Alba Leasing S.p.A.

Annual Report

2022

Valore raggiunto

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2022

Alba Leasing S.p.A.

Registered office and head office: Via Sile 18 - 20139 Milan
Telephone 02 367161 - Fax 02 36716443.
Web: www.albaleasing.eu. E-Mail: info@albaleasing.eu
Included in the List of Financial Intermediaries as per article 106 of the Consolidated Banking Act as no. 32
Tax code, VAT number and Milano-Monza-Brianza-Lodi Chamber of Commerce company registration no. 06707270960
Fully paid-up share capital €357,953,058.13
Member of Assilea, the Italian Association of Lease Companies

Corporate bodies

Board of directors

Chairman	Luigi Roth
Directors	Matteo Bigarelli Fabio Cereghini Camilla Cionini Visani Marco Perocchi Giorgio Pellagatti Maurizio Riccadonna

Board of statutory auditors

Chairman	Antonio Mele
Standing statutory auditors	Gabriele Camillo Erba Bruno Garbellini
Alternate statutory auditors	Matteo Tiezzi Nicola Fiameni

General management

General manager	Stefano Rossi
Deputy general manager	Stefano Corti

Shareholders

Alba Leasing S.p.A. is owned by:

Banco BPM S.p.A.	39.19%
BPER Banca S.p.A.	33.50%
Banca Popolare di Sondrio S.p.A.	19.26%
Crédit Agricole Italia S.p.A.	8.05%

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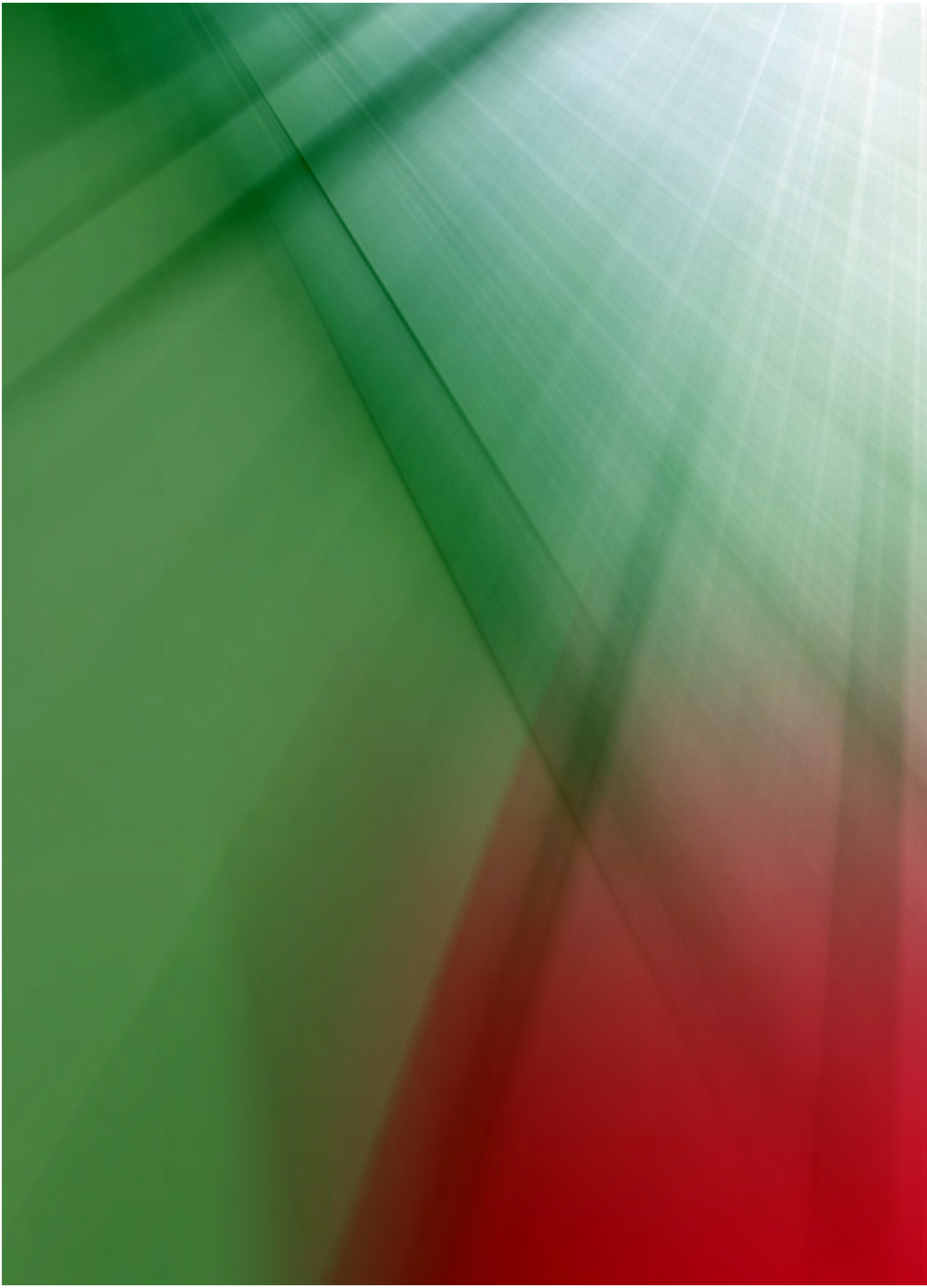


Directors' report

Introduction

As described in detail in the notes, the consolidated financial statements, which include the statement of financial position, income statement and notes, reflect the accounts and operations of Alba Leasing S.p.A. and the assets and liabilities, costs and income of the securitisation vehicles Alba 6 SPV S.r.l., Alba 9 SPV S.r.l., Alba 10 SPV S.r.l., Alba 11 SPV S.r.l. and Alba 12 S.r.l.. During the year, via its SPV Alba 13 SPV S.r.l., the parent carried out a new securitisation. Since it holds all notes issued, the transaction qualifies as a self-securitisation which is recognised in accordance with the applicable legislation.

Consequently, given the specific features of the consolidation scope, the facts and events described herein relate to Alba Leasing S.p.A. (the “parent”).

Macroeconomic scenario and lease market

In 2022, the Italian economy outperformed the forecasts made in the spring with GDP up 3.9% compared to the June outlook of +2.9%.
The main driver of this growth was internal demand and, specifically (i) consumption by households which drew on their savings accumulated during the pandemic (household expenditure +4.7%) and (ii) investments in the construction and transport sectors thanks to the tax incentives introduced by the Italian government (investments in construction +10.4%).
Unfortunately, 2022 also saw Russia’s invasion of Ukraine triggering an energy crisis, spiralling inflation and normalisation of monetary policies.
The bottleneck of the main European supply chains in the first half of the year, leading to difficulties in sourcing the main raw materials (in primis, natural gas), gave rise to an exceptionally dramatic inflationary trajectory, the likes of which has not been seen for decades.
The thinktank Prometeia indicated an 8.4% increase in the 2022 consumer price index, driven primarily by the surging energy costs (+67.3% in a year) with repercussions for many goods and services (e.g., foodstuffs +13.3%).
The European Central Bank (ECB) introduced especially forceful containment policies in order to curb inflation starting from the second half of the year. Since June 2022, it raised the key rates three times for a total of 250 basis points in the year. The 3M Euribor went from -0.53% in the first quarter to +1.78% in the last three months of the year (+231 bps). At the start of February 2023, the ECB increased interest rates again by 50 bps and a similar measure is expected in March (Prometeia estimates the Euribor to be 2.93% at the end of the year).
It is probable that there will be a gradual contraction in consumption and investments, already seen in the United States, which may also trigger a slight recession in 2023 (with the risk of a drop in GDP of up to 1.5%).

Italy - macroeconomic situation - annual variations

	2022	2023
GDP	3.9	0.4
Imports of goods and services	13.4	2.1
Spending of households and non-profit institutions serving households (ISP)	4.7	0.6
Public administration expenditure	0.2	0.3
Investments in machinery, equipment, means of transport	8.6	(0.3)
Investments in construction	10.4	1.1
Exports of goods and services	9.8	1.8
Total domestic demand	4.9	0.5
Consumer price index	8.4	5.8

Source: Prometeia December 2022 outlook

As is well-known, the lease market is heavily influenced by changes in GDP and investments.
The upturn in GDP and investments in 2022 positively affected the domestic lease market which saw a 6.8% rise in financed amounts and an increase of 3.0% in the number of new leases compared to 2021.
At year-end 2022, the total volume financed on the market was €22.4 billion, corresponding with 325,992 new leases.
All leases sectors performed well except for the real estate sector which saw a 3.4% reduction in new leases.
Leases of plant and machinery increased by 6.9% (new lease volumes of €12.2 billion compared to €11.4 billion in 2021), bolstered in particular by a 5.4% increase in finance leases and a 20.7% increase in operating leases over the previous year.
The automotive sector also recovered, with finance leases up 8.8% on 2021.

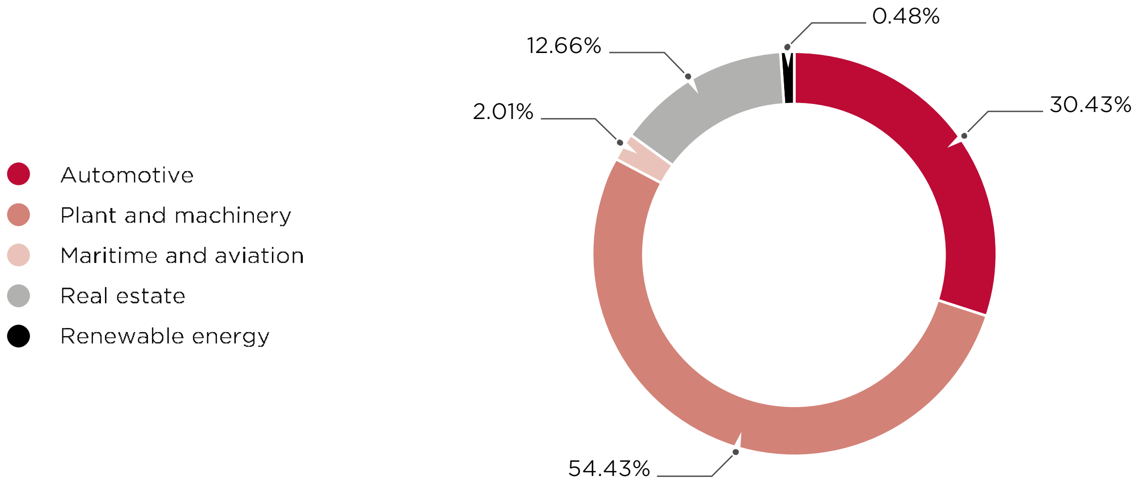
New leases: no. of contracts, amounts in thousands of Euro and percentage variation

Product	No. of contracts				Amounts			
	2022	2021	Variation	% var.	2022	2021	Variation	% var.
Automotive	117,117	118,126	-1,009	-0.85%	6,816,374	6,266,613	549,761	8.77%
Plant and machinery	205,044	194,877	10,167	5.22%	12,190,221	11,398,440	791,781	6.95%
Maritime and aviation	436	247	189	76.52%	449,369	291,092	158,277	54.37%
Real estate	3,105	3,230	-125	-3.87%	2,834,923	2,933,608	-98,685	-3.36%
Renewable energy	290	137	153	111.68%	107,080	85,852	21,228	24.73%
Total	325,992	316,617	9,375	2.96%	22,397,967	20,975,605	1,422,362	6.78%

Source: Assilea - data processed by Alba Leasing S.p.A

The lease market mix - by product type - remains mostly concentrated in the plant and machinery sector (54.43% of all leases), followed by automotive (30.43%) and real estate (12.66%). Other products (maritime and aviation, railway and renewable energy) account for a combined total of 2.49%.

New leases in 2022: % by product

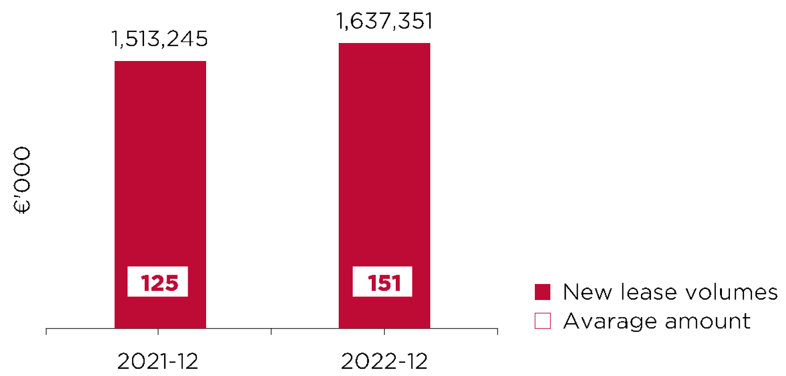


Source: Assilea - data processed by Alba Leasing S.p.A

Business performance and market positioning

Alba Leasing S.p.A. performed well in 2022, posting growth above the market rates. New lease volumes in the year came to €1,637.35 million (finance and operating leases), up 8.20% on 2021.
Real estate leases accounted for 23.90% of the growth in volumes compared to 41.05% in 2021.
Leases of plant and machinery made up 58.85% of the new lease volumes, up 2.91% on the previous year.
Conversely, the automotive sector contracted by 8.51% in terms of volumes.

