply with all regulatory requirements;
- activate a structured approach for the management, implementation and monitoring of the Risk Appetite Framework at all Group levels;
- define precisely roles and responsibilities in case of breaches of risk propensity and to foster dialogue among the areas concerned at both parent and Subsidiary level.

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

The definition of the Risk Appetite Framework is a comprehensive process driven by the Chief Risk Officer, which calls for close cooperation with the Chief Financial Officers and the heads of the various Business Units. It is developed in keeping with the ICAAP and ILAAP processes and is the key reference for the development of the budget and the business plan. In this way, consistency is established between the strategy and the risk underwriting policy, on one side, and the planning and budgeting process, on the other.

The definition of the Risk Appetite Framework and the consequent operational limits on the main specific risks, the use of risk measurement tools in the context of credit management processes and operational risk control, the use of capital-at-risk measures to report Company performance and the internal capital adequacy assessment are key steps in the operational process to implement risk management strategies, defined by the Board of Directors, along the Group’s entire decision-making chain.

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

Impacts deriving from the Covid-19 pandemic

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

Section 1 - RISKS OF THE ACCOUNTING CONSOLIDATED PERIMETER

Quantitative disclosures

A. Credit quality

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

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

Portfolios/quality		Bad exposures	Unlikely to pay	Non performing past due exposures	Performing past due exposures	Other performing past due exposures	Total
1. Financial assets at amortised cost		39,483	38,480	110,786	581,624	19,962,021	20,732,394
2. Financial assets at fair value through other comprehensive income		-	-	-	-	9,305	9,305
3. Financial assets designated at fair value		-	-	-	-	-	-
4. Other financial assets mandatorily at fair value		-	-	-	-	-	-
5. Financial assets as held for sale		-	-	-	-	-	-
Total	**12/31/2021**	**39,483**	**38,480**	**110,786**	**581,624**	**19,971,326**	**20,741,699**
Total	**12/31/2020**	**42,291**	**50,867**	**29,469**	**315,435**	**23,617,701**	**24,055,763**

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

Portfolios/quality	Impaired				Not impaired			Total (net exposition)
	Gross exposure	Overall writedowns of value	Net exposure	Overall partial write-off*	Gross exposure	Overall writedowns of value	Net exposure	
1. Financial assets at amortised cost	358,280	(169,531)	188,749	3,001	20,648,649	(105,004)	20,543,645	20,732,395
2. Financial assets at fair value through other comprehensive income	-	-	-	-	9,305	-	9,305	9,305
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily at fair value	-	-	-	-	X	X	-	-
5. Financial assets as held for sale	-	-	-	-	-	-	-	-
Total 12/31/2021	358,280	(169,531)	188,749	3,001	20,657,954	(105,004)	20,552,950	20,741,699
Total 12/31/2020	268,037	(145,410)	122,627	1,237	24,074,008	(140,872)	23,933,1737	24,055,764

Portfolios/quality	Low credit quality assets		Other assets
	Cumulated losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	
2. Hedging derivatives	-	-	45,706
Total 12/31/2021	-	-	45,706
Total 12/31/2020	-	-	23,333

Note:

(*) Value shown for information purposes.

Section 2 – RISKS OF THE PRUDENTIAL CONSOLIDATED PERIMETER

1.1 Credit risk

Qualitative disclosures

1. Overview

Credit risk is the risk that unexpected changes in creditworthiness cause a borrower's default, producing unforeseen losses in on- and off-balance-sheet exposures. Credit risk includes also counterparty risk, that is the risk that a counterparty in a transaction involving specific instruments (financial and credit derivatives, repurchase agreements, securities/commodities borrowing, margin loans) defaults before the cash flows of the transaction are finally settled.

For the Group, this risk arises in its core operations, that is:

- loans and leases to buyers of vehicles of its manufacturing partners (Retail Financing business line);
- loans to the dealers of the manufacturing partners (Wholesale Financing business);
- holding and control of equity interest in commercial firms that are not part of the Banking Group in Italy and in Europe. Moreover, the Bank provides funding support to its subsidiaries through lines of credit and guarantees to external lenders.

To calculate the internal capital required for credit risk, the Group, in agreement with Circular 285 of the Bank of Italy for class 2 Banks, uses the standard methodology for the calculation of capital requirements under Pillar I.

Exposures are classified in keeping with the regulatory framework of reference.

To calculate the internal capital required for counterparty risk, in the same vein as the credit risk calculated with the standard methodology, the Group applies the Simplified Standard Method to determine the exposure at default in relation to counterparty risk.

To calculate capital requirements for CVA (Credit Valuation Adjustment) risk, the Group adopts the standardized method as per article 384 of Regulation (EU) no. 575/2013 (CRR).

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

2. Credit risk management policies

2.1 Organizational aspects

The FCA Bank Group's credit policies are designed in essence to foster the assumption of risks that must be:

- controlled;
- reasonable;
- contained within certain limits.

The FCA Bank Group has a specific Group Credit Guidelines intended to:

- support the analysis of the parties responsible for credit approvals;
- set and maintain the quality of credit standards;
- meet the customers' credit requirements;
- take the commercial opportunities provided by the possibility to develop new financing products in Markets/Branches and limit losses.

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

2.2 Management, measurement and control systems

Roles and responsibilities

In this context, the FCA Bank Group manages credit risk through a specific allocation of roles and responsibilities involving:

- the Board of Directors;
- the Board Executive Credit Committee;
- the JV Credit Committee;
- the HQ Internal Credit Committee;
- the Local Credit Committees.

Regarding credit, the Board of Directors is responsible for:

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

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

The JV Credit Committee is responsible for:

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

The HQ Internal Credit Committee is responsible for:

- making decisions, in keeping with its powers and authority, on the credit approval requests coming from the Market/Branch and analysing the requests that must be submitted to the JV Credit Committee; and for evaluating any changes to Group credit policies;
- 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.

The Local Credit Committees are responsible for:

- implementing locally general policies and guidelines for credit approval, control and collection, formalizing and updating local credit procedures in accordance with the Group Credit Guidelines;
- analysing and monitoring credit performances;
- analysing credit exposures and credit limits;
- setting, within the scope of its powers, the limits and the process to evaluate and approve the lines of credit;
- allocating powers within its own organizational structure;
- approving credit applications within the authorized limits.

The Financial Reporting process

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

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

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

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

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

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

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

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

Independent audit

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

Social responsibility

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

Corporate governance

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

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

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

2.3 Measurement methods for expected losses

With the introduction of IFRS 9 in the Wholesale Financing and Retail businesses and with a simplified approach in the rental business line, the Bank currently makes provisions for losses in view of expected credit losses in a forward-looking perspective.

Expected credit losses (ECL) are measured as follows:

ECL= PDxLGDxEAD

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

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

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

A sensitivity analysis of the Expected Credit Loss is carried out by the Company as part of the ICAAP. The methods for conducting the sensitivity analysis are described in an operating manual of the Company ("Integrated Stress Testing Methodological Handbook") and involve the various dimensions of credit risk.

In particular, the stress simulations on credit risk led, as part of the 2021 ICAAP, to the identification of a potential increase in loan loss provisions of around 50%, for which the Company has taken steps to absorb capital under Pillar II.

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

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

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

LGD=PL*LGL

where:

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

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

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

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

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

$$LGDR = 1 - RR$$

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

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

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

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

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

During 2021, in order to implement the changes introduced by the new definition of default (NDD), both the base models and the forward looking Retail and Wholesale Financing models were updated. As far as forward looking models are concerned, the updates would have led to a release of provisions, which was sterilized for the purposes of the Consolidated Financial Statements for €9.0 million relating to Retail Financing and €2.3 million relating to Wholesale Financing, considering the uncertainty of the macroeconomic situation (semiconductor shortage, inflation/interest rate trends/pandemic continuation).

<u>New Default Definition</u>

As of January 1st, 2021, FCA Bank Group applies the new European rules on the classification of counterparties who have defaulted on an obligation with the bank, introduced by the European Banking Authority (EBA).

The new guidelines, known as the New Deafult Definition, lay down more restrictive criteria and methods on the classification of defaults, compared to those used previously, with a view to harmonizing the rules across the countries of the European Union.

The FCA Bank Group has decided to adopt the new definition without major deviations. The classification is at customer level and specific contamination rules have been implemented. Following the adoption of the New Deafult Definition, the Bank's internal procedures and processes have been updated.

Significant Increase in Credit Risk

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

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

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

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

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

Credit risk monitoring framework

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

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

The credit risk monitoring framework covers the following:

- the payment behaviour of borrowers (presence of overdue, aging of the overdue, etc.);
- credit risk associated with both the borrower and the transaction in relation to:
    - group of connected clients;

- portfolio (e.g. Retail Financing new and Retail Financing used, or Wholesale Financing floor plan new and spare parts);

- bad debt provisions, write-offs and credit level of coverage.

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

2.4 Credit risk mitigation techniques

The FCA Bank Group has developed its own model for managing and mitigating risks in keeping with the guidelines of the Group Credit Manual, with reference to:

- monitoring of specific KRIs (Key Risk Indicators) within the Risk Appetite Framework;
- continuous monitoring of second- and third-level control activities by the Risk & Permanent Control and Internal Audit departments, respectively;
- Credit Risk Mitigation (CRM) policy;
- stress test on credit risk.

Definition of specific KRIs

FCA Bank's Risk Appetite Framework set the following metrics as significant for credit risk management and control:

- Non Performing Loans (NPL) Ratio, which is calculated as the ratio of non-performing exposures to total exposures at the end of the month;
- Cost of Risk (CoR) Ratio, which is calculated as the ratio of total provisions to the average exposure calculated at the end of the month.

With specific reference to the Retail business, the R&PC – GRM department monitors also the performance of:

- SIR n, calculated as the number of contracts of a given generation (n) with two or more instalments overdue as a share of total production for the same generation;
- collection indicators, expressed as a % of the total outstanding in collection;
- litigation indicators, expressed as a % of the total outstanding in litigation.

Monitoring of specific KRIs

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

Second-level control activities carried out by the R&PC – GRM department

In relation to second-level controls, the R&PC – PC department is responsible for the following activities:

1. Credit and collection Reviews, which entail a number of controls over the activities of the underwriting departments:
   - verifying compliance with Group credit policies and the existing procedures;
   - considering any training requirements;
   - identifying potential unemployment risks and GDP by country, estimated with the ARIMA models through a dedicated tool. The impact on the stress is updated periodically and included in the calculation of Pillar II capital.

Third-level control activities carried out by the Internal Audit department

The third line of defence (Internal Audit), which is the Group's last control level, must evaluate regularly whether policies, methods and procedures are adequate and to ensure their effective implementation.

Stress test

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

Guarantees

In analysing a credit application, the Bank and the other Group companies may indicate that approval of the financing is subject to the posting of collateral by the customer. Risk mitigation techniques are used mainly in the Wholesale Financing business.
Below, a summary is provided of the guarantees allowed by the credit policies in place:

- guarantees in rem: pledges, deposits, mortgages;
- guarantees in personam: Bank and insurance guarantees, sureties;
- other types: third-party funds, comfort letters, retention of title, Bank guarantees, buyback obligations.

In the event that guarantees other than those allowed are offered, or guarantees are offered with characteristics other than those contemplated in the Bank's procedures, the single subsidiaries must request authorization (or ratification) from the Parent Company to set the credit limit.
To ensure that guarantees are fully effective, the Parent Company has put in place specific checks to ensure that they all contain the following elements:

- certainty of the issue date, which is obtained by adding a date and by complying and executing the necessary formalities;
- simultaneousness with the financing;
- reference to the underlying contract.

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

Credit Risk Mitigation (CRM) policy

Based on guidance from the Supervision Authority on the implementation, for prudential purposes, of Credit Risk Mitigation (CRM) techniques, the Parent Company, FCA Bank, designed a policy to govern such techniques. Specifically, such policy calls for contracts ancillary to the exposure or other tools and techniques that reduce credit risk in ways that affect positively the calculation of capital requirements.

Currently, FCA Bank S.p.A. adopts, for prudential purposes, credit risk mitigation techniques that include the use of the following tools:

- Cash collateral for derivative arrangements;
- Repurchase agreements – REPO;
- Offset accounting.

The policy is intended to define:

- the general nature of credit risk mitigation (CRM) techniques;
- the requirements that guarantees have to meet to be considered for credit risk mitigation purposes;
- the credit risk mitigation tools used by FCA Bank.

In this case, the policy sets out the general and specific principles of credit risk mitigation as provided for by the CRR, chapter 4, section 1, articles 192 et seq. Anything not specifically provided for by the policy is governed by the CRR.

The CRM techniques recognized in the calculation of capital requirements fall under two general categories:

- "funded credit protection", where the reduction of the credit risk on the exposure of an institution derives from the right of that institution, in the event of default of the counterparty or on the occurrence of other specified credit events relating to the counterparty, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the exposure to, or to replace it with, the amount of the difference between the amount of the exposure and the amount of a claim on the institution (Ref. article 4 of CRR, paragraph 58);
- "unfunded credit protection" where the reduction of the credit risk on the exposure of an institution derives from the obligation of a third party to pay an amount in the event of the default of the borrower or the occurrence of other specified credit events (Ref. article 4 of CRR, paragraph 58).

3. Non-performing credit exposures

3.1 Management strategies and policies

FCA Bank continues to show low NPL levels:

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

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

3.2 Write-offs

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

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

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

3.3 Acquired or originated impaired financial assets

This section is not applicable for the Group.

4. Commercial renegotiation financial assets and forborne exposures

Forbearance policies set out:

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

Quantitative disclosures

A. Credit quality

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

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

Portfolios /risk stages	First stage			Second stage			Third stage			Purchased or originated impaired		
	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days
1. Financial assets at amortized cost	25,914	10,244	805,631	382,717	110,003	21,972	11,237	10,173	146,953	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 12/31/2021	**25,914**	**10,244**	**805,631**	**382,717**	**110,003**	**21,972**	**11,237**	**10,173**	**146,953**	**-**	**-**	**-**
Total 12/31/2020	**566,818**	**5,440**	**150,055**	**222,632**	**81,839**	**14,591**	**22,168**	**1,817**	**95,477**	**-**	**-**	**-**

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

p.1

Causal / risk stages	Total value adjustments																	
	First stage activities						Second stage activities						Activities included in the third stage					
	Credit to Banks and Central Banks on	Financial assets at amortized cost	Financial assets at fair value through	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Credit to Banks and Central Banks on	Financial assets at amortized cost	Financial assets at fair value through	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Credit to Banks and Central Banks on	Financial assets at amortized cost	Financial assets at fair value through	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns
Total opening adjustments	**-**	**102,448**	**-**	**-**	**81**	**102,367**	**-**	**37,924**	**-**	**-**	**752**	**37,172**	**-**	**143,905**	**-**	**-**	**31,784**	**112,121**
Changes in increase from financial assets acquired or originated	-	1,567	-	-	-	1,567	-	210	-	-	-	210	-	3,679	-	-	1,581	2,098
Cancellations other than write-offs	-	-	-	-	-	-	-	(29)	-	-	-	(29)	-	(10,388)	-	-	-	(10,388)
Net value adjustments / write-backs for credit risk	-	(3,313)	-	-	6	(3,319)	-	1,212	-	-	(153)	1,365	-	26,138	-	-	(990)	27,128
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	(912)	-	-	-	(912)	-	(559)	-	-	-	(559)	-	2,176	-	-	2,176	-
Write-offs non recorded directly in the income statement	-	(127)	-	-	-	(127)	-	-	-	-	-	-	-	(11,190)	-	-	(2,265)	(8,925)
Other variations	-	(30,841)	-	-	154	(30,995)	-	(3,346)	-	-	(41)	(3,305)	-	13,633	-	-	6,451	7,182
Total closing adjustments	**-**	**68,822**	**-**	**-**	**241**	**68,581**	**-**	**35,412**	**-**	**-**	**558**	**34,854**	**-**	**167,953**	**-**	**-**	**38,737**	**129,216**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	304	-	-	143	161
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	(556)	-	-	-	(556)

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

p.2

Causal / risk stages	Total value adjustments - Purchased or originated impaired financial assets					Total provisions on commitments to disburse funds and financial guarantees issued				Tot.
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	First stage	Second stage	Third stage	Commitments to provide funds and financial guarantees issued impaired acquired or originated	
Total opening adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**284,277**
Changes in increase from financial assets acquired or originated	X	X	X	X	X	-	-	-	-	**5,456**
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	**(10,417)**
Net value adjustments / write-backs for credit risk	-	-	-	-	-	-	-	-	-	**24,037**
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	**-**
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	**705**
Write-offs non recorded directly in the income statement	-	-	-	-	-	-	-	-	-	**(11,317)**
Other variations	-	-	-	-	-	-	-	-	-	**(20,554)**
Total closing adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**272,187**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	**304**
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	**(556)**

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

Portofolios/risk stages	Gross exposure / Nominal value					
	Transfers between first stage and second stage		Transfers between second stage to thirth stage		Transfer between first stage and thirth stage	
	From first to second stage	From second stage to first stage	From second to third stage	From thirth to second stage	From first to thirth stage	From thirth to first stage
1. Financial assets at amortized cost	491,722	88,034	46,125	1,882	69,225	2,175
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to provide funds and financial guarantees issued	-	-	-	-	-	-
Total 12/31/2021	**491,722**	**88,034**	**46,125**	**1,882**	**69,225**	**2,175**
Total 12/31/2020	**249,465**	**216,904**	**37,503**	**2,047**	**43,308**	**5,663**

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

Portfolio/quality		Gross values / Nominal value					
		Transfers between first stage and second stage		Transfers between second stage to thirth stage		Transfer between first stage and thirth stage	
		From first to second stage	From first to second stage	From second to third stage	From thirth to second stage	From first to thirth stage	From thirth to first stage
A. Financial assets at amortized cost		**1,947**	**541**	**43**	**-**	**1,904**	**-**
A.1 subject to EBA-compliant moratoria (legislative and non-legislative)		1,947	541	43	-	1,904	-
A.2 subject to COVID-19-related forbearance measures		-	-	-	-	-	-
A.3 newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis		-	-	-	-	-	-
A.4 newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis							
B. Financial assets at fair value through other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**
B.1 subject to EBA-compliant moratoria (legislative and non-legislative)		-	-	-	-	-	-
B.2 subject to COVID-19-related forbearance measures		-	-	-	-	-	-
B.3 newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis		-	-	-	-	-	-
B.4 newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis		-	-	-	-	-	-
Total	12/31/2021	1,947	541	43	-	1,904	-
Total	**12/31/2020**	**34,167**	**11,525**	**1,437**	**75**	**5,219**	**2,306**

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

Type of exposure/amounts	Gross exposures					Total value adjustments and total credit risk provisions					Net Exposure	Total Write-off*
		First stage	Second stage	Third stage	Purchased or originated		First stage	Second stage	Third stage	Purchased or originated		
A. ON-BALANCE SHEET CREDITS EXPOSURES												
A.1 ON DEMAND	-	-	-	-	-	-	-	-	-	-	-	-
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	2,068,938	2,068,938	-	X	-	-	-	-	X	-	2,068,938	-
A.2 OTHERS	-	-	-	-	-	-	-	-	-	-	-	-
a) Bad exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non performing past due	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	804,214	804,214	-	X	-	-	-	-	X	-	804,214	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	2,873,152	2,873,152	-	-	-	-	-	-	-	-	2,873,152	-
B. OFF-BALANCE SHEET CREDITS EXPOSURES												
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (B)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (A+B)	2,873,152	2,873,152	-	-	-	-	-	-	-	-	2,873,152	-

(*) Value shown for information purposes.

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

Type of exposure/Amounts	Gross exposures					Total value adjustments and total credit risk provisions					Net Exposure	Total Write-off*
		First stage	Second stage	Third stage	Purchased or		First stage	Second stage	Third stage	Purchased or		
A. ON-BALANCE SHEET CREDITS EXPOSURES												
a) Bad exposures	105,024	X	-	105,024	-	67,023	X	-	67,023	-	38,001	2,056
- of which: forborne exposures	1,753	X	-	1,753	-	1,417	X	-	1,417	-	337	1,108
b) Unlikely to pay	74,039	X	-	74,039	-	35,796	X	-	35,796	-	38,243	-
- of which: forborne exposures	16,533	X	-	16,533	-	5,611	X	-	5,611	-	10,922	-
c) Non performing past due	175,846	X	-	175,846	-	65,132	X	-	65,132	-	110,714	954
- of which: forborne exposures	328	X	-	328	-	256	X	-	256	-	73	-
d) Performing past due exposures	608,605	24,601	584,003	X	-	27,554	710	26,844	X	-	581,051	-
- of which: forborne exposures	190	4	186	X	-	4	282	3	X	-	186	-
e) Other performing exposures	19,190,597	18,976,419	214,178	X	-	76,680	68,111	8,569	X	-	19,113,917	-
- of which: forborne exposures	1,206	1,110	96	X	-	27	24	4	X	-	1,179	-
TOTAL (A)	**20,154,111**	**19,001,021**	**798,181**	**354,909**	**-**	**272,185**	**68,821**	**35,413**	**167,951**	**-**	**19,881,926**	**3,001**
B. OFF-BALANCE SHEET CREDITS EXPOSURES												
a) Non performing	31	X	-	31	-	-	X	-	-	-	31	-
b) Performing	5,201	5,201	-	X	-	17	17	-	X	-	5,184	-
TOTAL (B)	**5,232**	**5,201**	**-**	**31**	**-**	**17**	**17**	**-**	**-**	**-**	**5,215**	**-**
TOTAL (A+B)	**20,159,343**	**19,006,222**	**798,181**	**354,940**	**-**	**272,202**	**68,838**	**35,413**	**167,951**	**-**	**19,887,141**	**3,001**

(*) Value shown for information purposes.

A.1.5a Loans subject to measures applied in response to the Covid-19: gross and net values

Exposure types / amounts	Gross exposure					Total value adjustments and total provisions					Net exposure	Write-off partial total*
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
A. NON-PERFORMING LOANS	**1,400**	**-**	**-**	**1,400**	**-**	**(28)**	**-**	**-**	**(28)**	**-**	**1,372**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	1,400	-	-	1,400	-	(28)	-	-	(28)	-	1,372	-
b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to Covid-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
B. UNLIKELY TO PAY CREDIT LOANS	**3,550**	**-**	**-**	**3,550**	**-**	**(601)**	**-**	**-**	**(601)**	**-**	**2,949**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	3,550	-	-	3,550	-	(601)	-	-	(601)	-	2,949	-
b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to Covid-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
C. NON-PERFORMING PAST DUE CREDIT LOANS	**611**	**-**	**-**	**611**	**-**	**(41)**	**-**	**-**	**(41)**	**-**	**570**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	611	-	-	611	-	(41)	-	-	(41)	-	570	-

b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to Covid-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
D. PERFORMING PAST DUE LOANS	**22**	**-**	**22**	**-**	**-**	**(1)**	**-**	**(1)**	**-**	**-**	**21**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	22	-	22	-	-	(1)	-	(1)	-	-	21	-
b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to Covid-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
E. OTHER PERFORMING LOANS	**134.352**	**129.722**	**4.630**	**-**	**-**	**(5.797)**	**(5.620)**	**(177)**	**-**	**-**	**128.555**	**-**
a) Subject to EBA-compliant moratoria (legislative and non-legislative)	134.352	129.722	4.630	-	-	(5.797)	(5.620)	(177)	-	-	128.555	-
b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to Covid-19-related forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) Newly originated loans and advances subject to public guarantee schemes in the context of the Covid-19 crisis	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (A+B+C+D+E)	**139.935**	**129.722**	**4.652**	**5.561**	**-**	**(6.460)**	**(5.620)**	**(178)**	**(670)**	**-**	**133.475**	**-**

(*) Value shown for information purposes.

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

Causals/ category	Bad Exposures	Unlikely to pay	Impaired past due exposures
A. Opening balance (gross amount)	**134,147**	**78,925**	**51,891**
- of which sold non-cancelled exposures	23,400	12,441	3,839
B. Increases	**29,852**	**36,997**	**157,964**
B.1 transfers from performing loans	6,909	17,850	78,290
B.2 entry from impaired financial assets acquired or originated	-	-	-
B.3 transfers from other impaired exposures	7,609	2,773	4,116
B.4 contractual changes without cancellations	-	-	-
B.5 other increases	15,333	16,374	75,559
C. Decreases	**58,975**	**41,883**	**34,009**
C.1 transfers to perfomorming loans	434	547	6,173
C.2 write-offs	13,749	-	-
C.3 recoveries	2,427	27,439	19,188
C.4 sales proceeds	2,018	-	-
C.5 losses on disposals	10,388	-	-
C.6 transfers to other impaired exposures	4,128	5,035	5,335
C.7 contractual changes without cancellations	-	-	-
C.8 other decreases	25,831	8,862	3,313
D. Closing balance (gross amounts)	**105,024**	**74,039**	**175,846**
- of which sold non-cancelled exposures	17,570	11,307	12,002

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

Sources/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening balance (gross amount)	**21,814**	**14,042**
- of which sold non-cancelled exposures	737	-
B. Increases	**7,406**	**3,534**
B.1 transfers from performing non-forborne exposures	3,028	1,252
B.2. Transfers from performing forbone exposures	98	X
B.3. transfers from non-performing forborne exposures	X	136
B.4 transfers from non-performing non-forborne exposures	319	-
B.4 other increases	3,960	2,146
C. Decreases	**10,606**	**16,180**
C.1 Transfers to performing non-forborne exposures	X	877
C.2 transfers to performing forbone exposures	136	X
C.3 transfers to non-performing forborne exposures	X	98
C.4 write-offs	76	-
C.5 collections	1,101	15,106
C.6 sales proceeds	-	-
C.7 losses on disposals	152	-
C.8 other decreases	9,141	98
D. Closing balance (gross amounts)	**18,615**	**1,396**
- of which sold non-cancelled exposures	6,073	14

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

Sources/Categories	Bad exposures		Unlikely to pay		Non-performing past due	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening balance overall amount of writedowns	**93,302**	**1,633**	**28,168**	**3,135**	**48,735**	**145**
- of which sold non-cancelled exposures	16,790	229	5,168	1,573	2,203	-
B. Increases	**43,942**	**1,289**	**20,377**	**2,708**	**48,124**	**256**
B.1 Write-downs of acquired or originated impaired financial assets	4	X	12	X	2,925	X
B. 2 other write-downs	15,771	895	6,575	1,189	9,719	-
B.3 losses on disposal	1,155	152	-	-	-	-
B.4 transfers from other categories of non-performing exposures	4,907	98	1,300	98	3,034	254
B. 5 contractual changes without cancellations	-	-	-	-	-	-
B.6 other increases	22,105	144	12,490	1,420	32,446	1
C. Reductions	**70,220**	**1,505**	**12,749**	**232**	**31,727**	**145**
C.1 write-backs from valuation	10,079	862	2,148	171	2,764	21
C.2 write-backs from collection	374	44	11	1	262	-
C.3 gains on disposal	221	-	-	-	-	-
C.4 write-offs	13,749	76	-	-	-	-
C.5 transfers to other categories of non-performing exposures	3,068	291	3,444	17	2,729	64
C. 6 contractual changes without cancellations	-	-	-	-	-	-
C.7 other decreases	42,729	234	7,146	43	25,973	60
D. Closing balance overall amount of writedowns	**67,023**	**1,417**	**35,796**	**5,611**	**65,132**	**256**
- of which sold non-cancelled exposures	12,019	43	6,465	2,846	6,145	-

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

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

Exposures	External rating classes						Without rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets at amortized cost	-	-	-	-	-	-	**20,494,020**	**20,494,020**
- First stage	-	-	-	-	-	-	19,795,930	19,795,930
- Second stage	-	-	-	-	-	-	798,181	798,181
- Third stage	-	-	-	-	-	-	354,909	354,909
- Purchased or originated impaired	-	-	-	-	-	-	-	-
B. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	9,305	9,305
- First stage	-	-	-	-	-	-	9,305	9,305
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	-	-	-	-	-	-	-	-
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	-	-	-	-	-	-	20,958,325	20,958,325
D. Commitments and financial guarantees given	-	-	-	-	-	-	1,183,450	1,183,450
- First stage	-	-	-	-	-	-	1,183,450	1,183,450
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (D)	-	-	-	-	-	-	1,183,450	1,183,450
Total (A+B+C+D)	-	-	-	-	-	-	19,774,874	**19,774,874**

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

A.3.1 Prudential Consolidation - Secured on-balance and off-balance sheet credit exposures with Banks

p.1

	Gross exposure	Net exposure	Collaterals (1)				Personal guarantees (2)	
							Credit derivatives	
								Other derivatives
			Property - mortgages	Property - Financial leases	Securities	Other collaterals	CLN	Central counterparties
1. Secured on-balance sheet credit exposures:	443,856	443,586	-	-	443,856	-	-	-
1.1 totally secured	443,856	443,586	-	-	443,856	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2 partially secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2. Secured off-balance sheet credit exposures:	-	-	-	-	-	-	-	-
2.1 totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2 partially secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

A.3.1 Prudential Consolidation - Secured on-balance and off-balance sheet credit exposures with Banks

p.2

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	Public sector entities	Banks	Other financial companies	Other entities	
1. Secured on-balance sheet credit exposures:	-	-	-	-	-	-	-	443,856
1.1 totally secured	-	-	-	-	-	-	-	443,856
- 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 with customers

p.1

	Gross exposure	Net exposure	Collaterals (1)				Personal Guarantees (2)	
							Credit derivatives	
			Property - mortgages	Property - Financial leases	Securities	Other collaterals	CLN	Other derivatives
								Central counterparties
1. Secured on-balance sheet credit exposures:	8,587,612	8,465,599	39,817	-	7,799	5,687.036	-	-
1.1 totally secured	5,769,577	5,687,036	-	-	-	5.687.036	-	-
- of which non-performing	127,014	75,585	-	-	-	75,585	-	-
1.2 partially secured	2,818,035	2,778,563	36,817	-	7,799	-	-	-
- of which non-performing	33,158	11,863	157	-	33	-	-	-
2. Secured off-balance sheet credit exposures:	-	-	-	-	-	-	-	-
2.1 totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

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

	Personal Guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	Public sector entities	Banks	Other financial companies	Other entities	
1. Secured on-balance sheet credit exposures:	-	-	-	-	457,787	295,422	822,052	7,372,378
1.1 totally secured	-	-	-	-	-	-	-	5,687,036
- of which non-performing	-	-	-	-	-	-	-	75,585
1.2 partially secured	-	-	-	-	457,787	295,422	822,052	1,685,343
- of which non-performing	-	-	-	-	1,954	1,261	3,510	7,195
2. Secured off-balance sheet credit exposures:	-	-	-	-	-	-	-	-
2.1 totally secured	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-

B. Distribution and concentration of credit exposures

B.1 Prudential consolidation - Breakdown by sector of on-balance and off-balance sheet 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		-	-	229	(144)	-	-
- of wich: forborne exposures		-	-	-	-	-	-
A.2 Unlikely to pay		-	-	139	(127)	-	-
- of wich: forborne exposures		-	-	-	-	-	-
A.3 Impaired past due exposures		377	(34)	3,465	(1,021)	-	-
- of wich: forborne exposures		-	-	-	-	-	-
A.4 Not impaired exposures		13,128	(60)	350,098	(1,172)	-	-
- of wich: forborne exposures		-		8	(2)	-	-
Total (A)		**23,505**	**(95)**	**353,931**	**(2,464)**	**-**	**-**
B. Off-balance sheet credit exposures							
B.1 Deteriorated exposures		-	-	-	-	-	-
B.2 Non-deteriored exposures		-	-	-	-	-	-
Total (B)		**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**12/31/2021**	**23,505**	**(95)**	**353,931**	**(2,464)**	**-**	**-**
Total (A+B)	**12/31/2020**	**27,215**	**(81)**	**1,694,439**	**(27,544)**	**-**	**-**

B.1 Prudential consolidation - Breakdown by sector of on-balance and off-balance sheet exposures to customers

p.2

Exposures/Counterparties		Non-financial companies		Households	
		Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet credit exposures					
A.1 Non-performing loans		15,794	(31,804)	21,979	(35,074)
- of wich: forborne exposures		19	(796)	318	(621)
A.2 Unlikely to pay		22,934	(20,983)	15,169	(14,686)
- of wich: forborne exposures		7,499	(4,885)	3,424	(725)
A.3 Impaired past due exposures		60,158	(28,965)	46,714	(35,111)
- of wich: forborne exposures		-	-	73	(256)
A.4 Not impaired exposures		7,171,220	(53,018)	12,150,522	(49,983)
- of wich: forborne exposures		767	(18)	590	(13)
Total (A)		**7,270,106**	**(134,771)**	**12,234,385**	**(134,855)**
B. Off-balance sheet credit exposures					
B.1 Deteriorated exposures		31	-	-	-
B.2 Non-deteriored exposures		5,184	17	-	-
Total (B)		**5,215**	**17**	-	**-**
Total (A+B)	**12/31/2021**	**7,275,321**	**(134,788)**	**12,234,385**	**(134,855)**
Total (A+B)	**12/31/2020**	**17,891,741**	**(108,144)**	**12,440,895**	**(148,508)**

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

p.1

Exposures / Geographical areas		Italy		Other european countries		United States
		Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures
A. On-balance sheet credit exposures						
A.1 Non-performing loans		13,837	(35,771)	24,164	(31,253)	-
A.2 Unlikely to pay		14,214	(16,438)	24,029	(19,358)	-
A.3 Impaired past due exposures		27,627	(27,248)	83,087	(37,913)	-
A.4 Not impaired exposures		9,418,013	(49,658)	10,276,954	(54,546)	-
Total (A)		**9,473,691**	**(129,115)**	**10,408,234**	**(143,070)**	**-**
B. Off-balance sheet credit exposures						
B.1 Deteriorated exposures		31	-	-	-	-
B.2 Non-deteriored exposures		4,672	17	513	-	-
Total (B)		**4,702**	**17**	**513**	**-**	**-**
Total (A+B)	12/31/2021	**9,478,394**	**(129,132)**	**10,408,747**	**(143,070)**	**-**
Total (A+B)	**12/31/2020**	**10,084,865**	**(134,867)**	**11,929,425**	**(149,410)**	**-**

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

p.2

Exposures / Geographical areas	United States	Asia		Rest of the world	
	Total write-downs	Net exposures	Total write-downs	Net exposures	Total write-downs
A. On-balance sheet credit exposures					
A.1 Non-performing loans	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Impaired past due exposures	-	-	-	-	-
A.4 Not impaired exposures	-	-	-	-	-
Total (A)	**-**	**-**	**-**	-	-
B. Off-balance sheet credit exposures				-	-
B.1 Deteriorated exposures	-	-	-	-	-
B.2 Non-deteriored exposures	-	-	-	-	-
Total (B)	-	**-**	**-**	-	-
Total (A+B) 12/31/2021	**-**	**-**	**-**	-	-
Total (A+B) **12/31/2020**	**-**	**-**	**-**	**-**	**-**

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

p.1

Exposures / Geographical areas		Italy		Other european countries		United States
		Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure
A. On-balance sheet credit exposures						
A.1 Bad exposures		-	-	-	-	-
A.2 Unlikely to pay		-	-	-	-	-
A.3 Non-performing past-due		-	-	-	-	-
A.4 Performing exposures		123,131	-	681,083	-	-
Total (A)		123,131	-	681,083	-	-
B. Off-balance sheet credit exposures					-	
B.1 Non-performing exposures		-	-	-	-	-
B.2 Performing exposures		-	-	-	-	-
Total (B)		-	-	-	-	-
Total (A+B)	12/31/2021	123,131	-	681,083	-	-
Total (A+B)	12/31/2020	984,543	-	966,647	-	-

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

p.2

Exposures / Geographical areas	United States	Asia		Rest of the world	
	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet credit exposures					
A.1 Bad exposures	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-
A.4 Performing exposures	-	-	-	-	-
Total (A)	-	-	-	-	-
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	-	-	-	-	-
Total (A+B) 12/31/2021	-	-	-	-	-
Total (A+B) 12/31/2020	-	-	-	-	-

B.4 LARGE EXPOSURES

Based on regulatory provisions, the number large exposures was determined by the reference to unweighted exposures in excess of 10% of Tier1 as defined by EU Regulation 575/2013 (CRR) and subsequent updates. The 'exposures' are defined as the sum of on-balance sheet assets at risk and and off-balance transactions with a customer or a Group of related customers, without applying weighting factors.

Such presentation criteria result in the inclusion in the financial statement table for large exposures of entities that – though with a 0% weight under article 400 of the CRR - present an unweighted exposure in excess of 10% of Tier1, for the purpose of large risk.

(€/000)	Total 12/31/2021
A. Amount (book value)	2,261,366
B. Amount (weighted value)	496,257
C. Number	4

C. Securitization transactions

Qualitative disclosures

Strategies and processes underlying the securitization of loans and leases

Securitization transactions, undertaken pursuant to Law no. 130/1999 "as subsequently amended and supplemented" are carried out by FCA Bank to achieve four objectives:

- diversification of funding sources: securitizations are a significant alternative source of funding to customer deposits for the Company;
- improvement of liquidity position: the Company's potential ability to securitize its receivables provides significant support to its liquidity position. The excellent results of the transactions carried out so far, together with the operating companies' reputation in the role of servicers, guarantee in fact immediate access to this instrument, in case of difficulties in the other financial markets of reference;
- optimization of the cost of funds: the structures used to carry out the securitizations and the quality of the receivables assigned make it possible, by receiving higher ratings, to obtain competitive funding costs;
- improved efficiency of the risk-weighted assets associated with the securitized portfolio.

The securitization transactions currently in place carried out by FCA Bank pursuant to Law no. 130/1999 involve the transfer of receivable portfolios to Special Purpose Entities (SPEs) set up for the purpose, the purchase of which is financed through the proceeds from the placement of Asset-Backed Securities (ABSs) issued in different classes: Senior, Mezzanine and Junior.