New lease volumes - Average ticket



In a phase of the economic recovery characterised by great uncertainty and increasingly stiffer competition, the parent has made substantial efforts to maintain adequate remuneration on new leases, recording spreads in line with 2021.

New leases: no. of contracts, amounts in thousands of Euro and variations

Product	No. of contracts				Amounts			
	2022	2021	Variation	% var.	2022	2021	Variation	% var.
Automotive	3,055	3,624	-569	-15.70%	245,251	268,063	-22,813	-8.51%
Plant and machinery	7,347	8,001	-654	-8.17%	963,537	936,301	27,237	2.91%
Maritime and aviation	29	43	-14	-32.56%	37,293	31,490	5,804	18.43%
Real estate	440	434	6	1.38%	391,270	277,392	113,879	41.05%
Total	**10,871**	**12,102**	**-1,231**	**-10.17%**	**1,637,351**	**1,513,245**	**124,106**	**8.20%**

Source: Alba Leasing S.p.A.

The mix of new leases in Alba Leasing's portfolio confirms plant and machinery as its main product with 58.85% of volumes, a slight drop on the previous year (61.87%). Second is real estate (23.90%), followed by automotive (14.98%), respectively up and down slightly on the previous year. The maritime and aviation sector accounts for 2.28% of new leases.

New leases: breakdown by product (%)

Product	2022	2021	% var.
Automotive	14.98%	17.71%	-2.74%
Plant and machinery	58.85%	61.87%	-3.03%
Maritime and aviation	2.28%	2.08%	0.20%
Real estate	23.90%	18.33%	5.57%

Source: Alba Leasing S.p.A.

New leases by sales channel (and % variations)

	2022	2021	Weight variation %	Volume variation %
Partner banks	60.78%	65.86%	-5.08%	-0.14%
Affiliated banks	10.97%	9.46%	1.51%	25.49%
Total banks	**71.75%**	**75.32%**	**-3.57%**	**3.07%**
Other channels (vendors/suppliers/direct sales/intermediaries/agents)	28.25%	24.68%	3.57%	23.85%
Total	**100.00%**	**100.00%**		**8.20%**

Source: Alba Leasing S.p.A.

The partner banks' contribution to new leases shrank by 5.08% in 2022 although they continue to be the parent's main distribution channel, accounting for 60.78% of its business.

This reduction is due to the discontinuation of the commercial agreement with the partner Crédit Agricole at the start of 2022.

The contribution of the other channels increased by 3.57%, equal to 28.25% of the new leases agreed in 2022.

Classification by product and market share in 2022

New leases	Assilea position	Market share
Automotive	n.a.	n.a.
Plant and machinery	3	7.74%
Maritime and aviation	6	8.30%
Real estate	1	13.80%
Renewable energy	2	18.27%
Total	3	7.30%

Source: Assilea - data processed by Alba Leasing S.p.A

In 2022, Alba Leasing S.p.A. was ranked third in the market, with a share of 7.30%, excluding long-term leases.
It ranks third nationally for plant and machinery and rose to first place for real estate, with respective market shares of 7.74% and 13.80%.

At 31 December 2022, there were 5,306 bank branches that distributed Alba Leasing products, of which 3,723 were partner banks' branches and 1,583 other affiliated banks' branches (smaller banks strongly concentrated at local level).

In addition to finance and operating leases, which account for nearly all the parent's business, it also distributes variable-rate loans ("Pagodopo") to Michelin retailers to provide them with the liquidity needed to purchase Michelin tyres.
At 31 December 2022, these loans amounted to €49.5 million, up 34.5% on the previous year end.

Organisational structure

Following the resignation of the director Vittorio Pellegatta, the shareholders elected Marco Perocchi (candidated by the partner bank Crédit Agricole) as his replacement for the remaining part of the 2020-2022 term in their meeting of 26 April 2022.
The parent has continued its commitment to cultivate collaboration among its employees and the technological innovation achieved in the recent past even though the Covid-19 state of emergency has ended with the concurrent obligation to work remotely or stagger employee presence in the office.
On 16 March 2022, the parent signed a remote work agreement providing that its employees may work from home up to eight days a month, for a maximum of two days a week.
Moreover, in order to facilitate their commuting journey, flexible working hours were maintained throughout the year with the clock-in time extended to 10 a.m. and similar flexibility in the afternoon/evening.

Research and development

The parent did not carry out specific R&D activities during the year, given the special nature of its business.

Key events of the year

Crédit Agricole Italia S.p.A.

As a result of the merger of Credito Valtellinese S.p.A. (“Creval”), this bank’s investment in the parent was transferred to Crédit Agricole Italia S.p.A. on 24 April 2022.

Solidarity fund

During the year, the parent commenced the process to introduce efficiency measures and thus contain its fixed labour costs as well as facilitating a proper generational handover, including through resort to the extraordinary benefits of the solidarity fund for the retraining and upskilling of all employees who vest the right to retire in the period from 1 January 2023 to 31 October 2025.

Transfer of non-performing exposures

In accordance with the non-performing contracts management plan, on 24 November 2022, the parent’s board of directors approved the transfer of a portfolio of non-performing exposures with a gross carrying amount of approximately €17.6 million. With this transaction completed in December, the parent further improved the quality of its assets, bringing its NPE ratio to 6.92% at year end 2022, compared to the Italian lease market average of 12.19% (source: Assilea - Lease credit quality, September 2022), and moving forward with the streamlining of the management of small contracts, which have been completely provided for.

Funding transactions

Alba Leasing S.p.A. is the only large lease company that is not part of a banking group. In addition to the obvious and constructive support from its shareholder banks, therefore, it continues to procure funds on the financial markets thanks to the experience it has acquired over the years, negotiating new funding through public and private securitisations and through bilateral loans from major Italian and international financial institutions.

During the year, the parent continued to cultivate its relations with the Italian and international financial system in order to raise new funds and enable it to become more independent of its independence of its shareholder banks.
The following fundraising transactions were completed during the year:

- in January, Alba Leasing S.p.A. repurchased the junior and senior notes it had issued from a bank in four transactions for approximately €200 million;
- in January and April, the Alba 6 revolving securitisation continued with two transfers of additional portfolios, generating total liquidity in excess of €47 million. In March, the parent signed an agreement for the securitisation’s restructuring, with the re-opening of the warehouse period until July 2022, extension of the revolving period until July 2023 and an increase in the nominal amount of the senior and junior notes of up to €450 million and €142.2 million, respectively. Both classes of notes reached the ceiling in the first week of July when the parent transferred an additional portfolio of performing exposures arising from leases of €91 million to the SPV without recourse. Since their issue, the junior notes have been subscribed by the parent while a bank has subscribed all the senior notes. The July restructuring and the October revolving transaction generated liquidity of approximately €100 million. The revolving status will continue until the payment date in July 2023;
- in May, the parent entered into repurchase agreements with two banks, one involving the junior notes and three involving senior and mezzanine notes, all

related to securitisations it had originated. The agreements raised funds of more than €123 million;

- On 1 July, Crédit Agricole Italia formalised the reduction in its credit facilities granted to the parent from €400 million to €300 million;
- in July, the parent entered into a repurchase agreement with a major international counterparty, with the senior notes of the Titan securitisation as collateral, raising funds of roughly €41 million;
- in September, the parent completed the first issue of the private stage (warehousing) of the new Alba 13 securitisation (through the SPV Alba 13 SPV S.r.l.). Alba Leasing S.p.A. sold the SPV a portfolio of exposures of approximately €890 million, issuing two series of notes (senior and junior, in a ratio of around 74% to 26% for a target of €965 million and €352.1 million, respectively). The notes were issued as partly paid to allow the financing of subsequent purchases by the SPV of exposures through multiple subscription payments. The senior notes have a private scope rating and are listed on the professional segment of the Italian stock exchange (ExtraMOT PRO). The parent subscribed the entire class of these notes and used it in September to finalise three repurchase agreements with banks generating liquidity of about €600 million. In December, the parent transferred an additional portfolio of performing exposures arising from leases (€287.3 million) to Alba 13 SPV S.r.l. and renewed the three repurchase agreements with the same banks for a higher amount, generating extra liquidity of approximately €170 million. The warehousing stage is expected to end in March 2023 although the parent may extend it for another three months to achieve the portfolio's target size;
- in September and October, it applied to Cassa Depositi e Prestiti (CDP) for new two and three year loans totalling €30 million, used subsequently for the leases that qualify for the "new Sabatini" plant and machinery incentives.

Disputes with the tax authorities

There have been no substantial or material developments in the parent's dispute with the tax authorities. The most salient developments are indicated below.

With respect to the VAT disputes with the tax authorities relating to 2014, 2015 and 2016 (assessed amount of €810.7 thousand, including taxes, interest, fines and other costs), the Milan Regional Tax Commission ordered that the case be deferred to 5 December 2022 in its ruling of 30 June 2022 pending the Supreme Court's decision on a similar dispute relating to 2013. On 5 December 2022, as the Supreme Court had not issued its ruling, the case was heard. At the date of preparation of this report, the related decision has not been filed.

With respect to the VAT dispute for 2016, and based on the information provided by the Genoa provincial tax department about a finance lease agreed with Studio radiologico Cassone Giovanni S.r.l. for the lease of an MRI machine, on 14 October 2022, the large taxpayers office of the Lombardy regional tax department notified the following:

- a dispute notice imposing fines of €28.4 thousand for the alleged incorrectness of the invoice issued by the supplier Paramed S.r.l. as the supplier allegedly incorrectly charged VAT at the subsidised rate of 10% rather than the normal rate of 22% rate in the invoice;
- an assessment notice for the payment of assessing higher taxes, fines and interest of €11.7 thousand alleging the incorrect application of VAT to finance lease payments. Specifically, the parent allegedly incorrectly charged VAT at the subsidised rate of 10% rather than the normal rate of 22% in the invoice.

In agreement with the lessee, which will have to pay all the costs of the tax audit and subsequent dispute as per the contract terms, the parent has engaged an expert, proposed by the lessee, that has all the necessary qualifications, to follow the appeals that have been made in the name of Alba Leasing S.p.A. for procedural reasons. On 9 December 2022, the dispute with the tax authorities was started for the aforementioned notices.

Other disputes

There have been no substantial or material developments in the parent’s disputes with the municipal authorities regarding local property tax.

Sustainability and Social

The parent was fully committed to assisting its employees during this year characterised by soaring prices, especially those related to household consumption (e.g., energy bills). It provided them with two extraordinary cost-of-living bonuses in the second half of the year, in line with the new amounts established by the Aiuti Bis decree issued in August.
In September, all employees (excluding managers and employees with company cars) received a €200 petrol voucher to help offset the rise in fuel costs while in December the parent gave all its employees (including managers) a one-off €500 voucher to be used on its welfare platform to purchase household items, exchanged for food vouchers, to buy clothes, etc.
As well as looking out for its employees, the parent also engaged in social responsibility projects: in November, it joined the “Payroll giving” initiative for violence against women. Employees were given the option of donating one or more hours of pay to support women who have been victims of violence through their pay slips. The parent then doubled the amount donated by them and transferred the entire amount to “Fondazione Libellula”.

Innovation Technology

During the year, the parent developed and/or introduced Robotic Process Automation (RPA) and Machine Learning systems as part of its digital transition. These systems will speed up internal operations in the Operations and Credit departments with the aim of achieving ambitious operating efficiency and business development goals to provide customers with increasingly innovative and smart services.

Other events

Distribution agreements

Financial services agreements

Four new agreements were signed with credit brokers to strengthen the distribution channel.

Affiliated banks

The parent signed two distribution agreements with new banks during the year as part of its project to develop its network of affiliated banks.

Operating lease vendors

The continued development of the operating lease product led the group to sign agreements with 270 suppliers of plant and machinery in 2022.

Key performance indicators

		2021	2022
Income statement	Interest margin / average capital employed	1.87%	2.00%
	Total income / average capital employed	2.01%	2.14%
	Gross operating profit / average capital employed	0.24%	0.32%
	ROE	1.77%	2.47%
Efficiency	Operating costs / Total income	56.68%	54.20%
	Personnel expense / Operating costs	50.91%	54.70%
Productivity	Average number of employees (FTE)	277	271
	Average cost / Average no. of employees (FTE) (€'000)	100.95	113.12
	New leases / Average no. of employees (FTE) (€m)	5.46	6.04
Risks and capital	Cost of risk	0.54%	0.60%
	Cost of risk / Total income	30.06%	29.91%
	RWA (€m)	4,381	4,283
	Total capital ratio	9.49%	9.79%
	RORAC	2.78%	4.04%

Statement of financial position and income statement highlights - consolidated financial statements

The following pages include tables and comments on the statement of financial position and income statement highlights.

Statement of financial position

Assets (€'000)	31/12/2022	31/12/2021	Variation
10 Cash and cash equivalents	230,810	158,377	72,433
40 Financial assets at amortised cost	5,096,749	5,182,696	(85,947)
a) loans and receivables with banks	37,960	36,980	980
b) loans and receivables with financial companies	108,140	116,909	(8,770)
c) loans and receivables with customers	4,950,650	5,028,807	(78,157)
80 Property, equipment and investment property	15,195	18,105	(2,910)
90 Intangible assets	1,700	1,201	499
100 Tax assets	41,099	52,515	(11,416)
a) current	2,727	7,143	(4,417)
b) deferred	38,373	45,372	(6,999)
120 Other assets	64,272	92,129	(27,857)
Total assets	**5,449,826**	**5,505,024**	**(55,198)**

Liabilities and equity (€'000)	31/12/2022	31/12/2021	Variation
10 Financial liabilities at amortised cost	4,735,168	4,827,144	(91,976)
a) amounts due	2,980,103	2,422,661	557,442
b) securities issued	1,755,065	2,404,483	(649,418)
60 Tax liabilities	-	-	-
a) current	-	-	-
b) deferred	-	-	-
80 Other liabilities	282,855	257,336	25,520
90 Post-employment benefits	2,052	2,347	(295)
100 Provisions for risks and charges:	4,025	2,945	1,079
a) loan commitments and financial guarantees given	1,652	988	664
c) other provisions	2,373	1,957	416
110 Share capital	357,953	357,953	-
140 Share premium	105,000	105,000	-
150 Reserves	(47,317)	(54,618)	7,301
160 Valuation reserves	(282)	(385)	102
170 Profit for the year	10,371	7,301	3,070
Total liabilities and equity	**5,449,826**	**5,505,024**	**(55,198)**

Financial assets at amortised cost of €5,096.7 million at 31 December 2022 are substantially in line with the previous year end balance (€5,182.7 million). Reference should be made to the notes, Section 3 - Risks and related hedging policies for information on the quality of financial assets.

Property, equipment and investment property include the assets withdrawn after the termination of the finance lease and of the loan to the original lessees. They amount to €15.2 million and the decrease of €2.9 million over 31 December 2021 is due to variations in the assets under finance leases withdrawn (€2.1 million) and the depreciation of right-of-use assets recognised in accordance with IFRS 16 (€0.8 million).

Intangible assets, up €0.5 million on the previous year end, include software licences, mostly related to investments for the Alba4future projects.

Tax assets amount to €41.1 million and principally comprise deferred tax assets of €38.4 million arising on the impairment of loans and receivables and the current IRES/IRAP assets.

Other assets of €64.3 million mainly consist of the VAT asset of €5.3 million, other assets of €44.5 million (including advances to suppliers of €29.9 million), purchased tax assets of €8.9 million and prepayments and accrued income of €5.2 million. The €27.9 million reduction on the previous year end is mostly due to the reimbursement of VAT assets of €27.4 million and the utilisation of tax assets of €2.2 million, offset by the increase in sundry assets of €1.7 million.

Financial liabilities at amortised cost of €4,735.2 million are more or less in line with the previous year end (€4,827.1 million) and consist of amounts due of €2,980.1 million and securities issued of €1,755.1 million. The increase in amounts due for financing is offset by the decrease in the securities issued, mostly as a result of the repurchase agreements entered into for the new Alba 13 securitisation, currently in the self-securitisation phase, which are entirely held by the parent.
The sub-caption amounts due mainly consists of €2,535.9 million due to banks, €357.6 million due to customers and €86.6 million due to other financial companies for financing received.
The sub-caption securities issued, down 27% on 31 December 2021, comprise the notes issued by the securitisation vehicles for the securisations.

Other liabilities of €282.9 million rose 9.9% on 31 December 2021 (€257.3 million). They include trade payables of €241.5 million, sundry liabilities of €24.6 million and accrued expenses and deferred income of €16.7 million. The increase is mainly due to trade payables, up €28 million (mainly for the supply of assets to be leased) offset by the reduction in sundry liabilities, down €2.7 million.

Provisions for risks and charges of €4 million increased 36.7% on 31 December 2021 due to larger accruals and smaller releases for disputes in which the parent is a defendant and accruals for loan commitments and financial guarantees given.

Equity of €425.7 million comprises:

Liabilities and equity *(€'000)*	31/12/2022
110 Share capital	357,953
140 Share premium	105,000
150 Reserves	(47,317)
160 Valuation reserves	(283)
170 Profit for the year	10,371

Income statement

(€'000)	2022	2021	Variation
10 Interest and similar income	136,912	105,512	31,400
including: interest calculated using the effective interest method	131,614	99,062	32,552
20 Interest and similar expense	(40,279)	(15,320)	(24,959)
30 Net interest income	96,633	90,192	6,441
40 Fee and commission income	29,613	28,149	1,464
50 Fee and commission expense	(22,841)	(21,439)	(1,402)
60 Net fee and commission income	6,772	6,710	62
120 Total income	103,405	96,902	6,503
130 Net impairment losses for credit risk associated with:	(31,650)	(29,131)	(2,519)
a) financial assets at amortised cost	(31,650)	(29,131)	(2,519)
140 Net modification gains	231	130	101
150 Net financial income	71,986	67,901	4,085
160 Administrative expenses:	(46,774)	(44,571)	(2,203)
a) personnel expense	(30,654)	(27,963)	(2,692)
b) other administrative expenses	(16,120)	(16,609)	489
170 Net accruals to provisions for risks and charges	(1,091)	(618)	(473)
a) loan commitments and financial guarantees given	(664)	(226)	(438)
b) other	(427)	(392)	(35)
180 Depreciation and net impairment losses on property, equipment and investment property	(2,200)	(2,470)	270
190 Amortisation and net impairment losses on intangible assets	(801)	(3,438)	2,638
200 Other operating expenses, net	(6,268)	(4,447)	(1,821)
210 Operating costs	(57,134)	(55,545)	(1,589)
250 Net gains (losses) on sales of investments	86	(834)	920
260 Pre-tax profit from continuing operations	14,938	11,522	3,416
270 Income taxes	(5,049)	(3,529)	(1,520)
280 Post-tax profit from continuing operations	9,889	7,993	1,896
290 Post-tax profit (loss) from discontinued operations	482	(692)	1,174
300 Profit for the year	10,371	7,301	3,070

Net interest income, including discounting gains and net interest accrued on non-performing exposures (€2.8 million), is up €6.4 million (+7.1%) on the previous year. The interest mismatch between lending and funding amounts to €7.6 million and was partly offset by the smaller impact of discounting and other income and similar expense (€1.2 million).
Net fee and commission income of €6.8 million is in line with the previous year. Lease management fees increased by €0.8 million countered by the smaller commissions on insurance services and other costs (€0.7 million).

As a result, total income amounts to €103.4 million, up 6.7% on the previous year.

Net impairment losses amount to €31.7 million, with a cost of risk of 0.60%, up slightly on 2021 (0.54%). Net of the accounting effects of IFRS 9, it shows an increase of €5.3 million.
This amount reflects the parent's response to the challenging economic and environmental conditions seen in 2022 and that risk continuing into 2023.
The ongoing war in Ukraine, which has triggered increases in the cost of raw materials and an upswing in inflation, encouraged the parent to make prudent and conservative assessments of, in particular, its customers with performing exposures that could be affected by the current geopolitical situation.
Specifically, it has continued to classify in stage 2 exposures that, despite still being performing, were already considered at risk in 2020 because they belong to product sectors exposed to the risks of the crisis.

It has also taken this prudent approach to non-performing exposures as well, anticipating the deterioration of exposures that were already classified as non-performing, with their possible future reclassification from unlikely to pay to bad exposures.
This overall approach led to the aforementioned impairment losses. In this way, the parent believes it has anticipated any negative effects of macroeconomic factors that could have an adverse impact on the financial structure of companies already weakened by the previous two years.

Administrative expenses amount to €46.8 million, including personnel expense of €30.7 million and other administrative expenses of €16.1 million. They are up €2.2 million (4.9%) on 2021.
Personnel expense increased 9.6% from €28 million in 2021 to €30.7 million in 2022. The increases for accruals for bonuses and leaving incentives of €3.4 million were partly offset by the smaller cost of employee turnover of €0.7 million.
Other administrative expenses show a slight decrease (2.9%) compared to the previous year and are in line with the parent's cost containment policies. The individual items making up the caption have not changed significantly during the year.

Depreciation/amortisation and net impairment losses on property, equipment and investment property and intangible assets total €3 million, down €2.9 million on 2021 mainly due to discontinuation of the amortisation of the residual value of customer relationships (€2.7 million) relating to the distribution agreement and identified as part of the purchase price allocation after the parent acquired the lease business unit from Creval in 2014 following Creval's termination of the distribution agreement.

Net accruals to provisions for risks and charges increased by €0.5 million over 2021 due to the larger accruals and smaller releases for loan commitments and financial guarantees given.

Other operating expenses, net (which includes reclassifications of fees and commissions on the securitised exposures and those factored without recourse) increased by €1.8 million. The increase, mostly consisting of the costs for the recovery and management of the assets underlying finance leases terminated in advance due to breach of the lease contract (€1.3 million) and the net costs on non-recourse factoring (€2.3 million), is offset by the higher income from the recovery of contract costs (€2 million).

Profit for the year
The pre-tax profit for 2022, including discontinued operations, is €15.7 million, for a profit for the year of €10.4 million after taxes.

Risk management

Section 3 - Risks and related hedging policies in Part D of the notes to the consolidated financial statements provides a detailed description of the risks the group is exposed to and its related hedging policies.

Related party transactions

Section 6 - Related party transactions in the notes to the consolidated financial statements provides information about transactions undertaken by the group with related parties.

Main risks and uncertainties

The relevant sections of the notes to the consolidated financial statements provide information about the risks affecting the group's financial solidity, the going concern assumption and financial and operating risks.
The directors deemed it appropriate to use the going concern assumption in preparing these consolidated financial statements as there are no significant uncertainties about the group's ability to continue to operate in the foreseeable future. This is confirmed by its main capital and financial ratios at year end.
There is no uncertainty about the group's access to funding, also given that its shareholders are banks which have confirmed their strategic commitment to the group.
However, given the uncertainty and unpredictability of macroeconomic scenarios in light of the war in Ukraine and its effects on energy costs, as well as the continuing higher-than-expected inflation and the ECB's rate policies to contain it, how Italian and European GDP will evolve is highly uncertain.

Other information

The following should be noted:

- Alba Leasing S.p.A. is not managed and coordinated by another company;
- it does not hold and has not held treasury shares during the year.

Moreover:

Share capital

The parent's fully paid-up and subscribed share capital of €357,953,058.13 comprises 353,450,000 shares without a par value as follows:

Shareholder	Number of shares	Euro	% of share capital
Banco BPM S.p.A.	138,515,000	138,515,000.00	39.19%
BPER Banca S.p.A.	118,397,500	118,397,500.00	33.50%
Banca Popolare di Sondrio S.p.A.	68,087,500	68,087,500.00	19.26%
Crédit Agricole S.p.A.	28,450,000	32,953,058.13	8.05%

Consolidation scope

The consolidated financial statements include the financial statements of the securitisation vehicles Alba 6 SPV S.r.l., Alba 9 SPV S.r.l., Alba 10 SPV S.r.l., Alba 11 SPV S.r.l. and Alba 12 SPV S.r.l..
During the year, via its SPV Alba 13 SPV S.r.l., the parent carried out a new securitisation. Since its holds all notes issued, the transaction qualifies as a self-securitisation which is recognised in accordance with the applicable legislation.
Section 5 - Basis of consolidation in Part A - Accounting policies of the notes to the consolidated financial statements provides more information about the consolidation scope.

Outlook

Although GDP grew in 2022, the exceptional events and macroeconomic uncertainties will continue to affect 2023 with an outlook for zero growth. While Alba Leasing S.p.A. promptly seized all opportunities that presented themselves in 2022, in 2023, it intends to build on its commercial achievements by adapting its strategies to the external macroeconomic variables while maintaining high service levels for its customers and equally high operational efficiency.

Events after the reporting date

No events occurred between the end of 2022 and the approval date of these consolidated financial statements that would appreciably affect operations or results.