Where permitted by market conditions, Senior but also Mezzanine and Junior Securities can be offered to European professional investors or can be placed privately, in whole or in part.

Senior Securities can be used also for refinancing operations with the European Central Bank, in which case the Securities are subscribed, and therefore retained, by the Originator (e.g. "self-securitization" or "retained" operations).

When Senior and Mezzanine Securities are listed in a regulated market, such Securities are assigned a rating by at least two rating agencies. On the other hand, private placements do not entail the assignment of a rating to the Securities.

Mezzanine and Junior Securities are placed with a view to improving the efficiency of the risk-weighted assets associated with the securitized portfolio, as mentioned above.

Securitization transactions can be either revolving – where the Originator can assign from time to time additional receivables in accordance with the restrictions outlined in the securitization contract, for a pre-established period of time, so as to keep the existing portfolio at the same level as that at the time of issue – or amortizing, where the originator cannot assign additional receivables and the portfolio starts amortizing from the moment the ABSs are issued.

At the end of the revolving period, or from the time the ABSs are issued in case the transaction is amortizing, ABSs are repaid in the pre-determined order as the portfolio amortizes.

Revolving structure

Transactions with a revolving structure, as described above, can call for the SPE to purchase, for a pre- established period of time, additional receivable portfolios with the same legal and financial structure and a similar risk profile, funding the purchase both with the proceeds from the collection of receivables in the portfolio existing at the time of issue of the ABSs, and assigned previously by the Originator, and with proceeds from the placement of additional ABSs issued within the limits of the program.

At the end of the revolving phase, the ABSs issued are repaid as the underlying receivables are collected.

The revolving structure allows the fixed costs of the transaction to be amortized over a longer period of time, thereby optimizing the cost of the transaction.

Liquidity management

The Originator may be required, depending on the assessment methodologies of the Rating Agencies, in every transaction, and in ways that can differ formally from one another, to make available a liquidity line or a cash deposit to the SPE.

The amount is established by contract and is such as to allow the vehicle to meet temporary liquidity shortfalls (typically, at payment dates) that could occur in applying the waterfall payment structure described below.

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

Waterfall structure

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

Typically, securitization transactions have a similar waterfall structure, which calls for a pre-established payment order to be followed.

In the case of transactions originated from retail receivables, where there is typically a distinction between income (e.g. the discount deriving from the receivable assignment) and principal of the receivables collected by the SPE, the waterfall provides - in a simplified way - for the following types of payment:

INCOME

a) vehicle expenses (mainly expenses related to the service providers of the transaction);
b) swap (required by contract to hedge the SPE against interest rate risk);
c) servicer compensation;
d) interest on the ABSs;

e) liquidity line repayment/interest;
f) provisions for past due receivables;
g) other items.

PRINCIPAL

a) any payments required but not made in relation to the above income waterfall;
b) purchase of receivables (during the revolving period);
c) repayment of ABS issued (at the end of any revolving period);
d) other items.

In the case of transactions originated from Wholesale Financing receivables, given the different portfolio characteristics, cash management arrangements are in place so that upon receipt of the following:

a) current account balance;
b) release of funds from structure on the cash reserve;
c) receivable collections;
d) issue of new senior ABS, if any;
e) issue of new junior ABS, if any.

The following payments are made:

a) vehicle expenses;
b) interest on senior ABSs;
c) provision of funds in the structure on the cash reserve;
d) purchase of receivables (during the revolving period);
e) repayment of senior ABSs;
f) interest on junior ABSs;
g) any repayment of junior ABS.

Servicing activity

The Servicer of securitization transactions is always the Originator.

The role of servicer of the transactions requires compliance with several qualitative standards related to the proper management of the assets underlying the notes issued by the SPE and an adequate organizational structure in terms of management and specialized personnel.

From an operational point of view, the Servicer:

- manages existing contracts according to its own credit and collection policies and the law, in agreement with the SPE and the trustee/representative of noteholders of the transaction, with reporting obligations also to the rating agencies in case of significant events;
- records collections and recoveries, transferring the relevant amounts. Collections by the servicer of the various transactions are transferred to the SPE according to a pre-established schedule in each transaction (typically every day) and are kept in interest-paying current accounts until the next payment date. The funds are then used to make payments in accordance with the waterfall structure or, alternatively, in case of transactions in Warehouse Phase or in ABS Revolving Phase, until when they can be used to pay for the purchase of additional receivables;
- monitors, reports on and checks the transaction (the roles of Paying Agent/Calculation Agent/Agent Bank are assigned to a different Bank).

The Servicer receives compensation by the SPE on an arm's length basis.

Rating agencies

The securitization transactions have been structured in such a way as to obtain, in case of public placements, at least the AA rating for the Senior Notes issued by the SPE. For all the existing publicly traded senior and mezzanine ABSs (excluding junior ones), ratings were obtained from at least two of the four main rating agencies eligible in the Eurosystem (Standard&Poor's, Moody's Investor Service, DBRS and Fitch Ratings).
The ABSs placed privately may or may not receive a (private) rating, depending on the needs of the investor.
Junior ABS are not assigned a rating.

Performance of securitizations

The assigned receivable portfolios delivered excellent performances, as indicated in the reports produced by the Servicer and in the reports prepared by the Calculation Agent (for the benefit of investors, in the case of publicly traded ABSs).
This is attested also, in some cases, by the upgrade of the ratings assigned by the agencies to certain ABSs.
The portfolios are well within the limits and fully compliant with the restrictions set within the different transactions and no event took place which made the portfolio non-compliant in terms of the triggers monitored.

The triggers related to the portfolio are monitored, regarding the transactions originated from retail receivables, on every date of assignment (no monitoring is carried out for amortizing transactions because their portfolios are static, e.g. they are not subject to changes due to revolving assignments, and receive a rating from the rating agencies only at the beginning of the transaction. Accordingly, the monitoring of the performance is for information purposes only).
Regarding transactions originated from Wholesale Financing receivables, triggers and portfolio performances are monitored at least once a month and the assigned receivables show a regular performance.

Quantitative disclosures

The attached tables summarize the information related to the main securitization transactions existing at December 31st, 2021.

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 THIRTEEN FT	06/25/2021
NIXES SEVEN B.V.	07/21/2021

Characteristics of securitization transactions

It should be noted that two new securitization companies were established during the year: A-Best Twenty and A-Best Twentyone UG.

€/000	A-BEST SIXTEEN UG			A-BEST FIFTEEN S.r.l.		
Start date	December-18			May-17		
Transaction type	Public			Public		
Originator	FCA Bank Deutschland GmbH			FCA Bank S.p.A.		
Servicer	FCA Bank Deutschland GmbH			FCA Bank S.p.A.		
Arranger	BAML / Crédit Agricole-CIB / LBBW			Banca IMI / Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	BAML / Crédit Agricole-CIB / LBBW			Banca IMI / Unicredit / Crédit Agricole - CIB		
Underlying assets	German AutoLoans			Italian AutoLoans		
Currency (CCY)	EUR			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	NA			NA		
Notes outstanding	**Amount**	**%**	**Coupon (bps)**	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	127,481	58.2%	1M E+40	80,981	43.8%	1M E+40
Class B (Mezzanine)	18,000	8.2%	1M E+80	5,000	2.7%	1M E+75
Class C (Mezzanine)	20,000	9.1%	1M E+150	43,000	23.2%	1M E+250
Class D (Mezzanine)	16,000	7.3%	1M E+250	15,000	8.1%	1M E+343
Class E (Mezzanine)	11,000	5.0%	1M E+350	10,000	5.4%	1M E+464
Class M/M1/Junior (Subordinated)	26,600	12.1%	VR	30,900	16.7%	1M E+717
Class M2 (Subordinated)				100	0.1%	VR
ABS Tranches at issue	**Amount**	**%**	**Tranche**	**Amount**	**%**	**Tranche**
Classe A (Senior)	540,000	85.5%	5% RETAINED	911,000	89.8%	5% RETAINED
Classe B (Mezzanine)	18,000	2.8%	100% RETAINED	5,000	0.5%	100% RETAINED
Classe C (Mezzanine)	20,000	3.2%	100% RETAINED	43,000	4.2%	5% RETAINED
Classe D (Mezzanine)	16,000	2.5%	100% RETAINED	15,000	1.5%	5% RETAINED
Class E (Mezzanine)	11,000	1.7%	100% RETAINED	10,000	1.0%	5% RETAINED
Class M/M1/Junior (Subordinated)	26,600	4.2%	100% RETAINED	30,900	3.0%	5.18% RETAINED
Class M2 (Subordinated)				100	0.0%	100% RETAINED
Current rating	**S&P**	**Moody's**		**Moody's**	**DBRS**	
Class A (Senior)	AAA	Aaa		Aa3	AAA	
Class B (Mezzanine)	AA+	Aaa		A1	AAA	
Class C (Mezzanine)	AA-	Aaa		A1	AAH	
Class D (Mezzanine)	A-	Aa2		A1	AA	
Class E (Mezzanine)	BBB	A2		A3	AH	
M/M1/Junior/M2 (Subordinated)	Unrated			Unrated		

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return
1M E = Euribor 1 month
1M L = Libor 1 mese
Coupon (bps) = base rate + margin

€/000	A-BEST FOURTEEN S.r.l.			A-BEST SEVENTEEN S.r.l.		
Start date	May-16			November-15		
Transaction type	Public			Public		
Originator	FCA Bank S.p.A.			FCA Bank S.p.A.		
Servicer	FCA Bank S.p.A.			FCA Bank S.p.A.		
Arranger	Banca IMI / Unicredit / Crédit Agricole - CIB			Banca IMI / Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	NA			Banca IMI / Unicredit / Crédit Agricole - CIB		
Underlying assets	Italian AutoLoans			Italian AutoLoans		
Currency (CCY)	EUR			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	NA			NA		
Notes outstanding	**Amount**	**%**	**Coupon (bps)**	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	1,378,668	84.9%	40	500.260	85.7%	1M E+70
Class B (Mezzanine)	65,100	4.0%	75	21,164	3.6%	1M E+125
Class C (Mezzanine)	43,300	2.7%	250	14,109	2.4%	1M E+180
Class D (Mezzanine)	55,900	3.4%	343	18,342	3.1%	1M E+285
Class E (Mezzanine)	22,600	0.0%	464	7,760	0.0%	1M E+380
Class M/M1/Junior (Subordinated)	57,900	3,6%	717	21,771	3.7%	6.875
Class M2 (Subordinated)	100	0.0%	VR	-	0.0%	-
ABS Tranches at issue	**Amount**	**%**	**Tranche**	**Amount**	**%**	**Tranche**
Classe A (Senior)	1,487,000	88.7%	100% RETAINED	810,000	88.8%	5% RETAINED
Classe B (Mezzanine)	50,000	3.0%	100% RETAINED	27,000	3.0%	5% RETAINED
Classe C (Mezzanine)	33,300	2.0%	100% RETAINED	18,000	2.0%	5% RETAINED
Classe D (Mezzanine)	43,000	2.6%	100% RETAINED	23,400	2.6%	5% RETAINED
Class E (Mezzanine)	18,200	1.1%	100% RETAINED	9,900	1.1%	5% RETAINED
Class M/M1/Junior (Subordinated)	44,500	2.7%	100% RETAINED	24,300	2.7%	5% RETAINED
Class M2 (Subordinated)	100	0.0%	100% RETAINED	-	0.0%	5% RETAINED
Current rating	**Fitch**	**DBRS**		**Fitch**	**DBRS**	
Class A (Senior)	AA-	AAH		AA	AAA	
Class B (Mezzanine)	A+	AAL		AA	AAH	
Class C (Mezzanine)	A	A		A+	AAL	
Class D (Mezzanine)	BBB+	BBBL		BBB+	BBBH	
Class E (Mezzanine)	BBB-	BBL		BBB+	BBBH	
M/M1/Junior/M2 (Subordinated)	Unrated			Unrated		

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return
1M E = Euribor 1 month
1M L = Libor 1 mese
Coupon (bps) = base rate + margin

€/000	A-BEST EIGHTEEN S.r.l.			A-BEST NINETEEN UG		
Start date	November-20			November-15		
Transaction type	Public			Public		
Originator	FCA Bank S.p.A.			FCA Bank S.p.A.		
Servicer	FCA Bank S.p.A.			FCA Bank S.p.A.		
Arranger	BNP / Unicredit / Crédit Agricole - CIB / Natixis			Banca IMI / Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	NA			Banca IMI / Unicredit / Crédit Agricole - CIB		
Underlying assets	Italian AutoLoans			Italian AutoLoans		
Currency (CCY)	EUR			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	NA			NA		
Notes outstanding	**Amount**	**%**	**Coupon (bps)**	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	119,730	81.5%	1M E+35	483,500	86.1%	1M E+70
Class B (Mezzanine)	7,200	4.9%	1M E+115	19,500	3.5%	1M E+65
Class C (Mezzanine)	8,000	5.4%	1M E+170	18,200	3.2%	1M E+125
Class D (Mezzanine)	-	0.0%		10,300	1.8%	1M E+198
Class E (Mezzanine)	-	0.0%		10,700	0.0%	1M E+350
Class M/M1/Junior (Subordinated)	12,000	8.2%	7.50	19,600	3.5%	6.50
Class M2 (Subordinated)	-	0.0%	-	-	0.0%	-
ABS Tranches at issue	**Amount**	**%**	**Tranche**	**Amount**	**%**	**Tranche**
Classe A (Senior)	201,000	88.1%	100% RETAINED	483,500	86.1%	100% RETAINED
Classe B (Mezzanine)	7,200	3.2%	100% RETAINED	19,500	3.5%	100% RETAINED
Classe C (Mezzanine)	8,000	3.5%	100% RETAINED	18,200	3.2%	100% RETAINED
Classe D (Mezzanine)	-	0.0%		10,300	1.8%	100% RETAINED
Class E (Mezzanine)	-	0.0%		10,700	1.9%	100% RETAINED
Class M/M1/Junior (Subordinated)	12,000	5.3%	100% RETAINED	19,600	3.5%	100% RETAINED
Class M2 (Subordinated)	-	0.0%		-	0.0%	100% RETAINED
Current rating	**Fitch**	**DBRS**		**Fitch**	**DBRS**	
Class A (Senior)	AA	AAA		AAA	Aaa	
Class B (Mezzanine)	AA	AAH		AA	Aa1	
Class C (Mezzanine)	AA	A		A	A1	
Class D (Mezzanine)				BBB	Baa2	
Class E (Mezzanine)				BB+	Ba2	
M/M1/Junior/M2 (Subordinated)	Unrated			Unrated		

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return
1M E = Euribor 1 month
1M L = Libor 1 mese
Coupon (bps) = base rate + margin

€/000	A-BEST TWENTY			A-BEST TWENTYONE UG		
Start date	September-21			August-21		
Transaction type	Public			Public		
Originator	FCA CAPITAL España E.F.C.			FCA Bank Deutschland GmbH		
Servicer	FCA CAPITAL España E.F.C.			FCA Bank Deutschland GmbH		
Arranger	Unicredit /Crédit Agricole - CIB / SANTANDER			Unicredit / Crédit Agricole - CIB		
Joint Lead Manager	Unicredit /Crédit Agricole - CIB / SANTANDER			Unicredit / Crédit Agricole - CIB		
Underlying assets	Espana AutoLoans			German AutoLoans		
Currency (CCY)	EUR			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	NA			NA		
Notes outstanding	**Amount**	**%**	**Coupon (bps)**	**Amount**	**%**	**Coupon (bps)**
Class A (Senior)	381.497	90.3%	0.0	400.000	82.2%	1M E+70
Class B (Mezzanine)	16.900	4.0%	0.625	20.700	4.3%	0.65
Class C (Mezzanine)	-	0.0%	-	20.200	0.0%	1.25
Class D (Mezzanine)	-	0.0%	-	15.500	0.0%	1.98
Class E (Mezzanine)	-	0.0%	-	12.700	0.0%	3.50
Class M/M1/Junior (Subordinated)	24.200	5.7%	2.30	17.500	3.6%	6.50
Class M2 (Subordinated)	-	0.0%	-	-	0.0%	-
ABS Tranches at issue	**Amount**	**%**	**Tranche**	**Amount**	**%**	**Tranche**
Classe A (Senior)	431,300	91.3%	100% RETAINED	400,000	82.2%	100% RETAINED
Classe B (Mezzanine)	16,900	3.6%	100% RETAINED	20,700	4.3%	100% RETAINED
Classe C (Mezzanine)	-	0.0%	-	20,200	4.2%	100% RETAINED
Classe D (Mezzanine)	-	0.0%	-	15,500	3.2%	100% RETAINED
Class E (Mezzanine)	-	0.0%	-	12,700	2.6%	100% RETAINED
Class M/M1/Junior (Subordinated)	24,200	5.1%	100% RETAINED	17,500	3.6%	100% RETAINED
Class M2 (Subordinated)	-	0.0%	-	-	0.0%	-
Current rating	**Fitch**	**DBRS**		**Fitch**	**Moody's**	
Class A (Senior)	AA	AA		AAA	Aaa	
Class B (Mezzanine)	A+	AH		AA	Aa1	
Class C (Mezzanine)	NA	NA		A	Aa3	
Class D (Mezzanine)	NA	NA		BBB	A3	
Class E (Mezzanine)	NA	NA		BB	Ba1	
M/M1/Junior/M2 (Subordinated)	Unrated			Unrated		

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return
1M E = Euribor 1 month
1M L = Libor 1 mese
Coupon (bps) = base rate + margin

€ /000	NIXES SIX PLc			ERASMUS FINANCE DAC		
Start date	December-13			June-06		
Transaction type	Private			Private		
Originator	FCA Automotive Services UK Ltd			FCA Bank Deutschland GmbH FCA Capital France S.A. FCA Dealer Services España S.A.		
Servicer	FCA Automotive Services UK Ltd			FCA Bank Deutschland GmbH FCA Capital France S.A. FCA Dealer Services España S.A.		
Arranger	CitiBank /Crédit Agricole-CIB/ HSBC / NATWEST			Crédit Agricole-CIB / BAML		
Underlying assets	UK AutoLoans			German/Spanish/French Dealers' Payables		
Currency (CCY)	GBP			EUR		
Transfer of collections (frequency)	daily			daily		
Programme Amount CCY/000	570,000,000(1)			600,000,000 (1)		
Notes outstanding	Ammontare	%	Coupon (bps)	Ammontare	%	Coupon (bps)
Class A (Senior)	570,000	71.9%	NA	517,872	67.5%	NA
Class B (Mezzanine)	NA	0.0%	NA	NA	0.0%	NA
Class C (Mezzanine)	NA	0.0%	NA	NA	0.0%	NA
Class D (Mezzanine)	NA	0.0%	NA	NA	0.0%	NA
Junior Tranche (Subordinated)	223,071	28.1%	VR	249,411	32.5%	VR
Current rating (private)						
Class A (Senior)	Unrated			Unrated		
Class B (Mezzanine)	NA			NA		
Class C (Mezzanine)	NA			NA		
Class D (Mezzanine)	NA			NA		
Class E (Mezzanine)						
Junior Tranche (Subordinated)	Unrated			Unrated		

NOTE
(1) Programme limit funded by third counterparties
NA = Not applicabile
WAL (aa) = Weighted Average Life (years)
VR = Variable Return
1M E = Euribor 1 month
1M L = Libor 1 mese
Coupon (bps) = base rate + margin

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

p.1

Type of securitised assets/exposures	On Balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book Value	Write-downs/write-backs	Book Value	Write-downs/write-backs	Book Value	Write-downs/write-backs
A. Totally derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans		-	-	-	-	-
of which non-performing	-	-	-	-	-	-
B. Partially derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
C. Not derecognised from balance sheet						
Factoring	-	-	199,411	-	50,000	-
of which non-performing	-	-	-	-	-	-
Other loans	35,476	-	76,469	-	294,861	-
of which non-performing	-	-	-	-	-	-

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

p.2

Type of securitised assets/exposures	Guarantees given					
	Senior		Mezzanine		Junior	
	Net exposure	Write-downs/write-backs	Net exposure	Write-downs/write-backs	Net exposure	Write-downs/write-backs
A. Totally derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
B. Partially derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans						
of which non-performing	-	-	-	-	-	-
C. Not derecognised from balance sheet						
Factoring	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
of which non-performing	-	-	-	-	-	-

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

p.3

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

C.3 Prudential Consolidation - Special Purpose Vehicles for securitisations

Name of securitization/Name of vehicle	Country of incorporation	Consolidation	Assets			Liabilities		
			Credits	Debt securities	Others	Senior	Mezzanine	Junior
A-Best Fifteen S.r.l.	Conegliano (TV) – Italy	Line-by-line	147,574	-	55,877	80,981	73,000	31,000
A-Best Sixteen UG	Frankfurt am Main – Germany	Line-by-line	203,257	-	26,959	127,481	65,000	26,600
A-Best Seventeen UG	Conegliano (TV) – Italy	Line-by-line	531,783	-	57,186	500,260	61,375	21,771
Nixes Six PLc	London – UK	Line-by-line	-	-	-	678,345	-	265,473
Erasmus Finance Limited	Dublin - Ireland	Line-by-line	520,469	-	243,979	517,872	199,411	50,000

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

Not applicable to the Group.

C.5 Prudential Consolidation - Servicer activities - "In-house" securitisations: collections of securitised loans and redemptions of securities issued by the securitisation's vehicle"

Servicer	Vehicle entity	Securitised assets (end of period)		Loans collected during the year		Percentage of securities redeemed (end of period)					
						Senior		Mezzanine		Junior	
		Non-performing	Performing	Non-performing	Performing	Impaired	In bonis	Impaired	In bonis	Impaired	In bonis
A-Best Fifteen S.r.l.	FCA Bank S.p.A.	2,366	145,208	1,552	217,336	-	-	-	-	-	-
A-Best Sixteen UG	FCA BANK Deutschland GmbH	4,609	193,938	1,876	176,283	-	-	-	-	-	-
A-Best Seventeen UG	FCA Bank S.p.A.	2,420	529,363	722	355,631	-	-	-	-	-	-
Erasmus Finance Limited	FCA Dealer Services Espana S.A.	618	44,022	-	41,587	-	-	-	-	-	-
Erasmus Finance Limited	FCA Capital France S.A.	-	160,170	-	159,810	-	-	-	-	-	-
Erasmus Finance Limited	FCA Bank Deutschland GmbH	134	309,799	-	2,631,659	-	-	-	-	-	-
Nixes Six Plc	FCA Automotive Services UK	-	751,813	-	449,591	-	-	-	-	-	-

C.6 Prudential Consolidation - Consolidated securitisation vehicles

Name	Country
Nixes Six PLc	London - UK
Erasmus Finance DAC	Dublin - Ireland
A-BEST FOURTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST FIFTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST SIXTEEN UG	Frankfurt am Main - Germany
A-BEST SEVENTEEN S.r.l.	Conegliano (TV) - Italy
A-BEST EIGHTEEN S.r.l	Conegliano (TV) - Italy
A-BEST NINETEEN UG	Frankfurt am Main - Germany
A-BEST TWENTY-ONE UG	Frankfurt am Main - Germany
A-BEST TWENTY	Madrid - Spain

D. Sales transactions

A. Financial assets sold and not fully derecognised

Quantitative disclosures

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

	Financial assets sold and fully recognised				Associated financial liabilities		
	Book value	of which: subject to securitization transactions	of which: subject to sale agreements with repurchase obligation	of which: non-performing	Book value	of which: subject to securitization transactions	of which: subject to sale agreements with repurchase obligation
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets at amortised cost	4,515,976	4,515,976	-	10,147	2,042,351	2,042,351	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	4,515,976	4,515,976	-	10,147	2,042,351	2,042,351	-
Total 12/31/2021	**4,515,976**	**4,515,976**	**-**	**10,147**	**2,042,351**	**2,042,351**	**-**
Total 12/31/2020	5,992,376	5,992,376	-	24,269	3,429,390	3,429,390	-

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

Qualitative disclosures

In addition to what has already been outlines in "C. Securitization Transactions", to which reference is made, FCA Bank, residually, engages in sales pursuant to Law no. 52/1991 (Factoring) which are carried out to achieve two results:

- improvement of liquidity position;
- deconsolidation of certain assets, in the event that the sale is on a non-recourse basis.

Types of transactions

Transactions are mainly of two types:

- revolving factoring transactions;
- non-revolving factoring transactions.

Revolving factoring transactions

In these transactions, the buyer (Factor) purchases receivables at a specified frequency, over a pre-defined time period. The Originator can sell, periodically, new receivables in accordance with the terms and conditions of the sale agreement. The purchase of such receivable portfolios is financed by the Factor. At the end of the sale period, the portfolio begins to amortize and the funds borrowed are repaid.

Non-revolving factoring transactions

In these transactions the Factor purchases the receivables offered by the seller. The purchase of these receivables is financed by the Factor, on the basis of the loans provided to the single borrowers sold.

1.2 Market Risks

A. General aspects

Market risk is the risk of loss from trading in financial instruments (held-for-trading portfolio), currencies and commodities due to market trends and the issuer's situation. The types of market risk to which the FCA Bank Group is exposed are exchange rate risk and position risk.

Exchange risk is related to financial transactions towards subsidiaries adopting currency different from euro. At December 31st, 2021 the impact of this kind of risk is not relevant as net balance amount in foreign currency is below the minimum threshold.

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

FCA Bank doesn't perform trading activities and, as a consequence, is not exposed to market risks.

In accordance with the definition of "Trading Book" of EU Regulation no. 575/2013 (CRR), derivative instruments held by the Group should not be classified as "held for trading" as there is no trading intent in connection with them. In fact, these derivatives were entered into to hedge the interest rate risk of collateral posted for securitization transactions. In addition, the rating agencies require the use of hedging derivatives to assign investment grade ratings.

That is the reason why derivatives do not attract capital charges for market risk (Pillar I), pursuant to the rules on supervisory returns, and are instead entered in the Banking book, the portfolio which contains financial instruments that attract capital charges for credit and counterparty risks, as defined by the cited supervisory rules.

Impacts deriving from the Covid-19 pandemic

In view of the Covid-19 emergency situation, the interest rate risk has been monitored periodically and stress tested, confirming the overall good financial risk profile of the Bank, without highlighting critical issues in relation to market risk.

1.2.1 Interest rate risk and price risk - Regulatory trading book

Qualitative disclosures

A. General aspects

Main management process of position risk consist in keeping exposure towards each counterparty below the threshold in coherence with a minimum credit rating as defined in "Asset and Liability policy" and measured by rating stated by main rating agencies.

As stated in Section "A. General Aspects", the Group at the year-end closing doesn't hold any financial instruments classified in the Regulatory Trading Portfolio.

1.2.2 Interest rate and price risk - Banking Book

Qualitative disclosures

A. General aspects, operational processes and methods for measuring interest rate risk and price risk

The FCA Bank Group's has an exposure to interest rate risk to the extent that changes in interest rates affect its interest spreads. More specifically, the risk lies in the mismatch or gap between the reset dates (date when the interest rate is set: for fixed-rate instruments this is the maturity date while for floating-rate instruments this is the end of the interest period) for assets and liabilities.

Regarding interest rate risk management, FCA Bank's Treasury, which does not act in a profit center capacity, executes solely risk hedging activities, thereby minimizing the impact deriving from the volatility of interest rates.

This activity is carried out also for the Group's subsidiaries. Risk mitigation occurs through derivative transactions entered into on the basis of standard contracts (ISDA, International Swaps and Derivatives Association).

To calculate interest rate risk exposure, the following methodologies have been used:

- Reset Gap Analysis: this methodology is designed to determine the difference between the amount of assets and liabilities with a reset date in the same time bucket. Maturity gap is the difference between the total value of the assets and liabilities maturing/showing a reset date in a specific bucket. Maturity gaps are Grouped in buckets and totaled within each such bucket. This difference is called Gap Mismatch Index. Management processes of financial risks, as defined by Group policy, establish that Gap Mismatch can't exceed ±10% for each temporal phase;
- Duration Analysis: this methodology is designed to determine the difference between the duration of assets and that of liabilities analyzed by reset date. In particular, the assets maturing/resetting in a given month are totaled and discounted to present value at the appropriate rate, as calculated on the basis of the interest rates prevailing in the market at the end of the month under analysis. The sum of all the assets so discounted, as weighted by their effective term to maturity in months, divided by the total of all discounted assets, is called asset duration. The liabilities maturing/resetting in a given month are totaled and discounted to present value at the appropriate rate, as calculated on the basis of the interest rates prevailing in the market. The sum of all the liabilities so discounted, as weighted by their effective term to maturity in months, divided by the total of all discounted assets, is called liabilities duration. The difference between asset duration and liabilities duration as a percentage share of asset duration is called duration gap index. Financial risk management sets maximum limits for the duration gap index, which cannot deviate for more than ± 5%;

To ensure compliance with the limits set at the consolidated level by the Asset & Liability Policy, Treasury uses derivative instruments, such as interest rate swaps, to remedy any mismatches by aligning the reset date profiles of assets and liabilities.

Organizational structure

To manage interest rate risk in an accurate and balanced manner, the Group has established a specific corporate governance structure.
To this end, certain Committees/Meetings are mainly for information purposes and are also intended to set out general strategies to hedge the financial and market risks to which the Group is exposed, particularly:

- **Board of Directors** is responsible for managing, setting policies and reviewing the compliance, and appropriateness, of the risk management structure;
- **Advisory Board** is responsible for monitoring the Company's and the Group's position on interest rate risk and liquidity risk;
- **Finance & Control Committee** is responsible for monitoring the Company's and the Group's position on market risk and to define strategies to hedge significant risks;
- **Group Internal Risk Committee** is responsible for setting policies on, and monitoring the proper working of, the Group's internal control system and is convened whenever there is a crisis situation;
- **ALM Internal Committee (I.C)** is responsible for:
    - monitoring the consistency between the interest rate risk hedging transactions approved and those executed every month;
    - approving the risk hedging transactions to be carried out every month;
    - evaluating extraordinary financial transactions, liabilities and financial expenses;
    - evaluating and monitoring capitalization level.
- **Treasury** is responsible for:
    - carrying out hedging transactions;
    - controlling the trading process;
    - defining the hedging strategy within the limits set by ALM Internal Committee.
    - carrying out on an ongoing basis, through its own staff, first-level controls on interest rate risk, exchange risk and position risk.
- **ALM** is responsible for:
    - monitoring the interest rate risk and exchange risk for the currencies in which the Company's and the Group operates;
    - monitoring the position risk and liquidity risks (LCR and NSFR);
    - preparing reports for the ALM Internal Committee;
    - performing the required stress tests;
    - carrying out B/O activities on the Treasury department's transactions;
    - carrying out on an ongoing basis, through its own staff, first-level controls on interest rate hedging exchange risk and position risk.
- **Risk & Permanent Control** is responsible for performs systematic controls on the proper application of Treasury/ALM & FR procedures.

Interest rate risk measurement method

Interest rate risk in Banking portfolio (IRRBB) refers to the risk current or perspective related to the assets and profits deriving from hostile interest rates trends. As a fact, interest rates fluctuation, implicates an actual value variation and, in future cash flows, change as a consequence the collateral of the assets, liabilities and off-balances, in addition to profits. Furthermore, interest rates variations influence the connected profits and losses elements.

Interest rate risk stress tests are enclosed in the "Integrated Stress Testing Framework", whom structure provides a quantification model of figure influenced by primitive variables, both exogenous and endogenous, on selected meters and indicators. In particular, meters identified for the interest rate stress are "Interest Rate Risk Internal Capital" and the "Interest Rate Risk Indicator".

Compliant with the Circular 285/2013 of the Bank of Italy (Title III, section I, enclosed C) and in keeping with the EBA Guidlines (EBA/GL/2018/02), FCA Bank Group measure the interest rate risk through the following methods:

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

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

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

To achieve if the risk indicator, calculated as correlation between the sum of the net positive weighted expositions with respect to both Tier 1 and Own Funds, is within the attention threshold, 20%, (in line with requirements of the Circular 285/2013 of the Bank of Italy), following activities are performed:

- portfolio assets and liabilities are classified in 14 temporal bands taking in consideration their composition. In particular fix rate assets and liabilities are classified for residual maturity while floatings are connected to different temporal bands on the basis of the rate negotiation date;
- each temporal band includes assets and liabilities, obtaining the net position;
- the net position of every band is multiplied per weighting factors, obtained as product between an theoretical rates variation and an estimate of the modified duration in relation to each bands. The result is equivalent to a parallel shock for 200 bps on rates. To calculate these elements the Group makes assumptions defined in "Attachment C – Banking portfolio tax interest rate" of the Circular 285/2013;
- in view of the assumed interest-rate shocks, the maximum amount of the sum of the weighted net positions, relating to the different bands, for each relevant currency (EUR and GBP), and the maximum amount of the sum of the weighted net positions in a non-relevant currency, relating to the different bands, of each shock scenario are added algebraically to each other, obtaining an approximation of the change in the present value of the items to be used in the ratios with Tier 1 Capital and Own Funds.

Stress tests to evaluate interest rate risk are performed on a quarter basis.

Quantitative disclosures

1. Banking portfolio: distribution by maturity (by repricing date) of financial assets and liabilities

Type / Residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Unspecified maturity
1. Cash assets	2,814,059	2,760,954	2,076,680	4,715,209	10,846,556	1,014,012	3,115	7,137
1.1 Debt securities	-	-	-	-	9,305	0	0	-
- with early repayment option	-	-	-	-	-	-	-	-
- others	-	-	-	-	9,305	0	0	-
1.2 Loans to Bank	1,779,558	46,012	34,303	26	3,591	-	-	6,624
1.3 Loans to customers	1,034,501	2,714,943	2,042,377	4,715,183	10,833,660	1,014,012	3,115	513
- c/c	43,112	21,290	20,806	54,929	155,954	38,805	-	-
- others loans	991,389	2,693,652	2,021,571	4,660,254	10,677,706	975,208	3,115	513
- with early repayment option	-	-	-	-	-	-	-	-
- others	991,389	2,693,652	2,021,571	4,660,254	10,677,706	975,208	3,115	513
2. Cash liabilities	1,448,416	10,132,934	659,114	2,467,186	6,346,357	76,217	578	30,470
2.1 Debts to customers	168,655	425,463	258,282	485,941	277,517	76,217	-	30,470
- c/c	168,655	31,304	-	-	-	-	-	-
- others debts	-	394,159	258,282	485,941	277,517	76,217	-	30,470
- with early repayment option	-	-	-	-	-	-	-	-
- others	-	394,159	258,282	485,941	277,517	76,217	-	30,470
2.2 Debt to Bank	1,250,000	4,478,082	315,860	403,886	553,121	-	-	-
- c/c	-	84,285	-	-	-	-	-	-
- others debts	1,250,000	4,393,797	315,860	403,886	553,121	-	-	-
2.3 Debt securities	29,760	5,229,390	84,972	1,577,359	5,515,719	-	578	-
- with early repayment option	-	-	-	-	3,747,444	-	-	-
- others	29,760	5,229,390	84,972	1,577,359	1,768,276	-	578	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
3. Financial derivatives	-	26,552,528	1,320,050	3,788,171	16,169,203	284,423	-	-
3.1 With underlying title	-	1,723,211	8,609	144,114	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- other derivatives	-	1,723,211	8,609	144,114	-	-	-	-
+ Long positions	-	861,605	4,305	72,057	-	-	-	-
+ Short positions	-	861,605	4,305	72,057	-	-	-	-
3.2 Without underlying title	-	24,829,318	1,311,441	3,644,056	16,169,203	284,423	-	-
- Options	-	6	-	-	-	-	-	-
+ Long positions	-	6	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Others derivatives	-	24,829,312	1,311,441	3,644,056	16,169,203	284,423	-	-
+ Long positions	-	15,791,534	91,817	1,437,441	5,798,434	-	-	-
+ Short positions	-	9,037,778	1,219,624	2,206,615	10,370,769	284,423	-	-
4. Other off-balance sheet transactions	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

1.2.3 Exchange risk

Qualitative disclosures

A. Overview, management processes and exchange risk measurement methods

The Company's policy doesn't allow to detain amount in foreign currency. As a consequence, financial operations in foreign currencies are exchanged in Euro and, sometimes, made by derivatives (Foreign Exchange Swap) according to ISDA standard.

Exchange risk at the year-end is not relevant as net balance amount in foreign currency is below the minimum threshold (2% of Regulatory Capital).

1.3 Derivative instruments and hedging policies

1.3.1 Trading derivative instruments

As indicated in paragraph "A. Overview", the Group does not engage in securities trading and, as such, it is not exposed to market risk per se. However, the financial derivatives reported as held for trading refer to contracts entered into solely for hedging purposes, in accordance with the criteria applied by the rating agencies, which require the use these instruments to assign a rating to the securities issued by the Company.

A. Financial derivatives

A.1 Trading financial derivatives: end-of-period notional amounts

Underlying assets / Type of derivatives	Total 12/31/2021				Total 12/31/2020			
	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 clearing arrangements	without clearing arrangements	
1. Debt securities and interest rates	**-**	**-**	**2,634,261**	**-**	**-**	**-**	**3,177,377**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	2,634,261	-	-	-	3,177,377	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equity instruments and stock indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**2,634,261**	**-**	**-**	**-**	**3,177,377**	**-**

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

Types of derivatives	Total 12/31/2021				Total 12/31/2020			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
		With clearing arrangements	Without clearing arrangements			With clearing arrangements	Without clearing arrangements	
1. Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	-	-	-	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
2. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	1,987	-	-	-	2,041	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	**-**	**-**	**1,987**	**-**	**-**	**-**	**2,041**	**-**

A.3 OTC trading financial derivatives - notional values, positive and negative fair value by counterparty

Underlyings	Central Counterparties	Banks	Other financial companies	Other entities
Contracts not included in clearing agreement				
1) Debt securities and interest rate				
- notional value	X	2,364,261	-	-
- positive fair value	X	-	-	-
- negative fair value	X	1,987	-	-
2) Equities and stock indexes				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Goods				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in clearing arrangements				
1) Debt securities and interest rate				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equities and stock indexes				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial derivatives: notional values

Underlying / residual		Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A.1 Financial derivative contracts on debt securities and interest rates		-	189,361	2,444,900	2,364,261
A.2 Financial derivative contracts on equity securities and stock indexes		-	-	-	-
A.3 Financial derivatives on currencies and gold		-	-	-	-
A.4 Financial derivatives on goods		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
Total	**12/31/2021**	**-**	**189,361**	**2,444,900**	**2,364,261**
Total	**12/31/2020**	**-**	**459.183**	**2.714.195**	**3.173.377**

1.3.2 Accounting hedging policies

Qualitative disclosures

FAIR VALUE HEDGING ACTIVITIES

The Group's risk management policies only allow use of plain vanilla derivatives.