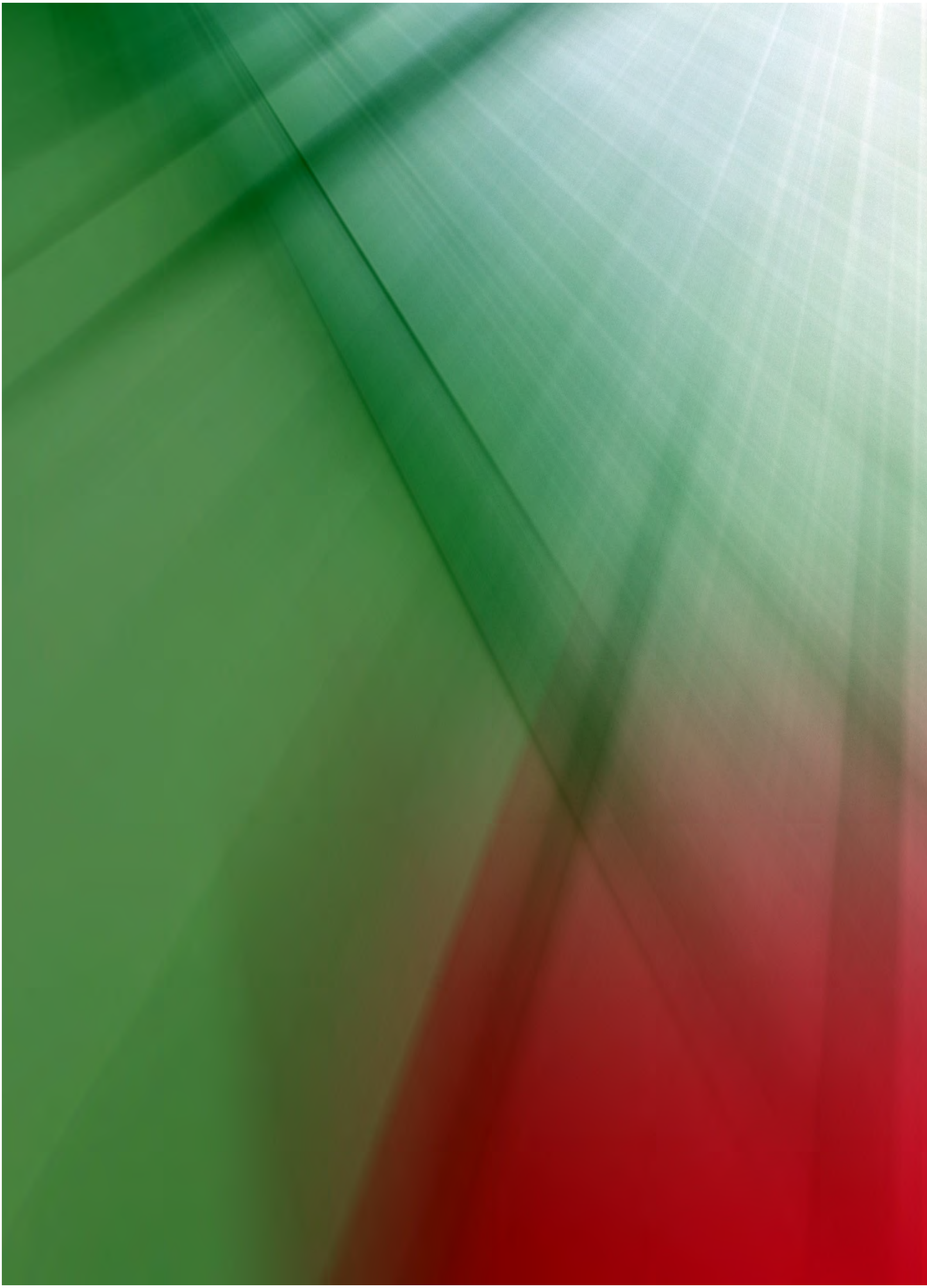
Branches

None.

Proposals to the shareholders

Dear shareholders
We would ask you to acknowledge the consolidated financial statements of the Alba Leasing Group as at and for the year ended 31 December 2022 and this report.

On behalf of the board of directors
Chairman



Consolidated financial statements

Statement of financial position

(Euro)

Assets	31/12/2022	31/12/2021
10. Cash and cash equivalents	230,810,157	158,377,330
40. Financial assets at amortised cost	5,096,749,167	5,182,695,814
a) loans and receivables with banks	37,959,654	36,979,740
b) loans and receivables with financial companies	108,139,564	116,909,200
c) loans and receivables with customers	4,950,649,949	5,028,806,874
80. Property, equipment and investment property	15,194,966	18,105,384
90. Intangible assets	1,700,117	1,201,483
100. Tax assets	41,099,396	52,515,103
a) current	2,726,587	7,143,445
b) deferred	38,372,809	45,371,658
120. Other assets	64,271,743	92,128,530
Total assets	5,449,825,546	5,505,023,644

Liabilities and equity	31/12/2022	31/12/2021
10. Financial liabilities at amortised cost	4,735,167,830	4,827,143,696
a) amounts due	2,980,102,667	2,422,660,765
b) securities issued	1,755,065,163	2,404,482,931
80. Other liabilities	282,856,383	257,336,216
90. Post-employment benefits	2,051,790	2,347,142
100. Provisions for risks and charges:	4,024,864	2,945,377
a) loan commitments and financial guarantees given	1,651,898	987,973
c) other provisions	2,372,966	1,957,404
110. Share capital	357,953,058	357,953,058
140. Share premium	105,000,000	105,000,000
150. Reserves	(47,316,882)	(54,617,781)
160. Valuation reserves	(282,557)	(384,963)
170. Profit for the year	10,371,060	7,300,899
180. Equity attributable to non-controlling interests	-	-
Total liabilities and equity	5,449,825,546	5,505,023,644

Income statement

(Euro)

	2022	2021
10. Interest and similar income	136,912,387	105,512,189
including: interest calculated using the effective interest method	131,613,511	99,061,855
20. Interest and similar expense	(40,279,117)	(15,319,962)
30. Net interest income	**96,633,270**	**90,192,227**
40. Fee and commission income	29,612,911	28,148,846
50. Fee and commission expense	(22,841,280)	(21,439,214)
60. Net fee and commission income	**6,771,631**	**6,709,632**
120. Total income	**103,404,901**	**96,901,859**
130. Net impairment losses for credit risk associated with:	(31,649,953)	(29,130,888)
a) financial assets at amortised cost	(31,649,953)	(29,130,888)
140. Net modification gains	230,618	129,792
150. Net financial income	**71,985,566**	**67,900,763**
160. Administrative expenses:	(46,774,080)	(44,571,238)
a) personnel expense	(30,654,244)	(27,962,562)
b) other administrative expenses	(16,119,836)	(16,608,676)
170. Net accruals to provisions for risks and charges	(1,090,867)	(617,905)
a) loan commitments and financial guarantees given	(663,925)	(226,363)
b) other	(426,942)	(391,542)
180. Depreciation and net impairment losses on property, equipment and investment property	(2,199,862)	(2,470,170)
190. Amortisation and net impairment losses on intangible assets	(800,957)	(3,438,479)
200. Other operating expenses, net	(6,268,207)	(4,446,880)
210. Operating costs	**(57,133,973)**	**(55,544,672)**
250. Net gains (losses) on sales of investments	86,115	(834,009)
260. Pre-tax profit from continuing operations	**14,937,708**	**11,522,082**
270. Income taxes	(5,048,706)	(3,528,929)
280. Post-tax profit from continuing operations	**9,889,002**	**7,993,153**
290. Post-tax profit (loss) from discontinued operations	482,058	(692,254)
300. Profit for the year	**10,371,060**	**7,300,899**
310. Profit for the year attributable to non-controlling interests	-	-
320. Profit for the year attributable to the owners of the parent	**10,371,060**	**7,300,899**

Statement of comprehensive income

(Euro)

		2022	2021
10.	Profit for the year	10,371,060	7,300,899
	Items, net of tax, that will not be reclassified to profit or loss		
70.	Defined benefit plans	102,406	16,898
170.	Other comprehensive income, net of tax	102,406	16,898
180.	Comprehensive income (captions 10+170)	10,473,466	7,317,797
190.	Comprehensive income attributable to non-controlling interests	-	-
200.	Comprehensive income attributable to the owners of the parent	10,473,466	7,317,797

Statement of changes in equity

2022

(Euro)

	31.12.2021	Change to opening balances	1.1.2022	Allocation of prior year profit		Changes for the year							2022 comprehensive income	Equity attributable to the owners of the parent at 31.12.2022	Equity attributable to non-controlling interests at 31.12.2022
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions							
							Issue of new shares	Repurchase of own shares	Extraordinary dividend distribution	Change in equity instruments	Other changes			
Share capital	357,953,058	-	357,953,058	-	-	-	-	-	-	-	-	-	357,953,058	-
Share premium	105,000,000	-	105,000,000	-	-	-	-	-	-	-	-	-	105,000,000	-
Reserves:														
a) income-related	(56,031,888)		(56,031,888)	6,935,854	-	-	-	-	-	-	-	-	(49,096,034)	-
b) other	1,414,107	-	1,414,107	365,045	-	-	-	-	-	-	-	-	1,779,152	-
Valuation reserves	(384,963)	-	(384,963)	-	-	-	-	-	-	-	-	102,406	(282,557)	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	7,300,899	-	7,300,899	(7,300,899)	-	-	-	-	-	-	-	10,371,060	10,371,060	-
EQUITY attributable to the owners of the parent	415,251,213	-	415,251,213	-	-	-	-	-	-	-	-	10,473,466	425,724,679	-
EQUITY attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2021

(Euro)

	31.12.2020	Change to opening balances	1.1.2021	Allocation of prior year profit		Changes for the year							2021 comprehensive income	Equity attributable to the owners of the parent at 31.12.2021	Equity attributable to non-controlling interests at 31.12.2021
							Equity transactions								
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Repurchase of own shares	Extraordinary dividend distribution	Change in equity instruments	Other changes				
Share capital	357,953,058	-	357,953,058	-	-	-	-	-	-	-	-		-	357,953,058	-
Share premium	105,000,000	-	105,000,000	-	-	-	-	-	-	-	-		-	105,000,000	-
Reserves:															
a) income-related	(56,568,231)		(56,568,231)	536,343	-	-	-	-	-	-	-		-	(56,031,888)	-
b) other	1,385,878	-	1,385,878	28,229	-	-	-	-	-	-	-		-	1,414,107	-
Valuation reserves	(401,861)	-	(401,861)	-	-	-	-	-	-	-	-		16,898	(384,963)	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Profit for the year	564,572	-	564,572	(564,572)	-	-	-	-	-	-	-		7,300,899	7,300,899	-
EQUITY attributable to the owners of the parent	**407,933,416**	**-**	**407,933,416**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**7,317,797**	**415,251,213**	**-**
EQUITY attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**

Statement of cash flows (indirect method)

(Euro)

A. OPERATING ACTIVITIES	2022	2021
1. OPERATIONS	**46,215,105**	**43,794,539**
- profit for the year (+/-)	10,371,060	7,300,899
- net impairment losses for credit risk (+/-)	31,649,953	29,130,888
- amortisation, depreciation and net impairment losses on property, equipment and investment property and intangible assets (+/-)	3,000,819	5,908,649
- net accruals to provisions for risks and charges and other costs/revenue (+/-)	1,090,867	617,905
- other adjustments (+/-)	102,406	836,198
2. CASH FLOWS GENERATED BY (USED FOR) FINANCIAL ASSETS	**95,011,677**	**(233,428,572)**
- financial assets at amortised cost	55,739,183	(231,221,515)
- other assets	39,272,494	(2,207,057)
3. CASH FLOWS GENERATED BY (USED FOR) FINANCIAL LIABILITIES	**(66,762,432)**	**229,164,674**
- due to banks	222,479,659	(305,535,811)
- due to financial companies	(1,621,476)	9,585,243
- due to customers	336,583,719	(14,015,732)
- securities issued	(649,417,768)	441,256,065
- other liabilities	25,213,434	97,874,909
NET CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**74,464,350**	**39,530,641**
B. INVESTING ACTIVITIES		
1. CASH FLOWS GENERATED BY	**2,139**	**3,468,931**
- sales of property, equipment and investment property	2,139	3,468,931
2. CASH FLOWS USED TO ACQUIRE	**(2,033,662)**	**(1,035,070)**
- property, equipment and investment property	(734,071)	(417,158)
- intangible assets	(1,299,591)	(617,912)
NET CASH FLOWS GENERATED BY (USED IN) INVESTING ACTIVITIES	**(2,031,523)**	**2,433,861**
C. FINANCING ACTIVITIES	-	-
NET CASH FLOWS GENERATED BY (USED IN) FINANCING ACTIVITIES	-	-
NET CASH FLOWS FOR THE YEAR	**72,432,827**	**41,964,502**

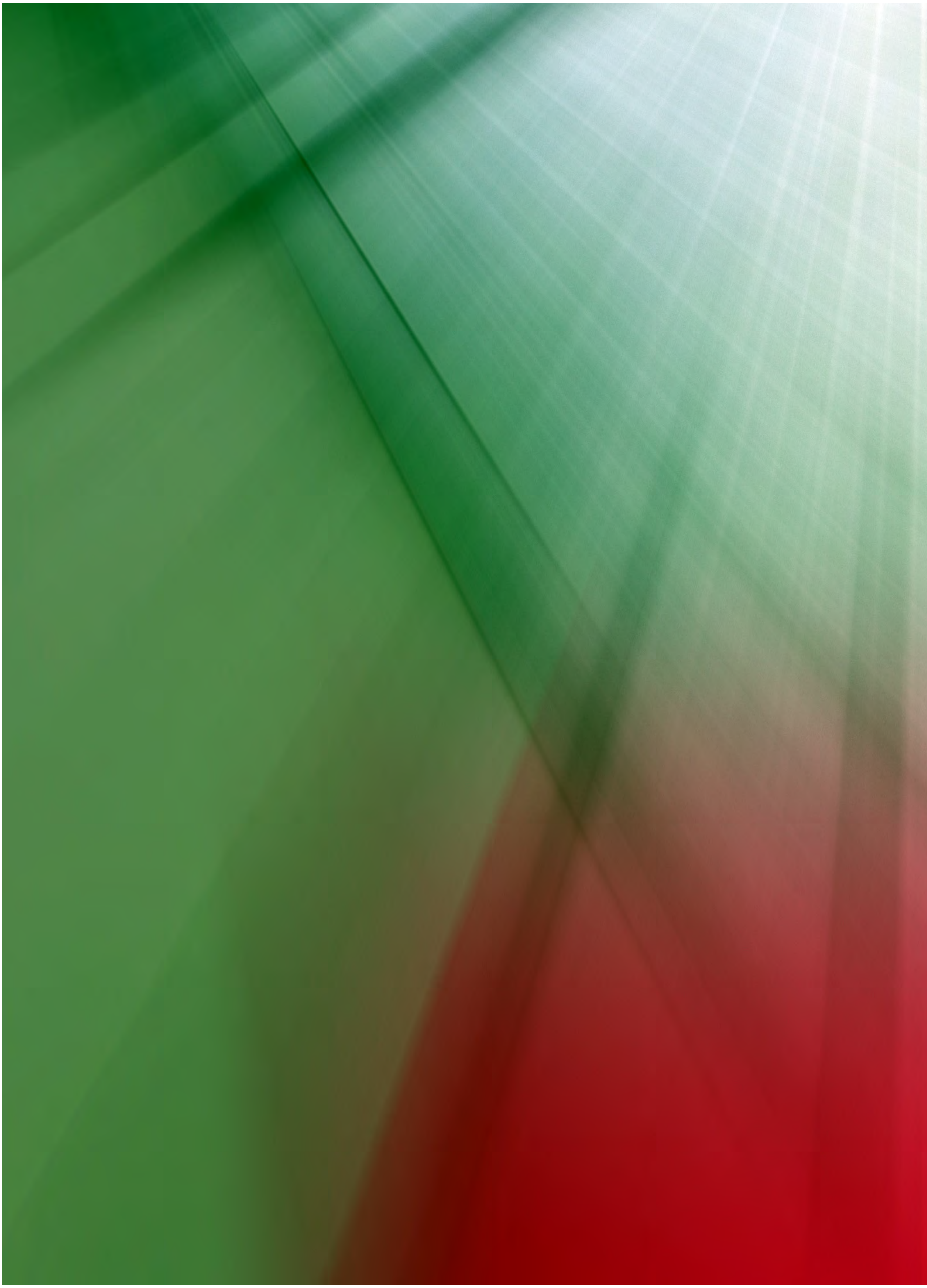
RECONCILIATION	2022	2021
Opening cash and cash equivalents	158,377,330	116,412,828
Net cash flows for the year	72,432,827	41,964,502
Closing cash and cash equivalents	230,810,157	158,377,330

KEY
(+) generated
(-) used

Disclosure pursuant to IAS 7.44

	31/12/2022	Cash flows	Non-cash changes	31/12/2021
Liabilities arising from financing activities Including current accounts	2,925,471,766	531,920,478	-	2,393,551,289

	31/12/2021	Cash flows	Non-cash changes	31/12/2020
Liabilities arising from financing activities Including current accounts	2,393,551,289	(287,664,352)	-	2,681,215,640



Notes to the consolidated financial statements

Part A - Accounting policies

A.1 - General part

Section 1 - Statement of compliance with the IFRS

The consolidated financial statements of Alba Leasing S.p.A. as at and for the year ended 31 December 2021 have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission with Regulation (EC) no. 1606 of 19 July 2002.

Despite not being endorsed by the European Commission, the group made reference to the following documents when interpreting and applying the IFRS:

- Conceptual framework for financial reporting;
- Implementation guidance, Basis for conclusions and all other documents issued by the IASB or the IFRIC that complement the issued standards.

The standards (including SIC and IFRIC) applied in the preparation of these consolidated financial statements are those applicable at 31 December 2022.

Reference should be made to Section 2 - Basis of presentation for details of the standards endorsed during 2022 and previous years that will become applicable after the reporting date and their impacts on the group's consolidated financial statements.

Section 2 - Basis of presentation

The consolidated financial statements comprise the statement of financial position, the income statement and the statements of comprehensive income, changes in equity and cash flows and these notes; they are accompanied by the directors' report.

The statement of financial position, the income statement and the statements of comprehensive income and changes in equity have been prepared on the basis of the guidelines laid down in Bank of Italy's measure of 29 October 2021 "The financial statements of IFRS intermediaries other than banks" (the "measure"), pursuant to article 43 of Legislative decree no. 136/2015.

These consolidated financial statements have been prepared considering Bank of Italy communication of 21 December 2021 updating the supplements to the measure and the IFRS amendments concerning the impacts of COVID-19 and the economic relief. This communication was published in the Official Journal on 10 March 2022 and repeals and supersedes the previous communication containing the supplements to the measure and the IFRS amendments of 27 January 2021.

Where the disclosure introduced by the new communication was not required by the previous measure, the parent elected not to present any comparative figures.
Unless otherwise required by Bank of Italy's special regulations, the disclosures provided in the notes to the consolidated financial statements have been supplemented to comply with the changes to the Italian Civil Code provisions enacted following the coming into force of the company law reform (Legislative decree no. 6 of 17 January 2003 and delegated measures amending Law no. 366 of 3 October 2001).

Captions with a zero balance in the current and previous years have been omitted.

In accordance with article 5.2 of Legislative decree no. 38 of 28 February 2005, the consolidated financial statements' reporting currency is the Euro and they have been prepared on the basis of the following principles:

Going concern: assets, liabilities and off-statement of financial position transactions are measured assuming their use over a long period of time;

Accruals basis of accounting: regardless of when they are paid/collected, costs and revenue are recognised when they are incurred or earned and under the matching principle;

Consistency of presentation: the presentation and classification of captions are kept constant over time in order to ensure that information is comparable unless changes are required by a standard or interpretation, or would provide more relevant and reliable disclosures. If a presentation or classification policy is changed, the new policy is applied retrospectively where possible; in such cases the nature of and the reason for the change and the captions affected are disclosed;

Materiality and aggregation: all significant aggregations of items with a similar nature or function are reported separately. Items with a different nature or function are presented separately, if material;

Substance over form: transactions and other events are accounted for and presented in accordance with their substance and economic reality and not merely their legal form;

Offsetting: assets and liabilities and income and expenses are not offset against each other, except when offsetting is required or allowed by a standard or interpretation or Bank of Italy's instructions for drafting the financial statements of IFRS intermediaries other than banks;

Comparative information: for each caption of the statement of financial position and income statement, comparative information for at least one preceding reporting period is presented, unless a standard or interpretation allows or requires otherwise. Where necessary, the prior period corresponding figures are adjusted for comparative purposes. When the corresponding figures are not comparable or adjusted or are non-adjustable, this fact is disclosed and suitably commented on in the notes.

Pursuant to the measure, figures in the statement of financial position as at 31 December 2022 and the income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended are shown in Euro, whereas these notes present figures in thousands of Euro.

New standards and amendments to existing standards endorsed by the European Commission

The accounting policies applied in the preparation of the consolidated financial statements at 31 December 2022 are the same as those adopted for the classification, recognition, measurement and derecognition of assets and liabilities and the recognition of revenue and costs in the consolidated financial statements at 31 December 2021, to which reference is made.

These consolidated financial statements reflect the coming into force of the following regulations as of 1 January 2022:

Regulation (EU) no. 2021/1080
Regulation (EU) no. 2021/1080 was published on 2 July 2021, endorsing the amendments to IAS 16, IAS 37, IFRS 1 and IFRS 9. The amendment to IAS 37 clarifies that, for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the

incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment to IAS 16 clarifies how the new rules prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for them to be capable of operating in the manner intended by management. The proceeds from selling such items shall be taken to profit or loss.

Endorsed standards and interpretations that will become applicable in the coming years

The standards, interpretations or amendments thereto issued by the IASB and the IFRIC and endorsed by the European Commission, whose application will become mandatory after 2022, are as follows:

<u>Classification of liabilities as current or non-current (Amendments to IAS 1)</u>
Classification of liabilities as current or non-current (Amendments to IAS 1) was issued on 23 January 2020. On 15 July 2020, the IASB approved the deferral of the effective date of the amendments from January 2020 to annual reporting periods beginning on or after 1 January 2023. Specifically, these amendments clarify that the classification of liabilities as current and non-current depends on the rights existing at the end of the reporting period.

<u>Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)</u>
The IASB published these amendments on 12 February 2021 to provide guidance and examples in the making of significance and materiality judgements to decide which accounting policies to disclose. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Material information shall be clearly presented in the financial statements, whilst immaterial information may be provided as long as its presentation does not obscure material accounting policy information. These amendments also concerned IFRIC Practice Statement 2 “Making Materiality Judgements (Materiality Practice Statement)”, which provides guidance to help entities apply materiality judgements in the preparation of IFRS financial statements. The practice statement is a non-mandatory document and provides an overview of the general characteristics of materiality and a four-step process to help companies make materiality judgements when preparing their financial statements. The amendments are applicable to annual periods beginning on or after 1 January 2023. Earlier application is permitted. Application is still subject to the completion of the ongoing endorsement process by the competent EU bodies.

<u>Definition of accounting estimates (Amendments to IAS 8)</u>
The IASB published these amendments on 12 February 2021 to help entities to distinguish between accounting policies and accounting estimates, introducing the definition of an accounting estimate, which was previously undefined. Indeed, whilst IAS 8 defines “accounting policies” and “change of accounting estimate”, there is no definition for “accounting estimate”. These amendments define “accounting estimates” as “monetary amounts in financial statements that are subject to measurement uncertainty”.

Moreover, they clarify that:

- a change in accounting estimate that results from new information or new developments is not the correction of an error;
- the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments are applicable to annual periods beginning on or after 1 January 2023. Earlier application is permitted.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
In paragraphs 15 and 24, IAS 12 establishes that deferred tax asset and liabilities must be recognised on all taxable and deductible differences, except for certain specific circumstances in which an exemption applies at initial recognition.
These amendments narrow the scope of application of this exemption, which will no longer apply to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are applicable to annual periods beginning on or after 1 January 2023. Earlier application is permitted.

Amendments to IFRS 17 Insurance contracts and subsequent amendments
In October 2022, the European Securities and Markets Authority (ESMA) issued its public statement on European common enforcement priorities for 2022 annual financial reports which calls for transparency in the implementation of IFRS 17 Insurance contracts and refers to ESMA's expectations and recommendations regarding the disclosures in the 2022 annual financial statements as outlined in ESMA's statement published in May 2022. In this context, with regard to financial conglomerates, ESMA points out that the consolidation requirements of IFRS 10 Consolidated financial statements shall be applied consistently to intragroup transactions to ensure a correct application of the IFRS 17 requirements in the group financial statements.
The joint communication of Bank of Italy, CONSOB (the Italian Commission for listed companies and the stock exchange) and IVASS (the Italian insurance supervisory authority) of 27 October 2022 covers the mandatory disclosures about the first-time adoption of IFRS 17 in accordance with IAS 8. In that communication, in order for 2022 financial statements to be compliant with the requirements of IAS 8.30/31, Bank of Italy, CONSOB and IVASS refer to the provisions of the ESMA public statement of 13 May 2022 (Transparency on implementation of IFRS 17 Insurance contracts) and, for IFRS 9, also to the provisions of the ESMA public statement of 10 November 2016 (Issues for consideration in implementing IFRS 9: Financial instruments).

The above amendments are not expected to affect the group's consolidated financial statements.

Standards and interpretations issued by the IASB and the IFRIC but not yet endorsed

A list of the unendorsed standards and interpretations issued by the IASB and the IFRIC that, despite being of potential interest for the group, are not believed will significantly affect its consolidated financial statements, is set out below for informational purposes:

Classification of liabilities as current or non-current (Amendments to IAS 1)
Classification of liabilities as current or non-current (Amendments to IAS 1) was issued on 23 January 2020. On 15 July 2020, the IASB approved the deferral of the effective date of the amendments from January 2020 to annual reporting periods beginning on or after 1 January 2023. Specifically, these amendments clarify that the classification of liabilities as current and non-current depends on the rights existing at the end of the reporting period.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
In paragraphs 15 and 24, IAS 12 establishes that deferred tax asset and liabilities must be recognised on all taxable and deductible differences, except for certain specific circumstances in which an exemption applies at initial recognition.
These amendments narrow the scope of application of this exemption, which will no longer apply to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are applicable to annual periods beginning on or after 1 January 2023. Earlier application is permitted.

The above amendments are not expected to affect the group's consolidated financial statements.

Preparation of consolidated financial statements on a going concern basis

Also having regard to the provisions of the joint Bank of Italy, CONSOB and ISVAP (the Italian Private insurance supervisory authority) Document no. 2 of 6 February 2009 on disclosures about an entity's ability to continue as a going concern and in accordance with IAS 1 (revised), it is noted that the directors have not identified any uncertainties that may give rise to doubts as to the group's ability to continue as a going concern in the foreseeable future and have prepared these consolidated financial statements accordingly.
This is also confirmed by the group's capital and financial ratios for the year. Moreover, there is no uncertainty about the group's access to funding, also given that its shareholders are banks which have confirmed their strategic commitment to the group.

Use of estimates and assumptions in the preparation of the consolidated financial statements

The preparation of these consolidated financial statements required the use of estimates and assumptions that may significantly affect the reported amounts of assets, liabilities, income and expenses. Estimation involves available information and judgements, which are also based on past experience when formulating reasonable assumptions about an entity's operations. Actual results may nonetheless differ as estimation is, by its very nature, an uncertain process. Accordingly, future carrying amounts may differ, including significantly, due to a change in judgements.
Examples of the main cases for which management is required to make estimates are as follows:

- testing loans and receivables for impairment;
- measuring the fair value of financial instruments;
- making estimates and assumptions about taxes and the recoverability of deferred tax assets;
- determining provisions for risks and charges;
- measuring certain assets and liabilities and issues related to the agreement on securitised loans described later on.