The FCA Bank Group hedges its interest rate risk on instalment loans provided and bonds issued through interes rate hedging instruments designated as fair value hedges.

In particular, the Group hedges the interest rate risk on the outstanding portfolio with the fair value macro hedging methodology.

Hedge effectiveness

The Group tests the effectiveness of the fair value macro hedge at the end of every reporting period, whether annual or interim, by using:

- prospective tests, which justifies hedge accounting, to the extent that they show hedge effectiveness;
- retrospective tests, which show the degree of effectiveness of the hedge in the period of reference.

In other words, they measure the extent to which the hedge relationship deviates from perfect hedge.

The prospective tests compares:

1. the run-off of the fixed-rate Retail portfolio outstanding at the observation date (hedged instrument);
2. the run-off of swaps outstanding at the observation date (notional value).

Both run-offs are compared by maturity range. The effectiveness test is met if, for every maturity range, the average value of the portfolio is greater than the average value of the derivative instruments.

The retrospective test compares:

- the notional value of the portfolio and the notional value of the derivatives outstanding, whose starting date precedes the date of the last observation period (September 30th, 2021);
- the notional amount of the portfolio and the notional value of the derivative projected from the last observation date (September 30th, 2021) to the reporting date (December 31st, 2021).

The retrospective effective test is met is the changes in notional value of the derivative instrument are highly effective in offsetting, within the hedge ratio 80%-125%, the changes in nominal value of the hedged instruments since the last observation date (September 30th, 2021).

CASH FLOW HEDGES, HEDGED INSTRUMENTS

The Group uses IRS designated as cash flow micro hedges to manage the interest rate risk on its financial liabilities.

Effectiveness is measured by comparing the change in fair value of the interest rate swaps and the change in fair value of the hedged instrument.

The effectiveness test is met if the result of the hedge (percentage difference between the change in fair value of the interest rate swaps and the change in fair value of the hedged instrument) ranges from 80%-125%.

The effectiveness test is met also when the value of the hedged instrument is greater than the value of the derivative instrument (in absolute terms) at the observation date.

A. Hedging financial derivatives

A.1 Hedging financial derivatives: notional values at the end of the period

Underlying assets / Type of derivatives	Total 12/31/2021				Total 12/31/2020			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparts	Without central counterparties			Central Counterparts	Without central counterparties		
		With clearing arrangements	Without clearing arrangements			With clearing arrangements	Without clearing arrangements	
1. Debt securities and interest rate	**20,815,459**	**-**	**2,956,242**	**-**	**19,404,746**	**-**	**3,522,454**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	20,815,459	-	2,956,242	-	19,404,746	-	3,522,454	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equities and stock indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**-**	**1,567,468**	**-**	**-**	**-**	**937,967**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	1,567,468	-	-	-	937,967	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**20,815,459**	**-**	**4,523,710**	**-**	**19,404,746**	**-**	**4,460,421**	**-**

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

Types of derivatives	Positive and negative fair value							
	Total 12/31/2021				Total 12/31/2020			
	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	40,780	-	4,763	-	22,878	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	154	-	-	-	455	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	40,780	**-**	**4,917**	**-**	**22,878**	**-**	**455**	**-**
Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	41,355	-	4,773	-	77,017	-	12,689	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	16,592	-	-	-	4,214	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	**41,355**	**-**	**21,365**	**-**	**77,017**	**-**	**16,903**	**-**

A.3 OTC hedging financial derivatives - notional values, positive and negative fair value by counterparty

Underlyings assets	Central Counterparties	Banks	Other financial companies	Other entities
Contracts included in netting agreement				
1) Debt securities and interest rates				
- notional value	X	2,956,242	-	-
- positive fair value	X	4,763	-	-
- negative fair value	X	4,773	-	-
2) Equity instruments and stock indexes				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	1,567,468	-	-
- positive fair value	X	154	-	-
- negative fair value	X	16,592	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreement				
1) Debt securities and interest rates				
- notional value	20,815,459	-	-	-
- positive fair value	40,780	-	-	-
- negative fair value	41,355	-	-	-
2) Equity instruments and stock indexes				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others	-	-	-	-
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging credit derivatives: notional values

Underlying / Residual maturity		Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A.1 Financial derivative contracts on debt securities and interest rates		6,912,423	15,005,371	1,853,907	23,771,701
A.2 Financial derivative contracts on equity securities and stock indexes		-	-	-	-
A.3 Financial derivative contracts on currencies and gold		1,128,024	439,444	-	1,567,468
A.3 Financial derivative on commodities		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
Total	**12/31/2021**	**8,040,447**	**15,444,815**	**1,853,907**	**25,339,168**
Total	**12/31/2020**	**4,830,915**	**16,047,290**	**1,750,152**	**22,628,357**

1.3.3 Other information on derivatives instruments (trading and hedging)

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparties

	Central counterparties	Banks	Other financial companies	Other entities
A. Financial derivatives				
1) Debt securities and interest rates				
- notional amount	20,815,459	5,590,503	-	-
- positive fair value	40,780	4,763	-	-
- negative fair value	41,355	6,760	-	-
2) Equity instruments and stock indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	1,567,468	-	-
- positive fair value	-	154	-	-
- negative fair value	-	16,592	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Hedge purchase				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Hedge sale				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

1.4 Liquidity Risk

Qualitative disclosures

A. Overview, management processes and methods for measuring liquidity risk.

Liquidity risk reflects the Company's inability to meet its obligations as they come due. Specifically, liquidity risk involves the Company's inability to renew, extend, refinance, in whole or in part, its borrowings in its various forms, whether structured or unstructured.

To facilitate the proper identification and management of liquidity risk, it is worthy of note that:

- the Group's financial management activities are centralized at Parent Company level, where the Treasury department is responsible for the proper financial management of all the subsidiaries. Moreover, all structured finance transactions are negotiated and managed at the central level;
- the Parent is the only Group Company with a rating assigned by Fitch Ratings, Moody's e Standard&Poor's. In this sense, all Bank accounts and lines of credit are managed at the central level;
- all of the Group companies refer to the Parent Company for their borrowing requirements through negotiations for the most appropriate financing instruments.

The Group manages this risk by matching assets and liabilities in terms of amounts and maturities. This management activity, together with the availability of substantial lines of credit (including those by Crédit Agricole, the Banking shareholder), allows the Company and its subsidiaries to reduce to a minimum their liquidity risk. Liquidity conditions are measured monthly by currency (Euro, British pound, Swiss franc, Danish krone, Swedish Krona, Norwegian Krone, Polish zloty and Moroccan Dirham).

The liquidity risk management model hinges around such key activities as:

- management of operating liquidity and structural liquidity, including the use of regularly revised and updated cash flow schedules;
- constant monitoring of cash flows and adoption of metrics to measure and control exposure to liquidity risk (maturity mismatch approach);
- setting limits to the exposure and concentration regarding liquidity risk;
- stress tests to evaluate risk exposure under stressful conditions;
- preparation of the Contingency Funding Plan intended to define the roles and responsibilities, the processes, actions to undertake and the identification of risk mitigation techniques to be adopted in case a sudden liquidity crisis.

The methodological approach adopted by the FCA Bank Group to measure risk requires – with reference to both operating liquidity and structural liquidity - the calculation of the:

- Maturity Ladder, which is used to calculate, monitor and control any liquidity shortfall by maturity bucket; and
- Cumulative Liquidity Gap, which is used to calculate progressive cash flows and identifies the presence of any negative cash flows that would require hedging.

The Group, consistent with the Basel III framework, calculates:

- the Liquidity Coverage Ratio (LCR) every month;
- the Net Stable Funding Ratio (NSFR) every quarter.

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

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

To this end, it is noted that, starting November 16th, 2018, FCA Bank S.p.A. opened a direct account with the Bank of Italy. As such, the level of HQLA necessary to meet the pre-established objectives is achieved through deposits with the Central Bank and through open market transactions.

Liquidity ratios

Liquidity ratios, provided by Basilea III return at the individual level of FCA Bank S.p.A. the following at December 31st, 2021:

- Liquidity Coverage Ratio (LCR) 199%;
- Net Stable Funding Ratio (NSFR) 119%.

Regulatory threshold have been exceeded at the year-end but also in interim reporting.

Impacts deriving from the Covid-19 pandemic

In view of the pressure generated by the Covid-19 emergency situation, the Bank has intensified liquidity monitoring. Moreover, the analyses carried out allowed adequate monitoring and regular updates to the relevant governance and management bodies, and timely funding optimization actions without detecting any critical issues on the liquidity position.

Quantitative disclosures

1.Time breakdown by contractual residual maturity of financial assets and liabilities

Items/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	2,852,495	177,295	169,450	625,971	2,279,242	2,449,127	5,472,625	10,511,089	524,710	33,348
A.1 Government securities	-	-	-	-	9,305	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	2,852,495	177,295	169,450	625,971	2,269,937	2,449,127	5,472,625	10,511,089	524,710	33,348
- Banks	1,536,272	27,724	425	398,001	356,337	350,810	100,030	256	-	31,036
- Customers	1,316,223	149,571	169,025	227,970	1,913,600	2,098,317	5,372,596	10,510,833	524,710	2,312
On-balance sheet liabilities	408,835	204,031	571,373	1,602,616	1,431,356	2,196,326	3,947,448	15,057,693	417,435	3
B.1 Deposits and current accounts	390,771	84,285	-	26,178	95,759	258,282	485,941	221,368	56,149	3
- Banks	-	84,285	-	-	-	-	-	-	-	3
- Customers	390,771	-	-	26,178	95,759	258,282	485,941	221,368	56,149	-
B.2 Debt securities	-	-	40,000	569,912	146,104	1,327,146	2,107,181	8,217,265	578	-
B.3 Other liabilities	18,064	119,746	531,373	1,006,525	1,189,493	610,898	1,354,326	6,619,061	360,708	-
Off-balance sheet transactions										
C.1 Financial derivatives with capital swap										
- Long positions	-	-	154,851	671,054	1,938	33,763	72,057	-	-	-
- Short positions	-	-	154,851	671,054	1,938	33,763	72,057	-	-	-
C.2 Financial derivatives without capital swap										
- Long positions	-	-	-	3,732	12,473	15,873	32,627	86,653	1,015	-
- Short positions	-	-	32	7,988	14,089	18,106	47,505	116,762	762	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	209,402	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	174,053	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-

C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Self-Securitization Transactions and European Central Bank Refinancing Operations

As of the reporting date, in addition to the securitizations described previously, FCA Bank had five self-securitizations in place - A-Best Fourteen S.r.l., A-Best Eighteen S.r.l. and A-Best Nineteen UG, A-Best Twenty Fondo de Titulazacion e A-Best Twentyone B.V – for which it took up all the notes issued.

The last 3 transactions were originated by subsidiaries of FCA Bank S.p.A. and the issue of Senior securities was fully subscribed by FCA Bank S.p.A. in accordance with the retention requirements of the European Securitisation Regulation.

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

At December 31st, 2021 these portfolios amount to €1.5 billion for A-Best Fourteen S.r.l, to €357 million for A-Best Eighteen S.r.l., to €541 million for A-Best Nineteen UG, to €403 million for A-Best Twenty and to €463 million for A-Best Twenty-one.

Regarding the notes issued and their ratings, reference is made to section "C. Securitization transactions" hereunder.

1.5 Operational Risks

Qualitative disclosures

A. Overview, management processes and methods for measuring operational risk

Operational risk is the risk of incurring losses for inadequate or failed internal processes, people or systems or from external events, including legal risk. Operational risk covers also, among others, losses deriving from frauds, human errors, disruptions from external events, breakdowns of systems, contractual defaults, natural catastrophes. Operational risk includes legal risk (which includes money-laundering risk) but not strategic and reputational risks.

With that in mind, the Bank's most significant risk is associated with the losses deriving from external frauds.

To calculate the internal capital required for operational risk, FCA Bank, in keeping with the provisions of Circular 285/2013 of the Bank of Italy for class 2 Banks, uses the Basic Indicator Approach (BIA) to calculate capital requirements under Pillar I.

The Organizational Model to manage operational risk implemented at Group level calls for the presence of the following players:

- an Operational Risk Management function: which defines and develops the methodologies, the policies and the procedures to detect, evaluate, monitor, measure and mitigate operational risks at Group level;
- single organizational units within the Bank and the Group companies that participate actively, with different levels of responsibility and involvement, in operational risk management processes through the identification of the principal (effective and potential) risks that might arise in day-to-day operations and ongoing risk monitoring within the scope of their duties and responsibilities.

The Organizational Model to manage operational risk unfolds in the following processes:

- mapping of operational risks by Company process, in their expected and unexpected nature (annual update or following structural process changes);
- quarterly survey of loss events;
- analysis and classification of risk and loss events and definition, where necessary, of risk management and mitigation actions.

Classification of operational risk events

Operational risk events have been classified over the years on the basis of FCA Bank's specific experience as follows:

- internal fraud;
- external fraud;
- employment relationship and safety at work;
- customers, products and professional practices;
- damage to property, plant and equipment;
- operation disruptions and information systems breakdowns;

- process execution and management.

Operational risk relates to all products, activities, processes and systems and it is generated in every business and support area.

Therefore, all employees are responsible for managing and controlling the operational risks arising from their areas of responsibility. The staff of each organizational unit of the Group is responsible also for the operational risk arising in such units. As such, adequate dedication and training levels should be ensured in this field while incentive plans should be designed to avoid possible conflicts of interest.

The organizational structure of the units should be adapted to the risk profile maintained, as well as to the size, strategy and business model of the department, applying, where necessary, the principle of proportionality.

Operational risk must be managed and controlled throughout its cycle, which includes: planning, risk identification and assessment processes, risk monitoring and application of mitigation measures, availability of information, reporting and communication of relevant aspects.

It is therefore necessary to:

- use and document the necessary policies, procedures and tools appropriate to the nature and type of risks, identifying the participants, controls and evidence necessary;
- ensure adequate lines of communication and governance between the personnel responsible for the processes, the control functions specialized in the management of operational risks and the party in charge of control;
- events that may constitute Operational Risks, regardless of whether or not they result in a loss for the Company, according to the guidelines established from time to time.

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

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

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

Impacts deriving from the Covid-19 pandemic

The continuation of the health emergency for most of 2021 led the Bank to reinforce and refine the operational measures that in 2020 had allowed it to respond effectively to the difficulties of the period, protecting its business and ensuring the necessary support for customers. Remote working and the renewed use of digital channels allowed the necessary flexibility to the Bank, which was therefore able to manage impacts arising from new customer needs.

The Bank implemented dedicated risk mitigants and periodic monitoring to ensure the safety of employees, business continuity and the monitoring of operational risks deriving from Covid-19.

Section 3 – Insurance companies risks

3.1 Insurance risks

Qualitative disclosures

This sub-section outlines the disclosure required by IFRS 4, paragraphs 38, 39 a), b) and 39A.

Risk management framework

The Company has developed and implemented a risk management framework to identify and monitor areas of risk to the Company. A review of the risk management framework is undertaken at least on an annual basis.

Currency risk

All significant transactions of the Company are denominated in Euro with the exception of a small amount of business written in Poland. All Bank accounts are held in Euro and Polish Zloty. The Company is not exposed to any significant currency risk.

Credit risk

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

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

Counterparty risk

The Company's principal financial assets are insurance and other receivables, reinsurance assets and cash and cash equivalents.

Counterparty risk related to the cash and cash equivalent balances is controlled through the setting of minimum credit rating requirements for counterparties, and by diversification requirements, set out in the investment policy of the Board.

Liquidity risk

The Company is exposed to monthly calls on its available cash resources mainly from claims arising from reinsurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company manages its funds to ensure that an adequate amount of funds is available to meet such calls. Accordingly, cash and instruments with Banks and counterparties with good ratings.

Insurance risk

The risk attached to the reinsurance policies written by the Company is the possibility that cost of the risks which occur over time are greater than the premiums received to cover such risks.

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

In order to avoid excessive losses on the underwriting risks assumed, the Company has a retrocession strategy in place with Hannover Re in respect of CPI business and a stop loss arrangement with AXA in respect of GAP business. The Company engages an independent actuarial firm to review the technical provisions at the year end.

Section 4 – Other companies' risks

4.1 Securitization risks

Qualitative disclosures

The risk deriving from securitization transactions is that the economic substance of the transaction is not fully incorporated in risk assessment and management decisions.

The Company feels that the risk associated with securitizations might materialize only in the event that the Bank calculates its capital requirements in relation to the position in the securitization instead of the underlying assets. Only in this case can there be a risk that the capital requirements in question do not reflect in full the actual risk of the transaction.

However, the accounting treatment of securitizations is irrelevant for their recognition for prudential purposes.
In keeping with IAS 39, securitized assets continue to be reported in the accounts based on the following considerations:

a) the risks and benefits related to the portfolio sold have not been fully transferred to third parties;
b) the seller continues to exercise control over the portfolio sold;
c) the seller acts also as servicer.

In the case of traditional securitizations, where the Company subscribes the first loss tranche (junior notes), the quantification of this risk is incorporated in the internal capital set aside to face credit risk.

In this case, considering the dual role of receivable seller and investor in the subordinated note tranche, and considering the fact that (in line with supervisory instructions on securitizations, which establish that the risk-weighted amount of all investments in the same securitization cannot exceed the risk-weighted amount of the securitized assets calculated as though these had not been securitized) capital requirements are calculated on the underlying assets and pursuant to Regulation (EU) no. 575/2013 (CRR) as subsequently updated and integrated, the quantification of this risk is included in internal capital facing credit risk.

Thus, there is no uncertainty in the assessment of the economic nature of straight-forward securitizations in terms of calculation of capital requirements.

On the other hand, in the event that securitization transactions are undertaken with the derecognition of receivables, FCA Bank performs a specific assessment of securitization risk in relation to the actual transfer of the credit risk associated with the securitized assets.

Therefore, the Company will not carry out a quantitative assessment (internal capital) to face this risk but will consider the methodologies and processes implemented to oversee and mitigate such risk.

In that respect, the Company's securitizations show either capital charges equal to the charges related to the assets sold (in line with supervisory instructions on securitizations which provide that the risk-weighted amount of all the positions in a securitization cannot exceed the risk-weighted amount of all the securitized assets calculated as if such assets had not been securitized) or, as in the case of A-Best Fifteen S.r.l. and A-Best Seventeen S.r.l., capital charges equal to those calculated on the basis of the Bank's positions in these securitizations.

As to the risk deriving from securitization transactions - that is that the economic substance of the transaction is not fully incorporated in risk assessment and management decisions, given that the cited A-Best Fifteen S.r.l. and A-Best Seventeen S.r.l. transactions involved a substantial transfer of risk pursuant to article 243(2) of the Regulation (EU) no. 575/2013 (CRR), performing a specific assessment of the risk deriving from securitizations as well as methodologies and processes to oversee and mitigate this risk – no securitization risk is deemed to exist.

Thus, the Company feels that there is no doubt as to the economic nature of the securitizations indicated clearly as such for the calculation of capital requirements.

Organizational structure

To manage securitization risks, FCA Bank Group has implemented:

- a comprehensive organizational model;
- a process to identify, monitor and mitigate securitization risks, formalized in specific internal procedures.

Every new securitization transaction structured by the Securitization and Risk Transfer unit of the Treasury department is validated by the CFO, and is submitted for approval to the NPA Committee, chaired by the CEO & General Manager, by its first lines and the second-level internal control functions.

The approval minutes and any opinions rendered by the second-level control functions of the Company are submitted, together with the product concept, to the Board of Directors for final approval.

Securitization and Risk Transfer, a unit of the Treasury department, is responsible for:

- structuring all of the Group's transactions and the direct management (in Italy) and monitoring (abroad) of the servicing activities performed in connection with the securitization transactions as well as the management of relationships with rating agencies and investors;
- performing 2.1-level controls. Level-1 controls are performed instead directly by the foreign markets.

Risk & Permanent Control defines and develops the methods and procedures to identify, evaluate, monitor, measure and mitigate second-level securitization risks. It also renders its opinion in the context of the NPA Committee.

Internal Audit reviews, at least every three years, the degree of adequacy of the internal control system and compliance with the legislation with reference to the management of securitization operations and servicing activities carried out by FCA Bank S.p.A..

The Company's control instruments include the following processes:

- review of all the documents and contracts of the transaction by the Treasury - Securitization and Risk Transfer department, in cooperation with internal and external counsel;

- review of the fairness and financial attractiveness of the transaction overall by the Treasury - Securitization and Risk Transfer department;
- second-level controls over securitization transactions fall also under the responsibility of Risk & Permanent Control.

All the transactions carried out so far have performed in line with expectations, both in terms of alignment of the cash flows with the forecasts made when the transaction was launched and in terms of compliance with the main triggers related to the portfolio.

Furthermore, no implicit support techniques were applied to the transactions, no clean-up call clauses for amounts greater than 10% of the initial issue were introduced and there are no accelerated repayment provisions linked to excess spread levels.

PART F – INFORMATION ON CONSOLIDATED EQUITY

Section 1 – Consolidated equity

A. Qualitative disclosures

The "Banking Group" differs, for the consolidation scope, from the financial statements prepared according to IAS/IFRS. The differences are largely attributable to the line-by-line consolidation, in the IAS/IFRS financial statements, of non-Banking companies (mainly companies operating in the long-term rental business) that are not included in the "Banking Group".

The Own Funds, the minimum capital requirements and the resulting Banking regulatory ratios were determined in accordance with the provisions contained in the Bank of Italy Circular No. 285 of December 17th, 2013 (and subsequent updates) "Supervisory provisions for Banks" and n. 286 of December 17th, 2013 (and subsequent updates) "Instructions for completing the prudential reporting by Banks".

B. Quantitative disclosures

B.1 Consolidated Shareholders' Equity: breakdown by type of Company

Equity items	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Share Capital	703.388.800	1.000.000	108.001.422	(109.001.422)	703.388.800
2. Share premium reserve	195.622.640	-	21.026.373	(21.026.373)	195.622.640
3. Reserves	2.299.200.966	9.656.266	214.971.071	(224.627.337)	2.299.200.966
4.Equity instruments	-	-	-	-	-
5. (Own shares)	-	-	-	-	-
6. Revaluation reserves:	(44.798.988)	-	(3.376.153)	3.376.153	(44.798.988)
- Equity securities designated at fair value with an impact on total profitability	-	-	-	-	-
- Hedges of equity securities designated at fair value with an impact on the overall profitability	-	-	-	-	-
- Financial assets (different from equity) at fair value through other comprehensive income	-	-	-	-	-
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Foreign investments hedging	-	-	-	-	-
- Cash flow hedging	(10.004.823)	-	-	-	(10.004.823)
- Hedging instruments [non-designated items]	-	-	-	-	-
- Exchange differences	(13.447.541)	-	-	-	(13.447.541)
- Non-current assets and disposal Groups classified as held for sale	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (own creditworthiness)	-	-	-	-	-
- Actuarial gains (losses) on defined benefit plans	(22.236.565)	-	(3.812.154)	3.812.154	(22.236.565)
- Provisions for valuation reserves related to equity investments valued at shareholders' equity	-	-	-	-	-
- Special revaluation laws	889.941	-	436.001	(436.001)	889.941
7. Profit (Loss) of ethe year (+/-) of Group and Third Parties	500.669.246	2.098.194	91.267.908	(93.366.102)	500.669.246
Total	3.654.082.664	12.754.460	431.890.621	(444.645.081)	3.654.082.664

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

	Changes in 2021				
	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Opening balance	26,525	-	(3,928)	3,928	25,606
2. Increases	2,134	-	-	-	2,134
2.1 Increases in fair value	2,134	-	-	-	2,134
2.2 Other changes	-	-	-	-	-
3. Decreases	-	-	(67)	67	-
3.1 Decreases in fair value	-	-	(67)	67	-
3.2 Other changes	-	-	-	-	-
4. Closing balance	28,659	-	(3,995)	3,995	28,659

Section 2 – Own Funds and Capital Ratios

For this section please refer to the information about own funds and capital adequacy disclosed in "Pillar III".

PART G – BUSINESS COMBINATIONS

Section 1 – Business combinations completed in the year

The cross-border merger of "FCA Capital France S.A." with and into "FCA Bank S.p.A." was completed with effect from December 1st, 2021, including for tax and accounting purposes. As of that date, FCA Bank S.p.A. operates in France through a branch.

The cross-border merger of "FCA Capital Portugal IFIC S.A." with and into "FCA Bank S.p.A." was completed with effect from December 31st, 2021, including for tax and accounting purposes. As of that date, FCA Bank S.p.A. operates in Portugal through a branch.

Effective June 1st, 2021, FCA Bank Deutschland GmbH completed the acquisition of all the shares outstanding of FCA Versicherungsservice GmbH from FCA Bank Deutschland GmbH, for €1.8 million. On first-time consolidation, goodwill of €1.8 million arose.

On July 23rd, 2021 Leasys S.p.A. acquired all of the shares outstanding of ER CAPITAL Ltd, a Company operating in the short-term rental market in the UK, for €3.5 million. On first-time consolidation, goodwill of €7.3 million arose, pending the completion of the Purchase Price Allocation process pursuant to IFRS 3.

On December 21st, 2021, Leasys Rent S.p.A. acquired all of the shares outstanding of Sado Rent - Automoveis de Aluguer Sem Condutor, S.A., a Company operating in short-term rentals in the Portuguese market, for €10.5 million. On first-time consolidation, goodwill of €2.4 million arose, pending the completion of the Purchase Price Allocation process pursuant to IFRS 3.

Section 2 – Business combinations completed after year-end

No business combination have been completed after year-end.

PART H – RELATED-PARTY TRANSACTIONS

1. Information on key executive compensations

Emoluments paid as of December 31st, 2021 to the Parent Company's directors amounted to €1,074 thousand.

Compensation paid to Parent Company's statutory auditors as of December 31st, 2021 amounted to €219 thousand.

No credits were granted to directors and statutory auditors and no guarantees were given.

2. Information on related-party transactions

Related-party transactions take place at arm's length. InterCompany transactions are carried out only after the mutual benefits of the parties involved are considered. InterCompany transactions are carried out only after the mutual benefits of the parties involved are considered.
In preparing the Consolidated Financial Statements, balances arising from interCompany transactions are eliminated.

The table below shows assets, liabilities, costs and revenues at December 31st, 2021 by type of related party.

Related-party transactions: balance sheet

	Amounts at 12/31/2021			
	Shareholders	Key executive directors	Other related parties	Total
Cash and cash equivalents	4,410	-	150,721	155,131
Financial assets	-	-	-	-
Financial assets held for trading	-	-	-	-
Financial assets at amortized cost	469	-	83,841	84,310
- Loans and receivables with Banks	-	-	-	-
- Loans and receivables with customers	469	-	83,841	84,310
Hedging derivatives	-	-	3,857	3,857
Other assets	283,184	-	32,207	315,391
Total assets	**288,063**	**-**	**270,356**	**558,689**
Financial liabilities at amortized cost	2,330,619	-	2,145,965	4,476,584
- Deposit from Banks	2,330,619	-	2,109,135	4,439,754
- Deposit from customers	-	-	36,830	36,830
Financial liabilities held for trading	-	-	6	6
Hedging	-	-	3,487	3,487
Other liabilities	48,537	-	137,870	186,407
Total liabilities	**2,379,156**	**-**	**2,287,328**	**4,666,484**

Related-party transactions: income statement

	Amounts at 12/31/2021			
	Shareholders	Key executive directors	Other related parties	Total
Interests and similar income	34,033	-	54,820	88,853
Interests and similar expenses	(18,327)	-	(18,144)	(36,471)
Fee and commission income	7,540	-	18,640	26,181
Fee and commission income	(344)	-	(11,562)	(11,906)
Administrative expenses	(6,987)	(1,293)	(8,808)	(17,087)
Other operating income/expenses	39,486	-	76,031	115,517

PART L - SEGMENT REPORTING

Assets and performance by segment

Asset and performance figures by segment are shown in accordance with IFRS 8 – Operating Segments, with the adoption of the "full management approach".
The FCA Bank Group operates through three operating segments: Retail, Wholesale Financing and Rental.

Segment assets (accurate amounts) consist solely of receivables due from customers. At the end of 2021, the Retail segment had total assets of € 16.5 billion, down 0.9% on December 31st, 2020 while the Wholesale Financing segment assets were down 34.6% on the comparable amount at December 31st, 2020, settling at €3.7 billion. Rental assets, for their part, increased by 20.2 % on December 31st, 2020, reaching €4.6 billion.

As required by IFRS 8, it is noted that the Group's business is carried out in Europe. However, no management report is prepared which breaks down performance by foreign geographical area.

Segment reporting (€/mln)	Retail	Wholesale Financing	Rental	Other	Total
	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Net Banking income and rental margin	658	117	271		1.046
Net operating expenses	(175)	(14)	(94)	-	(283)
Total cost of risk	(55)	13	(15)	-	(57)
Other net operating income	(15)	(4)	(2)	-	(21)
Profit before tax	**413**	**112**	**160**	**-**	**685**
Unallocated taxes	-	-	-	(191)	(191)
Net profit	**413**	**112**	**160**	**(191)**	**494**
Data as at 12/31/2021					
Assets					
End of year segment assets	16,495	3,725	4,602	-	24,823
Average segment assets	16,421	4,628	3,944	-	24,993
Unallocated assets	-	-	-	-	-

Segment reporting (€/mln)	Retail	Wholesale Financing	Rental	Other	Total
	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020
Net Banking income and rental margin	634	157	202	-	993
Net operating expenses	(173)	(16)	(90)	-	(279)
Total cost of risk	(55)	-	(13)	-	(68)
Other net operating income	21	(5)	-	-	16
Profit before tax	**427**	**136**	**100**	**-**	**663**
Unallocated taxes	-	-	-	(162)	(162)
Net profit	**427**	**136**	**100**	**(162)**	**663**
Data as at 12/31/2020					
Assets					
End of year segment assets	16,642	5,699	3,828	-	26,168
Average segment assets	16,383	5,841	3,311	-	25,535
Unallocated assets	-	-	-	-	-

PART M – LEASING REPORTING

Section 1 – Lessee

Qualitative disclosures

In agreement with paragraphs 51-59 of IFRS 16, in the following notes additional information is provided on the ease contracts entered into by the FCA Bank Group as a lessee. Based on the analysis of the lease contracts falling within the scope of IFRS 16, the Group identified as the most significant the property lease contracts that it had signed as a lessee, mainly for office space.

Quantitative disclosures

The Group noted that at December 31st, 2021 the rights to use assets under the lease contracts amounted to €42.7 million, including €34.8 million in accumulated depreciation. Lease debts as of the same date amounted to €42.9 million while interest expense on lease debts for 2021 amounted to €0.64 million.

The following table shows the maturities of the lease debts:

€/000	12 months	12 - 18 months	18 - 24 months	24 - 36 months	36 - 48 months	48 - 60 months	60 - 84 months	84 - 120 months	120 - 180 months	> 180 months
Debt for leasing	431	3,306	3,121	6,155	5,582	4,892	6,749	8,160	4,584	-

There are no sub-lease contracts.

In keeping with the exemptions granted from the start, the FCA Bank Group elected not to apply IFRS 16 to contracts of up to 12 months and to contracts with the value of the underlying asset, when such asset is new, of up to €5,000. In this case the payments related to these leases are treated as expenses, in line with the past.

Section 2 – Lessor

Qualitative disclosures

The FCA Bank Group provides finance and operating leases in the markets in which it operates, to support the automotive business of the FCA Group and the manufacturing partners.

The FCA Bank Group engages in the car rental industry through its Leasys Subsidiary, with an offering designed for large, medium and small companies as well as self-employed professionals and private individuals.

As lessor, the risk associated with the rights that FCA Bank retains on the underlying assets is managed through:

- buyback agreements;
- collateral: security deposits;
- personal guarantees: Banking and insurance guarantees and securities.

In the case of contracts which call for FCA Bank to bear directly the residual value risk, as there is no buyback agreement in place with the dealer or the manufacturer, quarterly monitoring is performed to make provisions for such risk.

Quantitative disclosures

1. Balance sheet and income statement information

Reference is made to the tables in the sections on the statement of financial position and the income statement.

2. Financial leasing

2.1 Classification by time bucket of the payments to be received and reconciliation with the finance leases reported as assets

Maturity ranges	Total 12/31/2021 Lease payments receivables	Total 12/31/2020 Lease payments receivables
Up to 1 year	2,298,981	2,351,953
Over 1 year up to 2 years	1,515,135	1,884,318
Over 2 years up to 3 years	1,130,917	1,485,461
Over 3 years up to 4 years	733,580	823,060
Over 4 years up to 5 years	98,235	120,740
For over 5 years	95,837	22,669
Amount of the lease payments receivables	**5,872,686**	**6,688,200**
Reconciliation of the undiscounted lease payments		
Not accrued gains (-)	(88,562)	(162,121)
Not guarantee residual value (-)	(13,695)	(627,494)
Value adjustments and provisions (-)	(82,542)	(71,338)
Lease payments	**5,687,887**	**5,827,248**

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

3. Operating leasing

3.1 Maturity analysis of the lease payments receivables

Maturity ranges	Total 12/31/2021 Lease payments receivables	Total 12/31/2020 Lease payments receivables
Up to1 year	2,258,490	1,725,516
Over 1 year up to 2 years	1,217,632	934,159
Over 2 years up to 3 years	783,100	716,338
Over 3 years up to 4 years	408,937	407,742
Over 4 years up to 5 years	93,748	113,600
For over 5 years	21,448	38,071
Total	**4,783,355**	**3,935,425**

Turin, March 2nd, 2022

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

DISCLOSURE OF AUDITING FEES AND FEES FOR SERVICES OTHER THAN AUDITING PURSUANT TO ARTICLE 2427 PARAGRAPH 16 BIS OF THE ITALIAN CIVIL CODE

Services	**Servicer provider**	**12/31/2021**
Audit	PricewaterhouseCoopers SpA	2,497
Audit	Altri	519
Audit related	PricewaterhouseCoopers SpA	161
Audit related	Altri	56
Other services	PricewaterhouseCoopers SpA	46
Total		**3,280**

COUNTRY BY COUNTRY REPORTING – DATA AS AT 12/31/2021 -

FCA Bank Group companies by country and business:

COUNTRY	COMPANY	BUSINESS
AUSTRIA	FCA Bank GmbH (AT)	BANK
	FCA Leasing GmbH (AT)	FINANCIAL COMPANY
BELGIUM	FCA Bank S.p.A. (Belgian Branch)	BANK
	Leasys S.p.A. (Belgian Branch)	NON-FINANCIAL COMPANY
DENMARK	FCA Capital Danmark A/S (DK)	FINANCIAL COMPANY
	Leasys S.p.A. (Danish Branch)	NON-FINANCIAL COMPANY
FINLAND	FCA Capital Danmark A/S (Finland Branch)	FINANCIAL COMPANY
FRANCE	FCA Bank S.p.A. (French Branch)	FINANCIAL COMPANY
	FCA Leasing France S.A.	BANK
	Leasys Rent France S.A.S.	NON-FINANCIAL COMPANY
	Leasys France S.A.S.	NON-FINANCIAL COMPANY
GERMANY	FCA Bank Deutschland GmbH	BANK
	Ferrari Financial Services GmbH	FINANCIAL COMPANY
	FCA Versicherungsservice GmbH	NON-FINANCIAL COMPANY
	Leasys S.p.A. (German Branch)	NON-FINANCIAL COMPANY
GREECE	Leasys Hellas SM S.A.	FINANCIAL COMPANY
	FCA Insurance Hellas S.A.	FINANCIAL COMPANY
	FCA Bank GmbH (Hellenic Branch)	BANK
IRELAND	FCA Capital RE DAC	NON-FINANCIAL COMPANY
	FCA Bank S.p.A. (Irish Branch)	BANK
ITALY	FCA Bank S.p.A.	BANK
	Leasys S.p.A.	NON-FINANCIAL COMPANY
	Leasys Rent S.p.A.	NON-FINANCIAL COMPANY
	Clickar S.r.l.	NON-FINANCIAL COMPANY
MOROCCO	FCA Dealer Services España (Morocco Branch)	FINANCIAL COMPANY
NORWAY	FCA Capital Norge AS	FINANCIAL COMPANY
NETHERLAND	FCA Capital Nederland B.V.	FINANCIAL COMPANY
	Leasys Nederland B.V.	NON-FINANCIAL COMPANY
POLAND	FCA Bank S.p.A. S.A. Oddzial w Polsce (Polish Branch)	BANK
	Leasys Polska Sp.Zo.o.	NON-FINANCIAL COMPANY
PORTUGAL	Leasys Portugal S.A.	NON-FINANCIAL COMPANY
	Sado Rent – Automoveis de Aluguer Sem Condutor, S.A.	NON-FINANCIAL COMPANY
	FCA Bank S.p.A. (Portugal Branch)	NON-FINANCIAL COMPANY

COUNTRY	COMPANY	BUSINESS
UNITED KINDOM	Ferrari Financial Services GmbH (UK Branch)	FINANCIAL COMPANY
	FCA Automotive Services UK Ltd	FINANCIAL COMPANY
	FCA Dealer Services UK Ltd	FINANCIAL COMPANY
	Leasys UK Ltd	NON-FINANCIAL COMPANY
SPAIN	FCA Capital España EFC S.A.	FINANCIAL COMPANY
	Leasys Rent Espana S.L.U.	NON-FINANCIAL COMPANY
	FCA Dealer Services España S.A.	FINANCIAL COMPANY
	Leasys S.p.A. (Spanish Branch)	NON-FINANCIAL COMPANY
SWEDEN	FCA Capital Sverige AB	FINANCIAL COMPANY
SWITZERLAND	FCA Capital Suisse S.A.	FINANCIAL COMPANY

Pursuant to Art. 89 of Directive 2013/36/EU of European parliament and the Council (CRD IV):

COUNTRY	BUSINESS	OPERATING INCOME (figures in thousands of euro)	FULL TIME EQUIVALENT EMPLOYEES	INCOME OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS (figures in thousands of euro)	TAX ON INCOME OR LOSS (figures in thousands of euro)
AUSTRIA	BANK	5,401	25	4,076	959
	FINANCIAL COMPANY	4,549	1	1,656	286
BELGIUM	BANK	8,133	32	3,996	941
	NON-FINANCIAL COMPANY	(140)	8	13	(313)
DENMARK	FINANCIAL COMPANY	10,739	30	5,460	1,201
	NON-FINANCIAL COMPANY	(140)	6	(78)	-
FINLAND	FINANCIAL COMPANY	44	1	(40)	(10)
FRANCE	BANK	17,566	155	9,123	1,078
	FINANCIAL COMPANY	34,932	-	12,702	4,951
	NON-FINANCIAL COMPANY	(3,478)	61	12,846	3,063
GERMANY	FINANCIAL COMPANY	108,103	280	90,165	25,347
	NON-FINANCIAL COMPANY	487	25	1,747	52
GREECE	FINANCIAL COMPANY	4,320	7	1,601	412
	BANK	1,697	39	683	163
IRELAND	NON-FINANCIAL COMPANY	(197)	2	1,195	59
	BANK	819	3	141	322
ITALY	BANK	516,433	634	387,628	86,135
	NON-FINANCIAL COMPANY	(70,020)	524	112,453	29,991
MOROCCO	FINANCIAL COMPANY	1,235	4	817	637
NORWAY	FINANCIAL COMPANY	733	2	539	129
NETHERLAND	FINANCIAL COMPANY	8,689	33	5,618	1,380
	NON-FINANCIAL COMPANY	(112)	8	1,492	382
POLAND	BANK	6,540	48	3,994	957
	NON-FINANCIAL COMPANY	4,141	23	2,719	648
PORTUGAL	NON-FINANCIAL COMPANY	9,401	89	5,758	1,490
UNITED KINDOM	FINANCIAL COMPANY	53,310	114	32,548	6,102
	NON-FINANCIAL COMPANY	(4,458)	105	16,568	499
SPAIN	FINANCIAL COMPANY	51,541	92	46,157	12,781
	NON-FINANCIAL COMPANY	(2,306)	84	9,577	2,749
SWEDEN	FINANCIAL COMPANY	1,320	1	709	157
SWITZERLAND	FINANCIAL COMPANY	20,146	47	8,595	1,782
Total Group companies		789,428	2,483	780,459	184,330
Consolidation adjustments		(75,638)		(95,615)	6,910
Group consolidated		713,790		684,844	191,240

STATUTORY **AUDITORS' REPORT ON THE** CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31st, 2021

FCA BANK S.p.A.

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

Report of the Board of Statutory Auditors on the fiscal year ended December 31, 2021 pursuant to article 2429, paragraph 2 of the Italian Civil Code

Dear Shareholders,

The Board of Statutory Auditors was appointed on March 29, 2021 for a three-year term of office, that is until the date of approval of the financial statements as of and for the year ending December 31, 2023.

The duties of the Board of Statutory Auditors are mainly governed by the Articles of Association, the Italian Civil Code, Legislative Decree no. 39 of 27.1.2010, Legislative Decree no. 385 of 1.9.1993 and the Supervisory Provisions of the Bank of Italy, with particular reference to Circular 285 of 17.12.2013, Title IV, on the organization and corporate governance of banks and the EBA Guidelines on Internal Governance dated July 2, 2021. During fiscal year 2021, the Board of Statutory Auditors carried out the oversight activities required by the aforementioned regulatory provisions, also taking into account the principles of conduct recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC), the governing body of the Italian accounting profession.

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

1. RESULTS OF THE YEAR

The separate financial statements for the year ended December 31, 2021 show net banking income of €563 million, pre-tax profit of €406 million and net profit of €317 million. Equity amounts to €2,489 million; Own Funds amount to €2,377 million, with a surplus over minimum regulatory capital and buffers of over €900 million, reflecting a total capital ratio of 17.67%, compared to a minimum regulatory requirement, including buffers, of 10.50% of total Risk Weighted Assets.

2. THE ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

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

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

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

During the course of the year, corporate actions were initiated or completed, as adequately described in the notes to the financial statements; these include the merger into FCA Bank S.p.A. of FCA Capital France S.A, on December 1, 2021, and FCA Capital Portugal IFIC S.A., effective December 31, 2021 and, for accounting and tax purposes only, January 1, 2021.

We also recall what the Directors said about transactions that occurred in 2021 which affect the Shareholder Stellantis and that reflect on the future ownership and operating structures of the Company.

"On January 4, 2021, the shareholders of FCA and PSA approved the merger designed to create the new entity Stellantis N.V.. The merger became effective on January 16, 2021.

On December 17, 2021, Stellantis N.V. announced that it had entered into exclusive negotiations with BNP Paribas Personal Finance ("BNPP PF"), Crédit Agricole Consumer Finance ("CACF") and Santander Consumer Finance ("SCF") to expand its current Europe-wide financing offering.

In particular, Stellantis intends to:

- create a multi-brand leasing company with the merger of the Leasys and F2ML businesses in which Stellantis and CACF each hold a 50% stake, with the aim of becoming a leader in Europe;
- reorganize the financing activities through joint ventures set up with BNPP PF or SCF in each country to manage the financing business for all Stellantis brands.

Consequently:

- CACF will acquire 50% of the shares of FCA Bank and Leasys Rent currently owned by Stellantis, with the understanding that these entities would continue to carry out their financing activities primarily under existing and future White Label Agreements;
- BNPP PF would perform financing activities (excluding B2B operating leases) through JVs with Stellantis in Germany, Austria and the United Kingdom in order to become Stellantis's exclusive partner for the financing business in these countries;
- SCF would engage in financing activities (excluding B2B operating leasing) through

JVs with Stellantis in France, Italy, Spain, Belgium, Poland, the Netherlands and through a commercial agreement in Portugal, in order to become Stellantis's exclusive partner for the financing business in these countries.

The related agreements will be signed in the first quarter of 2022 upon completion of the information and consultation procedures with employee representative bodies in connection with the plan.

The proposed transactions will be completed in the first half of 2023, once the necessary authorization has been obtained from the relevant antitrust authorities and market regulators."

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

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

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

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

The Independent Auditors, with whom we have maintained continuous contact, have reported to us on the audit work carried out and on the absence of situations of uncertainty or any limitations in the audit.
We have read the report issued by the Independent Auditors on March 17, 2022 and, in this regard, we note that there are no qualifications and that the key matter is the classification and measurement of customer exposures shown in Part A and Part E of the Notes to the Financial Statements.

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

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

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

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

2.6 Indication of any additional services rendered by the Independent Auditors

We acknowledge that the Independent Auditors and the network to which they belong provided services in addition to the independent audits of the separate and consolidated financial statements as at December 31, 2021, mainly in relation to the performance of agreed procedures concerning attestation services connected with the audit and non-audit services authorized by us. Information on these activities is provided in the Notes to the Financial Statements.

2.7 Indication of the existence of opinions issued in accordance with the law during the year

During the year, the Board of Statutory Auditors did not issue any opinions pursuant to the law.

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 15 meetings of the Board of Directors – with the Board of Statutory Auditors in office until March 29, 2021 attending 4 - 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 previous Board of Statutory Auditors attended the General Meeting of Shareholders on March 29, 2021 while the current Board of Statutory Auditors attended the Extraordinary General Meeting of Shareholders on November 2, 2021.
We carried out audits and checks, performing the oversight activity required by law, through 30 meetings – with the Board of Statutory Auditors in office until March 29, 2021 attending 7 - 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. The number of meetings was functional to the information needs of the Board of Statutory Auditors, which in its new composition has been in office since March 30, 2021.
As a non-voting member, the Chairman of the Board of Statutory Auditors, or in his place a member of the Board, attended all 11 meetings of the Risk & Audit Committee, with the Board of Statutory Auditors in office until March 29, 2021 attending 3.

2.9 Observations on compliance with best practices

We obtained knowledge of and oversaw, to the extent of our responsibility, compliance with the fundamental criterion of sound and prudent management of the Bank and with the more general principle of diligence, all on the basis of our participation in Board of Directors' meetings, of the documentation examined and of the timely information received from the various departments regarding the transactions implemented by the Bank, as well as through meetings with Top Management, analyses and specific checks. The information received enabled the Board of Directors to ascertain that the actions decided upon and implemented were in compliance with the law and the company's articles of association, and that they were not manifestly imprudent or risky.
We determined that the Bank has adopted an appropriate risk management policy, which is described in detail in the report on operations.
We ascertained, with the help of the Compliance department and periodic meetings with the various company departments involved, the substantial adequacy of the training activities on anti-money laundering and combating terrorism and on the procedures in place for identifying suspicious transactions in compliance with Legislative Decree 231/2001.
We monitored the points of attention highlighted by the Internal Audit, Risk & Permanent Control and Compliance departments, as part of their activities, and the relative actions planned to correct the anomalies found.

We found that the periodic communications required of banks have been sent to the Bank of Italy on time.
We have expressed, to the extent of our responsibility, an opinion on the overall adequacy of the process put in place by the Company to meet the regulatory requirements for ICAAP, as indicated in our report of April 26, 2021.
With a view to the continuous improvement of its processes, during the year the Bank further refined the procedures and action plans initiated during 2018 concerning the Bank of Italy's audits on the Transparency of banking and financial transactions and services pursuant to article 115 et seq. of Legislative Decree 385/93.
In addition, with regard to the sanctioning measure issued on January 9, 2019 by the Antitrust Authority against the Bank and the main captive car finance operators and their main shareholders, which the Company challenged by appealing to the Lazio Regional Administrative Court, it is noted that:

- on November 24, 2020 the Court upheld the Company's appeal, nullifying AGCM's decision and the related penalties;
- on December 11, 2020 the Company notified AGCM of the Lazio Regional Administrative Court's decision and on December 23, 2020 AGCM filed an appeal with the Council of State, based on the same case made in the first instance proceedings;
- on January 21, 2021 the Company filed its first defense brief with the Council of State;
- on January 13, 2022 the hearing was held before the Council of State, which on February 2, 2022 rejected the appeal filed by AGCM against the decision of the Regional Administrative Court dated November 24, 2020 to uphold the Bank's appeal, finally nullifying the penalty measure.

Lastly, in line with the Bank of Italy's measure of March 10, 2011, which took effect in September 2011, which attributes to the Board of Statutory Auditors the task of monitoring compliance with regulations and the completeness, functionality and adequacy of anti-money laundering controls, we confirm that we found suitable the procedures adopted by the Company for customer due diligence, for recording and storing information and for reporting suspicious transactions.

2.10 Observations on the adequacy of the organizational structure

We oversaw the appropriate definition of delegated powers and closely monitored the changes undertaken in the Bank's organizational structure to ensure its adequacy, as well as the functioning of such internal committees as the Risk & Audit Committee, the Nomination Committee and the Remuneration Committee.
We verified the effectiveness of the Supervisory Board's monitoring of the adequacy, observance and update of the Organizational Model for the purposes of preventing the crimes referred to in Legislative Decree no. 231/2001.

2.11 Observations on the adequacy of the internal control system

We oversaw the internal control system.
For our part, we believe that the Internal Audit, Risk & Permanent Control and Compliance & Supervisory Relations departments meet the requirements of autonomy and independence and that, together with the other bodies and departments to which a control function is assigned, they cooperate with one another by exchanging all useful information for the performance of their respective tasks.
We believe that the internal control system is, on the whole, adequate for the Bank's operational characteristics.

2.12 Observations on the adequacy of the administrative and accounting system and on the reliability of the latter to present correctly Company transactions

We checked, to the extent of our responsibility, the reliability of the administrative and accounting system and its fitness in correctly capturing and presenting transactions, both through direct examination of company documents and by obtaining information from the heads of the various departments, periodic meetings with the Independent Auditors and analyses of the results of their work.

2.13 Concluding remarks on the oversight activity carried out, as well as on any omissions, reprehensible events or irregularities found during the activity

We acknowledge that our oversight activities were carried out in the normal course of business during the year and that no significant events emerged such as to require disclosure in this report..

3. Internal control and audit committee pursuant to article 19 of Legislative Decree no. 39/2010

With regard to the role as internal control and audit committee, assigned to the Board of Statutory Auditors by article 19 of Legislative Decree no. 39/2010, we specify that the Independent Auditors:

- submitted to the committee the report pursuant to article 11 of European Regulation no. 537/2014, which does not reveal any critical issues or significant deficiencies;
- published on their website the transparency report referred to in the first paragraph of article 13 of European Regulation no. 537/2014, as of June 30, 2021.

As members of the committee, we have also:

- monitored the financial reporting process;
- checked the effectiveness of the internal control and risk management and internal audit systems, as regards financial reporting;
- monitored the independent audit of the separate and consolidated financial statements;
- verified the independence of the external auditors, especially as regards the adequacy of the provision of non-audit services.

Our supervisory activities did not give rise to any significant facts worthy of mention.

4. Observations and proposals regarding the financial statements and their approval

With regard to the check that the accounts are properly kept and that the transactions are correctly entered in the accounting records, as well as the checks that the information in the financial statements is consistent with the accounting records and that the separate financial statements comply with the law, it should be noted that these tasks are entrusted to the Independent Auditors. For our part, we oversaw the general approach to the preparation of the financial statements.
In particular, having first ascertained, through meetings with the heads of the departments concerned and with the Independent Auditors, the adequacy of the

administrative and accounting system to incorporate and correctly present transactions and to translate them into reliable data systems for external reporting, it is noted that:

- we confirm that the financial statements have been prepared in accordance with the formats laid down in Legislative Decree no. 38 of February 28, 2005, regarding the adoption of international accounting standards (IAS/IFRS) and in compliance with Bank of Italy Circular no. 262 of December 22, 2005, 7th revision dated November 2, 2021;
- we verified that the financial statements reflect the facts and information of which we became aware following our participation in the meetings of the Governing Bodies, which enabled us to obtain adequate information on the transactions with the greatest impact on the Company's operating results, financial condition and cash flows;
- we acknowledge that we have given our consent to the recognition of goodwill and other capitalized costs as assets in the financial statements pursuant to rticle 2426, 1st paragraph, 5th sub-paragraph of the Italian civil code.

We confirm that there were no departures from the accounting policies due to exceptional circumstances.

We determined that the report on operations complies with current legislation, as well as with the resolutions adopted by the Board of Directors and the information available to the Board of Statutory Auditors; we believe that the information provided is consistent with the relevant provisions and provides a true, fair and comprehensive view of the Bank's situation, performance and results of operations, as well as an indication of the main risks to which the Bank is exposed.

5. Non-financial statement

Pursuant to article 3 paragraph 7 of Legislative Decree no. 254/2016, the Board of Statutory Auditors attests that it oversaw the observance of the provisions on the Non-Financial Statement, in relation to the consolidated Group, as required by the regulations, receiving from the Independent Auditor the report referred to in article 3 paragraph 10 of the aforementioned Legislative Decree no. 254/2016 and article 5 Consob Regulation 20267/2018, which highlights the attention paid by the Bank to the topics covered by these regulations.

*****

As a result of the amendments to article 41 of Legislative Decree no. 127/91, which made it non-compulsory for the Board of Statutory Auditors, as opposed to the Independent Auditors, to draw up the report on the consolidated financial statements, we acknowledge, though solely for the purpose of providing greater disclosure to shareholders and third parties, that the Bank has prepared the consolidated financial statements in accordance with the instructions set out in Bank of Italy Circular no. 262 of December 22, 2005, 7th update of November 2, 2021, which govern the formats and rules for banks, based on international accounting standards (IAS/IFRS), as illustrated in the Notes to the Financial Statements.

We verified the formation of the scope of consolidation and the coincidence of the reporting dates of the financial statements of the companies included in such scope.

All the information used for consolidation purposes refers to 2021 as a whole.

The accounting standards and policies are consistent with those used in the previous year.

The financial statements provided by the subsidiaries to the Parent Company for the purpose of consolidation have been examined by the bodies and/or individuals responsible for the control of the individual companies, in accordance with the applicable laws, and by the Independent Auditors as part of the procedures followed to audit the consolidated financial statements.

As a result of the adoption of IAS/IFRSs (in particular IFRS 10 and IFRS 12), the scope of consolidation also includes the special purpose entities involved in the securitization of receivables which, while not being directly owned by FCA Bank S.p.A., do meet the requirements of effective control.

The scope of consolidation illustrated in the Notes to the Financial Statements contains a list of the companies included in it as of December 31, 2021. There are a total of 43 such companies (inclusive of the consolidating company and 10 securitization vehicles), including FCA Bank GmbH (Austria), a 50%-held Subsidiary and Ferrari Financial Services GmbH, a 50.0001%-held Subsidiary.

The amount of consolidated equity and net profit attributable to non-controlling interests have been recorded in the Consolidated Financial Statements under "Equity attributable to non-controlling interests" and "Net profit (loss) for the year attributable to non-controlling interests", respectively. Specifically, total equity amounts to €3,902 thousand, and consolidated net profit for the year amounts to €494 thousand.

As is well known, the preparation of the consolidated financial statements is the responsibility of the company's Board of Directors. On the other hand, it is the responsibility of the Independent Auditors, PWC S.p.A., to express a professional opinion on the consolidated financial statements, based on their audit.

This opinion was issued on March 17, 2022 without qualifications and highlighting as key matters those mentioned above in paragraph 2.3, with the report issued pursuant to article 14 of Legislative Decree no. 39 of January 27, 2010 and 10 of EU Regulation no. 537/2014, certifying that the consolidated financial statements were prepared with clarity and give a true and fair view of the financial position, results of operations and cash flows of the Company and its subsidiaries.

On the basis of the reviews carried out directly, as well as the information provided by the Independent Auditors, PWC S.p.A., we believe that the definition of the scope of consolidation, the choice of consolidation methods and the procedures followed in applying them have made it possible to present the financial and capital structure and significant profit and loss items with adequate clarity, in light of the layouts of the Statement of Financial Position and Income Statement required by the relevant legislation.

The Report on Operations and the Notes to the Financial Statements provide information regarding the consolidated companies, their operating performance and financial position, as well as clarifications regarding assets and liabilities, in order to provide a comprehensive and clear picture of the situation. Information is also provided on the main risks and uncertainties to which the bank is exposed and on capital adequacy, as required by the third pillar of Basel II.

The Notes to the Financial Statements clearly illustrate the accounting policies adopted in determining the results of operations and financial position; they adequately indicate the composition of and changes in the assets and liabilities and in the items in the income statement and anything else required by current regulations. They also report, as indicated in the relevant paragraph, the non-financial statement required by Legislative Decree 254/2016.

The application of these criteria, absent any reason for departures, has made it possible to provide a true and fair view of the consolidated financial position, results of operations and cash flows.

*****

We have no further comments or proposals to make regarding the Financial Statements and, insofar as our responsibilities are concerned, we express our opinion in favor of their approval and acceptance of the proposal formulated by the Board of Directors regarding the allocation of net profit for the year.

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Turin, March 17, 2022

Chairman (Valter CANTINO)

Standing Statutory Auditor (Vincenzo Maurizio DISPINZERI)

Standing Statutory Auditor (Maria Ludovica GIOVANARDI)

INDEPENDENT **AUDITORS' REPORT ON THE** CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31st, 2021

pwc

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of FCA Bank SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of FCA Bank Group (the "Group"), which comprise the consolidated statement of financial position as of 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of FCA Bank SpA (the "Bank" or the "Company") 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key audit matters	*Auditing procedures performed in response to key audit matters*
Impairment of loans to customers measured 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 – 1.1 Credit risk* As of 31 December 2021, 'Loans and advances to customers' were equal to Euro 19,915 million, accounting for 68 per cent of total assets in the consolidated financial statements. Net losses on loans to customers booked were equal to Euro 29.7 million and reflect the directors' best estimate of expected credit 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 significant assumptions, aside from the verification of the significant increase in credit risk ("SICR"), for the allocation of loan portfolios to the different risk stages ("staging"), and when determining the hypotheses and inputs to the models used to determine the expected credit loss ("ECL"). With regard to loans assessed on an individual basis (Stage 3), significant assumptions are made to determine the estimated realisable values. For this year, those estimation processes underwent certain changes in method compared with the previous year. Specifically, in addition to the ordinary process of updating inputs and fine-tuning risk parameters (including the adoption of the new definition of default), FCA Bank Group introduced management overlays in order appropriately to consider the change in the macroeconomic environment resulting from Covid-19 pandemic, and to factor in certain valuation 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 from 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 valuing loans; • We understood and evaluated the design of controls relevant to the disbursement, monitoring and valuation of loans and verified the operating effectiveness of those controls; • We analysed critically the tests carried out during the year by the audit functions, the emerging findings and any corrective measures taken; • We understood and verified the appropriateness of the policies, procedures and models used to measure the SICR, the staging allocation and to determine the ECL. Special attention was paid to the fine-tuning of risk parameters (including the adoption of the new definition of default) in the course of the year, as well as to the method used to determine the management overlays applied; • We understood and verified the method used to determine the key estimation parameters used in the models to determine the ECL; • We verified the correct application of the measurement policies defined for loans classified as not impaired (Stage 1 and Stage 2) or impaired (Stage 3), the

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 FCA Bank as of 31 December 2021.	completeness and accuracy of the data bases used for the calculation of the ECL, and 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 related coverage levels by stage; • We verified, on a tests basis, the reasonableness of the classification of performing loans (Stage 1 and Stage 2) or non-performing loans (Stage 3), on the basis of information on the debtor's status and the trend of payments. With specific reference to the portion of non-performing loans (Stage 3) measured individually, we performed specific analyses, on a test basis, of the assumptions made with reference to the identification of the estimated recoverable values; • 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.

Other Matters

The consolidated financial statements of FCA Bank Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 12 March 2021.

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 FCA Bank SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 25 March 2020, the shareholders of FCA Bank SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2021 to 31 December 2029.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of FCA Bank SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the FCA Bank Group as of 31 December 2021, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the FCA Bank Group as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of FCA Bank Group as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of FCA Bank SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 17 March 2022

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

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

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267

To the Board of Directors of FCA Bank SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of FCA Bank SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2021 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 2 March 2022 (hereafter the "NFS").

Our review does not extend to the information set out in the "European Taxonomy" paragraph of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and subsequently updated, by the GRI - Global Reporting Initiative ("GRI Standards"), with reference to the selection of GRI Standards, indicated in the paragraph "Methodological note" of the DNF, identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
    a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
    b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
    c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

    With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;
5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of FCA Bank SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
    a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
    b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for FCA Bank SpA, which was selected based on its activities and its contribution to the performance indicators at a consolidated level, we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of FCA Bank Group for the year ended 31 December 2021 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of FCA Bank Group do not extend to the information set out in the "European Taxonomy" paragraph of the NSF, required by article 8 of European Regulation 2020/852.

Other Matters

The NFS for the year ended 31 December 2020, the information presented in which was used as comparative information in the NFS, was subjected to a limited assurance engagement by another auditor who expressed an unqualified conclusion thereon dated 12 March 2021.

Milan, 16 March 2022

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2021 translation.

ANNEX – CONSOLIDATED NON-FINANCIAL STATEMENT AS AT DECEMBER 31st, 2021

Prepared in accordance with Legislative Decree 254/16

LETTER TO STAKEHOLDERS

In 2021, sustainability was the driver of innovation for FCA Bank, which demonstrated its ability to generate income through services geared towards the promotion of increasingly eco-compatible mobility. The results obtained confirm the soundness of the strategic choices made, adopted in the conviction that only a business that is sensitive to the environment and to the needs of customers can achieve solid long-term growth. This path towards sustainability, at every level, will continue to characterize our future, despite the change in the ownership structure of the Bank (which will have Crédit Agricole Consumer Finance as its sole shareholder)[1].

As a leading Group in the car rental sector and one of the first in Europe, we have launched innovative and cost-effective solutions that provide an easier access to electric mobility, with products that have an increasingly lower environmental impact, designed to accelerate the transformation towards a more sustainable future. Among these, attention is called to the recent LeasysGO!, the first car sharing service dedicated to the electric New 500.

This approach also gives rise to the Bank's innovative financial products, developed to give the opportunity to embrace the new mobility. These products are part of a broader sustainability-oriented framework, in which initiatives such as "Albero a Bordo" (Tree on Board), in partnership with Treedom, are of great importance. Customers who choose financial solutions dedicated to hybrid or electric cars receive a free tree from the FCA Bank forest. To date, more than 14,000 trees have been planted, thanks to which the Bank has contributed to reducing CO_2 emissions by 4,314,600 kg.

In this sense, emphasis is placed on the actions implemented together with Leasys and Leasys Rent which, as part of their electrification strategy, are encouraging the progressive adoption of BEV and PHEV engines and enlarging the charging network. To this day, considering Italy alone, there are 650 Mobility Stores, for a total of over 1,500 charging stations throughout the country, representing the largest private electrified network in the country. These numbers are due to grow in the future, also in the rest of Europe, thanks to the €500 million Green Bond issued in July, whose proceeds will be used to expand the fleet of electric and hybrid vehicles and the fast-charge infrastructure.

Still in the environmental sphere, worthy of note is also the "Artelectric" project, which is intended to promote eco-compatible tourism to the most important Italian cultural destinations, such us Reggia della Venaria Reale in Turin.

[1] The related agreements should be signed in the first quarter of 2022 at the end of the information and consultation procedures with the personnel representative bodies in relation to the plan. The transaction will be completed in the first half of 2023, once the necessary authorization has been obtained from the relevant antitrust authorities and market regulators.

Through this strategy, FCA Bank is projected into the future, maintaining its focus on people and innovation. These are the fundamental elements of the business plans, in which lasting value creation remains central, as are appropriate levels of capitalization and a lower risk profile of the business.

Giacomo Carelli

CEO and General Manager

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METHODOLOGICAL NOTE

On January 1st, 2017, the new regulations regarding the disclosure of non-financial information by large organizations and public-interest entities, contained in Legislative Decree No. 254 of December 30th, 2016 implementing EU Directive 2014/95/EU, came into force. This legislation has been applied with reference to each fiscal year from 2017 onwards.

FCA Bank, as a public-interest entity with size metrics - in terms of of employees, statement of financial position and net revenues - that exceed the thresholds set forth in Article 2 of Legislative Decree No. 254, publishes the Consolidated Non-Financial Statement as an annex to its Consolidated Financial Statements on an annual basis.

The Consolidated Non-Financial Statement of the FCA Bank Group is prepared in accordance with Article 4 of the aforementioned Legislative Decree 254/2016 using the "GRI-referenced claim" option provided for by the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards), published by the Global Reporting Initiative (GRI) in 2016 and subsequently updated, which are currently the most widely used and internationally recognized model for non-financial reporting

In accordance with the aforementioned regulatory provisions, the FCA Bank Group provides its Stakeholders with communication concerning the non-financial topics identified as relevant in light of the materiality analysis carried out, taking into account the Group's activities and characteristics, to ensure an understanding of its organizational model, policies, main risks and performance indicators. The relevant topics for the FCA Bank Group are indicated within the matrix included in the dedicated section, and concern Governance and the following thematic areas identified by Legislative Decree 254/2016:

- Environment
- Personnel
- Social
- Fight against active and passive corruption
- Respect for Human Rights

The identification and choice of the contents of this Statement, as required by Legislative Decree 254/2016, have been made so as to ensure an understanding of the activities carried out by the Group, their performance, results and impact, also in view of the GRI Standards principles of relevance, inclusiveness, sustainability context and completeness.

In keeping with the requirements of Legislative Decree no. 254/2016 and as defined by the reporting standards of the Global Reporting Initiative[2] (GRI), the FCA Bank Group carries out an annual update of the materiality analysis, to identify the topics deemed material by both the Stakeholders and the Group.

The positions of the various topics in the materiality matrix depend on the importance attributed to them, in relation to the Bank's business and the impact on Stakeholders. Impacts are the positive or negative, current or potential, direct or indirect, short or long term effects that the Group generates on the economy, environment and society.

The material topics potentially relevant to FCA Bank Group and Stakeholders have been defined by:

- analyzing the context, on the basis of the publications Sustainable Development in the European Union by Eurostat and Reflection Paper towards a sustainable Europe by 2030 by the European Commission;
- reviewing sector benchmarks;
- revising the 2020 materiality matrix.

[2] Global Reporting Initiative (GRI) is a non-profit organization based on a network involving thousands of professionals and organizations working in many sectors. The GRI Reporting Framework is a universally accepted model for reporting an organization's economic, environmental, and social performance. GRI's mission is to make sustainability reporting a standard practice and enable all companies and organizations to report on their economic, environmental, social, and governance performance and impacts. GRI publishes guidelines for sustainability reporting, which can be found at: www.globalreporting.org

REPORTING PROCESS

All corporate departments contribute to the preparation of the contents of the Consolidated Non-Financial Statement 2021 and to the dialogue activities with Stakeholders. Data collection is centralized and the reporting process of the Statement has been formalized, since 2018, within a special internal procedure, called "04L.01.25. Non-Financial Statements Group procedure", published on the Company intranet. This document governs the process, activities, roles and responsibilities of the Group departments and bodies involved in the preparation, approval and publication.

REPORTING PERIMETER

The scope of reporting for the purposes of the Consolidated Non-Financial Statement of the FCA Bank Group is the same as the scope of the Consolidated Financial Statements for the year ended December 31st, 2021, as specified in "Part A - Accounting Policies, A.1 - General Part, Section 3 - Scope and Methods of Consolidation" of the Notes to the Financial Statements.

There were no significant changes in organizational size, equity investments or supply chain during the reporting period.

For qualitative and quantitative data related to social and environmental aspects, the scope of reporting corresponds to the FCA Bank Group and its legal entities consolidated on a line-by-line basis. Any exception in relation to the scope is clearly indicated within the document.

Directly measurable quantitative data have been reported using estimates where necessary. Below are the formulas and assumptions used to calculate the quantitative indicators, where not expressly provided for by the GRI Standards.

Assumptions and formulas not directly covered by GRI Standards

Below are the main definitions, assumptions and calculation formulas used that are not already covered by the GRI Standards:

- Customer Satisfaction Index
- Dealer Satisfaction Index
- Complaints

The Customer and Dealer Satisfaction indices are calculated as a weighted average of the responses to the question in the questionnaire regarding how satisfied the customer is with the service provided, on a scale of 1 to 5.

With regard to complaints, FCA Bank Group complies with what is defined on the subject in Annex I of the CRD - Capital Requirements Directive (Directive 2013/36/EU).

With reference to personnel, the data are calculated on the precise number of employees as of December 31st, 2021. The accident frequency index is calculated as the number of accidents multiplied by 1,000,000, divided by the number of working hours.

MATERIALITY ANALYSIS AND STAKEHOLDERS ENGAGEMENT

Non-financial reporting addresses relevant topics that reflect the positive or negative impacts generated by the Group's activities in the economic, social and environmental spheres, which can significantly influence the perception of its Stakeholders.

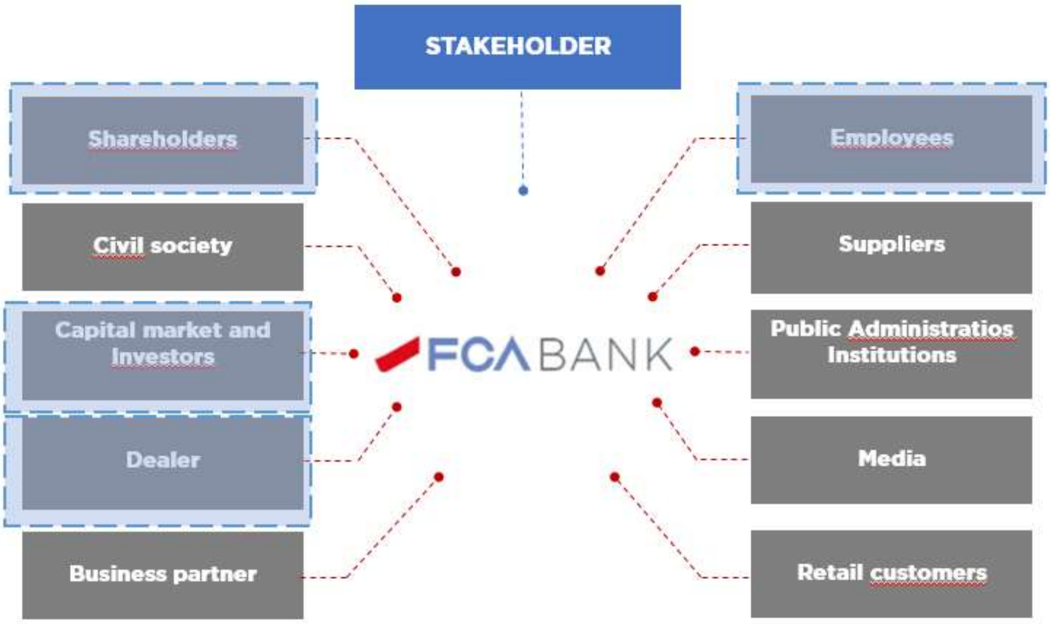
These topics represent the focus of non-financial reporting and are also fundamental for the identification and management of risks and opportunities.

In 2021, in order to identify the topics considered relevant, the Group followed a structured process, in line with the recommendations of the GRI Standards, referring to perspectives both internal and external to the Company boundaries, according to the following phases and activities:

- mapping of FCA Bank Group Stakeholders;
- identification of potential relevant topics on the basis of: benchmarking analysis, national and international documentation, strategic priorities defined by the Board of Directors, with the involvement of the CSR (Corporate Social Responsibility) department;
- prioritization of the topics through the involvement of the Group's Stakeholders and the Staff Meeting (Management Committee), in order to define the positioning of the relevant topics within the materiality matrix;
- validation of the materiality matrix.

The activities described above were monitored by the Risk and Audit Committee (RAC) in its role as advisor to the Board of Directors for the process of preparing the Non-Financial Statement.

In 2021, the Group confirmed the existing map of its Stakeholders:



Following a multi-year experience of Stakeholders engagement in line with the GRI principle of Stakeholders Inclusiveness (**GRI 102 - 40,41,42,43**), in 2021 the Group chose to involve the categories shown in the table above. In the next non-financial statements the categories not yet included in the process (Institutions and Public Administration, Media, Civil Society, Business Partners) will be involved, so as to achieve full adherence to the principle of Stakeholders rotation.

For the 2021 materiality analysis, opinions were obtained from ten parties:

- one representative from each of the two shareholders, Stellantis and CACF[3];
- four Group employees (two women and two men);
- two German market dealers;
- two institutional investors (Banks).

The evaluation took place through the completion of a questionnaire by which Stakeholders assigned a score from 0 to 5 to the various topics. No exclusion criteria were applied. The "Materiality Matrix" section shows the result of Stakeholders opinions on the y-axis.

[3] Stellantis is the industrial Group resulting in January 2021 from the merger between Peugeot SA and Fiat Chrysler Automobiles NV, whose Parent Company is the Dutch Company Stellantis NV. CACF is CA Consumer Finance S.A., a French Company belonging to the Crédit Agricole Group, which handles the consumer finance business of the French Banking Group. Each of the above-mentioned parties owns, directly or indirectly, 50% of the shares outstanding of FCA Bank S.p.A..

Potential topics material to the FCA Bank Group and its Stakeholders were identified through:

- the Sustainability Reports of the institutional entities;
- the consolidated non-financial statements of other national and international Banking and financial Groups considered as benchmarks among the main peers of FCA Bank Group;
- the commitments expressed and formalized in the code of conduct of the FCA Bank Group;
- the consolidated non-financial statements of the last three years;
- internal interviews with FCA Bank Group representatives, who highlighted the point of view of each department on the topics, thus making it possible to focus on key aspects and the main project activities developed during the year in line with these aspects;
- the dialogue with the Corporate Social Responsibility department;
- internal Company documents and minutes of Board of Directors' meetings.

Topics were prioritized through two main activities:

- direct involvement of the Group's external Stakeholders, as mentioned above;
- internal assessment by the Staff Meeting, taking into account the importance of the topics in relation to Company activities and strategies.

At the end of the process to update the materiality matrix relating to 2021, eleven topics were identified as material to the FCA Bank Group:

- Contrasting corruption and promoting integrity in the business;
- Transparency in services and business, financial inclusion;
- Security, privacy and reliability of services;
- Environmental impact, Green finance and sustainable mobility;
- Dealers, customers and suppliers relations;
- Training and development of human resources;
- Economic performance and value creation;
- Innovation and digitalization;
- Employee health and safety;
- Welfare, employment and dialogue with social partners;
- Diversity, equal opportunities and human rights.

It should be noted that, from the potentially relevant topics (12 in all), it was decided to exclude the topic "Support and development of the community and the territory" as it was deemed not applicable, considering FCA Bank Group's business.

Below and in the following sections, these topics are associated with each of the areas indicated by Legislative Decree 254/2016 (environmental aspects, social aspects, personnel management, human rights and fight against corruption).