Section 3 - Events after the reporting date

The draft consolidated financial statements at 31 December 2022 were approved by the board of directors on 20 March 2023 and will be subject to the shareholders' approval at the meeting called for 20 April 2023.

While reference is made to the directors' report for a general discussion of the group's outlook, it is noted that no events have taken place after the reporting date and up to the approval date that would have required an adjustment to these consolidated financial statements.

Section 4 - Other aspects

Urgent measures as a consequence of the adverse weather events that occurred in the provinces of Ancona and Pesaro-Urbino on 15 September 2022

Suspension of the repayment of mortgage or unsecured loans pursuant to the order of the head of the civil protection department no. 922 of 17 September 2022.

The Council of Ministers' resolution of 16 September 2022 declared a state of emergency for 12 months from the date of the resolution as a consequence of the adverse weather events that occurred in the provinces of Ancona and Pesaro-Urbino on 15 September 2022. In implementing this resolution, the head of the civil protection department issued order no. 922 of 17 September 2022. Article 8 of such order provides that, due to the serious social and economic distress caused by the above event, which affected those resident or having their registered office and/or place of business in the provinces of Ancona and Pesaro-Urbino, said event constitutes force majeure pursuant to article 1218 of the Italian Civil Code and provides that borrowers of mortgage or unsecured loans relating to the buildings destroyed or rendered unusable, even partially, or to the operation of businesses carried out in those buildings, are entitled to request the banks and financial intermediaries to suspend the repayment of their loans (entire repayment or just the principal amount) until the reconstruction, usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (16 September 2023). The parent elected that this also applied to the lease repayments.

Alba Leasing S.p.A. supported the measure by extending the possibility for its lessees to suspend lease repayment until the reconstruction, usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (16 September 2023).

Urgent measures as a consequence of the adverse weather events that occurred in the municipalities of Braone, Ceto and Niardo (province of Brescia) in the third ten days of July 2022

Suspension of the repayment of mortgage or unsecured loans pursuant to the order of the head of the civil protection department no. 929 of 6 October 2022.

The Council of Ministers' resolution of 8 September 2022 declared a state of emergency for 12 months from the date of the resolution as a consequence of the adverse weather events that occurred in the municipalities of Braone, Ceto and Niardo (province of Brescia) in the third ten days of July 2022. In implementing this resolution, the head of the civil protection department issued order no. 929 of 6 October 2022. Article 8 of such order provides that, due to the serious social and economic distress caused by the above event, which affected those resident or having their registered office and/or place of business in the municipalities of Braone, Ceto and Niardo, said event constitutes force majeure pursuant to article 1218 of the Italian Civil Code and provides that borrowers of mortgage or unsecured loans relating to the buildings destroyed or rendered unusable, even partially, or to the operation of businesses carried out in those buildings, are entitled to request the banks and financial intermediaries to suspend the repayment of their loans (entire repayment or just the principal amount) until the reconstruction, usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (8 September 2023). The parent elected that this also applied to the lease repayments.

Alba Leasing S.p.A. supported the measure by extending the possibility for its lessees to suspend lease repayment until the reconstruction, usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (6 October 2023).

Urgent measures as a consequence of the adverse weather events that occurred on the island of Ischia on 26 November 2022

As a consequence of the adverse weather events that occurred on the island of Ischia from 26 November 2022, the head of the civil protection department issued order no. 948 of 30 November 2022. Article 8 of such order provides that, due to the serious social and economic distress caused by the above event, which affected those resident or having their registered office and/or place of business in the municipalities identified, said event constitutes force majeure pursuant to article 1218 of the Italian Civil Code and provides that borrowers of mortgage or unsecured loans relating to the buildings destroyed or rendered unusable, even partially, or to the operation of businesses carried out in those buildings, are entitled to request the banks and financial intermediaries to suspend the repayment of their loans.

Alba Leasing S.p.A. supported the measure by extending the possibility for its lessees to suspend lease repayment until the reconstruction, usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (26 November 2023).

Transfer of non-performing loans (with derecognition)

In December 2022, Alba Leasing S.p.A., as originator, completed the transfer of a portfolio of non-performing exposures arising from leases with a total gross carrying amount of roughly €17.6 million for a transfer price of €868 thousand.

Non-financial statement

In accordance with the non-financial reporting rules introduced by Legislative decree no. 254 of 30 December 2016, in 2018, Alba Leasing S.p.A. voluntarily began preparing non-financial information to report on its sustainability initiatives and the results achieved in a transparent and systematic manner.

The parent made this choice for the purposes of inclusion, to give all stakeholders equal and consistent access to non-financial information on the company. To this end, the parent adopted the universal standards of the GRI (Global Reporting Initiative), which guarantee a common, universally-recognised reporting language.

The non-financial statement reflects the company's focus on sustainable development in support of its business strategy and for the creation of value in the medium to long term, highlighting the policies implemented and results achieved in specific areas:

- social dimension;
- respect for human rights;
- employment
- environment;
- anti-corruption.

Manager in charge of financial reporting

Since 2018, despite the fact that Law no. 262 of 28 December 2005 applies to listed issuers with Italy as their member state of residence and although it is not a listed issuer under the above law, in line with corporate governance and risk management best practices, Alba Leasing S.p.A. appointed a manager in charge of financial reporting on a voluntary basis and to assign to them the duties and responsibilities provided for by the above law starting from the 2018 financial statements. Implementing the above required the introduction of specific projects, which created an important opportunity to improve the efficiency of corporate processes.
Finally, considering the organisational changes made in 2020, the board of directors named a new manager in charge of financial reporting after verifying that the pre-requisites were met, given the placement of this position in the top tier of Alba Leasing S.p.A. organisational chart.
The manager in charge of financial reporting works with the corporate governance department as they are responsible for:

- truthfulness of published documents;
- design of specific controls;
- adequate application of controls.

These consolidated financial statements are available at the "*Documenti societari*" section of the parent's website (www.albaleasing.eu).

Other matters

On 24 April 2022, Créval S.p.A. was merged into Crédit Agricole Italia S.p.A.. Accordingly, from such date, Crédit Agricole Italia S.p.A. holds the investment in the parent that Créval S.p.A. held until then.

As already mentioned in the previous consolidated financial statements, on 24 February 2022, Russia invaded Ukraine. Based on the parent's analysis of its portfolio, it does not have any exposure to citizens of the two countries involved in the conflict nor companies residing therein. Therefore, it does not believe there will be any direct impact as a result of this situation but it will monitor developments and their impacts.

Auditing

The consolidated financial statements at 31 December 2022 have been audited by KPMG S.p.A., with registered office in Milan, via Vittor Pisani 25, included in the certified auditors' register held by the Ministry of Economy and Finance, under the engagement for the 2019-2027 statutory audit assigned in accordance with articles 14 and 16 of Legislative decree no. 39/2010.

Section 5 - Basis of consolidation

The consolidated financial statements include the financial statements of the securitisation vehicles Alba 6 SPV S.r.l., Alba 9 SPV S.r.l., Alba 10 SPV S.r.l., Alba 11 SPV S.r.l. and Alba 12 SPV S.r.l..
The consolidation scope is identified in accordance with IFRS 10 Consolidated financial statements, whereby consolidation is based on control, which exists when an investor has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

Under IFRS 10, an investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e., the activities that significantly affect the investee's returns.

Generally, when an entity is directed through the exercise of voting rights, control is derived from the possession of more than half of these rights. In other cases, particularly that of structured entities, assessment of control is more complex and involves greater recourse to judgements, since it requires all the factors and circumstances to be taken into account which may establish whether an investor has control over the entity. A number of elements have to be considered for this purpose, such as, but not limited to, the purpose and design of the entity, any right held under contractual arrangement, any potential voting rights and the nature and dispersion of any rights held by other investors.
Although it does not have any voting rights, after thorough consideration of each securitisation transaction carried out, the parent consolidated its vehicles, including both their own assets and liabilities and the segregated assets attributable to the transactions.

Subsidiaries are consolidated from the date on which Alba Leasing S.p.A. obtains control and cease to be consolidated from when control no longer exists. The existence of control is reassessed should facts and circumstances indicate a change in the underlying conditions.

Considering the particular nature of the parent's control over the vehicles, their quota capital is shown under caption 80 "Other liabilities" in the statement of financial position.

1. Investments in subsidiaries:

	Operating office	Relationship (1)	Investment		Available votes
			Held by	%	
A. Companies					
A1. Consolidated companies					
Alba 6 SPV S.r.l.	Conegliano (TV)	4			
Alba 9 SPV S.r.l.	Conegliano (TV)	4			
Alba 10 SPV S.r.l.	Conegliano (TV)	4			
Alba 11 SPV S.r.l.	Conegliano (TV)	4			
Alba 12 SPV S.r.l.	Conegliano (TV)	4			

Key:
(1) Type of relationship
4 = Other forms of control

During the year, via its SPV Alba 13 SPV S.r.l., the parent carried out a new securitisation. Since it holds all notes issued, the transaction qualifies as a self-securitisation which is recognised in accordance with the applicable legislation.

5. Other information

For more details on securitisations, reference should be made to "Part B – Notes to the statement of financial position – Assets - Section 4 – Financial assets at amortised cost" and "Part D – Other information – Section 2 – Securitisations, unconsolidated structured entities (other than securitisation vehicles) and transfers of assets".
The SPVs' financial statements used for consolidation purposes are those as at and for the year ended 31 December 2022 and are presented in Euro.

A.2 – Accounting policies

The consolidated financial statements at 31 December 2022 have been prepared using the same accounting policies as those adopted in the preparation of the consolidated financial statements of the previous year.

For each caption of the statement of financial position and, where applicable, of the income statement, the following criteria are presented below:
(a) recognition;
(b) classification;
(c) measurement;
(d) derecognition;
(e) recognition of costs and revenue.

ASSETS

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Classification

This category includes financial assets other than those classified under “Financial assets at fair value through other comprehensive income” and “Financial assets at amortised cost”.
It comprises financial assets that are not managed under a business model whose objective is achieved by collecting contractual cash flows (hold to collect model) or a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell model), i.e., that do not pass the SPPI test.
The captions comprised in this category are detailed below:

a) financial assets held for trading: a financial asset (debt instruments, equity instruments, loans and OEIC units) is classified as held for trading if it is managed with the objective of collecting cash flows through its sale since: it is acquired in order to be sold in the short term; it forms part of a portfolio of financial instruments that are managed jointly and for which there is a proven strategy for achieving profits in the short term;
   They also include derivatives with a positive fair value which are not designated as hedging instruments.
   Derivatives include those embedded in complex financial instruments, whose host contract is a financial liability, which have been recognised separately.
   A derivative is a financial instrument or other contract with the following characteristics: its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (the “underlying”);
b) financial assets designated at fair value: a financial asset (debt instruments and loans) may be designated at fair value though profit or loss at initial recognition, if doing so enhances its disclosure as it eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases;
c) other financial assets mandatorily measured at fair value: these assets are a residual category and comprise financial instrument that do not meet the requirements, in terms of business model or cash flow characteristics, for their classification under financial assets at amortised cost or fair value through other comprehensive income (i.e., they do not pass the SPPI test).

Recognition

Upon initial recognition, financial assets at fair value through profit or loss are recognised at fair value, which is usually equal to the consideration paid, without considering directly attributable transaction costs or revenue, which are recognised in profit or loss.

Recognition of costs and revenue

After initial recognition, these assets continue to be measured at fair value through profit or loss. If the fair value of a derivative becomes negative, it is reclassified under financial liabilities held for trading. The reporting-date market prices are used to determine the fair value of financial instruments listed on active markets. If an active market does not exist, estimation/valuation models that consider all risk factors relating to the instruments and that use data from observable markets, such as methods based on the measurement of listed instruments with similar characteristics, calculation of discounted cash flows, option pricing models and prices registered in recent similar transactions are used.
Trading and fair value gains and losses on financial assets held for trading, including the derivatives related to the financial assets/liabilities designated at fair value, are recognised in caption 80 “Net trading income (loss)” of the income statement. Those on financial assets designated at fair value and those mandatorily measured at fair value are recognised in caption 110 “Net gain (loss) on other financial assets and liabilities at fair value through profit or loss” of the income statement.

Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Lastly, the group derecognises a financial asset when it retains the contractual rights to receive the cash flows but it concurrently acquires a contractual obligation to pay those cash flows to a third party without material delay and to the extent of the cash flows collected. Financial assets other than equity instruments may be derecognised when they are reclassified to financial assets at fair value through other comprehensive income or financial assets at amortised cost.
This reclassification may also occur in the rare circumstance when an entity decides to modify the business model used to manage a financial asset. The transferred asset is measured at its fair value at the reclassification date and the entity shall apply the reclassification prospectively from that date. The effective interest rate is determined on the basis of the fair value of the asset at the reclassification date, which is treated as the date of initial recognition for its assignment to the various risk stages for impairment purposes.

FINANCIAL ASSETS AT AMORTISED COST

Classification

This category includes financial assets (loans and debt instruments) if both of the following conditions are met:

- they are held under a business model whose objective is achieved by collecting contractual cash flows (hold to collect model);
- their contractual cash flows are solely payments of principal and interest on the principal amount outstanding (i.e., they passed the SPPI test).

Specifically, it includes loans granted to customers, financial companies and banks and debt instruments that meet the requirements described above.