Environmental Aspects

- Environmental impact, Green finance and sustainable mobility

Social Aspects

- Transparency in services and business, financial inclusion
- Security, privacy and reliability of services
- Dealers, customers and suppliers relations
- Economic performance and value creation
- Innovation and digitalization

Personnel management

- Training and development of human resources
- Welfare, employment and dialogue with social partners
- Employee health and safety

Respect for Human Rights

- Diversity, equal opportunities and human rights

Fight against corruption

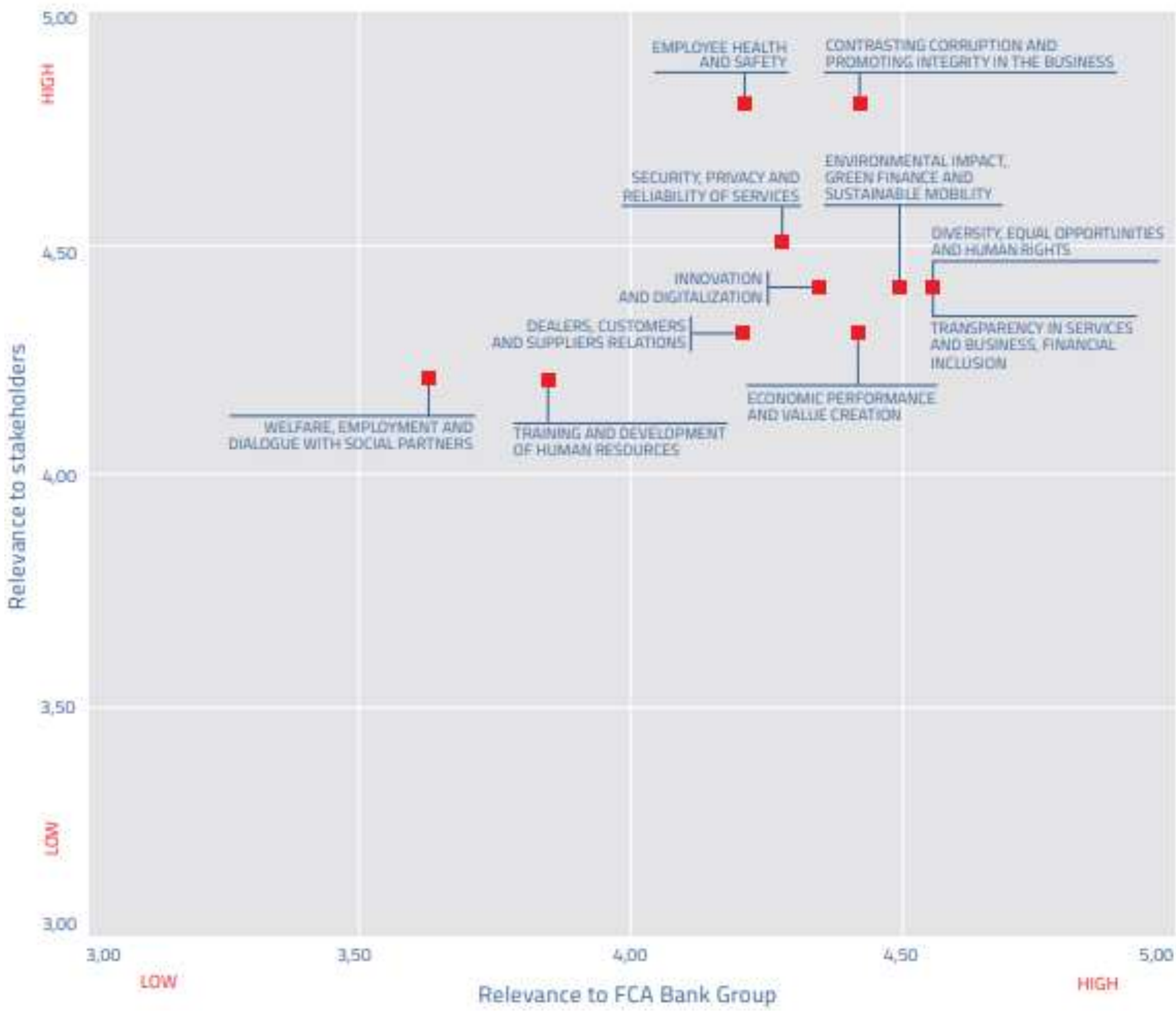
- Contrasting corruption and promoting integrity in the business

MATERIALITY MATRIX 2021

The results of the materiality analysis are depicted graphically by means of a Cartesian diagram called the materiality matrix, which shows on the x-axis the interest for FCA Bank Group and on the y-axis the interest for the Stakeholders.

All the material topics obtained an average score on the x-axis scale and on the y-axis scale of over 3 (on a scale from 0 to 5, as mentioned above). As such, for a clearer presentation of the matrix, the chart is shown on a scale from 3 to 5.

The materiality matrix, shown below, is first shared with the Risk and Audit Committee, a Board committee, and then with the Board of Directors.



The table below shows the average scores obtained for each topic from the Stakeholders and from the members of FCA Bank's Staff Meeting.

Material Topic	*Relevance to Stakeholders*	
	2021	*2020*
Contrasting corruption and promoting integrity in the business	4.80	4.75
Employee health and safety	4.80	4.13
Security, privacy and reliability of services	4.50	4.15
Transparency in services and business, financial inclusion	4.40	4.28
Environmental impact, Green finance and sustainable mobility	4.40	4.23
Innovation and digitalization	4.40	3.50
Diversity, equal opportunities and human rights	4.40	3.70
Dealers, customers and suppliers relations	4.30	4.30
Economic performance and value creation	4.30	4.10
Training and development of human resources	4.20	4.13
Welfare, employment and dialogue with social partners	4.20	3.48

Material Topic	*Relevance to FCA Bank Group*	
	2021	*2020*
Transparency in services and business, financial inclusion	4.57	4.30
Diversity, equal opportunities and human rights	4.57	3.50
Environmental impact, Green finance and sustainable mobility	4.50	4.10
Contrasting corruption and promoting integrity in the business	4.43	4.10
Economic performance and value creation	4.43	4.00
Innovation and digitalization	4.36	4.50
Security, privacy and reliability of services	4.29	4.30
Dealers, customers and suppliers relations	4.21	3.90
Employee health and safety	4.21	5.00
Training and development of human resources	3.86	4.00
Welfare, employment and dialogue with social partners	3.64	4.00

The topics found to be material have been linked to the contents indicated by Legislative Decree 254/2016, where reported. Each topic has been associated with the risks, policies, commitments made by the Group and the performance achieved in its management during the year.

Area of Legislative Decree 254/2016	*Material topic*	*Minimum content required by Legislative Decree 254/2016*
Environmental aspects	Environmental impact, Green finance and sustainable mobility	Greenhouse gas emissions and air pollutant emissions.
Social aspects	Transparency in services and business, financial inclusion	Not specified by Legislative Decree 254/2016
	Security, privacy and reliability of services	
	Dealers, customers and suppliers relations	
	Economic performance and value creation	
	Innovation and digitalization	
Personnel management	Training and development of human resources	Social and personnel management aspects
	Welfare, employment and dialogue with social partners	The way in which the dialogue with the social partners is carried out
	Employee health and safety	Not specified by Legislative Decree 254/2016
Respect for Human Rights	Diversity, equal opportunities and human rights	The measures adopted to prevent violations, as well as the actions taken to prevent discriminatory attitudes and actions, including actions to ensure gender equality, the measures to implement the conventions of international and supranational organizations on the matter
Fight against corruption	Contrasting corruption and promoting integrity in the business	Fight against active and passive corruption, with an indication of the instruments adopted to that end

With reference to the requirements of Art. 3 of Legislative Decree 254/16, comma 2, letters a) and b):

- the information relating to "*the use of energy resources, distinguishing between those produced from renewable and non-renewable sources, and the use of water resources*" is not included in this document;
- the information relating to "*Greenhouse gas emissions and air pollutant emissions*" is partially included, as the document only presents data concerning other indirect GHG emissions (Scope 3) in the "Environmental aspects" section.

As regards the managament of water resources, FCA Bank considered that it was not a material issue according to its business. In fact, the Group only consumes water resources for sanitary purposes.
As far as energy resources are concerned and, consequenty, the related emissions, the Group is taking steps to report on its direct energy consumption, as part of the "Carbon Footprint" project in partnership with the shareholder CACF. In the context of the challenge of global climate change, the FCA Bank Group aims to achieve greater awareness of its current environmental impact. The objective of the project is to strengthen governance on climate-related issues by identifying the main sources of GHG emissions and taking action to reduce the carbon footprint.

The reporting on material topics is inspired, where possible, by the principles laid down by the Global Reporting Initiative (GRI), which is the reference reporting standard at international level.

In order to facilitate the identification of information within the document, a Content Index is provided at the end of the Non-Financial Statement.

Main changes in the 2021 materiality matrix

The process to update the 2021 materiality matrix substantially confirmed the material topics already reported in the previous year, with eleven topics material to the FCA Bank Group. All such topics meet the requirements contained in Legislative Decree 254/2016.

Following the analyses conducted, however, it should be noted that it was deemed appropriate to add two fundamental aspects to the material topics identified in 2020, which are becoming increasingly important in the sustainability/ESG context of reference, namely environmental impact and responsible supply chain management.

The changes in the material topics that occurred in 2021 compared to 2020 are illustrated below.

MATERIAL TOPICS CHANGES	2020	2021
Δ	Green finance and sustainable mobility	Environmental impact, Green finance and sustainable mobility
Δ	Dealers and customers relations	Dealers, customers and suppliers relations
=	Transparency in services and business, financial inclusion	Transparency in services and business, financial inclusion
=	Security, privacy and reliability of services	Security, privacy and reliability of services
=	Economic performance and value creation	Economic performance and value creation
=	Innovation and digitalization	Innovation and digitalization
=	Training and development of human resources	Training and development of human resources
=	Welfare, employment and dialogue with social partners	Welfare, employment and dialogue with social partners
=	Employee health and safety	Employee health and safety
=	Diversity, equal opportunities and human rights	Diversity, equal opportunities and human rights
=	Contrasting corruption and promoting integrity in the business	Contrasting corruption and promoting integrity in the business

As in the previous year, all eleven material topics obtained a value higher than 3 from both clusters involved in the process of defining the matrix itself, i.e. Stakeholders and FCA Bank Group.

In terms of positioning within the matrix, it can be seen, compared to 2020, that both Stakeholders and FCA Bank Group attributed greater importance to the following topics:

- Contrasting corruption and promoting integrity in the business;
- Transparency in services and business, financial inclusion;
- Environmental impact, Green finance and sustainable mobility;
- Economic performance and value creation;
- Diversity, equal opportunities and human rights.

The "fight against corruption and integrity in business" is a topic to which both the Group and its Stakeholders attach greater importance. In this regard, the Group is committed to the principles of integrity, honesty and fairness. It combats all forms of corruption and to this end has a periodic training plan in place for its employees.

The topic of "transparency in services and business, financial inclusion" also becomes more important for both clusters. In fact, the Group recognizes the principle of transparency as the basis of customer relations, and in this sense it carries out surveys and undertakes projects, such as the New Customer Portal, the release of increasingly user-friendly Apps in line with the progressive digitalization of customer relations, field surveys on compliance with the principles of transparency implemented by its partners. Various regulatory, case-law and supervisory-measures were implemented in 2021 in order to enhance consumer protection.

Stakeholders and the Group are paying increasing attention to the topic of "environmental impact, green finance and sustainable mobility". Compared to the previous year, the definition of this topic has been extended, as the Group, with the support and encouragement of both its shareholders, is becoming increasingly attentive to environmental impact and is stepping up its advocacy for the development of electric mobility, thus meeting the expectations of customers with their growing demand for sustainable mobility with low CO2 emissions. In the financial sphere, the importance attributed to Socially Responsible Investing is rising, and so in 2021 Leasys S.p.A. debuted on the capital markets with the placement of a €500 million green bond, the proceeds of which will be used to finance its fleet of electric and plug-in hybrid vehicles and to extend its network of fast-charge electric infrastructure. In this way, the FCA Bank Group is contributing to the achievement of the goals set out in the Paris Agreement and the SDGs of the UN's 2030 Agenda.

"Economic performance and value creation" is the element at the basis of business sustainability and long-term value creation. This topic is, in fact, recognized as more material than in the previous period by both Stakeholders and the FCA Bank Group.

Both clusters also agree in attaching increasing importance to "diversity, equal opportunities and human rights". The Code of Conduct of the FCA Bank Group and the whistleblowing system play a central role in this regard. In addition, in 2021 the Group included in the Remuneration Policy the principles and requirements of the EBA Guidelines concerning gender neutrality in remuneration, and defined strategic and operational objectives for the selection, management and development of employees consistent with the policies, which will be constantly monitored and recalibrated as part of the "Journey to gender neutrality" project.

The topic of "security, privacy and reliability of services" has become more important for Stakeholders. In fact, FCA Bank continues to invest in data protection and storage systems, as well as in information systems in general. This is underpinned by a solid system of procedures; in addition, specific training plans are prepared for employees in order to make them more aware of the matter. During 2021, the GDPR Tool was developed. This is a project aimed at reinforcing and automating data protection processes, which will be extended to all the Group's subsidiaries during 2022. Moreover, the system of internal rules was redesigned with reference to Business Continuity and the identification of key core processes for which continuity must be ensured (or Business Impact Analysis).

The topic "relations with dealers, customers and suppliers" is growing in importance for the FCA Bank Group. In fact, the quality of service and the satisfaction of dealers and customers have always been the focus of the Group' s attention. The Group intends to achieve this objective through surveys and the continuous update of its commercial offering. Starting from 2021, the Group has intensified its efforts to manage the supply chain responsibly and, within a constantly evolving regulatory context, the ESG (Environmental, Social and Governance) Project has been developed, so as to lay the foundation on which the decision-making process for selecting suppliers is based.

The change regarding "wellbeing and safety of workers" reflects the peculiarity that characterized 2020 with the Covid-19 pandemic and the absolute need and desire to undertake specific measures designed to protect the health of employees and at the same time to ensure business continuity. The actions taken in 2020 have been maintained in 2021, and where possible further strengthened and refined, and are still in place.

With regard to "training and development of human capital", the Group assigned a slightly lower score than in the previous year, choosing to prioritize other topics, as described above. In fact, in 2021 the Group continued to invest in training, which was delivered solely online, given the pandemic context. Moreover, in 2021, the Gender Neutrality Project was undertaken, also taking into account the new guidelines issued by the European Banking Authority.

For the Stakeholders, "innovation and digitalization" plays a more significant role than in 2020. The Group, aware of the materiality of the topic, places great emphasis on it through an approach oriented towards open innovation and the implementation of new projects, such as the Digital Factory, the Finance calculator 3.0, Remote financing and e-commerce, online check, Digital Onboarding and the Customer Portal.

Lastly, the Stakeholders attributed greater importance to "welfare, employment and dialogue with the social partners" than in the prior period, while the FCA Bank Group attributed diminished importance to this topic, again choosing to prioritize other themes. Proof of the ongoing attention paid to this topic is provided by various initiatives, such as the so-called Welfare Account for employees, which is designed to achieve work-life balance.

GROUP PROFILE

SHAREHOLDER STRUCTURE

FCA Bank is a 50/50 joint venture established by FCA Italy S.p.A. and CA Consumer Finance S.A., both leaders in their respective fields of activity.

FCA Bank provides its financial products and services in 17 European markets and in Morocco mainly to dealers and end-customers of the Stellantis Group brands marketed by FCA Italy, which is part of it, as well as to other components of the Stellantis business and to brands of numerous independent partners.

For further details on the Company profile and business model, reference should be made to the Report on Operations, section "*The FCA Bank Group - Presentation and milestones*".

GROUP STRUCTURE AND INTERNATIONAL PRESENCE

FCA Bank S.p.A., with registered office in Corso Orbassano 367, Turin, Italy, is the Parent Company of the FCA Bank Group with operations in 18 countries:

Country	Company/Branch
AUSTRIA	FCA Bank GmbH Leasys Austria GmbH
BELGIUM	FCA Bank S.p.A. (Belgian Branch) Leasys S.p.A. (Belgian Branch)
DENMARK	FCA Capital Danmark A/S Leasys S.p.A. (Danish Branch)
FRANCE	FCA Leasing France S.A. FCA Bank S.p.A. (French Branch) Leasys France S.A.S. Leasys Rent France S.A.S.
GERMANY	FCA Bank Deutschland GmbH Ferrari Financial Services GmbH FCA Versicherungsservice GmbH Leasys S.p.A. (German Branch)
GREECE	FCA Insurance Hellas S.A. FCA Bank GmbH (Hellenic Branch) Leasys Hellas SM S.A
FINLAND	FCA Capital Danmark A/S (Branch Finland)
IRELAND	FCA Capital RE DAC FCA Bank S.p.A. (Irish Branch)
ITALY	FCA Bank S.p.A. Leasys S.p.A. Leasys Rent S.p.A. Clickar S.r.l.
NORWAY	FCA Capital Norge AS
THE NETHERLAND	FCA Capital Nederland B.V. Leasys Nederland B.V.
POLAND	FCA Bank S.p.A. S.A. Oddział w Polsce (Polish Branch) Leasys Polska Sp.Zo.o.
PORTUGAL	FCA Bank S.p.A. (Portugal Branch) Leasys Portugal S.A. Sado Rent – Automoveis de Aluguer Sem Condutor, S.A.
UNITED KINGDOM	FCA Automotive Services UK Ltd FCA Dealer Services UK Ltd Leasys UK Ltd Ferrari Financial Services GmbH (UK Branch) ER CAPITAL Ltd
SPAIN	FCA Capital España EFC S.A. FCA Dealer Services España S.A. Leasys S.p.A. (Spanish Branch) Leasys Rent Espana S.L.U.
MOROCCO	FCA Dealer Services España S.A. (Morocco Branch)
SWEDEN	FCA Capital Sverige AB
SWITZERLAND	FCA Capital Suisse S.A.

THE INTERNAL CONTROL SYSTEM

To ensure sound and prudent management, the FCA Bank Group combines business profitability with informed risk-taking, adopting a fair conduct in operational activities. As such, the Group has established an internal control system designed to detect, measure and constantly monitor the risks associated with its activity, involving directors and statutory auditors, control committees and functions, the Supervisory Board, the independent audit firm, senior management and the staff as a whole. Responsibility for the Group's internal control system rests with Internal Audit, Risk & Permanent Control, Compliance, Supervisory Relations & Data Protection. These functions – which are independent of one another in organizational terms – operate across the Company and the Group and liaise with the corresponding functions of the subsidiaries. In particular, Compliance, Supervisory Relations & Data Protection and Risk & Permanent Control report to the CEO & General Manager while Internal Audit reports to the Board of Directors. From an operational point of view there are three types of control in place:

- first-level controls, which are carried out by the operational departments or are incorporated into the IT procedures to ensure the proper performance of day-to-day operations and the single transactions;
- second-level controls, which aim to ensure the correct definition and implementation of the risk management process, the compliance of Company operations with current regulations and the efficiency, safety and consistency of operating activities with internal and external regulations.Such controls are performed by non-operational departments, particularly Risk & Permanent Control and Compliance, Supervisory Relations & Data Protection;
- third-level controls, which are performed by Internal Audit to identify unusual patterns, procedure and regulation breaches as well as to evaluate the functioning of the overall internal control system.

The Control functions

INTERNAL AUDIT

The Internal Audit department reports directly to the Board of Directors and is responsible for third-level controls, reviewing, based on the annual audit plan approved by the Board of Directors, the adequacy of the system of internal control and providing the Board of Directors and management with a professional and impartial opinion on the effectiveness of internal controls. The head of Internal Audit is responsible for:

- preparing the audit plan, on the basis of a periodic risk assessment, and coordinates the audit missions.
- reporting on the findings and progress of the audit plan from time to time to the Board of Directors, the Risk and Audit Committee, the Internal Control Committee and the Board of Statutory Auditors;

- the internal review, at least once a year, of the ICAAP - to ensure that it functions properly and is compliant with the applicable rules – and the periodic examination of the process to evaluate individual risks.

The internal audit process calls for each Company to map its own risks on an annual basis, by using a common methodology issued by the Parent Company. For those subsidiaries that do not have an internal audit function locally, risk mapping is performed by the Parent Company.

Monitoring of the individual companies' internal audit activities takes place through a system of quarterly reports on:

- the progress of the audit plan and explanation of any deviations;
- all the audits carried out during the quarter under review;
- the status of implementation of the recommendations issued.

The Board of Directors is apprised regularly of the audit findings, the action plans undertaken, the progress of the plan and the level of implementation of the recommendations to the individual companies.

RISK AND PERMANENT CONTROL

The function's mission is to identify, measure and manage risks, as well as to supervise the implementation of the risk management Group guidelines, performing directly also second-level controls. The main objectives of Risk & Permanent Control (R&PC) are to:

- set out the Group's guidelines in risk management and permanent control;
- ensure the dissemination of a risk culture across the organization;
- identify all types of risk with the exception of Compliance risks (for which there is a dedicated Control function);
- monitor the Group's exposure to the different types of risk (RAF);
- manage the ICAAP, ILAAP and Contingency Funding Plan in cooperation with the other functions involved in the process;
- ensure information flows to the other functions, to corporate bodies and to senior management;
- cooperate with the other Group Control Functions (Compliance and Internal Audit), to ensure constant monitoring of the area covered by internal control;
- issue independent opinions on material transactions
- coordinate the Group's Risk Strategy, issue its own opinion and check its implementation.

Moreover, the head of R&PC is also responsible for the business continuity plan.
The R&PC function has a local staff member in every Group Company.
The supervision of the Group companies unfolds through the:

- provision of Group guidelines on risk management and second-level controls;
- monitoring of the effectiveness of local control plans and the local risk profile (RAF);
- supervision of annual Budgets and their consistent with the Group's Risk Appetite.

The findings of the second-level controls performed by Risk & Permanent Control are reported on a quarterly basis to the Internal Control Committee (ICC), Risk & Audit Committee and Board of Directors and annually in the Internal Control Report (ICR).

The Bank's risk profile is presented in the Group Internal Risk Committee (GIRC), Risk & Audit Committee and Board of Directors.

COMPLIANCE, SUPERVISORY RELATIONS AND DATA PROTECTION

Compliance, Supervisory Relations & Data Protection (CSR&DP) is a second-level control function, which operates according to the principles of independence, authority, autonomy, adequacy of resources, and it is responsible for the following areas:

- Compliance, with the objective of monitoring non-compliance risk, e.g. the risk of incurring in judicial or administrative sanctions, financial losses or reputational damage as a result of breaches of imperative or self-regulatory provisions. This oversight, besides being aimed at avoiding the risk that the Bank may be sanctioned as not compliant to the applicable rules, is also aimed at their observance (and compliance with the guiding principles of self-regulation contained in the code of conduct), in the interest of its customers. This is to protect against another risk, perhaps the most important of all, the reputational risk, to protect the most precious asset, trust;

- Supervisory Relations, with the objective of managing relations with Italian and supranational Supervision Authorities through periodic meetings and reports on the Group's various projects and initiatives, as well as liaising with local Supervision Authorities through monitoring and reports on audits and any required action plans;

- Data Protection, with the objective of ensuring an adequate protection of personal data, defining roles and responsibilities for proper data management on the basis of specific corporate requirements and peculiarities.

The head of the function is also in charge of Anti-money-laundering, Whistleblowing and Antitrust Compliance and has been appointed Data Protection Officer (DPO) on September 25th, 2020. He is also responsible for reporting suspicious transactions and is a member of the Company's Supervisory Board.

CSR&DP identifies non-compliance risks through an Annual Compliance Risk Mapping process and monitors such risks on the basis of an activity and control plan that includes:

- controls intended to verify the effectiveness of existing processes and procedures according to local laws and Group policies;

- the activities designed to identify and plan the involvement of the function in every project, activity or initiative, new or already under way;
- the training courses aimed at developing and spreading the risk's culture to all employees and consultants.

The findings of controls are adequately documented and shared with the heads of the areas under analysis, with the objective of defining, when necessary, action plans intended to strengthen monitoring of the non-compliance risks to which the Company is exposed.

CSR&DP's duties and responsibilities extend over the Parent Company and, in terms of coordination and supervision, Leasys and the foreign markets.

Board committees

RISK AND AUDIT COMMITTEE

Pursuant to the supervisory provisions on corporate governance, the Risk and Audit Committee (RAC) provides support to the Board of Directors with regard to risks and the system of internal controls, as well as the assessment of the correct use of accounting standards for the preparation of the separate and Consolidated Financial Statements.

With particular reference to the tasks relating to risk management and control, the Committee supports the Board of Directors:

- in the definition and approval of strategic guidelines and risk management policies; within the Risk Appetite Framework (RAF), the Committee carries out the necessary evaluation and proposal activity so that the Board of Directors can set and approve the risk targets ("Risk Appetite") and the tolerance threshold ("Risk Tolerance");
- in verifying the correct implementation of the strategies of the risk management policies and the RAF;
- in the definition of policies and processes for the valuation of Company assets;
- in reviewing in advance the audit plan, the activity plans of the second-level control functions and the periodic reports from the Company control functions submitted to the Board of Directors;
- in verifying the adequacy of the functions that monitor Company risks, of the internal control procedures and of the information flows required to ensure that the Board of Directors is provided with correct and exhaustive information.

Without prejudice to the responsibilities assigned to it by law and the applicable regulations, the Board of Directors has identified the Risk & Audit Committee as the Board committee that - as part of its proposal-making, advisory and fact-finding functions - supports the Board in the process of drafting the Non-Financial Statement, examining. To that end, the Committee examines, together with management, the general outline and the structure of its contents at the beginning of the annual reporting process, monitoring the preparation stages, as well as assessing the completeness of the communication provided to the public by means of said document, issuing a prior opinion on the subject to the Board of Directors, which is called upon to approve it.

More generally, the Board of Directors has assigned to the Risk & Audit Committee, as part of its duties as advisor to the Board, the task of monitoring the progress of the plans on social and environmental sustainability topics defined and implemented by management, by first checking their consistency with the strategies defined by the Board and then assessing the level of implementation. To this end, it is periodically informed by the corporate departments concerned, as well as by CSR (for social responsibility initiatives) and by Finance - Consolidated & Regulatory Reporting with regard to the preparation of the Non-Financial Statement, and it ensures a constant dialogue with the Board of Statutory Auditors, by examining the remarks and suggestions resulting from this body's supervisory activity concerning compliance with the law, and by submitting proposals, where applicable, to the CEO and the Board of Directors.

Furthermore in 2022, the procedure 4L.01.25, previously mentioned, focused on the preparation of the Non-Financial Statement, will be updated.

The Committee is made up of two independent Directors, one who acts as Chairman on a rotation basis and a non-executive Director; another non-executive Director is invited on a permanent basis. A member of the Board of Statutory Auditors and the Head of Internal Audit, who acts as secretary, attend the Committee's meetings. The heads of the second-level control functions and the Company's management can be called upon to take part in the committee's work on specific issues.

NOMINATION COMMITTEE

Pursuant to the supervisory provisions on corporate governance, the Nomination Committee supports the Board of Directors in the process for the nomination and co-optation of directors, in the Board's self-assessment and in the CEO & General Manager succession process.

In accordance with the Articles of Association, the Committee makes recommendations and provides opinions to the Board of Directors, which in turn makes available to it the resources necessary to perform its tasks with the help of external consultants, within the limits set by the budget and through the Company's departments.

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

The Committee is chaired by an independent director or, in his absence, by the other independent director.

Meetings of the Committee can be attended, depending on the topics covered, without voting rights, by the Chairman of the Board of Statutory Auditors or by a Statutory Auditor, the CEO & General Manager, the heads of the control functions or other key management functions, and other single directors.

REMUNERATION COMMITTEE

Pursuant to the supervisory provisions on corporate governance, the Remuneration Committee acts in a consultative and advisory capacity for the Board of Directors on remuneration and incentive practices and policies of the FCA Bank Group.

Specifically, the Committee submits to the Board of Directors, after consultation with the CEO & General Manager, proposals on incentives, the document on remuneration policies and a report on their application (ex-post disclosure) for the annual approval by the shareholders at the general meeting.

The Committee provides regularly to the Board of Directors and the shareholders adequate information on the activity performed.

The Board of Directors makes available to it the resources necessary to perform its tasks with the help of external consultants, within the limits set by the budget and through the Company's departments.

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

The Committee is chaired by an independent director or, in his absence, by the other independent director.

Meetings of the Committee can be attended, without voting rights, by the Chairman of the Board of Statutory Auditors (or by a Statutory Auditor designated by him), the CEO & General Manager, the heads of the control functions and the members of the Board of Directors.

Other committees involved in the Internal Control System

To strengthen the Internal Control System, the Group established, in addition to the above functions, the following committees.

INTERNAL CONTROL COMMITTEE

The Internal Control Committee (ICC) acts as liaison between the JV and the shareholders on the internal control system and provides support to the CEO, the Board of Statutory Auditors, and the Risk and Audit Committee in their respective roles in relation to the internal control system.

The ICC aims at:

- monitoring the findings and action plans resulting from internal control activities;
- analysing any problems or situations related to the internal control system;
- monitoring fraud events and the effectiveness of prevention devices.

The ICC meets on a quarterly basis, and is attended, periodically, also by representatives from the internal control functions of both shareholders.

It is the institutional time when also findings and recommendations after audits by local supervision authorities are presented.

The involvement of the CEO & General Manager guarantees the high degree of effectiveness of the internal control system, given that he has a full and integrated overview of the findings of the audits performed, which permits implementation of the necessary corrective or remedial actions in case of flaws or anomalies.

GROUP INTERNAL RISK COMMITTEE

The Group Internal Risk Committee (GIRC) engages in policy-setting and monitoring to ensure that the Group's internal control system prevents and manages risks effectively.

The activity carried out is more analytical than that of the other control committees, as it explores in great detail, among others, the RAF and the Risk Strategy that every head of the Group companies develops and submits to the GIRC every year, pursuant to the Group Risk Management policy approved by the Board of Directors.

The GIRC in its restricted composition, called New Products and Activities (NPA), evaluates and approves proposals for new products and activities. In addition, the call is envisaged in the event of a market or Bank liquidity crisis, with the activation of the business continuity plan.

Meetings of the GIRC - which are chaired by the Managing Director and General Manager – are open to senior managers and, when called upon, to the heads of the Group companies.

In the case of NPA, the heads of the three internal control functions express themselves with an opinion ensuring, among other things, the full separation between management and control.

SUPERVISORY BOARD

With reference to the prevention of administrative liability pursuant to Legislative Decree 231/01, the Supervisory Board has been established for the Parent Company and the Italian Subsidiary Leasys S.p.A., to oversee the proper application of the Compliance Program and the Code of Conduct.

The Supervisory Board:

- meets at least once a quarter or upon request and reports periodically to the CEO & General Manager, the Board of Directors and the Board of Statutory Auditors;
- performs periodic reviews on the ability of the Compliance Program to prevent the perpetration of offenses, relying usually on FCA Bank's Compliance, Internal Audit and Risk & Permanent Control functions as well as the other functions as necessary from time to time.

The Parent Company's Supervisory Board is made up of the Head of Compliance and Supervisory Relations, the Head of Internal Audit and an external legal and penal expert who acts as Chair.

BOARD EXECUTIVE CREDIT COMMITTEE

The Board of Directors has delegated to the Board Executive Credit Committee (BECC) the decisions on the approval of the credits that are not delegated to corporate functions, according to the organizational model in force. This delegation is given in all those cases where the date of the first planned Board of Directors is not consistent with the urgency of the credit decisions to be resolved.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is composed of three members and two alternates appointed for a period of three terms.

To the Board of Statutory Auditors are assigned the tasks referred to in the first paragraph of art. 2403 of the Italian Civil Code and the rules governing Banking activity.

With regard to the Consolidated Non-Financial Statement, the Board of Statutory Auditors monitors compliance with the provisions set out in Decree 254 of December 30th, 2016 and reports on this in its annual report to the General Meeting.

The Board of Statutory Auditors currently in office was appointed by the Shareholders at the Ordinary General Meeting of March 29th, 2021 for the fiscal years 2021 - 2023 and its term of office will expire with the approval of the financial statements for the year ending December 31st, 2023.

Valter Cantino
President

Vincenzo Maurizio Dispinzeri
Auditor

Maria Ludovica Giovanardi
Auditor

Luigi Matta*
Alternate Auditor

Francesca Pasqualin
Alternate Auditor

* appointed on November 2nd, 2021

GOVERNANCE AND RISK MANAGEMENT

CORPORATE GOVERNANCE

The FCA Bank adopted a comprehensive set of rules and procedures that establish the responsibilities and inspire the conduct of our Company boards and officers, in order to ensure sound, prudent management that achieves profitability while taking on risk in an informed manner and doing business with integrity.

Corporate Governance and Organisational structure

The Corporate Governance system and Organisational Structure adopted by FCA Bank Group work to ensure the healthy and prudent management of the Group, in compliance with existing regulations and the development trajectories that characterise them as well as the corporate targets for business development.

The Corporate Governance structure comprises an administration and control system founded on the existence of an administrative body (the Board of Directors) and of the Board of Auditors.

Stéphane Priami
Chairman

Giacomo Carelli
CEO & General Manager

Davide Mele **Director**	**Paola De Vincentiis** **Indipendent director**
Andrea Faina **Director**	**Andrea Giorio** **Indipendent director**
Valérie Wanquet **Director**	**Olivier Guilhamon** **Director**
Richard Bouligny **Director**	**Philippe De Rovira*** **Director**

* appointed on March 26th, 2021

SUSTAINABILITY GOVERNANCE

During 2021, the FCA Bank Group continued the actions undertaken in 2020 to strengthen its commitment to sustainability. In this regard, in fact, there was the assignment of the new "Corporate Social Responsibility" duties to the Sales & Marketing department, with the aim of coordinating and reinforcing sustainability activities and the integration of the Sustainable Development Goals or SDGs.

The 2030 Agenda for Sustainable Development is an action plan consisting of 169 targets to be achieved in the environmental, economic, social and institutional spheres by 2030, signed on September 25th, 2015 by the governments of the 193 member countries of the United Nations, and approved by the UN General Assembly. The Agenda is composed of 17 Goals for Sustainable Development.

In 2021 the FCA Bank Group identified six goals through which it intends to contribute to sustainable development:

The preparation of the Consolidated Non-Financial Statement of the FCA Bank Group as at December 31st, 2021 has been based on a structured process as explained in the following notes:

- the Board of Directors approves the Consolidated Non-Financial Statement in conjunction with the Consolidated Financial Statements 2021. In addition, the Board of Directors oversees sustainability activities with the support of the Risk and Audit Committee (RAC);
- the "staff meeting", consisting of the CEO and top management, oversees sustainability aspects (e.g. the reporting process, materiality analysis, interaction with Stakeholders);
- the Consolidated Financial Reporting department reports to top management to define the sustainability reporting process and is responsible for coordinating the process of preparing the Consolidated Non-Financial Statement. The Working Group monitors specific initiatives and is responsible for collecting data and information to prepare the Statement.

The Consolidated Non-Financial Statement, which has been audited by PricewaterhouseCoopers S.p.A., is published in the Group's Consolidated Financial Statements on the corporate website and sent to Consob by certified electronic mail.

INTERNAL CONTROL AND RISK MANAGEMENT

The internal control system

FCA Bank has adopted a system of internal controls to detect, measure and verify on an ongoing basis the risks connected with the performance of its activities, and which provides for the involvement of the Governing Bodies, the control functions and committees, the Supervisory Body, the Independent Auditors, senior management and all personnel.

The internal control system consists of the set of rules, functions, structures, resources, processes and procedures designed to ensure the achievement of the following purposes:

- verifying implementation of the Group's strategies and policies;
- containment of risk within the limits indicated in the reference framework for determining the Bank's propensity to accept risk - Risk Appetite Framework "RAF";
- safeguarding the value of assets and protection against losses;
- effectiveness and efficiency of business processes;
- reliability and security of Company information and IT procedures;
- prevention of the risk that the Bank may be involved, even involuntarily, in unlawful activities - with particular reference to those connected with money laundering, usury and terrorist financing;
- compliance of operations with the law and supervisory regulations, as well as with internal policies, regulations and procedures.

MANAGEMENT OBJECTIVES AND POLICIES

FCA Bank attaches great importance to the measurement, management and control of risks. In this case, the Parent Company plays a role of overall guidance, management and control of risks at Group level, activating operational action plans that enable reliable monitoring of all risk contexts.

The fundamental principles that inspire risk management and control activities are:

- a clear identification of responsibilities in assuming risks;
- measurement and control systems in line with supervisory instructions and the solutions most commonly adopted at international level;
- organizational separation between operational and control functions.

FCA Bank updates its Risk Strategy on an annual basis, establishing the risk levels that the Group considers appropriate to its growth strategy. Through the strategy, which is submitted for approval to the Group Internal Risk Committee, global limits (alert thresholds) are identified, suitably supplemented by operating limits for each Group entity. This system of limits and/or alert thresholds is submitted for approval to the Board of Directors of the Parent Company, FCA Bank S.p.A.

The aforementioned framework aims to ensure close consistency between the business model, the strategic and budget plan, the ICAAP and ILAAP process and the internal control system, setting the maximum risk that can be assumed for the various contexts.

In the light of the above, it is stressed that the risk management processes have at their base such fundamental elements as the definition of the governance profiles, the statement of the risk propensity, the identification of the risk takers and that such processes are structured in all the phases required by the regulations and foreseen by the professional practice (identification, measurement/evaluation, monitoring, reporting, management of criticalities).

For this reason, the risk management processes are deemed to be adequate to verify the effective performance of the Company's activities in accordance with the principles of sound and prudent management, compliance with the operating limits, timely communication to the pre-established hierarchical levels, and the adoption of appropriate corrective measures when any criticalities arise.

Moreover, the adequacy of risk management is ensured through specific committees, in which the Risk & Permanent Control department is an active part, together with the first line of defense:

- the Internal Control Committee (ICC), which coordinates the control functions (Internal Audit, Compliance & Supervisory Relations, Risk & Permanent Control), as well as all the internal control systems;
- the Group Internal Risk Committee (GIRC), which carries out analyses and assessments and directs the risk strategy in the management and monitoring of global and operational limits, including credit risk;
- the ALM Meeting, which is responsible for monitoring and controlling all issues relating to financial (market and counterparty in liquidity management transactions), interest rate and exchange rate risks;

- the ALM Meeting, which is responsible for monitoring and controlling all issues relating to financial (market and counterparty in liquidity management transactions), interest rate and exchange rate risks;
- Risk and Audit Committee (RAC), set up by the Board of Directors on September 17th, 2014 as part of the transformation into a Bank and in accordance with the Bank of Italy's corporate governance provisions. The Risk and Audit Committee supports the Board of Directors with regard to risks and the system of internal controls, and assesses the correct use of accounting standards for the preparation of the separate and Consolidated Financial Statements. In particular, it is responsible for all activities that are instrumental and necessary for the Board of Directors to arrive at a correct and effective determination of the Risk Appetite Framework (RAF) and the risk management policies.