It also includes financial assets originated from finance leases recognised using the financial method, including assets waiting to be leased under finance leases, comprising buildings under construction.
Under the applicable standard, a finance lease is a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The lease is a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset (examples are losses from idle capacity, technological obsolescence, variations in return, expected profitable utilisation during the asset's useful life or gains from appreciation in value or realisation of residual value).
Financial assets at amortised cost include, in particular, financial assets originated from finance leases recognised using the financial method, including assets waiting to be leased under finance leases, comprising buildings under construction, when the lessor does not retain the related risks (i.e., when the risks are transferred to the lessee).
Finally, this category includes trade receivables from the provision of financial services as defined in the Consolidated Banking Act and in the Consolidated Finance Act.

Recognition

Financial assets are initially recognised at the settlement date (debt instruments) and disbursement date (loans). At initial recognition, financial assets classified in this category are recognised at fair value, which is normally equal to the consideration paid, including any directly attributable transaction costs and revenue.
Specifically, loans are initially recognised at the disbursement date, based on the financial instrument's fair value, which usually equals the amount disbursed, or the subscription price, including transaction costs or revenue attributable to the individual loan and determinable from the transaction start date, even when they are disbursed subsequently. Costs that fall under the above description but which will be repaid by the debtor are excluded as are internal administrative costs. If the loan agreement signing date does not match the disbursement date, the group recognises a loan commitment that will be reversed when the loan is actually disbursed.

Recognition of costs and revenue

These assets are subsequently measured at amortised cost, which is their initial carrying amount less principal repayments, decreased or increased by amortisation, calculated using the effective interest method, of the difference between the amount disbursed and that repayable at maturity. The effective interest rate is the rate that exactly discounts estimated future cash flows (principal and interest) to the disbursed amount, including directly attributable costs and revenue. The estimated cash flows shall consider all contractual terms that may impact their amount and due dates, but not expected credit losses. This accounting method allows the distribution of the transaction costs and revenue, fees and commissions, premiums or discounts, which are an integral part of the effective interest rate, directly attributable to a financial asset over its expected residual life.
Assets waiting to be leased are measured at cost on the basis of the invoices received from suppliers and/or advances paid out.
At each reporting date, these assets are tested for impairment to identify the expected credit losses ("ECL").
Any impairment losses are recognised in caption 130 "Net impairment losses/gains for credit risk" of the income statement. The impairment model provides for the classification of assets into three different stages based on the debtor's credit rating trend, which provide for a different measurement of expected credit losses:

- stage 1: this includes performing exposures, whose credit risk has not significantly increased since initial recognition or with a low credit risk at the reporting date. They are tested for impairment on the basis of the 12-month expected credit losses (i.e., expected losses from a default event occurring within one year of the reporting date);
- stage 2: this includes performing exposures, whose credit risk has increased significantly since initial recognition. They are tested for impairment on the basis of their lifetime expected credit losses;

- stage 3: non-performing exposures (100% probability of default). They are tested for impairment on the basis of their lifetime expected credit losses.

Expected losses on performing exposures are calculated on a collective basis based on some risk parameters, i.e., the probability of default (PD), the loss rate in the event of default (LGD) and the exposure value (EAD), deriving from internal models that are used to calculate the regulatory credit risk and that are appropriately adjusted to take account of the specific requirements of the IFRS.
With reference to non-performing exposures, i.e., assets for which, in addition to a significant increase in credit risk, objective evidence of impairment has been identified, impairment losses are measured by discounting the expected future cash flows using the original effective interest rate. Impaired assets include exposures classified as bad, unlikely to pay or past due/overdrawn by more than 90 days according to the definitions of the applicable supervisory legislation (Bank of Italy's circular no. 217 "Manual for supervisory reporting for financial intermediaries, payment institutions and electronic money institutions") and referred to in Bank of Italy's circular concerning "The financial statements of IFRS intermediaries other than banks", as they are deemed to be consistent with the impairment rules prescribed by IFRS 9.
The expected cash flows take account of the expected recovery times and net realisable value of guarantees (if any). As regards fixed-rate exposures, the original effective rate used to discount the expected cash flows, determined as described above, remains unchanged over time, even if there is a change in the contractual rate attributable to the borrower's financial difficulties. As regards variable-rate exposures, the rate used to discount the cash flows is updated in relation to indexation parameters (e.g., Euribor), while keeping the original spread unchanged. The original carrying amount of the financial assets is reinstated in subsequent years, as a result of an improvement in the credit quality of the exposure compared to that which led to its previous impairment.
The impairment gain is recognised in profit or loss in the same caption and, in any case, cannot exceed the amortised cost the assets would have had in the absence of impairment losses.
At each reporting date, the loans and debt instruments classified as financial assets at amortised cost or at fair value through comprehensive income - as well as off-statement of financial position items consisting of loan commitments and financial guarantees given - are tested for impairment to estimate the expected credit losses.
Under the ECL model, impairment losses are recognised by making reference not only to any objective evidence of impairment that has been identified at the assessment date, but also on the basis of expected future losses that have not yet occurred.
In particular, the ECL model provides that the above financial instruments shall be classified into three distinct stages, according to their absolute or relative credit risk performance from their initial disbursement, to which different criteria for measuring expected credit losses apply.
Interest for the year on non-performing exposures is calculated using the amortised cost method, i.e., based on their carrying amount calculated using the effective interest rate, net of any expected credit losses. With reference to non-performing exposures that do not bear contractual interest, such interest is equal to the impairment gains arising from discounting the expected cash flows merely as a result of the passage of time.

The impairment losses on each non-performing exposure are calculated as the difference between their recoverable amount and amortised cost. The recoverable amount is the present value of the expected cash flows (principal and interest) from each exposure, calculated on the basis of:

a) the contractual cash flows net of expected credit losses, considering the borrower's ability to meet its debt obligations, the realisable value of the underlying leased assets and any personal guarantees and collateral received;
b) expected recovery time, which also considers ongoing credit recovery actions;
c) the internal rate of return of each exposure.

Specifically:

- the following parameters are used for bad exposures:
  a) the cash flows forecast by the customer relations managers;
  b) the recovery times estimated on the basis of historical/statistical figures and monitored by the customer relations managers;
  c) the discount rates, i.e., the contractual interest rates when the exposure became non-performing;

- the following parameters are used for unlikely to pay exposures:
  a) the cash flows forecast by the customer relations managers;
  b) the recovery times estimated on the basis of historical/statistical figures;
  c) the discount rates, i.e., the contractual interest rates when the exposure became non-performing;

- the following parameters are used for credit-impaired past due exposures:
  a) probability of the past due/overdrawn exposure becoming unlikely to pay/bad, estimated on the basis of historical/statistical figures using the transferor's database, which include more information than that of the parent;
  b) loss in the case of the counterparty's default (estimated on the basis of historical/statistical figures using the bad exposure database);
  c) the recovery times estimated on the basis of historical/statistical figures;
  d) the discount rates, i.e., the contractual interest rates when the exposure became non-performing.

The above exposures may be classified as forborne, i.e., when the group agrees to modify the contractual terms with borrowers facing or expected to be facing difficulties in satisfying their debt commitments. The key element is the borrower's financial difficulty, regardless of the exposure's classification as non-performing or the counterparty's default. Performing and non-performing exposures which are forborne are classified as performing forborne and non-performing forborne exposures, respectively.

Since 1 January 2021, the parent applies the new European rules for the classification of defaults introduced by the European Banking Authority (EBA) and implemented in Italy by Bank of Italy (reference is made to the "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) no. 575/2013" (EBA/GL/2016/07) and the new "Regulatory technical standards on materiality threshold of credit obligation past due" (EBA/RTS/2016/06), which supplement Commission Delegated Regulation (EU) no. 171/2018 of 19 October 2017.
Exposures are automatically classified as "Non-performing past due" when they breach the materiality thresholds and after more than 90 consecutive days past due, also considering the following thresholds:

- for retail exposures: the absolute threshold cannot be higher than €100 and the relative threshold should be set at the level of 1%;
- for non-retail exposures: the absolute threshold cannot be higher than €500 for retail exposures and the relative threshold should be set at the level of 1%.

The exposure may be reclassified as "performing" when the amount due is paid and at least 90 days have passed without any further arrears.

On 23 September 2022, Bank of Italy published a memorandum clarifying this issue. After having suitably assessed the matter, the parent found itself in compliance with the clarification published.

Derecognition

The group derecognises a financial asset at amortised cost when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership

of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Lastly, the group derecognises a financial asset when it retains the contractual rights to receive the cash flows but it concurrently acquires a contractual obligation to pay those cash flows to a third party without material delay and to the extent of the cash flows collected.
Non-performing exposures may be derecognised when they become irrecoverable and the credit collection process has been completed (final derecognition). This entails a reduction in the exposure's nominal amount and gross carrying amount and occurs when the group enters into settlement agreements with the debtor that entail a debt reduction (settlement and write-off agreements) or when specific situations arise, such as, for example:

- a final judgement declaring the extinguishment of a part or the entire financial asset;
- the completion of insolvency or enforcement proceedings against the principal borrower and the guarantors;
- the completion of any possible in-court and out-of-court actions for the collection of the debt.

These specific situations may result in a total or partial derecognition of the exposure but do not necessarily imply a waiver of the legal right to collect the debt. In addition, non-performing financial assets may be derecognised following their write-off, after having acknowledged that there is no reasonable expectation of recovery, although continuing with the actions aimed at their collection.
This write-off is made in the year in which the financial asset becomes no longer recoverable, either in whole or in part - even though the legal case is still ongoing - and may take place before the legal proceedings brought against the borrower and the guarantors are definitively concluded. It does not imply a waiver of the legal right to recover the financial asset and is carried out when the credit documentation provides reasonable financial information showing that the borrower is unable to repay its debt. In this case, the gross nominal amount of the asset remains unchanged, but the gross carrying amount is reduced by a sum equal to the amount subject to write-off, which may be the entire exposure or to a portion thereof.
The amount written-off may not be reversed as a result of an improvement in the recovery forecasts, but only following actual collections.
Finally, these financial assets may also be derecognised following their reclassification to the "Financial assets at fair value through other comprehensive income" or "Financial assets at fair value through profit or loss" categories.
This reclassification may take place in the very rare circumstances in which an entity decides to change its business model for the management of its financial assets.
The reclassified asset is measured at its fair value at the reclassification date and the entity shall apply the reclassification prospectively from the reclassification date.

PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY

Recognition and derecognition

These assets are recognised at purchase cost including any directly attributable cost of purchasing and preparing the assets for their intended use, increased by any subsequent costs that enhance their value or initial production capacity. They are derecognised when they are disposed of or when no future economic benefits are expected therefrom. They include leasehold improvement costs when they relate to identifiable and separable items of property, plant and equipment.
They also include the underlying assets of finance leases of which the group has regained possession after the termination of the lease, which are recognised as investment property.
The group has recognised the repossessed assets under this category as it believes that the following conditions are met:

a) it is probable that the future economic benefits that are associated with the investment property will flow to the group;

b) the cost of the investment property can be measured reliably.

Under IFRS 16, leases are recognised using the right-of-use model, whereby, at the commencement date, a lessee incurs an obligation for the lease payments due to the lessor for its right to use the underlying asset over the lease term.
When the asset is made available for use to the lessee (commencement date), the lessee recognises a lease liability and a right-of-use asset.

Classification

Property, equipment and investment property include assets used in operations (buildings, technical systems, furniture, furnishings and any type of equipment) for more than one year.
They include:

a) leasehold improvement costs, if they can be separated from the related assets (if these costs do not have an independent useful life and cannot be used separately, but future economic benefits are expected therefrom, they are recognised among “other assets” and depreciated over the shorter of the improvements’ useful life and residual lease term);
b) assets withdrawn following termination of the finance lease and of the loan to the original lessee. Upon initial recognition, they are measured at cost, including transaction costs.
The initial recognition of these assets as items of property, equipment and investment property is their reclassification from caption 40 “Financial assets at amortised cost” to caption 80 “Property, equipment and investment property”: the reclassified asset is measured at the carrying amount of the previously-recognised non-performing exposure.

Lastly, the caption includes the right-of-use assets (for lessees) and the underlying assets of operating leases (for lessors).

Measurement

Property and equipment are recognised at cost, less accumulated depreciation and any impairment losses in accordance with IAS 16. Depreciation is recognised over the assets’ useful life on a straight-line basis. Should there be objective evidence that an asset may be impaired, its recoverable amount, which is the higher of value in use (i.e., the present value of estimated future cash flows expected to arise from the continuing use of an asset) and fair value less costs to sell, is compared to their carrying amount less accumulated depreciation (impairment test). Any resulting impairment losses are recognised in profit or loss. If the reasons for impairment cease to exist, the impairment losses are reversed up to the carrying amount the assets would have had, less accumulated depreciation, had such impairment losses not been recognised.
After initial recognition, these assets are measured at cost in accordance with IAS 16 “Property, plant and equipment”. At each reporting date, the group tests the assets for impairment, where possible, by comparing their carrying amount to their fair value. Any resulting impairment losses are recognised in caption 180 “Depreciation and net impairment losses on property, equipment and investment property” of the income statement.
Under IAS 40, after initial recognition, investment property shall be measured either at fair value or at cost. An entity shall apply the same model to all its investment property. The group elected to use the cost model. Accordingly, after initial recognition, it measures all its assets classified as investment property in accordance with the requirements of IAS 16 at cost, net of accumulated depreciation and any accumulated impairment losses. If, at the reporting date, an asset shows objective evidence of impairment based on an independent expert’s appraisal, the group compares its carrying amount to its fair value. Any resulting impairment losses are recognised in caption 180 “Depreciation and net impairment losses on property, equipment and investment property” of the income statement.