Each foreign Company ensures an adequate level of risk management in proportion to its size and activities and in line with the guidelines defined annually by the Parent Company. Effectiveness is maintained over time through the maintenance, update and evolution of methodologies, organizational controls, processes, procedures, applications and tools.

Risk & Permanent Control monitors risks through its annual operating plan of controls and activities, which includes:

- the creation and update of new procedures in the area of risk management;
- analysis and issue of opinions on credit, financial and operational risk issues (e.g. NPA, Scoring, etc.);
- support for Human Resources in the development of training activities to disseminate an integrated risk culture (Claroline web platform).

The peculiarities of FCA Bank's Risk Management framework include:

- verifying the implementation of Company strategies and policies;
- the containment of risk within the limits indicated in the framework for determining the Bank's risk appetite (Risk Appetite Framework, RAF);
- safeguarding the value of assets and protection against losses.

The first safeguard of the reliability of the internal control system is the professionalism of the human resources who, within the framework of the Company's organizational rules and references, are responsible for carrying out the control activities, examining the results, prospectively assessing the risk factors and the level of exposure. The employees of the Risk & Permanent Control department, who are adequate in terms of quality, generally have a university education, mainly in economics or mathematics and statistics, and have a good knowledge of regulatory and methodological aspects, adequate technical skills and professional experience commensurate with the tasks at hand.

The methodologies, models and applications used are commonly used in the Banking sector and have been adequately tested and validated in the corporate sector.

Non-financial risks

In addition to the typical risks of the Banking sector, the FCA Bank Group is also aware of the importance of monitoring non-financial risks:

- **strategic risk:** this is the risk of incurring financial or capital losses that could result from inadequate business decisions, their incorrect implementation, inappropriate allocation of resources or failure to respond to changes in the business environment;
- **reputational risk:** this is the current or prospective risk of financial or capital losses deriving from the negative perception of the Bank's image by clients, counterparties, shareholders, investors and authorities. The Group considers this as an " indirect risk" as it derives from other risk categories that may also have consequences on the Bank's image, including operational risk and compliance risk;
- **compliance risk:** this is the risk of incurring judicial or administrative sanctions, significant financial losses or reputational damage as a result of violation of imperative (laws, rules, regulations) or self-regulatory provisions (e.g. articles of association, codes of conduct, codes of ethics). This risk can therefore generate a reputational risk;
- **conduct risk:** defined as the present or potential risk of loss arising from inadequate management of the financial services provided, including cases of fraud or negligence.
  With regard to this last risk, FCA Bank has developed a dedicated methodology to monitor it. Specifically, this methodology allows for the monitoring of a series of indicators associated with the main dimensions of conduct. In particular, Risk Management is responsible for the ongoing maintenance and update of this tool and the assessment of the relevant results. Other corporate functions are involved in the process of sharing the data necessary to update the metrics currently present in the tool (Compliance, Internal Audit, Legal, Human Resources, Frauds Governance)

The key drivers addressed by the tool are as follows:

- conduct, related to any instances of improper behavior by the Bank (e.g., dissemination of asymmetric information, conflict of interest, fraudulent conduct, inappropriate sales behavior);
- governance and strategy, i.e. lack of risk culture, unclear remuneration policy and incentive system, inadequate definition of the code of conduct, imprecise definition of roles and responsibilities;
- process, related to the execution of commercial activities, namely inadequate product development, poor claims management, inefficient back office management;
- external environment, related to the Bank's ability to adapt promptly to changes, primarily regulatory and technological (i.e. lack/delayed knowledge of supervisory findings, less than full knowledge of regulatory changes).

During 2021 the Bank underwent an ESG risk assessment by Sustainalytics (a Morningstar Group Company), which rated it as a low risk. Accordingly, no capital was allocated in ICAAP 2021. During 2022, the Bank plans to conduct an assessment of its situation with respect to the European Central

Bank's[13] expectations and, consequently, devise an action plan, where necessary. Finally, a specific stress scenario for climate risk will be studied for use in ICAAP 2022.

The monitoring of these risks is a necessary condition to ensure the generation and protection of sustainable value over time and has an impact on aspects considered priorities for the Group, such as maintaining a high quality of service combined with customer satisfaction, transparency of information on products and services, innovation, multi-channel, digitalization and data security, to guarantee ethics, integrity in business and brand protection.

CORRELATION MATERIAL TOPICS, POTENTIAL RISKS AND RISK CONTROLS

Scope of Legislative Decree 254/2016	Material topic	Potential risks	Risk management
Environmental aspects	Environmental impact, Green finance and sustainable mobility	Financing and transactions associated with negative environmental and climate change impacts	This risk is mitigated by FCA Bank's focus on developing and promoting financial products and services with positive environmental impacts, characterized by alternatives to conventional fuels and sustainable and shared mobility solutions.
Social aspects	**Transparency in services and business, financial inclusion**	Provision of products that are unsuited to customers' financial requirements and not in compliance with transparency regulations and responsible credit principles	An important pan-European program is underway to equip all Group companies with a new customer portal, so that customers can use a new communication channel to manage better information relating to financing contracts. The foreign markets that have implemented the new customer portal are: France, Poland, Belgium, Netherlands, Greece, Denmark, Switzerland, Germany and Austria; by the end of 2021 the web portal will be implemented in Portugal, while by mid-2022 it will be up and running in Spain. During 2021 new self-service capabilities were introduced in all the markets of the perimeter in order to enable customers to operate as independently as possible.
			Given that the topic of responsible credit also affects the rules governing the initial phase of loan disbursement, the European Supervisory Authority has asked Banks to strengthen their governance, tools and processes for assessing creditworthiness and monitoring positions, in order to guarantee the high credit quality of new exposures from the moment they are approved and prevent credit risk. Recent European legislative and regulatory initiatives, first and foremost the EBA Guidelines on the disbursement and monitoring of credit, testify to the fact that the financial sector will be increasingly called upon to pursue the achievement of sustainable development goals by integrating its internal processes.
		Customer complaints regarding products and services offered	An internal Group policy is in place for the prompt and rapid handling of any complaints received from customers, which was updated in Q1 2021; on the compliance side, qualitative checks were defined to verify not only compliance with customer response time, but also the completeness and accuracy of the information provided to meet customer requests.
	Security, privacy and	Loss or theft of customer data	FCA Bank has designed and implemented a robust system of IT security policies and procedures. More in detail, the IT security framework consists of 15

	reliability of services		policies that have been drawn up in line with the international standard ISO 27001 addressing various issues including: - security of payment services; - access control; - physical and environmental safety; - development and maintenance software security; - classification of information; - use of mail and internet; - use of hardware and software; - asset management; - management of security incidents; - management of ICT operations. To address the principles defined in the policies, the Bank has implemented an information security management system based on processes, people and technologies
		Risk of non-compliance with data protection regulations and transparency in the distribution of Banking and financial services	The Group implements the "Privacy by Design" principle in the more comprehensive privacy by default framework, integrating data protection principles into the design and development phases of new services and products. In addition, the Group policy has been updated, illustrating in greater detail the section dedicated to data protection by design and by default taking into account the Guidelines 4/2019 on Article 25 Data protection by design and by default adopted on October 20th, 2020 by the European Data Protection Board (EDPB).
		Cyber-attacks via e.g. malware and phishing, loss of critical assets, delays in IT incident management.	The Group's IT security staff constantly monitors new cyber threats in order to be able to better assess the security measures put in place or to be enhanced. The main existing security measures are: - an information security management system, based on the ISO 27001 standard, comprising technical, organizational and process control systems; - activities, methodologies and tools of the CSIRT (Computer Security Incident Response Team), which protects the network used by the Group (methodologies of "Prevent", "Detect" and "React"); among the tools, the Threat Intelligence one stands out; - an awareness and training program for employees

			and collaborators; among the initiatives of particular interest are those aimed at increasing awareness of phishing and social engineering; - a specific procedure for managing IT security incidents, integrated into the business continuity plan and the data breach procedure.
	Dealers, customers and suppliers relations	Mismanagement of commercial offers	To avoid misselling practices by FCA Bank's service distribution network, new key risk indicators have been introduced to monitor the fairness of conduct towards clients, providing for the application of malus mechanisms where appropriate.
		Customer complaints, inadequate functioning of Customer Relationship Management processes	The FCA Bank Group deployed a digital lead management platform in all the countries in which it operates, integrated with the Customer Relationship Management (CRM) processes of the relevant Brands. The process of deploying the lead management platform has made it possible, even during periods of great stress due to the Covid-19 emergency, to manage the process relating to customer complaints within the timescales set and under the central supervision of the Parent Company, FCA Bank.
	Economic performance and value creation	Credit risk, downgrading of ratings by agencies	Long-term business sustainability and long-term value creation for all Group Stakeholders are the drivers of the Group's economic sustainability. Credit and Compliance risk are monitored within the Group's RAF through a series of strategic indicators (e.g. for compliance: customer identification and proper handling of complaints) that allow the Board of Directors and Management to verify the dynamics of value creation.
		Reputational risk due to non-compliance with applicable regulations	
	Innovation and digitalization	Disruption of services and consequent loss of business	Digital solutions for customers are secure and protected by IT security systems (e.g. one time passwords for confirming actions on the Group portal). Moreover, there are: - at contractual level specific SLAs to ensure the availability of digital signature services 99.9% of the time. Specific SLAs are also envisaged to ensure that specific platform problems are addressed and resolved (for each market in scope); - monthly monitoring of the supplier's compliance with the contracted service levels;

			- convening and monitoring of war rooms in the event of problems spread throughout the market. The Group has adopted a set of rules and a plan for the management of business continuity and carries out an annual test.
		Failure to update IT technologies for internal operations and to meet regulatory requirements and customer expectations.	Within each market, within the scope of the HQ project, a digital contact person has been identified who collects and shares with HQ the needs of the market itself and the proposals for improving the current capabilities in order to make the process more and more digital and secure. The proposals are evaluated and planned at HQ level trying to create the greatest possible synergy among markets both in terms of process design and in the use of the supplier. During 2021, new capabilities were developed for remote self-upload of documents by the customer using a secure, compliant platform. This feature allows the seller to collect the information needed for recognition and verification, as well as the data needed to initiate credit inquiry.
		Setback or stagnation in offering/technology projects within the Bank	During 2021, the Digital Factory initiative led to the inclusion in the Bank's processes of two advanced technological solutions, one in the marketing area for customer profiling and the other in the customer care area for the automatic sorting and dispatching of emails. KPIs are being monitored to assess the efficiency of the solutions. The introduction of these solutions has been accompanied by a thorough security analysis and all the legal and data protection measures have been put in place to ensure that activities are carried out and data are processed correctly. The partnership with I3P, incubator of the Polytechnic of Turin, was renewed, to support all Open Innovation activities including a training project and workshops on new emerging technologies. The second call for start-ups dedicated to the world of Leasys mobility was launched.
Personnel management	Training and development of human resources	Loss of knowledge and experience critical to business development, failure to upgrade skills	The risk is mitigated by continuous (managerial and technical) training aimed at the population, by coaching and by the "lead" function taken on by managers with their subordinates and by the professional family with its members.
		Loss of key personnel, negative impact of turnover on business continuity, failure to attract talent	The risk is mitigated through the annual Performance & Leadership Management, Talent Review and Succession Plan processes.
	Welfare, employment	Increased conflict between social partners	On this topic FCA Bank engages in an ongoing dialogue with the Trade Union Representatives, in

	and dialogue with social partners		particular through the implementation of the committees provided for by the CSSL.
		Diminished sense of belonging and brand image	FCA Bank adopts various Company engagement initiatives (i.e. web conferences, conventions, open doors, internal communication); in 2021, due to the Covid pandemic, no conventions or open doors were held.
	Employee health and safety	Disruptions to the Prevention and Protection service	This risk is mitigated through: - SPP and ASPP always reachable by phone; - 24-hour Company fire brigade service; - active FCA Security surveillance whenever employees are present at work; - implementation of the First Aid procedure in case of emergency on Saturdays, Sundays and holidays.
		Risk of non-compliance with regulations governing the health and safety of employees and labor legislation	This risk is mitigated not only by the preparation and update of procedures relating to the Prevention and Protection Service, which are saved and updated on the Company's internal repository (sharepoint), where they can be consulted by all Group employees, but also by the update on regulations provided periodically by the Prevention and Protection Service to the Supervisory Board.
		Failure to update health and safety training	The risk of non-compliance inherent in the failure to update health and safety training is managed through monitoring of training reported on excel files, archives of attendance records, final tests and certificates of attendance
		Biological risk	FCA Bank continues to cope with the effects of the emergency linked to the spread of the Covid-19 virus, maintaining as a priority the protection of the health of employees while continuing to ensure business continuity; Health Safety & Environment and Human Resources continue to keep active the specific precautionary measures necessary to protect the health of workers by undertaking specific remote working actions, sanitization and hygienization of offices, distancing, PPE, training and systematic monitoring of all cases of employees infected or who have had contact with positive persons until the conclusion of each individual case with a swab test or the end of the observation/quarantine period. In May 2021 the "Covid-19 Emergency Management" Procedure was distributed to workers and from October 15th, 2021 the Green Pass requirement was introduced to enter the Company premises, as per current regulations.

		Failure to manage work-related stress	The assessment of work-related stress is updated every two years unless there are changes in the production process and work organization that are significant for the health and safety of workers; last update in May 2021, which places the risk level in the green area (non-significant risk).
Human rights	Diversity, equal opportunities and human rights	Risk of equal opportunity violations, through discriminatory statements or behaviors	Setting improvement objectives on significant KPIs, with specific targets assigned to the HR professional family (i.e. gender balance recruiting, increased representation of women in managerial positions, gender-neutral remuneration); Preliminary Pay Gender Gap analysis Diversity, Inclusion and Belonging" training, aimed at people with management responsibilities.
Fight against corruption	Contrasting corruption and promoting integrity in the business	Non-compliance by the Group with anti-corruption laws and possible ineffectiveness of the Ethics Platform	This risk is mitigated by the periodic training plan and the set of internal controls (for example, the Code of Conduct and the Organizational Model pursuant to Legislative Decree 231/2001 for the Italian market and the Anti-Corruption Plan at Group level). In addition, ad hoc anti-corruption training has been prepared and will involve all employees.
		Inadequate training of personnel and failure to update skills on corporate integrity	This risk is mitigated through the Mandatory Training Procedure, which provides for the preparation of an annual training plan for the personnel and FCA Bank's internal and external sales network, in order to spread a corporate culture based on the principles of honesty, fairness and respect for the spirit of the laws. The procedure is saved and updated on the Company's internal repository (sharepoint) and can be consulted by all Group employees. Training on the principles of the Code of Conduct, the Whistleblowing system and the 231 Organizational Model has been provided to all FCA Bank employees.

ENVIRONMENTAL ASPECTS

Relevant topics

Environmental impact, Green finance and sustainable mobility

Why the topics are relevant

The Group's responsibility with regard to environmental aspects is expressed directly in the material topic Environmental impact, green finance and sustainable mobility.

Although its activities do not have a strong direct environmental impact, the Group is taking steps to reduce its footprint by monitoring its performance, as part of the "Carbon Footprint" project in partnership with the shareholder CACF, as described above.

The Group's greatest contribution to combating climate change is to continue to pursue the objective of building sustainable and eco-friendly mobility, promoting the initiatives of the manufacturer and sharing the sensitivity of its French partner in terms of sustainability, through strategic plans that include the development and promotion of electric mobility.

The year 2021, in fact, was characterized by the release of the Stellantis Group's hybrid and electric models, as well as by strategic projects related to V2G (Vehicle-to-Grid) for the management of electricity, to meet the emerging needs and expectations of consumers who demand a new mobility, more sustainable and with low CO_2 emissions.

The Group's strategy in relation to environmental issues, however, differs depending on the business: the rental activity carried out by Leasys S.p.A. and the consumer credit activity of the Parent Company, FCA Bank S.p.A..

In the case of rentals (both short- and long-term), in recent years the Company has taken on the role as agent of change by offering specific solutions on its own initiative, such as electric car sharing in metropolitan areas, where infrastructures are being rapidly developed by both government authorities and private operators.

As far as strategic objectives are concerned, Leasys aims to complete the "electric mobility revolution" project by 2024 with a short term fleet where 75% of the vehicles are electric and plug-in hybrid. The goal is 100% by 2027. In addition, the Company plans to triple the 1,000 electric fast-charge stations in Europe within the next three years, for a total of over 3,000 in the 12 countries where Leasys is active: Austria, Belgium, Denmark, France, Germany, Greece, Italy, the Netherlands, Poland, Portugal, the United Kingdom and Spain.

The strategic approach to this topic is different for consumer credit Banking products, which also incorporate a social role in the form of support to households. The ecological transition process - which remains a Group key objective - is accompanied by public and private infrastructure investments, which will require a reasonable amount of time to be implemented. Not surprisingly, the European Commission itself has placed a ban on the production of internal combustion vehicles as early as 2035. In the next few years, therefore, there will still be many cases of customers/consumers residing in areas where the infrastructure has not yet been made available. In the presence of a dual need on the part of the consumer, for mobility on the one hand and for financial support on the other, the social role of credit remains important, even though it is not always anchored to the evolution of environmental awareness.

Environmental impact, Green finance and sustainable mobility

FCA Bank and Leasys continue to be committed to environmental protection by investing in sustainability as a driver of innovation in their business, developing a range of services increasingly geared towards the promotion of electric mobility and low CO_2 emissions, implementing an electrification strategy and carrying out partnership projects aimed at CSR and environmental protection initiatives.

The strong effort that characterizes the development of new mobility solutions takes into account the emerging needs of this age and the fulfillment of customer expectations, which are also oriented towards a more sustainable mobility, with the intention of bringing people closer to electric mobility in a democratic way, lowering the barriers to entry.

To this end, **FCA Bank** is promoting a range of innovative financial products on the market, such as:

- **GO4xe**, the financing for those who want to drive hybrid with total peace of mind with Jeep Renegade and Compass 4xe Plug In Hybrid, making it possible not only to keep, replace or return the hybrid car in relation to the contractual duration chosen (up to 5 years), but also giving the possibility of changing it at each annual window (at 13, 25, 37 or 49 months, depending on the duration of the contract), all with a minimum down payment, affordable installments and no penalty to be incurred in case of early exit. Customers can thus choose to drive Jeep® brand hybrid SUVs in total serenity and without restrictions, thanks to the possibility of changing car and fuel source (even traditional) by signing a new financing agreement with FCA Bank.
- **GO-EASY**, a flexible financial plan dedicated to the launch of the electric New 500, which makes it possible to drive green with a low monthly instalment and, at the end of the contract, to choose between replacing the car by buying a new one, keeping the car by paying off the residual amount or returning the car.
- **SERVIZIO All-e**, an innovative service that can be combined with all financial structures (instalment, PCP, leasing) with the aim of making the plug-in and electric models of the Stellantis Group increasingly accessible to customers, offering an all-inclusive package. This involves the possibility of including in the financing the Wallbox and the electric recharging service at public stations for one year or up to a maximum of the equivalent of 2,000 km

driven (400 KWh), at the end of which the customer can choose to switch to pay-per-use mode. Activation and management of the service is completely digital: once the dealer has activated the financing contract, the service provider will send the customer instructions on how to use it directly on his smartphone, by downloading the All-e app;

- **MILES RECHARGE**, the new service designed for customers approaching new and used electric or hybrid vehicles. Customers will have access to several recharging stations throughout Europe (more than 200,000 points) and prepaid credit to charge their new vehicle. The service is sold with different durations (one or two years) and different kilometrage (up to 16,000 kilometers).

Similarly, **Leasys** is driving the transition towards a more sustainable mobility system, integrating into its offering, for both rental and subscription solutions, the possibility of choosing hybrid and electric through, for example, the **Be Free and Leasys Miles** plans **in the Hybrid and Electric versions**.

Be Free is the long-term rental package that allows customers to drive a hybrid or electric car without having to purchase one; Leasys Miles, the Pay per Use long-term rental plan, is characterized by a partnership entered into in 2021 with Nilox, thanks to which each customer who signs a contract has an electric scooter included in the fee, to facilitate micro-mobility. For the subscription there are options such as CarBox, FlexRent and CarCloud, flexible programs that enable customers to pick up and deliver vehicles in different cities and to choose the vehicle best suited to their needs among the models offered in the subscription package, including in their hybrid and electric versions, designed for an increasingly sustainable mobility.

At the beginning of 2021 there was the launch of **LeasysGO!** the free-floating electric carsharing service that today has a fleet of over 1,000 New Fiat 500s in Turin, Milan and Rome, and a "shuttle service" that allows customers to share the electric New 500 to go to the airports of the cities where it is available. The subscription can be activated from the Leasys website and on Amazon, in two formats: prepaid, for continuous use, and pay-per-use. It has been estimated that LeasysGO! allows a reduction in the impact of CO_2 emissions of 12 tons per month, compared with the use of the same type of car with a combustion engine.

As of this year, FCA Bank and Leasys are together demonstrating their commitment to sustainable mobility with their presence at the e-Village of the Green Pea, the innovative showcase of the first Green Retail Park dedicated to environmental protection. In addition, Leasys supports, with the installation of charging columns, the project on the Pista 500 at the top of Lingotto, once a test track for Fiat cars and now one of the largest roof gardens in the world.

On World Environment Day, FCA Bank and Leasys launched again, in all European countries where they are operational, the "**Tree on Board**" initiative, already active since 2020, in partnership with Treedom, a platform where customers can adopt a tree and follow its history online, with the possibility of contributing to CO_2 reduction. For each financing and long-term rental contract for hybrid and electric car models, the customer adopts a tree from the FCA Bank forest, which today has more than 14,650 trees and thanks to which it has contributed to reducing CO_2 by 4,314,600 kg.

Leasys Mobility Stores

FCA Bank, through Leasys, has not only launched a series of services to meet the needs of electric mobility, but has also worked on developing the infrastructure. Leasys's mobility solutions can, in fact, be found both online and in the Leasys Mobility Stores, which are physical points distributed not only throughout Italy but also in France and Spain, and soon in the main European countries.

At these physical locations, customers can pick up and drop off cars booked through the app and can recharge their electric or hybrid vehicles at no cost. At the end of 2021 the number of Leasys Mobility Stores stood at over 500, with more than 1,500 charging stations in Italy alone, in all major cities, airports and railway stations, with a further development plan, both in Italy and in the rest of Europe, which calls for 1,300 Leasys Mobility Stores and 3,000 charging stations by 2023.

As part of a broader electrification strategy aimed at bringing people closer to new electric mobility solutions, Leasys has carried out CSR projects with its shareholders and partners. In October 2020, thanks to a partnership with Crédit Agricole Italia, sustainable mobility was inaugurated in the Bank as well, through the opening of a Mobility Store inside its Parma branch and the installation of 5 electric charging points in the neighboring parking lot. Subsequently, in 2021, Leasys Mobility Stores were opened in the Milan and Rome branches. These are only the first of many that will open in different cities and see the translation into reality of a broader sustainability project carried out by Crédit Agricole called **the green way.**

Green Bond

In the context of the challenge of global climate change, Leasys believes that the mobility industry has a responsibility to minimize its CO2 footprint, and as a sector operator, it recognizes the need to implement a transformation by embracing the challenge of the ecological transition from combustion engines to plug-in-hybrid (PHEV) or all-electric (EV) powertrains.

Leasys's strategy to accelerate this transition is based on low-emission mobility, environmental and social responsibility, aiming to support the goals set by the Paris Agreement and to contribute to the achievement of the Sustainable Development Goals of the United Nations 2030 Agenda insofar as they drive, directly or indirectly, progress on: Good Health and Well-Being (SDG3), Decent Work and Economic Growth (SDG8), Industrial Innovation and Infrastructure (SDG9), Sustainable Cities and Communities (SDG11), Responsible Consumption and Production (SDG12), and Climate Action (SDG13).

To finance this strategy, on July 15th, 2021 Leasys, a Subsidiary of FCA Bank, debuted on the market with the placement of a green bond of €500 million, maturing in July 2024 and with a fixed-rate coupon of 0.00 percent. This initiative was made possible by the strong backing of the Crédit Agricole Group.

The proceeds of the green bond will be used by Leasys to finance its fleet of electric and plug-in hybrid vehicles (vehicles with zero tailpipe emissions and vehicles with emission intensity lower than 50 gCO_2e/km until 2025, and 0 gCO_2e/km from 2026 onwards) vehicles and to extend its network of fast charge electric stations. In particular, Leasys's network, which has over 1,000 charging stations, will be tripled during the life of the bond, in keeping with Leasys's electrification strategy.

The green bond issue, structured and coordinated by Crédit Agricole CIB, signals the debut on the capital market for Leasys and was characterized by a very high quality order book, with a €2.3 billion demand from 129 investors, confirming the confidence of investors in FCA Bank.

Indirect CO_2 emissions

This material refers to GRI Disclosure 305-3 of GRI 305: Emissions 2016, and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.

Retail Financing	12/31/2021	12/31/2020	12/31/2019
Production (units)	313,144	316,35	392,688
of which < 95g CO2 /km (units)	97,915	27,711	841
of which < 60g CO2 /km (units)	16,639	2,29	558
of which = 0g CO2/km (units)	11,282	1,023	-
Production (million euro)	5,759	5,647	6,915
of which < 95g CO2 /km (million euro)	1,346	356	36
of which < 60g CO2 /km (million euro)	413	75	33
of which = 0g CO2/km (million euro)	256	42	-
% production < 95g CO2 /km (million euro)	23.4%	6.3%	0.5%
% production < 60g CO2 /km (million euro)	7.2%	1.3%	0.5%
% production = 0g CO2/km (million euro)	4.5%	0.7%	-
Average production CO2 emission level	117	124	127

Rental	12/31/2021	12/31/2020	12/31/2019
Production (units)	113,222	80,535	108,791
of which < 95g CO2 /km (units)	29,251	7,194	3,367
of which < 60g CO2 /km (units)	13,449	1,168	461
of which = 0g CO2/km (units)	6,507	271	-
Production (million euro)	2,093	1,483	1,83
of which < 95g CO2 /km (million euro)	525	102	65
of which < 60g CO2 /km (million euro)	343	31	25
of which = 0g CO2/km (million euro)	145	6	-
% production < 95g CO2 /km (million euro)	25.1%	6.9%	3.5%
% production < 60g CO2 /km (million euro)	16.4%	2.1%	1.4%
% production = 0g CO2/km (million euro)	6.9%	0.4%	-
Average production CO2 emission level	112	124	126

The tables above show the financing provided in the retail finance business and the rental business for fiscal years 2019, 2020 and 2021. With respect to this amount, the following have been calculated:

- the proportion of financing for vehicles with emissions <95g CO_2/km;
- the proportion of financing for vehicles with emissions <60g CO_2/km (2030 target for reducing CO_2 emissions);
- the proportion of financing for vehicles with emissions =0g CO_2/km (this figure applies to 2020 and 2021)
- average CO_2 emissions.

With specific reference to the rental activity, the total emissions of the fleet 2021 amounted to 772,228 tCO_2e, compared to 755,891.00 tCO2e for 2020.

The fleet recorded a strong improvement in environmental performance, as a growth in the fleet of 16% compared to the previous year corresponds to an increase in overall emissions of only 2%, thanks to a 7% reduction in average emissions per vehicle.

FCA Bank and Leasys have also responded to the needs of their workers: the use of remote working has made it possible to carry out the usual work activities from home in total safety thanks to the digital and technological tools made available to employees, thus limiting the impact of CO_2 emissions due to the fewer kilometers travelled by employees to reach their workplace.

SOCIAL ASPECTS

Relevant topics

Transparency in services and business, financial inclusion
Security, privacy and reliability of services
Dealers, customers and suppliers relations
Economic performance and value creation
Innovation and digitalization

Why the topics are relevant

Banks and financial intermediaries are required to act fairly and transparently with their customers.

The regulations on the transparency of Banking, financial and insurance transactions and services are intended, without prejudice to the negotiating autonomy of the parties, to make customers aware of the essential elements of the contract and any variations therein, thereby also promoting competition in the Banking and financial market.

The FCA Bank Group also attributes a central role to projects aimed at the economic, social and civil growth of the markets in which it operates. The Group's efforts are designed to improve the quality of service and customer relations on an ongoing basis, with a view to establishing a relationship based on trust, transparency and listening, which is considered crucial for monitoring the needs of customers and their level of satisfaction, so as to adapt the services offered.

In addition to improving the Group's service and performance, innovation and digitalization are used to pursue customer centricity, to ensure maximum accessibility and transparency of the Bank's services. Digital tools have been introduced to facilitate the understanding of the financial instruments offered and their management, allowing customers to monitor their contracts by keeping track of the plans subscribed to in an informed and responsible manner, and to ensure a balance among digitalization, automation and privacy, so that customers know and manage their own data communicated to the Bank.

Transparency in services and business, financial inclusion

The first principle enshrined in the FCA Bank Group's Code of Conduct concerns "Customer Relations", as the Group places the trust and satisfaction of its customers and shareholders at the heart of its actions.

In fact, FCA Bank is committed to providing its customers with clear, complete and transparent information at all times during the business relationship; for this reason, the principles and regulations on transparency have been adopted through an extensive internal rule framework. The set of policies and procedures implemented by the Group governs all those aspects that may affect transparency towards customers and is mainly represented by the "Duty to Customer Policy", "Insurance Distribution Policy", "Customer Complaints Handling Policy", "Distribution Network Policy", "Customer Care Policy" and the "New Product and Activity Procedure". These policies and procedures provide rules and guidelines on all aspects of customer protection, for example, information to be provided to customers prior to the establishment of a business relationship and during the course of the relationship, the approval process, including credit checks, communications relating to costs charged to customers, the advertising process, complaints handling, and product oversight governance. In addition, the distribution network should also be inspired to and base its actions on the principles and practices of transparency as the first point of contact between the potential client and FCA Bank. For this reason, the relative activities are duly monitored, and an adequate and regular training plan on issues linked to Banking and insurance transparency is put in place and provided for both the sales force of the distribution network and employees.

For the FCA Bank Group "Transparency" is not just a set of rules to be respected, but a tool used to protect the interests of its customers, through conduct inspired by principles of openness and fairness, in order to establish a relationship based on trust and mutual benefit, on the one hand, and protection of the Company itself and its shareholders, on the other, by reducing any penalties imposed and containing reputational risk.

A business model is to be considered good only when every stage of it is centered on the interests, and respect for the needs and requests, of its customers, from the design of the product, to the marketing phase, up to its implementation, and continues to pay attention to the needs expressed by customers also in the post-sale phase.

FCA Bank Group places at the center of its conduct the customer's real perception of the Company, its products and processes, in order to distinguish what works well from what should be further improved. To this end, it is paramount to detect the degree of satisfaction of customers by conducting periodic surveys, ensuring an attentive and proactive customer service and constantly analyzing with a critical approach the complaints received. In pursuit of this objective, customer satisfaction surveys were once again conducted for Jaguar Land Rover in 2021 along with a Mystery Shopping campaign focusing on the dealer network's compliance with transparency obligations. These surveys are conducted on a recurring basis each year, and from 2021 the decision was made to focus on the premium brands.

Transparency also means making customers aware of their obligations and rights; these objectives can only be achieved through a clear explanation of the characteristics of the product offered during commercial negotiations, the delivery of a clear and comprehensive set of information documents during both the pre-contractual and contractual phases and through the availability of various contact points: digitalization and the New Customer Portal concretely pursue this objective.

Furthermore, the new My FCA Bank app was launched. This is a free service for customers that allows them to find out the status of their car loans, to check balances and movements, to manage credit card functions, to check the balance of their Conto Deposito, to open term deposits and close them, to update personal data, to contact customer service and to use the ancillary services offered by the Bank.

The New Customer Portal initiative, launched in 2019 on a pan-European scale, is still underway and aims to equip all Group companies with a new customer portal: the goal is to offer customers a new communication channel, so that they can better manage information relating to retail finance contracts and interact more easily with the FCA Bank back office, also in self-service mode.

At the end of November 2021, all FCA Bank customer portals and apps were released for customer use (for Spain and Portugal the go-live is scheduled for 2022), as were 6 JLR customer portals.

For example, the new portal activated in Italy allows customers to check their Conto Deposito, perform calculations and directly submit any requests for early repayment of loans.

The strategy to update the information and accounting systems based on the cluster approach was consolidated and the projects started in 2015 to unify the different IT platforms, used for the management of the Retail and Long-term Rental business lines, continued: the project to implement the CRFS system for the management of the retail process is underway in Spain and Portugal, as its full implementation was aligned with the "Branch Transformation Project" (the transformation took place on December 31st, 2021 for Portugal, while it is scheduled for July 31st, 2022 for Spain).

With reference to Italy, the Platform, the release of which began in April 2021, was gradually made available to all dealers, following specific training for the entire sales network. Distribution of the new Platform to the entire network was completed in July 2021.

The continuous search for innovative tools aimed at acCompanying the customer in the purchase phase and throughout the life of the contract has led FCA Bank, as captive Bank, to support FCA's e-commerce project. The purpose of this project is to enable the customer, during the Covid-19 emergency period, to purchase a car and also to obtain financing without having to go to the dealer.

As part of the promotion of sustainable mobility initiatives, in 2021 a project was set up, in collaboration with the partner FreetoMove, dedicated both to new customers and to those who already owned an electric car, for the purchase of affordable packages for the installation of wallboxes in private homes. In particular, FCA Bank developed, in collaboration with the project partner, financing solutions for the home recharging service, designed for the installation and use of the wallbox, as well as the consumption monitoring service.

Customer protection plays a central role for the FCA Bank Group, also in view of the growing attention of the Italian and EU authorities. In fact, over the last few years, this topic has taken on added importance through the enactment of new regulatory provisions, renewing and extending their application to various sectors and products such as Banking, financial and insurance services. The key principle underlying the current regulatory framework is to provide customers with clear and complete information in order to ensure that they are aware of the choices they have made, in accordance with their needs, through the purchase of products that meet their requirements and are suited to their characteristics. Awareness and compliance must be, and will increasingly be in the future, the guiding principles of a competitive approach, in line with the needs and demands of the market, at the basis of any conduct aimed at achieving leadership in the sector. For these reasons, the Group will continue to maintain its commitment and meet its transparency objectives.

In line with the objective of increasingly protecting consumers, a number of regulatory, legislative and supervisory audit actions were carried out in the European Union in 2021. Below is a summary of key events.

On June 30th, 2021, the European Commission issued a proposal for a Consumer Credit Directive to repeal and replace the Consumer Credit Directive 2008/48 (CCD). The proposal aims to ensure a higher level of protection for European consumers and is part of the review of existing European consumer credit rules. In the FCA Bank Group an impact analysis has been launched with the aim of identifying potential gaps and related action plans.

Given that the topic of responsible credit also affects the rules governing the initial phase of loan disbursement, the European Supervisory Authority has asked Banks to strengthen their governance, tools and processes for assessing creditworthiness and monitoring positions, in order to guarantee the high credit quality of new exposures from the moment they are approved and prevent credit risk. Recent European legislative and regulatory initiatives, first and foremost the EBA Guidelines on the disbursement and monitoring of credit, testify to the fact that the financial sector will be increasingly called upon to pursue the achievement of sustainable development goals by integrating its internal processes.

With regard to the Italian market, internal credit procedures were upgraded to bring them into line with the new regulations on credit underwriting.

Aware of the strong impact that the effects of the pandemic would have on the local economy in a short period of time, FCA Bank, since the early days of March 2020, even in the absence of a clear regulatory framework, has implemented simplified procedures to speed up decisions within the framework of the moratorium; all in compliance with a series of rules to identify exposures that expressed objective difficulties before the start of the pandemic.Following subsequent legislative acts, the approach has been maintained, adapting the pool of beneficiaries and the manner in which the legislative provisions are applied.

With regard to the Covid-19 situation, FCA Bank has made every effort to manage customer relations. FCA Bank's Italian Market, to support customers experiencing difficulties as a result of the crisis, adopted specific measures outlined in the legislative moratoria, offering postponement of payments for the "Non-consumers" category; similarly, the same conditions were offered to the "Consumers" category, with the adoption of the criteria and conditions set out in the non-legislative moratoria defined by the Assofin (italian association of financial institutions). The measures were also implemented by improving the action of the dedicated offices, such as the Customer Care department and the Complaints department, in order to manage the high number of suspension requests since the start of the crisis and all the related issues. The effectiveness of the legislative moratoria was extended through 2021 while the non-legislative moratoria expired in September.

The monitoring of moratorium data has also been ensured by sending a weekly report to the Supervisory Authority, and the Bank's still endeavors to make sure that customers receive a dedicated report on an ongoing basis, also to avoid or reduce all grounds for complaint.

Centralized monitoring of all moratoria implemented in all European markets was set up so that customers would be able to access the postponement of payments necessary to deal with the emergency phase. On the other hand, ongoing monitoring of customer complaints was initiated to detect any shortcomings or anomalies and to provide customers with a good level of service.

Transparency in FCA Bank S.p.A.

To be as close as possible to customers, and to create a climate of trust with them, the Transparency section of FCA Bank Italia's website, for the individual brands and products, contains the main products and services offered by the Bank and the relevant informative documents to illustrate and clarify the terms and conditions for their use.

In addition to the documents relating to the offering, FCA Bank Italia publishes in the transparency section all the documentation useful for the client to understand the products and services offered and to view the guidelines set out by the Bank of Italy.

Furthermore, to describe in greater depth the products and services introduced on the basis of the individual needs expressed by customers, the Bank has updated and improved the delivery of pre-contractual forms, so as to provide promptly to customers with the main documents of the offer, drafted specifically for clarity and comprehension. This process is also the basis for the training of the dealer network with which the Bank cooperates. In fact, dealers are asked from time to time to take training classes on transparency, to ensure that products and services are offered in accordance with the applicable regulations.

Transparency with the market and the authorities

FCA Bank is committed to implementing the organizational and technological changes required by the evolving regulatory environment. At the same time, the Group guarantees maximum transparency and customer protection in accordance with the expectations of the Banking and market supervision authorities..

The European Court of Justice (the "CJEU") issued a decision on September 9th, 2021 (Case 33/20 UK v. Volkswagen Bank GmbH et al.) to strengthen consumer rights with respect to car loan agreements. The CJEU found that if the information contained in loan agreements is not in line with the Consumer Credit Directive, consumers can exercise their right to withdraw from such an agreement at any time, regardless of when the loan was originally contracted, as well as have a right to a refund. Following this judgment, FCA Bank has launched an investigation to assess whether there are any impacts on the individual markets.

This decision follows the "Lexitor Sentence" of the CJEU in September 2019 regarding the customer's right to reimbursement of the advance expenses in the event of early repayment of the loan. In Italy, the "Decreto Sostegni Bis" measure, issued in May 2021, represented the first regulatory implementation of the "Lexitor Sentence", amending the "Early Termination" article of the Consolidated Banking Act. FCA Bank's approach was already aligned with the regulations (Article 125 sexies of Legislative Decree 385/93); in fact, the Bank, since December 2019, according to Bank of Italy invitation and, in line with its "Customer Protection" policy, had also taken into account the expenses incurred by its clients in the calculation of the reimbursement. For this reason, the entry into force of the new obligations did not require additional interventions.

During 2021 FCA Bank received two requests from the Bank of Italy, on the follow-up to the Action Plan defined for the 2017 Transparency audit and on the "Finalized financing" product and the measures taken to ensure compliance with credit transparency regulations. With reference to the 2017 Transparency audit, the Bank of Italy requested FCA Bank to provide further information in order to assess both the completion and the effectiveness of the corrective action. All requested information was provided by the deadline and all actions were implemented. With reference to the Bank of Italy's request regarding the "Finalized financing" product, FCA Bank reported to the Supervisory Authority all the measures taken in all the areas under investigation. Moreover, the Bank of Italy requested Compliance and Internal Audit to provide an assessment of the adequacy of the measures adopted. Both assessments were carried out independently and had a positive outcome (final rating "Adequate"), as far as both implementation and completion of the process improvement initiatives have been verified.

Following a number of critical points which emerged during an inquiry into a dealer belonging to the distribution network of FCA Bank, the IVASS requested FCA Bank to implement several changes to the adequacy questionnaire in order to re-evaluate the level of selling costs and to carry out an overall review of the distribution of insurance products, defining, if necessary, specific recovery plans in collaboration with other partner companies of FCA Bank. FCA Bank has therefore implemented the required changes to the adequacy questionnaire. No actions were taken as they were not considered necessary.

In relation to legal disputes in progress or concluded during 2021 concerning anti-competitive behavior and violation of antitrust regulations in which the Group has been identified as a participant, reference is made to the Report on Operations, section "*Significant events and strategic transactions*".

Moreover, the Group is compliant with all laws and/or regulations on social and economic matters.

Complaints

In accordance with the guidelines on the management of complaints issued by the EBA, FCA Bank S.p.A. has adopted an internal policy for the management of complaints in order to ensure a prompt and comprehensive response to customers who submit a complaint. Generally speaking, a complaint is an expression of dissatisfaction submitted by a natural or legal person with reference to the Banking services listed in Annex I of the CRD (Capital Requirements Directive - Directive 2013/36/EU).

	Geographical area	12/31/2021	12/31/2020
N.	ITALY	5,920	7,105
%	complaints out of active contracts	0.72%	0.82%
N.	AUSTRIA	49	108
%	complaints out of active contracts	0.45%	0.74%
N.	BELGIUM	132	4
%	complaints out of active contracts	1.44%	0.01%
N.	DENMARK	13	6
%	complaints out of active contracts	0.08%	0.05%
N.	FRANCE	228	93
%	complaints out of active contracts	0.34%	0.12%
N.	GERMANY	317	563
%	complaints out of active contracts	0.51%	0.09%
N.	GREECE	7	9
%	complaints out of active contracts	0.06%	0.07%
N.	THE NETHERLANDS	1	5
%	complaints out of active contracts	0.02%	0.07%
N.	POLAND	9	7
%	complaints out of active contracts	0.04%	0.06%
N.	PORTUGAL	13	75
%	complaints out of active contracts	0.12%	1.04%
N.	UNITED KINGDOM	634	587
%	complaints out of active contracts	0.60%	0.40%
N.	SPAIN	33	25
%	complaints out of active contracts	0.06%	0.01%
N.	SWITZERLAND	3	6
%	complaints out of active contracts	0.02%	0.13%
	TOTAL COMPLAINTS	7,359	8,593

All complaints were sent to the relevant departments and a response was provided within the maximum timeframe foreseen by the local regulations of each country (FCA Bank S.p.A. provides a response to complaints received within 30 days, although the regulations foresee a longer period of 60 days).

Security, privacy and reliability of services

Data protection and cyber security

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

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

- a regulation that defines the organizational model, describing duties and responsibilities, attributing to each employee a specific role in the protection of personal data in order to strengthen and ensure the proper management of personal data according to specific needs and peculiarities of the Company;
- a solid system of policies and procedures:
    - a Group policy designed to illustrate the general principles, responsibilities and main processes in the field of the protection of personal data with which FCA Bank S.p.A. and its subsidiaries must comply in order to ensure an adequate level of compliance with the laws on the protection of personal data, also taking into consideration the relevant local regulations. In 2021, this policy was updated, describing in greater detail the section dedicated to data protection by design and by default taking into account Guidelines 4/2019 on Article 25 Data protection by design and by default adopted on October 20th, 2020 by the European Data Protection Board (EDPB). he ultimate goal is to ensure that the principle of data protection is always taken into account from the earliest stages of development. In addition, following the publication of the new standard contractual clauses (SCCs) relating to the measures supplementing the transfer instruments in order to guarantee compliance with the level of protection of personal data in the EU, adopted on June 18th, 2021 by the European Data Protection Board (EDPB), the section dedicated to data transfers to third countries has been updated; in particular, an updated Data Processing Agreement (DPA) template has been prepared and a new template for the Transfer Impact Assessment (TIA) has been defined to assess the relative risk;
    - particular attention is paid to the management of personal data breaches in order to prevent, hinder or avoid the occurrence of such breaches, indicating the activities, roles and responsibilities for correct, rapid and efficient action;

- similar attention was also paid to the subject of data retention, through the revision of the Group Data Retention Policy. In addition to sharing with FCA Bank Group entities a methodology and best practices useful for defining data retention periods, this policy requires compliance with the following principles: the retention of the data of each data subject must be justified on the basis of the service provided; the principle of accountability, which involves the adoption of appropriate technical and organizational measures to ensure and demonstrate that the processing of personal data carried out complies with the provisions of the Regulation; the principle of minimization, which translates into the need to combine this principle with the need to protect the Bank's right within the limits of the prescription of the rights of the data subject;

- in light of the new Guidelines on the use of cookies and other tracking tools approved by the Italian Data Protection Authority ("*Garante*") and published in the Official Gazette on July 9th, 2021, a tool was implemented to strengthen the decision-making power of users regarding the utilization of their personal data when surfing online;
- a specific and innovative training plan, to disseminate, improve and raise employee awareness of data protection issues. This will make these matters understandable and enable employees to incorporate key aspects of them into their daily routines. Training and awareness are two closely related core concepts: if people are not aware of what they are processing, they are also unaware of the consequences and responsibilities that can result from incorrect data handling. In 2021, the approach adopted was to provide specific and different training courses on three levels: a course for all employees containing general notions on data protection; a course, also for all employees, to provide guidance on the correct use of the GDPR Tool; ad hoc courses on specific data protection subjects (e.g. a dedicated course on the correct compilation of the processing register);
- tools available to data subjects to ensure they can exercise their rights;
- in 2021 the project to develop a platform (GDPR Tool) for more orderly management of Data Protection processes is being finalized. This platform is intended to strengthen and automate personal data protection processes on the basis of four pillars, dedicated to: processing register, data protection impact assessment (DPIA), data breach and controls. With reference to the Italian territory, the processing registers are being updated through the use of the platform; moreover, this platform will be extended to all the subsidiaries of the FCA Bank Group in 2022, in order to have a single filing, management and control tool in the field of data protection in compliance with assessment guidelines and criteria (e.g. data breach, controls) that are common and uniform for the whole FCA Bank Group.

In addition, in order to spread and broaden the focus on personal data protection topics and to mitigate risks related to confidentiality, integrity, availability and traceability of data, FCA Bank has designed and implemented a robust system of IT security policies and procedures. Key corporate policies include the following:

- security of Internet payment services;
- information classification;
- logical access control;
- management of ICT operations and communications;
- physical and environmental security;

- security incident management;
- use of email and internet;
- hardware and software use;
- ICT asset management;
- management of change in information systems.

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

With reference to remote working as a measure to mitigate the risks deriving from the Coronavirus pandemic, the related security measures were further strengthened, not only at a technical level but also in terms of employee awareness.

At the Group level, a very limited number of events recorded as potential personal data incidents were detected and managed. Specifically, during 2021, 15 reports were received from external sources (Stakeholders) and taken up and managed by the organization. The procedures and monitoring systems also led to the identification of 79 additional events that generated or could have generated a loss of confidentiality and that were addressed promptly to eliminate the causes that had generated them.

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

Dealers, customers and suppliers relations

Relationship with business partners and dealers

FCA Bank manages relationships with dealers by providing useful financial instruments to support the sale of the vehicles of the partner brands. With this in mind, every year FCA Bank conducts the Dealers Satisfaction survey on the entire dealer network, another tool historically used by the Group to measure the quality of the relationship and the services offered by the sales network (Retail and Wholesale Financing activities).

The network has the chance to rate both FCA Bank and another finance Company of reference in general terms and for each single step of the service process. In this way it is possible to create a detailed analysis of FCA Bank's performance vis-à-vis that of its competitors.

The granularity of the survey, combined with its annual frequency, also makes it possible in this case to obtain a detailed analysis of FCA Bank's performance, as well as to collect suggestions that can help to improve the service provided and/or the products and services offered.

Moreover, since 2018 FCA Bank has also carried out a Mystery Shopping activity in all European markets, FCA dealer network, to verify compliance with the principles of Transparency during the quotation phase. The results and action plans by Market are presented to the Board of Directors..

The pandemic has also stimulated a further revision of market research, so as to explore the new socio-economic context, the different hierarchy of needs and, consequently, the current perception of the services offered.

In the 2020-2021 period, FCA Bank has scaled back the scope of its market research by focusing on the premium sector.

During the last edition of Dealer Satisfaction, around 130 dealers from the JLR network were interviewed and the average satisfaction rating stood at 4.17.

The results for 2021 were certainly influenced by the pandemic events and the crisis in the electronic components sector, events that had a high impact on the entire automotive supply chain.

European dealers unanimously express a positive opinion of FCA Bank's support during the disruption of business activities and in reaction to the needs shown by the network and end customers.

Service quality and customer satisfaction

FCA Bank has a highly comprehensive information and reporting system throughout Europe; the tools used make it possible to understand the peculiarities of individual business contexts, monitor sales processes and verify relations with the network and end customers.

The objective is the constant improvement of the commercial offering and partnership relationships.

Within the framework of market research, Customer Satisfaction is one of the most consolidated techniques that FCA Bank uses to verify its customers' satisfaction on an ongoing basis.

The survey covers a wide range of information sources regarding the purchasing process, the experience in the dealership, specifics on the financing products and services offered by FCA Bank, customers' habits and their areas of satisfaction such as: the reasons for choosing the payment method, the "shopping around", the means of communication used to gather information on the chosen car, the evaluation of the seller's behaviour, the satisfaction with the financial solution adopted and the service received from FCA Bank.

It also makes it possible to have a consistent historical trend, with some key areas always present and other sections constantly being updated to gain new insights. The survey format is the same for all the countries involved, thus making it possible to monitor market performance on key issues and to draw comparisons on quality levels.

It is carried out every year, the survey areas are the same in each country involved and the questionnaire is constantly updated. These features enable FCA Bank to obtain the trend, but also to have the flexibility to measure any new needed information.

With regard to Customer Satisfaction in 2021, around 1100 JLR customers were interviewed and the results confirm a positive opinion in all the markets under analysis, with an average rate above 3.91, on a scale from 1 to 5 and a positive threshold of 3.70.

Sustainability for FCA Bank Group

On the websites of the markets in which it operates, FCA Bank makes available financial tools that allow customers to calculate their instalments and develop independently the financing plans best suited to their needs, also in relation to the most appropriate vehicle model.

FCA Bank is aware that, in order to maintain a high level of competitiveness and to build a long-term relationship with customers, a finance Company must conduct its activities taking into account the economic, environmental and social impacts associated with them.

Given the need for sustainable development, FCA Bank is committed to providing its customers access to responsible credit based on principles of fairness, responsibility and care, and to offering it on suitable terms, through transparent, comprehensible reports and in full compliance with current regulations.

This approach is systematically monitored in the Customer Satisfaction surveys, where there is a particular focus on the aspects of fairness and transparency of salespeople at the dealership when financing is being offered.

As part of training plans, employees are also continually made aware of the importance of using clear and comprehensible language when providing financial and insurance products, as well as of identifying specific consumption and credit needs in order to select the most suitable financing solution.

Sustainable management of suppliers

The FCA Bank Group entertains relations with its suppliers based on principles of transparency, fairness and uniformity of treatment, in line with the Code of Conduct approved by the Board of Directors of FCA Bank, which defines the principles of conduct in the business of the Group.

Suppliers are required to abide by the Group's Code of Conduct at the time of signing the supply contract. The procurement of goods and services is carried out at local level under the responsibility of each individual Group Company. At Parent Company level, the "Procurement" function, through the Group "Procurement Policy", directs and monitors the process of purchasing goods and services and verifies compliance with local procedures. With particular regard to supplier management, the Group Policy provides specific guidelines for the assessment and selection of new suppliers and the periodic monitoring of existing ones. With regard to the selection of suppliers, the Group Policy provides for a series of preliminary financial and reputational checks, based on predefined criteria and formalized by means of specific assessment grids. As far as monitoring is concerned, the same policy envisages periodic checks based on the analysis of existing relations, with consequent resolution of possible critical points through formal action plans, monitored over time.

The Group manages the purchase of goods and services via two specific centralized applications, one handled at Parent Company level for ICT purchases and one, which is being introduced in all European subsidiaries and is already consolidated in Italy, for the purchase of other goods and services. This application, managed at local level on a central platform, enables uniform management of the purchasing process from the request for approval of expenditure to the issue of the order (PAT - Purchasing Activity Tracking).

For the Italian market, the selection of suppliers takes place through the use of a specific portal, in which suppliers sign disclaimers relating to the NDA (Non Disclosure Agreement), GDPR (General Data Protection Regulation), Code of Ethics and General Terms and Conditions of Supply. These documents will be resubmitted at the time of stipulation of the supply contract..

The registration of suppliers to the portal takes place mainly through three information channels: supplier already used, recommendation by the requesting function or search by the Procurement department.

At the time of their engagement for a tender or RFQ (request for offer), a due diligence is carried out through the analysis of a commercial report (credit Bureau), together with the Compliance and R&PC (Risk & Permanent Control) departments, in which the main financial ratios are reported together with reports referring to events related to the property register, AML and Antiterrorism. At the same time, the Security function searches for any reputational reports by consulting open sources of information.

The tendering process, carried out through a specific platform, makes it possible to:

- manage official communications (tender opening, timing of bid submission, Q&A, Last Call);
- define technical and financial weights;;

- collect technical reports;
- collect bids;
- collect evaluations;
- attribute a rating;
- draw up the minutes of the tender;;
- notify the award.

The contract entered into with the supplier, following the tendering process, also provides for its monitoring through the platform by:

- indicating the expiration of the contract for the supply of goods/services in place with a reminder via e-mail to the requesting function;
- requiring the performance evaluation on an annual basis (requesting function);
- informing about the expiration of the documents inserted during the procurement phase.

All suppliers which fail to comply with contractual requirements on an ongoing basis during the supply phase, or which are witnessing administrative/judicial proceedings for any reason whatsoever against one of the members of the management or shareholder body, resulting in a high reputational risk, are placed on a special "black list".

During 2021 the ESG Project was launched on the Italian market, in partnership with CRIF, a global Company sspecialized in credit and business information systems, analytics, outsourcing and processing services, which is part of a continuously evolving regulatory context that requires a high level of attention to ESG risk ("EBA Guidelines on Loan Origination and Monitoring"; Directive on Non-Financial Reporting revised on initiatives linked to the European Green Deal).

Specifically, ESG (Environmental, Social and Governance) means using environmental, social and governance factors as an integral part of decision-making processes to assess the level of sustainability of a counterparty. Indeed, there is a growing awareness that ESG factors play a crucial role in determining the risk and return of an investment (e.g. reputational, legal and operational risks).

ESG principles must be part of business strategy, including supplier management.

The traditional metrics for evaluating suppliers (reliability, operating/financial soundness, quality, technical capacity, performance, total cost of ownership, etc.) must be combined with ESG metrics from the early stages of search and selection.

Adherence to ESG principles allows companies to contribute actively to the SDGs (Sustainable Development Goals) and at the same time to obtain positive business, financial and reputational benefits.

In order to identify the positioning of suppliers with respect to ESG issues, through an external provider and its platform, they are asked to provide answers to a questionnaire based on 4 macro areas (business, environmental aspects, social aspects and governance), as detailed below.

Finally, with reference to governance, information is requested on
In relation to the business, information is requested about:

- the corporate sustainability strategy;
- the management of ESG risks;
- the relevance of research and development;
- the digitalization of services;
- labelling and disclosure of products/services.

Regarding environmental aspects, information is requested about:

- water, energy and waste;
- environmental certifications.

With respect to social aspects, information is requested on:

- personnel management;
- certifications and standards;
- relations with Stakeholders;
- relations with the local community.

Lastly, with reference to governance, information is requested on:

- the structure and composition of the Board of Directors;
- certifications and standards.

For each supplier/partner then it will be possible to obtain an overall Score that summarizes:

➢ Business Score;

➢ Social Score;

➢ Environment Score;

➢ Governance Score;

➢ Sector Score.

The visibility of this information will make it possible to have a summary assessment of the Company's ESG performance, to identify easily the strengths and areas for improvement and to contribute to the choice of the best performing suppliers.

Economic performance and value creation

Economic responsibility for the FCA Bank Group is driven by financial strength, which is a fundamental condition for ensuring the long-term sustainability of the business, and the creation of long-term value for all the Group's Stakeholders. Within the Group's RAF and ICAAP documents, explicit reference is made to these topics.

FINANCIAL SOLIDITY

Own Funds

Own Funds represent the minimum capital that Banks must have to cover Pillar 1 (credit risk, market risk, exchange rate risk, operational risk) and Pillar 2 (concentration risk, interest rate risk, liquidity risk, strategic risk, reputational risk) risks, and constitute the main point of reference for the Supervisory Authority's assessment of the Bank's stability. As per current regulations, the minimum capital requirement for the FCA Bank Group for total capital is 10.50% of risk-weighted assets. As of December 31st, 2021, the Total Capital Ratio level was 20.33%. Tier 1 Capital consists of prime quality components, comprising mainly capital instruments (e.g. ordinary shares) and reserves. The minimum regulatory requirement for FCA Bank is 7.00%: as at December 31st, 2021 the CET 1 was 18.37%.

Leverage ratio

The Leverage Ratio is an indicator of financial leverage, introduced in order to limit the degree of leverage in the Banking sector. As at December 31st, 2021, Fca Bank's leverage ratio was 13.61%, well above the minimum regulatory requirements.

Rating

During 2021, the main rating agencies improved their outlooks on FCA Bank's ratings. In particular:

- on May 12th, following improved expectations on the growth of the Italian economy after the contraction in 2020, Moody's restored the outlook to stable (from negative);
- On October 25th, following a similar move on Italy's rating, Standard & Poor's improved the outlook to positive (from stable);
- Finally, on November 2nd, 2021, following a similar action on Crédit Agricole, Fitch also restored the outlook to stable (from negative). The same was done on the rating of Leasys.

In addition, on January 12th, 2022, following announcements on the future corporate developments of FCA Bank and Leasys communicated in December, Fitch placed both ratings on "positive rating watch".

Thus, the ratings assigned to FCA Bank are as follows:

Company	Long-term rating	Outlook	Short-term rating	Long-term deposit rating
Moody's	Baa1	Stable	P-2	Baa1
Fitch	BBB+	Stable, positive rating watch	F1	-
Standard & Poor's	BBB	Positive	A-2	-
Scope Ratings	A	Stable	-	-

Thus, the ratings assigned to Leasys are as follows:

Company	Long-term rating	Outlook	Short-term rating	Long-term deposit rating
Fitch	BBB+	Stable, positive rating watch	F1	-

LONG-TERM VALUE CREATION

The statement of economic value generated and distributed provides an indication of how FCA Bank Group has created value for its Stakeholders.

In 2021, the Group generated a total economic value of approximately €993 million, distributing 78% of it. Of this value, 30% was distributed to employees, suppliers and service providers, 21% was distributed to the Government in the various jurisdictions where the FCA Bank Group operates and 28% was distributed to shareholders.

Economic value directly generated and distributed

This material refers to GRI Disclosure 201-1 of GRI 201: Economic Performance 2016, and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.

	12/31/2021		12/31/2020	
Economic value generated	993,269	100.0%	935,915	100.0%
Economic value distributed	779,665	78.5%	453,246	47.5%
Employees, suppliers and service providers	296,413	29.8%	278,122	29.2%
Shareholders	280,000	28.2%	-	0%
Governments	203,252	20.5%	175,124	18.4%
Economic value retained by the Group	213,605	21.5%	500,670	52.5%

VALUE-ADDED STATEMENT	12/31/2021	12/31/2020
10. INTEREST INCOME AND SIMILAR REVENUES	834,633	864,03
20. INTEREST EXPENSES AND SIMIALR CHARGES	(196,586)	(209,295)
40. FEE AND COMMISSION INCOME	127,658	133,368
50. FEE AND COMMISSION EXPENSES	(49,488)	(43,434)
80. NET INCOME FINANCIAL ASSETS AND LIABILTIES HELD FOR TRADING	2,791	249
90. FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(4,285)	(4,808)
100. GAINS (LOSSES) ON DISPOSAL OF:		
a) Financial assets at amortized cost	(934)	(11)
130. NET IMPAIRMENT / WRITE-BACKS FOR CREDIT RISK RELATED TO:		
a) Financial assets at amortized cost	(29,748)	(70,588)
160. NET PREMIUM EARNED	2,948	2,402
170. NET OTHER OPERATING INCOME/ CHARGES FROM INSURANCE ACTIVITIES	(715)	701
200. NET PROVISIONS FOR RISK AND CHARGES	(12,337)	47,666
210. IMPAIRMENT ON PROPERTY, PLAN AND EQUIPMENT	(577,921)	(509,238)
230. OTHER OPERATING INCOME / CHARGES	897,253	742,874
250. GAINS (LOSSES) OF EQUITY INVESTMENTS	-	-
A. TOTAL ECONOMIC VALUE GENERATED	**993,269**	**953,915**
190. ADMINISTRATIVE COSTS:		
b) Other administrative costs	(90,232)	(91,097)
220. IMPAIRMENT ON INTANGIBLE ASSETS	(20,749)	(15,921)
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	**(110,982)**	**(107,018)**
190. ADMINISTRATIVE COSTS:		
a) Payroll costs	(185,431)	(171,104)
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND COWORKERS	**(185,431)**	**(171,104)**
340. MINORITY PORTION OF NET INCOME (LOSS)		
PROFIT ATTRIBUTED TO SHAREHOLDERS	(280)	-
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	**(280)**	**-**
200. NET PROVISIONS FOR RISKS AND CHARGES		
other administrative expenses: indirect taxes and fees	(10,460)	(12,098)
other administrative expenses: penalties	-	-
other operating expenses / income: tax costs and recoveries on tax costs	(1,552)	(958)
300. TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS	(185,327)	(155,245)
300. TAX EXPENSE RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS (DEFERRED)	(5,913)	(6,823)
ECONOMIC VALUE DISTRIBUTED TO THE PUBBLIC ADMINISTRATION	**(203,252)**	**(175,124)**
other administrative expenses: liberality and sponsorships	-	-
B. TOTAL ECONOMIC VALUE DISTRIBUTED	**(779,665)**	**(453,246)**
RETAINED PROFITS	(213,605)	(500,670)
C. TOTAL ECONOMIC VALUE RETAINED BY THE GROUP	**(213,605)**	**(500,670)**

Innovation and digitalization

To be able to deliver cutting-edge solutions and projects that are applicable throughout Europe, FCA Bank is continuously looking for innovative projects and partners that can support the implementation of the its strategy. Starting from 2020, and confirmed also for 2021, in its path of adoption of an open innovation-oriented approach, FCA Bank has partnered with I3P, the Incubator of the Politecnico di Torino, a Company that supports the birth and development of innovative startups with high growth potential.

Projects continued or implemented during 2021 are outlined below.

Digital Factory

Digital Factory is the project with which FCA Bank and I3P, the Innovative Company Incubator of the Politecnico di Torino, intend to contribute to the Bank's technological and digital transformation. Wanting to "innovate" means, on the one hand, betting on uncertain paths with results that are not always predictable and, on the other, deepening research among existing innovations on the national and international level, to promote solutions through Open Innovation and thus contribute to the technological and digital transformation of the Bank. To this end, after an initial scouting phase, the jury of FCA Bank and I3P-Politecnico di Torino identified two Startup as winners of the competition: Stip and VirtualB.
The first for Customer Care and the second for Advanced Customer Profiling, with their Artificial Intelligence offerings, are demonstrating in the field the real benefits of their solutions.
During the second half of 2021, believing strongly in the project, the second edition of the initiative was announced, defining a new roadmap and launching a new call for startups.

Finance calculator 3.0

The Finance Calculator is one of the FCA Bank Group's first digital tools at the service of customers for researching and customizing car purchase solutions, through a pan-European platform that has been operating for almost 10 years in over 300 touchpoints, which generate 1 million daily interactions with the tool. The Finance Calculator is available in an integrated mode with the Car Configurator of the Brands, dealers and stock locators, for all FCA, Maserati and Jaguar Land Rover brands, and for all types of cars (new, used or immediate delivery). It allows to simulate one's monthly instalment choosing from the whole range of retail products (HP, PCP, leasing), including insurance and additional services and comparing the different options. During 2021 the European roll-out has been started for a project of technological and functional renewal of the finance calculator, in order to offer a better customer experience, especially with a view to supporting e-commerce channels. The new version 3.0, already live in Germany and France, will be integrated in 2022 with the management systems of each market and with the e-commerce platforms of the brands, allowing the user to book an offer and have his or her loan approved by landing on FCA Bank's 100% digital customer journey..

Remote financing e e-commerce

In 2021, FCA Bank's strategic path towards the digitalization of processes and distribution channels continued. The digital remote financing platform dedicated to customers, successfully launched in 2020 in Italy, was extended to other products and channels. The Bank, in line with the most recent purchasing trends in the automotive market, has launched the new e-commerce channel. With it, customers can request a loan to purchase the selected car completely online, in a few simple steps. The process is simple and straightforward: starting from the finance calculator integrated in the various touchpoints, customers are offered the possibility to finance the purchase of the chosen vehicle. After uploading their documents and entering few necessary details, the platform certifies the documentation remotely and proceeds with the recognition of the customers by using Liveness and Facematching techniques, subsequently issuing a digital signature certificate in compliance with the law and valid for the signing of the contract. Improving the user experience, streamlining back office operations, ensuring compliance, security and traceability of the process are the main objectives achieved by the Bank with this platform. FCA Bank's e-commerce channel, dedicated to the models of the Abarth, Alfa Romeo, Fiat, Jeep and Lancia brands, can be accessed not only from the official websites of the brands but also on the official websites of dealers throughout Italy, for new and used vehicles. During 2022, the project to internationalize the tool will continue, along with its extension to other brands and touchpoints.

Online check

Today's customers use digital tools for a variety of operations, including car financing. FCA Bank, which has always been sensitive to the digitalization of services, gives customers the chance to calculate an initial estimate for the purchase of a new car online. Online Check, or online preliminary credit check, is the platform where, through a 100% virtual process, it is possible for potential new customers to receive preliminary and immediate feedback on a financing plan for the purchase of a new car after having configured such car according to their preferences. This platform is seamlessly integrated with FCA Bank's marketplace sites and serves to improve the customer experience of the prospective new car buyer, as well as provide a more efficient sales process. Formulating a suitable financing proposal becomes much simpler and faster for dealers because, thanks to Online Check, they already have all the necessary information they need.

During 2021, the project completed its roll-out in all European countries in which the Bank operates and, in those countries where the functionality is already active, the journey was revised to make it even simpler and more usable.

Digital Onboarding

Digitization makes it possible to create competitive advantages in integration and collaboration with dealers, end customers and car makers. The Bank is now in its fourth consecutive year in which it continues to innovate its operations in order to improve and digitalize its processes, always providing cutting-edge tools and solutions. The digital onboarding project is divided into four macro areas closely linked to one another: dematerialization of documents (transition from paper to digital), electronic signature (possibility to sign documents electronically), simplified acquisition of documents (simplified uploading for both the dealer and the end customer, in person or remotely), digital archiving in accordance with the law.

In 2021, the positive adoption trend of previous years was confirmed: 65% of FCA Bank customers across Europe signed their financing contracts digitally during the year. Also during the year, a number of actions were taken in the various countries to improve the process or introduce new 100% digital functions.

Customer Portal

The Pan-European Customer Portal has been developed to provide all the Bank's customers with a simple and intuitive hub where they can keep track of their activities. My FCA Bank is easy to use and intuitive: in a single area all car financing, leasing and Banking products obtained from FCA Bank can be found and managed conveniently and quickly. Both the portal and the App have been created by FCA Bank with modern graphics to ensure a smooth customer experience, as well as robust user authentication: the security of customer data is one of the fundamental pillars of the design of the customer portal.

There are many different self functionalities that permit a good degree of autonomy on the part of the customer on the portal: starting from the management of car financing, monthly installments, viewing the repayment schedule, requesting the early termination of a contract, to the management of one's credit card and conto deposito in the markets that offer these services. Moreover, it is possible to modify at any time privacy consents, personal and contact data such as email address and phone number, and payment methods. Finally, from the portal it is possible to download documents and templates made available by FCA Bank. Successfully launched in recent years, other new features have been introduced in 2021 aimed at increasing the autonomy of customers in the management of their relationship with the Bank, including the change of the monthly payment date and the possibility of requesting online the skipping of an installment payment.

PERSONNEL MANAGEMENT

Relevant topics

Training and development of human resources
Welfare, employment and dialogue with social partners
Employee health and safety

Why the topics are relevant

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

Organization and human resources

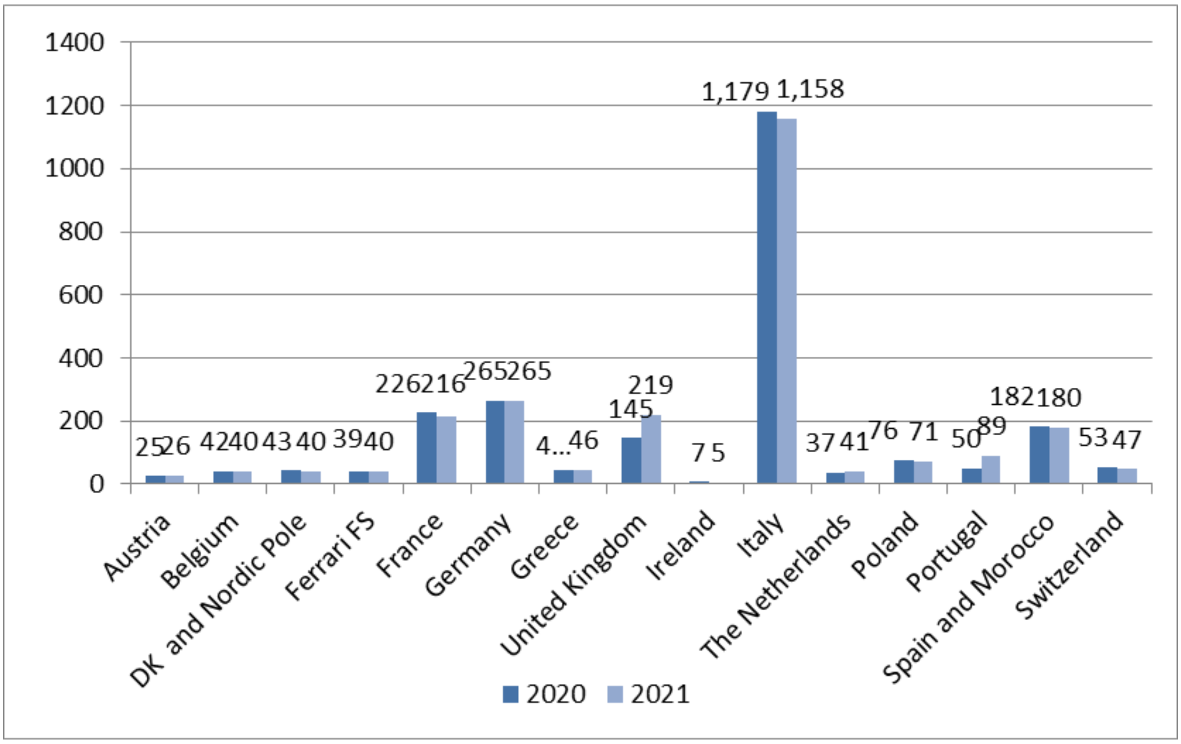
At December 31st, 2021, the FCA Bank Group's workforce consisted of a total of 2483 employees, an increase of 68 compared to December 31st, 2020.

This increase is mainly related to the acquisition of the following companies:

- FCA Versicherungsservice GmbH in Germany;
- the continuation of the Leasys Rent internationalization project, in particular the acquisition of ER CAPITAL Lt in the UK and Sadorent in Portugal.

Distribution of the number of employees

This material refers to GRI 102-8 c),, f) of GRI 102: General Disclosures 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.

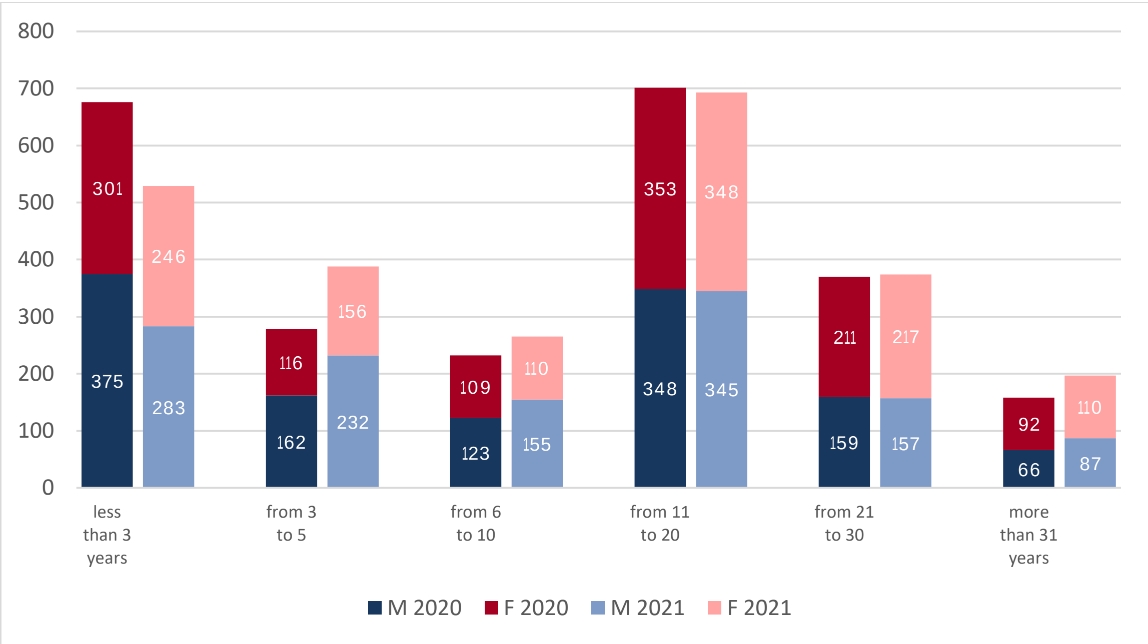


Data analysis shows that Italian companies account for 46.6% of total employees.

The quantitative data are calculated on the headcount at December 31st, 2021. It should be noted that, as the acquisition of Sadorent took place on December 21st, 2021, the detailed information presented below does not contain the 37 employees of the Portuguese Company.

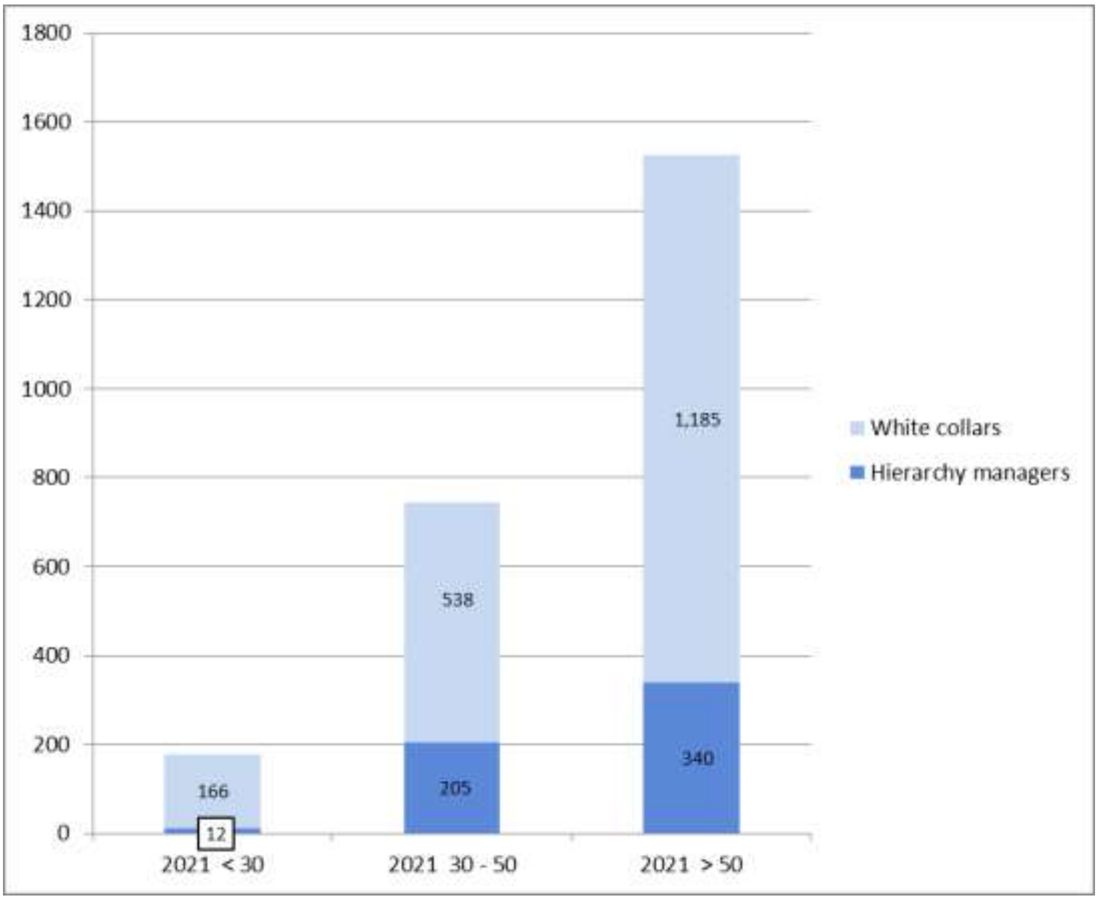
At the end of December 2021 the female component represented 48.5% of the total workforce, the average age of the Group's employees was 44.6 (45.1 for men and 44.1 for women), and the average seniority in the Company was 12.6 years (11.6 for men and 13.7 for women). Part-time employees account for 5.6% of the workforce (136 people, including 128 women).

Company seniority by gender



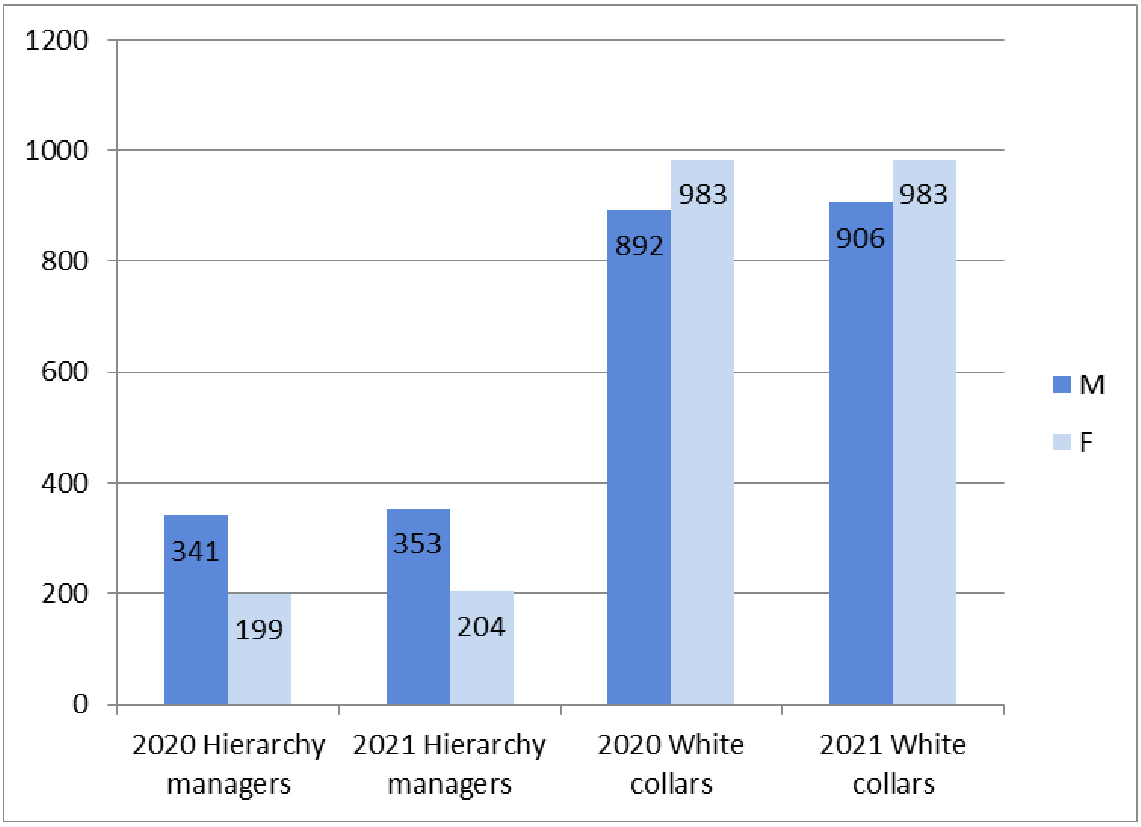
Hierarchy level by age

This material refers to GRI 405-1(b)ii) of GRI 405: Diversity and Equal Opportunity 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.



Hierarchy level by gender

This material refers to GRI 405-1(b)i) of GRI 405: Diversity and Equal Opportunity 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.



Of the workforce, 22.8% has management responsibility.

Significance threshold for the number of non-employees

The threshold of significance of the number of non-employed workers - engaged in the same activities as the employees - is at 15% of the Group's workforce. This threshold has not been reached.

Total number of employees – Breakdown by employment contract

This material refers to GRI 102-8(a) (partial), d) of GRI 102: General Disclosures 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.

	12/31/2021	12/31/2020	12/31/2019
Fixed-term contract	38	37	44
Permanent employment contract	2,408	2,378	2,236
Total	2,446	2,415	2,280

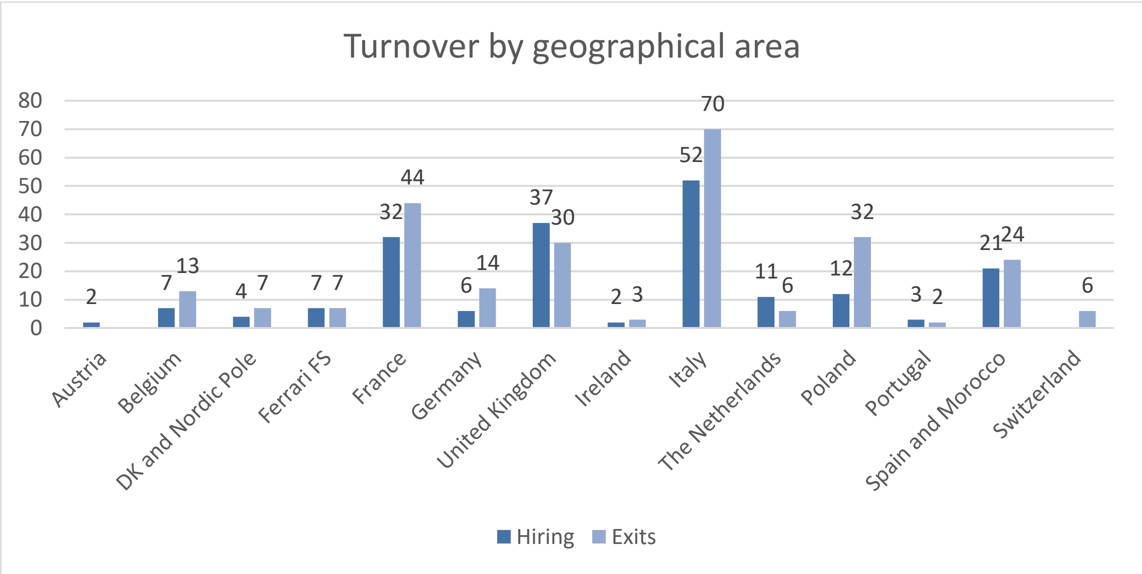
Turn-over

This material refers to GRI 401-1 (a) and (b) of GRI 401: Employment 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.

Hiring	12/31/2021	12/31/2020	12/31/2019
% Hiring rate	8.0	6.7	n.a.
By age	196	153	252
N. <30	62	55	89
N. 30 - 50 years	120	87	151
N. >50 years	14	11	12
By Gender	196	153	252
N. Women	89	66	130
N. Men	107	87	122
By Professional Group	196	153	252
N. hierarchy managers	14	25	28
N. white collars	182	128	224

Exits	12/31/2021	12/31/2020	12/31/2019
% Termination rate	10.6	6.8	9.2
Motivation	**258**	**154**	**210**
N. Resignations	162	76	117
N. Dismissal	39	22	27
N. Solidarity fund	0	0	0
N. Working contract Expiration (fixed term)	21	13	13
N. Retirement	24	25	25
N. Other	12	18	28
By age	**258**	**154**	**210**
N. <30	58	24	44
N. 30 - 50 years	148	87	122
N. >50 years	52	43	44
By gender	**258**	**154**	**210**
N. Women	117	70	128
N. Men	141	84	82
By professional Group	258	**154**	**210**
N. hierarchy managers	37	29	28
N. white collars	221	125	182

Hiring and termination rates were calculated based on the average headcount (hiring rate: total number of hires 2021 divided by average headcount 2021; termination rate: total number of exits 2021 divided by average headcount 2021; average headcount 2021: headcount at end of each month divided by 12).



Training and development of human resources

Expenditure on staff training out of the Group's total for 2021 was also kept at an appropriate level, while maintaining a continuous focus on costs. As a result of the Covid-19 emergency, the online-only mode of delivery continued to be used. Across the Group, more than 2,238 training days were provided, with an average of 7.32 hours per employee.

This material refers to GRI 404-1(a)(i) of GRI 404: Training and education 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.

	12/31/2021	12/31/2020	12/31/2019
N. of employees trained	1,890	1,834	1,923
- of wich women	958	908	1,001
- of which men	932	926	922
N. of partecipation in courses (training sessions by employee)	4,921	11,118	6,502
- of wich women	2,528	5,973	3,396
- of which men	2,393	5,145	3,106
N. total training hours	17,902	30,485	38,323
- of wich women	8,659	15,591	18,892
- of which men	9,243	14,894	19,431
N. average training hours per employee	7.3	13.4	16.9
- of wich women	7.3	13.7	16.7
- of which men	7.3	13.1	17.1

Average training per employee calculated on average headcount per year

MANAGEMENT DEVELOPMENT TRACKS

Performance Leadership Management

Through the "PLM" process, the FCA Bank Group ensures the alignment of individual conduct with the annual and long-term goals of the Company and its shareholders. The idea is to set up a transparent and bi-lateral communication with people in order to define how they can contribute to the results of the organization, how they are working towards the effective achievement of the agreed objectives and, finally, to provide them with adequate support for improvement and development.

The "Performance & Leadership Management" methodology is based on two dimensions, focusing on objectives and related results, and on individual aptitudes and conduct, in order to make people responsible, involving them directly in their development.

In 2021, the CEO & General Manager and all Material Risk Takers participated in the PLM, as did the rest of the corporate population in order to align strategic objectives with individuals.

This material refers to GRI 404-3(a) of GRI 404: Training and education 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.

Assessed people during the year	12/31/2021	12/31/2020	12/31/2019
Hierarchy managers	**99.28%**	**97.78%**	**96.70%**
Women	99.02%	98.99%	96.72%
Men	99.43%	97.07%	96.69%
White collars	**95.13%**	**96.80%**	**93.71%**
Women	95.73%	96.44%	94.09%
Men	94.48%	97.20%	93.25%

Welfare, employment and dialogue with social partners

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

Parental leave and turnover

This material refers to GRI 401-3 a), b), c), e) (partial) of GRI 401: Employment 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.

	12/31/2021	12/31/2020	12/31/2019
Total number of employees	**2,446**	**2,415**	**2,280**
Number of employees who have required parental leave in 2021	87	**51**	**33**
- of which women	61	41	28
Number of employees who have returned from parental leave confirming the same position	62	34	24
- of which women	39	25	n,a,
Number of employees currently in parental leave	34	30	8
Number of employees returned from parental leave who have changed position within the same professional family	3	3	1
- of which women	3	3	n,a,
Percentage of employees returned from parental leave*	75%	73%	76%
- of which women	69%	68%	71%
Collective bargaining and unionization			
(number of collective bargaining and unionization done during the year)	14	33	7
Employees covered by collective labor agreement	1,590	1,715	1,629
(number of employees having a collective labor agreement)	65%	71%	70%

***(returned to the same position + returned to a different position) / leave taken**

Absences (number of calendar days)

	12/31/2021	12/31/2020	12/31/2019
N. sickness	14,274	14,858	16,728
N. injury (on the way to or from work, and at work)	71	376	354
N. parental leave	6,624	8,012	7,834
N. authorised leave (family-related, special leave)	1,755	1,776	2,456
N. other reason	138	391	259
Total	22,862	**25,413**	**27,630**

Workers' welfare and safety

<u>HUMAN RESOURCE MANAGEMENT</u>

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

<u>Organizational development</u>

In 2021 activities continued to strengthen central oversight of various processes relating to human resource management and governance mechanisms. The activities receiving greater attention included:

- the completion of activities for the cross-border merger of FCA Capital France S.A. with and into FCA Bank S.p.A., which took place in December 2021;
- the completion of the activities for the cross-border merger by incorporation of FCA Capital Portugal IFIC S.A. with and into FCA Bank S.p.A., which took place in December 2021;
- the start of activities for the cross-border merger of FCA Bank Deutschland GmbH with and into FCA Bank S.p.A.;

- the start of activities for the cross-border merger of FCA Capital Espana EFC S.A. with and into FCA Bank S.p.A.;
- in FCA Bank Holding, the assignment of Corporate Social Responsibility duties to Sales & Marketing, to coordinate and strengthen sustainability activities;
- the revision of the first-level organizational structure of FCA Bank Holding, with the relocation of the Environment, Health & Safety department within the Human Resources department, and confirmation of the Head of Environment, Health & Safety as Head of the Prevention and Protection Service;
- the revision of the first-level organizational structure of FCA Bank Italia, moving the "New Banking Products" unit (previously included under Sales & Marketing Retail) to first level;
- In FCA Bank Deutschland GmbH:
    - the acquisition of the insurance Company FCA Versicherungsservice GmbH in Germany;
    - the transfer of risk-related activities from "Risk and Risk & Permanent Control" to "Credit & Customer Care";
- the revision of the first-level organizational structure of Leasys S.p.A. with the creation of the following departments:
    - "European Markets and Sales", bringing together all foreign Leasys entities;
    - "Network Development", to support the development of Leasys Mobility Stores and the Group's electrification strategy;
    - Legal Affairs;
- Leasys's acquisition of short term rental Company ER CAPITAL Ltd in the UK
- Leasys Rent S.p.A.'s acquisition of short term rental Company Sado Rent - Automoveis de Aluguer Sem Condutor, S.A. in Portugal.

In 2021 the "Leasys Internationalization" project continued, with the aim of creating value for the shareholders by establishing a pan-European rental Group under the Leasys brand. This project saw in 2017 the establishment of Branches in Spain, Germany and Belgium and the re-branding of the companies operating in France and the UK; in 2018 the incorporation of the Subsidiary Leasys Nederland B.V.; in 2019 the start of operations of the Subsidiary Leasys Polska Sp.Zo.o.; in 2020 the set-up of the Branch Leasys S.p.A. Danish Branch and the Subsidiary Leasys Portugal S.A., as well as the acquisition of short term rental companies in France and Spain and the Car Sharing Blue Torino S.r.l. business in Italy.

In 2021, as mentioned above, there was the acquisition of the short term rental companies ER CAPITAL Ltd in the UK and Sado Rent - Automoveis de Aluguer Sem Condutor, S.A. in Portugal.

In addition, Leasys functions play the role of competence lines for the branches/rental entities and are therefore responsible for providing guidelines (e.g. budget, business targets, etc.), sharing best practices in terms of know-how, processes and systems, and ensuring the supervision and development of people's skills.

From the point of view of internal communication, the distribution of the FCA Bank Magazine continued, online to all Group employees, on a six-monthly basis.

From the point of view of Industrial Relations, the Specific Collective Labor Agreement (CCSL) continued to be applied in Italy in 2021 for the period 2019 - 2022, which confirms the rationale of employees sharing in Company results through performance-based pay as measured on an annual basis.

HEALTH AND SAFETY AT WORK

All the companies of the Group scrupulously observe the legal regulations regarding safety at work.

In the Italian market, FCA Bank S.p.A. manages occupational health and safety risks in the following phases:

- risk assessment;
- identification and preparation of prevention and protection measures and procedures;
- definition of an action plan as part of a program to guarantee the improvement of safety levels over time;
- implementation of the actions planned as part of the program;
- definition of worker information and training programs;
- management of residual risk.

FCA Bank S.p.A. (as the employer) with the collaboration of the Head of the Prevention and Protection Service and the Competent Physicians, after consultation with the Workers' Safety Representatives, prepares and keeps updated the risk assessment document. The document was last updated on May 13rd, 2021.

The assessment and the relative document are updated every time there are significant changes to the Company's organization, such as to affect the workers' exposure to risk and following the biennial assessment of the risk of work-related stress.

Work-related Stress

The assessment of work-related stress is updated every two years, unless there are changes in the production process and work organization that are significant for the health and safety of workers. The last update was in May 2021 and places the risk level in the green area (non-significant risk).

Worker health and safety training

All subjects (Managers, Supervisors, Safety Workers, Health and Safety Representatives, Emergency and First Aid workers) involved in various ways in the preventive and permanent Safety management system receive adequate training to carry out their role; Managers/Supervisors/Workers and Health and Safety Representatives are trained with basic, specific and upgrading courses, delivered in e-learning mode due to Covid-19, while first aid and evacuation workers are trained with external instructors.

Training is provided during paid working hours and is evaluated with a final test.

All documents relating to training (attendance register, final test and certificates) are filed in both electronic and paper format in the office of the Prevention and Protection Service.

Accidents at work

During the reporting period, 3 accidents occurred within the Group, of which 2 at work (1 man and 1 woman) and one on the way to work (1 woman); of these 3 accidents, 2 occurred in Italy, one at work and one on the way to work, both women.

No individual protection devices (PPE) or collective protection devices (CPD) are provided for in the work activities carried out within the Group (video terminal workers).

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

Health and safety at work

This material refers to GRI 403-2, 5, 6, 9 of GRI 403: Occupational Health and Safety 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Management Methods 2016.

Injury rate	12/31/2021	12/31/2020	12/31/2019
Number of injuries happened at work	2	4	12
Injury rate Equal to (number of work injuries*1 million)/total year worked hours Worked hours equal to 220[days]*8[working hours]*2.444[average employee year]=4.301.440	0.46	1.00	3.01

Type of injuries by market	12/31/2021	12/31/2020	12/31/2019
Belgium	-	-	1
France	1	1	-
Germany	-	2	-
Italy	2	1	5
Poland	-	-	-
Spain	-	-	1
UK	-	-	5
Total	3	4	12

Covid-19

In order to cope with the effects deriving from the emergency linked to the spread of Covid-19, also in 2021 FCA Bank Group acted with the primary objective of protecting the health of employees and continuing to ensure business continuity.
In order to limit the presence of employees on Company premises, remote working continued to be used at all Group companies, also in compliance with any lock-down plans envisaged by the various governments. At the same time, employees were specifically informed of the health and safety measures applicable in the event of remote working (ergonomic workstations and correct working habits). As a precautionary measure, persons identified as "at higher risk" have always worked in remote working mode.

Attendance at the office, planned on the basis of the opening plans defined by the various governments, provides for the following safety measures, adopted by all Group companies:

- continuous sanitization of all working environments with specific products;
- regular monitoring and any necessary adjustment of the layout to ensure social distancing;
- constant communication to employees on the rules and conduct to be observed;
- temperature control and provision of mandatory Personal Protective Equipment to all employees present in the office with the obligation to use it, in compliance with the local guidelines applicable in the various countries; in Italy: mask, kit in each office to allow employees to clean workstations and desks independently (gloves, glasses, cleaning liquids and papers), temperature control and check whether employees have a Green Pass (from October 15th, 2021) to access the workplace by Security;
- indication to continue to use the online mode for meetings also for people physically present in the office.

At Group level, Health Safety & Environment and Human Resources have continued to apply the specific precautionary measures necessary to protect the health of workers, with systematic monitoring of all cases of employees who are infected or have had contact with persons who have tested positive, until the end of each individual case with a swab result or the end of the observation/quarantine period. In particular:

- all employees were informed of the need to notify the Company (Health & Safety, Human Resources and their supervisor) immediately in the event of a Covid infection or contact with a person who has tested positive;
- in the event of infection or contact, Health & Safety will interview each employee (with the support of Human Resources when necessary, particularly in foreign markets) in order to verify the possible physical presence in the Company after the moment of infection - or suspected infection - and/or any contact with other colleagues, so as to be able to act with the immediate sanitization of the office premises where necessary;
- all persons who have had contact with infected persons work in remote work as a precautionary measure until a negative swab is obtained and/or until the end of the observation period;

- Health & Safety keeps in contact with each case (with the support of Human Resources when necessary, particularly in foreign markets) until recovery in case of infection and/or the end of the period of precautionary measures in case of contact;
- all information concerning the employees involved is shared in a dedicated and confidential file between Health & Safety and Human Resources HQ; management and shareholders are kept constantly informed, but without any identification data, so as to guarantee respect for the privacy of the people involved;
- issue in Italy of the "Covid-19 Emergency Management Procedure", which is also used as a guideline for foreign markets.

Regarding the COVID-19 pandemic impacts on the financial situation and performance of the Group, please refer to the Report on Operations and in particular to the sections "*Significant events and strategic transactions*", "*Financial strategy*" and "*Cost of risk and credit quality*".

HUMAN RIGHTS

Relevant topics

Diversity, equal opportunities and human rights

Why the topics are relevant

Respect for the fundamental rights of people is an important driver for FCA 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.

Diversity, equal opportunities and human rights

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

For FCA Bank Group, the Code of Conduct (hereinafter the "Code") is an important tool that creates the conditions for a working environment that embodies the highest ethical standards of business conduct. The Code, in fact, includes a specific section dedicated to social and environmental issues, providing guidelines in order to prevent and punish discriminatory treatment, preserve diversity and gender equality and support the fight against harassment. In addition, two principles contained therein are specifically dedicated to ensuring the application of a strategy of environmental protection and community support.

Thus, FCA Bank's integrity system lays the foundation for the Group's corporate governance and includes a critical framework of principles, policies and procedures.

FCA Bank Group's Remuneration Policy 2021 includes the principles and requirements of the "EBA Guidelines for Sound Remuneration Policies" issued on July 2nd, 2021 which expressly provide for gender neutrality in remuneration.

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

The Code of Conduct of the FCA Bank Group formalizes and clearly enshrines the commitment of all Group companies to ensure that reports from employees are analyzed with diligence and properly investigated. Employees identified as being responsible for the analysis of such reports shall, in the first instance, evaluate the allegations of violations of the Code, or any other applicable law. In addition, they should also pay close attention to any other expressions of concern or reports of problems raised by staff, as these are also circumstances that should be investigated appropriately. Finally, the analysis activity may be carried out, if deemed necessary, by qualified personnel or experts in the field. If unlawful conduct is detected and ascertained, the necessary and appropriate corrective actions are applied regardless of the level or hierarchical position of the personnel involved. All investigated cases are tracked through to final resolution.

Confidentiality is a fundamental principle; with the exception of certain limitations arising from local law, reports may be submitted on an anonymous basis. All information provided and the identity of the individual making the report is shared on a need-to-know basis with those responsible for assessing the report and investigating the potential violation and and those with the power of taking corrective action.

Any form of retaliation is neither permitted nor tolerated. The FCA Bank Group expressly prohibits any member of the Company from engaging in vindictive or discriminatory acts or attitudes towards those who have made a report or cooperated during the investigation. Any person who engages in retaliatory conduct against such individuals will be subject to disciplinary action up to and including dismissal. In fact, the fundamental principles that inspire the conduct of the FCA Bank Group prohibit, with respect to each employee, any form of demotion, dismissal, suspension, threat, harassment, coercion into certain actions or acts of intimidation as a result of reporting, in good faith, unethical behavior, or as a result of participating in an investigation of facts or acts contrary to the Code.

No incidents of discrimination were encountered during the reporting period.

The latest training on the Code of Conduct and the Whistleblowing system was provided in 2019 along with the launch of a campaign on the principles of the Code for all Group employees. Group employees can check the Code of Conduct and Whistleblowing procedure on the Company notice boards and on the Company intranet, where there is a section entirely dedicated to the Code of Conduct and Ethics. A revision of the Code of Conduct is planned for 2022 to bring it even more into line with recent organizational, cultural and social changes.

In recent years, there has been growing awareness of the prestige of brands associated with companies deemed socially responsible, a condition that, in turn, increases customer loyalty and creates appeal in recruiting high-caliber employees. These elements, in fact, are essential drivers for achieving greater profitability and financial success in the long term.

On November 4th, 2020, the Italian Parliament (the Lower House) approved the unified text aimed at combating discrimination based on sex, gender, sexual orientation, gender identity and disability. In particular, the measure broadened the penal code to include crimes against equality (articles 604-bis and 604-ter of the penal code) so as to punish discriminatory conduct and incitement to discrimination, violent conduct and instigation to violence for reasons based on sex, gender, sexual orientation, gender identity and disability.

At the end of October 2021, the second passage, necessary for final approval, was blocked by the Senate of the Republic. Therefore, according to the rules and regulations of the Italian Parliament, a new bill can only be presented after 6 months.

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

Gender Neutrality project

The Group applies in a structural manner remuneration policies that aim to achieve equal opportunities and non-discrimination (both in the fixed and variable components).
In order to strengthen this commitment and increase sensitivity to the issue at Group level, during 2021 - also taking into account the new guidelines issued by the European Banking Authority - a further project, the Gender Neutrality project, was defined and implemented.
The key elements of the project are designed to ensure gender neutrality in recruitment policies, in the definition of succession plans, in development and growth opportunities and in remuneration policies.

To this end, several initiatives have been launched, including:

- - definition of improvement objectives on significant KPIs, with specific targets assigned to the HR professional family (i.e. gender balance recruiting, increased representation of women in managerial positions, gender-neutral remuneration);
- raising awareness within the organization by highlighting, both in external (i.e. Linkedin) and in internal communication, the contribution of female staff to relevant activities and/or projects;
- launch of the "female mentorship" pilot program, with the aim of enhancing the leadership of women and supporting their growth within the organization;
- launch of the "Diversity, Inclusion and Belonging" training course for people with managerial responsibilities.

Details of staff and female presence

This material refers to GRI 102-8(c) of GRI 102: General Disclosures 2016 and Disclosure 405-1(b) of GRI 405: Diversity and Equal Opportunity 2016 and GRI Disclosures 103-1, 103-2, and 103-3: Methods of Management 2016.

	12/31/2021	12/31/2020	12/31/2019
N. Total employees	2,446	**2,415**	**2,280**
Average age	44,6	41	44
N. females	1,187	1,182	1,148
of which Hierarchy managers	204	199	183
of which White collars	983	983	965
Part-time			
n. Employees with part-time contract	136	142	141
of which women	128	132	137

FIGHT AGAINST CORRUPTION

Relevant topics

Contrasting corruption and promoting integrity in the business

Why the topics are relevant

The Group attaches the utmost importance to the fight against corruption. The code of conduct, supported by the Ethics Platform for whistleblowing, is updated and maintained in order to guarantee the integrity of the Group and its employees, and to ensure the presence and management of an anonymous and secure reporting channel.

Also in 2021, in continuity with the previous year, no cases of corruption were ascertained.

Fight against corruption and business integrity

As the community and the workforce of the FCA Bank Group may be affected both positively and negatively by the consequences of the business conducted, the FCA Bank Group has adopted guiding principles to identify and apply the highest ethical standards in the conduct of its business through the adoption of the Group Code of Conduct (hereinafter the "Code"). This document constitutes the cornerstone of the Group's conduct, which must be based on the fundamental and inescapable concept of integrity on which the Group's corporate governance is founded and which includes principles, policies and procedures resulting from the combination of the Company's experience, the constantly updated research of the regulatory reference framework and the best operational practices, together with the critical and comparative analysis of ethics and corporate compliance..

The topic of anti-corruption is currently included in FCA Bank's Code of Conduct. In particular, since the fight against corruption is considered of crucial importance for the pursuit of the highest objective of the greater good of both the Company and the community in which we live and operate, the FCA Bank Group adheres to and respects the values of honesty, integrity, loyalty, transparency and impartiality. The anti-corruption component incorporates all those fundamental principles aimed at the application of appropriate measures to prevent, detect and discourage any corrupt practices, including "zero tolerance" in case of detection of corrupt behavior. Other areas that are duly regulated and monitored include gifts and invitations, preferential payments, conflicts of interest, patronage, sponsorship and lobbying activities, which are to be considered highly sensitive and, as such, duly regulated within the Group's policy framework and consequently integrated into the relative processes.

FCA Bank is committed to the highest standards of integrity, honesty and fairness at all times, as the guiding principles of the Group's conduct in its internal and external relationships, and will not tolerate corruption of any kind. Corruption is in fact prohibited, regulated and sanctioned by the laws and regulations of all the countries in which the Group operates.

The Group Code adopted by FCA Bank clearly and unequivocally states that no one - whether directors, officers or other employees, agents or representatives - shall, directly or indirectly, give, offer, demand, promise, authorize, solicit or accept payment of money or any other gift or consideration (including gifts of any kind, with the sole exception of commercial items of modest economic value, universally accepted and permitted by applicable national laws as well as in compliance with the Code itself and all applicable Group Policies and Procedures) in relation to their work at FCA Bank Group, under any circumstances and for any reason.

All Stakeholders may report, also anonymously, any risks or episodes of corruption through the Web Portal dedicated to the Reporting System.

The Group is committed to providing anti-corruption training to all employees to raise awareness of the risk of being involved in corruption.

All employees have, in fact, received the Code of Conduct, which includes an entire section dedicated to the principles to be followed and the conduct to be maintained in the area of anti-corruption. FCA Bank has already prepared a training course on the subject and a dedicated policy, which will be issued shortly.

In addition, dedicated controls have been put in place over the years to counter the risk.

The current Policies adopted together with the Governance model, the periodic training plan and the set of internal controls (e.g. Code of Conduct, Organizational Model pursuant to Legislative Decree 231/2001 for the Italian market) constitute a set of safeguards developed and implemented in order to provide the Group with suitable tools to prevent and/or minimize the risk of corruption, as well as to monitor the most sensitive areas and processes and, if necessary, promptly identify corrupt practices.

The Group supports and will continue to support the fight against the risk of corruption both by means of the tools already in place and by constantly maintaining its commitment, aware that the risk must be appropriately monitored in order to further strengthen the current prevention system, thus ensuring an increasingly strong and effective mitigant, also by strengthening the awareness of employees and developing increasingly targeted and in-depth controls.

It is worth noting that the risk of corruption inherent in the FCA Bank Group can be considered lower than in other sectors, where the business model is based on direct and frequent dealings with public authorities.

However, in order to further streamline and improve the approach to Anti - Corruption at Group level, a specific and targeted program was launched in 2019.

The Group's anti-corruption program consists of the following 5 pillars:

- Legal Inventory;
- Corruption risk self-assessment matrix;
- Anti-corruption controls;
- Anti-corruption training;
- Group anti-corruption policy.

In 2020, the Self-Assessment of corruption risk for the Italian Market was carried out and the related second-level controls were implemented. During 2021, a new Group anti-corruption policy and a course intended for the entire corporate population, which is scheduled for publication for the first half of 2022, were finalized. With regard to the Italian market, the training provided on the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 during 2021 also dealt with the topic of combating and preventing the crime of corruption.

Taking into account also the growing attention of the Italian and foreign authorities on anti-corruption matters and the continuous propagation of new crime schemes, the Group will continue to monitor the evolution of the national and international regulatory framework and to identify best practices in the market, in order to adequately strengthen the current prevention system applied to the Group's processes and activities.

The FCA Bank Group is aware that the Covid-19 pandemic entails significant corruption risks. For this reason the Group will continue to monitor this risk and will make every effort to avoid corruption events.

EU TAXONOMY

The EU Regulation 2020/852 (European taxonomy) aims to raise awareness among companies on the issue of climate change, defining objectives to be achieved and increasing transparency on the environmental impacts of their activities, in order to help prevent greenwashing and enlarge the space for green finance.

The EU Taxonomy represents an important step in the EU's pursuit of the goals of the Paris Agreement, according to which climate neutrality is to be achieved by 2050.

The scope of the Taxonomy Regulation includes inter alia undertakings which are subject to the obligation to publish a Non-Financial Statement or a Consolidated Non-Financial Statement.

In particular, the Art.8 Delegated Act (EU Regulation 2021/2178) defines what information companies must submit starting from the 2021 reporting period, in relation to their business.

It should be noted that this delegated act foresees a phased entry into force with simplified reporting requirements (2021 and 2022).

In particular, simplified reporting requires credit institutions to present the following indicators:

- the proportion of exposures to "Taxonomy-eligible" economic activities in the total balance sheet assets;
- the proportion of exposures to central governments, central Banks and supranational entities, and derivatives in the total balance sheet assets;
- the proportion of the trading book and on demand inter-Bank loans in the total balance sheet assets.

The assets subject to analysis, as required by law, are the prudential ones pursuant to EU Regulation 575/2013, Title II, Chapter 2, Section 2.

"Taxonomy-eligible" economic activities are defined as those activities that can contribute to the climate change mitigation, as identified by the delegated act 2021/2139. For each of these activities, in fact, the document establishes environmental sustainability objectives that will have to be monitored over the next years and reported with specific KPIs.

First, FCA Bank Group, as a credit institution, analyzed its own assets to identify the percentage that can be associated with "Taxonomy-eligible" economic activities.

The Group's business falls within the activities listed and described in the delegated act, in particular it was associated with the economic activity "Sale, financing, leasing, rental and management of urban and suburban transport vehicles for passengers and road passenger transport" (6.3, Annex I, Regulation 2021/2139).

Since the Group's portfolio is entirely dedicated to the aforementioned activity, the percentage of "Taxonomy-eligible" assets is 82%.

Financial assets	*12/31/2021*
Loans and receivables to customers	19,872,621
Loans and receivables to central Banks	37,575
Derivatives	41,641
of which held for trading	513
On demand inter-Bank loans	2,068,938
of which to central Banks	1,008,528
Total prudential assets	24,159,033
Proportion of the exposures to Taxonomy-eligible economic activities in the total assets	**82%**
Proportion of the exposures to central Banks, central governments, supranational issuers and derivatives in the total assets	**5%**
Proportion of the trading derivatives and on demand inter-Bank loans in the total assets	**9%**

COMPLIANCE WITH TAX LAWS

The FCA Bank Group carries out its activities in the tax field through the definition, by the Parent Company, of guidelines, principles and rules for the application of tax laws by its direct or indirect subsidiaries, in order to ensure compliance with tax laws and to contain tax risk, i.e. the risk of operating in violation of tax laws or in contrast with the principles or aims of the system in the various jurisdictions in which the Group operates.

The Group has established a relationship of utmost transparency and full cooperation with the tax authorities. As such, over the years FCA Bank has promoted forms of dialogue (unilateral and bilateral rulings) in order to create stronger relationships with the tax authorities.

The Tax department is the corporate unit of FCA Bank that:

- monitors external regulations and ensures that they are translated into the Group's internal guidelines, processes and procedures;
- continuously identifies and interprets the tax regulations applicable to the companies of the Group (Banking and commercial companies) in order to ensure an unambiguous and shared interpretation;
- assesses the impact of the applicable regulations on Company processes and the consequent adoption of procedural changes to mitigate the risk of non-compliance.

Tax management is carried out through the involvement of the Tax department in the planning and definition of corporate and product choices.

Special attention is paid to reducing the interpretative uncertainty arising from complex regulations: in order to mitigate this risk, there is frequent dialogue with the tax authorities through the submission of rulings.

The Tax department is also in charge of tax compliance activities.

With reference to the latter activities, the Tax department defines the monitoring and control system for the tax risk relating to the Company's processes, carries out the planned first-level control activities, while the Compliance department supervises the correct performance of the compliance activities as well as compliance with the defined methodologies and standards, acquiring the results and coordinating the periodic reporting.

In order to ensure an adequate level of management and control of tax risk, the Tax department has defined and implemented a procedure for the management of tax obligations in which the "tax risk areas" have been identified through a link between tax obligations and tax-relevant processes/products. Through this procedure the potential tax risks deriving from the activities of the companies of the FCA Bank Group are pinpointed.

Operational and managerial conduct guidelines in terms of taxation have therefore been prepared for each tax obligation applicable to Group companies for the various corporate functions involved in the management of business processes and/or the management of tax compliance. These guidelines also constitute the basis of support for the performance of second-level control activities that are assigned to third-party organizations.

In detail, the assessment of tax risk is carried out by adopting the methodology defined by the Compliance department. The potential risk is determined and an assessment of the adequacy and effectiveness of the organizational and control measures is carried out.

During 2021 the Group recognized income taxes for the year amounting to €191 million.

As far as income taxes are concerned, FCA Bank opted for the branch exemption regime. Therefore, income from permanent establishments abroad is taxed locally.

Reference should be made to the table "Country-by-Country reporting" at the end of the financial statements, for the details required by GRI 207-4, as highlighted in the Content Index.

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