Right-of-use assets recognised in accordance with IFRS 16 are measured using the cost model of IAS 16 “Property, plant and equipment”. They are subsequently depreciated and tested for impairment whenever an indicator of impairment is identified.

Recognition of costs and revenue

Gains and losses are allocated to the relevant income statement captions as follows:

a) scheduled depreciation, impairment losses and reversals of impairment losses are recognised in caption 180 “Depreciation and net impairment losses on property, equipment and investment property”;
b) gains and losses on sales are recognised in caption 250 “Net gains (losses) on sales of investments”.

The assets are depreciated on the basis of the following annual rates:

- furnishings, depending on their characteristics, at 12% or 15%;
- systems at 15%, telecommunication systems at 20% and anti-intrusion systems at 25%;
- electronic and IT equipment at 20%;
- equipment, depending on its characteristics, at 15% or 20%;
- buildings at 3%.

Low-value assets (i.e., worth less than €516) are fully depreciated when initially recognised.

INTANGIBLE ASSETS

Recognition and derecognition

Intangible assets are recognised at acquisition cost including any directly attributable transaction costs, increased by any subsequent costs that enhance their value or initial production capacity. They are derecognised when they are disposed of or when no future economic benefits are expected therefrom.
Goodwill arising from business combinations is the difference between the purchase cost and the acquisition-date fair value of the acquiree’s or acquired business unit’s assets and liabilities.
Intangible assets with a finite useful life recognised in accordance with IFRS 3 Business combinations and identified as part of the purchase price allocation are comprised of customer relationships and are amortised on a straight-line basis over their estimated useful life (nine years maximum), while their assumed residual value is nil.

Classification

An intangible asset is an identifiable non-monetary asset without physical substance which is controlled by the group and it is probable that its future economic benefits will flow to the group.

Goodwill is recognised as an asset as it is the price paid by an acquirer for the expected future economic benefits arising from assets that cannot be individually and separately identified. Any negative goodwill is recognised directly in profit or loss.

The caption includes the right-of-use assets (for lessees) and the underlying assets of operating leases (for lessors).

Measurement

Intangible assets with a finite useful life are recognised at cost, less accumulated amortisation and any impairment losses. Amortisation is recognised over the assets’ useful life on a straight-line basis.
Should there be objective evidence that an asset may be impaired, its recoverable amount, which is the higher of value in use (i.e., the present value of estimated future cash flows

expected to arise from the continuing use of an asset) and fair value less costs to sell, is compared to their carrying amount less accumulated amortisation (impairment test). Any resulting impairment losses are recognised in profit or loss. If the reasons for impairment cease to exist, the impairment losses are reversed up to the carrying amount the assets would have had, less accumulated amortisation, had such impairment losses not been recognised.

Recognition of costs and revenue

Gains and losses are allocated to the relevant income statement captions as follows:

a) scheduled amortisation, impairment losses and reversals of impairment losses are recognised in caption 190 “Amortisation and net impairment losses on intangible assets”;
b) gains and losses on sales are recognised in caption 250 “Net gains (losses) on sales of investments”.

Intangible assets are comprised of application and proprietary software, which is amortised at 20% and 33.3%, respectively.
Reference should be made to the specific information reported in Section 9 - Intangible assets - Caption 90 for further details.

TAX ASSETS AND LIABILITIES

Recognition, classification, measurement, derecognition and recognition of costs and revenue.

Current taxes are calculated using the applicable tax rates and legislation in force from time to time and, if unpaid, are recognised as tax liabilities.
Income taxes are recognised in profit or loss except for those related to captions recognised directly in equity.
Income taxes are provided for based on a prudent estimate of the current and deferred taxes.
Deferred taxes are calculated using the liability method.
Specifically, deferred taxes are determined considering the temporary differences (without time limits) between the carrying amount of assets and liabilities and their tax bases.

Deferred tax assets are recognised when it is probable that they will be recovered, based on the group’s ability to steadily generate taxable profits and considering the opportunities offered by specific applicable tax legislation which may allow their realisation even when an entity does not produce taxable profits.
The recoverability of deferred tax assets on the impairment of loans and receivables has been assessed also considering the changes and opportunities introduced by Law no. 214/2011.
Deferred tax liabilities are calculated as the tax expense arising on all taxable temporary differences existing at the reporting date.
Deferred tax assets and liabilities are monitored on a regular basis. They are recognised using the tax rates enacted or substantively enacted when a deferred tax asset will be realised or a deferred tax liability will be settled, based on the tax rates and legislation established by measures currently in force.

The balancing entry of current and deferred tax assets and liabilities is normally made in profit or loss.

Tax provisions are adjusted for liabilities that may be incurred as a result of tax assessments already served or pending tax disputes.

NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

Recognition, classification, measurement, derecognition and recognition of costs and revenue.

Non-current assets/liabilities or groups of assets/liabilities that are in the process of being disposed of and their sale is highly probable are classified in this caption.

They are measured at the lower of their carrying amount and fair value less costs of disposal. Amortisation and depreciation on any assets reclassified as non-current assets held for sale are discontinued upon their reclassification.
Any profit or loss from discontinued operations is recognised in a separate caption of the income statement, net of taxes. In this case, the corresponding figures presented for comparative purposes are reclassified accordingly.

LIABILITIES

FINANCIAL LIABILITIES AT AMORTISED COST

Classification

Financial liabilities at amortised cost include amounts due and securities issued. They comprise the group's various forms of funding (interbank and with customers) and bonds issued.
They also include lease liabilities when the group is the lessee in a finance lease and repurchase agreements, as well as trade payables from the use of financial services as defined in the Consolidated Banking Act and in the Consolidated Finance Act.

Recognition

Financial liabilities are initially recognised upon the collection of funds or settlement of securities issued at their fair value, which usually corresponds to the amount collected or issue price, increased by any transaction costs or revenue directly attributable to the individual funding or issue transaction that will not be repaid to the lending counterparty.
Internal administrative costs are excluded. Repurchase agreements are recognised as funding transactions at the spot price collected.

Recognition of costs and revenue

After initial recognition, financial liabilities, net of any repayments and/or repurchases, are measured at amortised cost using the effective interest rate. The amortised cost model is not applied to current liabilities, when the time value of money is immaterial, that are kept at their original fair value and whose costs, if any, are recognised in profit or loss over their contractual term on a straight-line basis.
Lease liabilities are remeasured in the case of a lease modification (e.g., a change in the contract scope), which does not give rise to the recognition of a separate lease.

Derecognition

Financial liabilities are derecognised when they expire or are extinguished. They are also derecognised when previously issued securities are repurchased. The difference between their carrying amount and the amount paid to repurchase them is recognised in profit or loss.

FINANCIAL LIABILITIES HELD FOR TRADING

Recognition and derecognition

The same criteria, appropriately adjusted, as those applicable to financial assets held for trading are applied (see Section 2 – Assets – “Financial assets at fair value through profit or loss”).

Classification

Financial liabilities held for trading include non-hedging financial instruments (including derivatives) with a negative fair value.

Measurement

The same criteria, appropriately adjusted, as those applicable to financial assets held for trading are applied (see Section 2 – Assets – “Financial assets at fair value through profit or loss”).

Recognition of costs and revenue

The same criteria, appropriately adjusted, as those applicable to financial assets held for trading are applied (see Section 2 – Assets – "Financial assets at fair value through profit or loss").

POST-EMPLOYMENT BENEFITS

Recognition, classification, measurement, derecognition and recognition of costs and revenue.

As a result of the reform introduced by the Legislative decree of 5 December 2005, the Italian post-employment benefits (TFR) vested up until 31 December 2006 are considered defined benefit plans and are therefore determined using the projected unit credit method, whereby future payments are projected using historical series, statistical and probability analyses and demographical trends and discounted using a market rate. This calculation is made by independent actuaries.

Plan service costs are recognised under personnel expense at the net amount of the benefits paid, past service costs not yet accounted for, accrued interest, expected returns on plan assets and actuarial gains/losses.

Actuarial gains and losses due to changes in previous assumptions, based on actual figures or modified actuarial assumptions, entail the remeasurement of the net liability, are recognised as a balancing entry in an equity reserve and are presented in the statement of comprehensive income.
The benefits accrued after 1 January 2007 are treated as defined contribution plans and are, therefore, recognised immediately in profit or loss.

PROVISIONS FOR RISKS AND CHARGES

Recognition, derecognition and measurement

The amount recognised as a provision is the best estimate of the expenditure required to settle an obligation. The related risks and uncertainties are considered. If the time value of money is material, the provision is discounted using market rates. Accruals to provisions are recognised in profit or loss. The amount of an existing provision is reviewed regularly and adjusted to reflect the current best estimate. When it is no longer probable that the expense will be incurred, the provision is reversed.

Classification

The provisions for risks and charges are recognised when the group has a present obligation arising from a past event, it is probable that an outflow of resources embodying economic benefits is required for its settlement and the amount of the obligation can be reliably estimated.

Recognition of costs and revenue

Accruals to and reversals of provisions for risks and charges are recognised in caption 170 "Net accruals to provisions for risks and charges", which includes increases in provisions due to discounting and excludes any reclassifications to profit or loss.

The provisions for risks and charges include the following items:

- loan commitments and financial guarantees given:
  - this provision covers the risk for loan commitments and financial guarantees given which are tested for impairment in accordance with IFRS 9, in line with the

requirements for the financial assets at amortised cost and at fair value through other comprehensive income;
    - reference should be made to the section on the measurement of financial assets at amortised cost for further information on the impairment model;
- pension and similar provisions:
    - these provisions includes accruals for defined benefit plans and pension funds with capital repayment and/or return guarantees given to the beneficiaries. In accordance with IAS 19, the benefits to be paid in future years are calculated by an independent actuary using the projected unit credit method. Any actuarial gains and losses, i.e., the difference between the liability's carrying amount and the present value of the obligations at the reporting date, are recognised directly in equity under the "Valuation reserves";
- other provisions:
    - the other provisions comprise accruals for estimated outflows for legal or constructive obligations arising from past events, which may have a contractual nature.

INCOME STATEMENT

REVENUE AND EXPENSES

Revenue is recognised when received or, in any case, when it is probable that future economic benefits will flow to the group and these benefits can be measured reliably. Specifically:

- interest is recognised on an accruals basis using the contractual interest rate or the effective interest rate when the amortised cost model is applied;
- default interest is recognised on an accruals basis in profit or loss and fully provided for on a prudent basis and it is reclassified to profit or loss only when actually collected.
  revenue from the provision of services is recognised at the fair value of the consideration received when the services are rendered.

Expenses are recognised in profit or loss when the matching revenue is recognised. If they cannot be matched to any revenue, they are immediately recognised in profit or loss. Specifically, fee and commission expense is recognised when incurred, as long as their future benefits are believed to be reliable. Fee and commission expense included in the calculation of the effective interest rate under the amortised cost method is excluded as it is recognised as interest expense.

OTHER INFORMATION

FOREIGN CURRENCY TRANSACTIONS

Classification

They comprise all assets and liabilities expressed in a currency other than the Euro.

Recognition and derecognition

These assets and liabilities are initially translated into Euro using the spot exchange rate at the transaction date.

Measurement

At the reporting date, foreign currency assets and liabilities are re-translated at the closing rate.

Recognition of costs and revenue

Exchange gains (losses) on foreign currency transactions are recognised in caption 80 “Net trading income (loss)” of the income statement.

ORIGINATED SECURITISATIONS

The financial assets transferred in securitisations carried out by the group are not derecognised unless all the risks and rewards of ownership asset are substantially transferred, even when they are formally assigned without recourse to a special purpose vehicle. This is the case, for example, when the parent subscribes junior notes or similar exposures, as it bears the risk of first losses and, similarly, benefits from the return on the transaction.
In this case, the exposures underlying the transactions are not derecognised and the overall amount of the notes issued by the SPV, net of the junior notes subscribed by the assignor, is recognised under liabilities. When self-securitisations are carried out, since the assignor subscribes all classes of securities issued by the SPV, the group does not recognise any notes.
Similar presentation criteria based on the transaction’s substance over form apply to revenue and costs.

A.3 – Transfers between portfolios of financial assets

No transfers between financial asset portfolios were made during the year.

A.4 - Fair value

QUALITATIVE DISCLOSURE

IFRS 13 “Fair value measurement” became effective on 1 January 2013. This standard sets out a framework for measuring fair value previously laid down in various standards. IFRS 13 maintains the concept of fair value substantially unchanged, but provides new guidelines for its application and requires further disclosures in the financial statements.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. For the purposes of fair value measurement, IFRS 13 defines a three-level fair value hierarchy, based on the observability, or otherwise, of market inputs:

1) quoted prices in active markets (level 1):
   measurement is determined on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) observable market inputs (level 2):
   the financial instrument is measured on the basis of prices observable from quoted prices for similar assets or by means of valuation techniques in which all the significant factors, including credit spreads and liquidity, are taken from inputs observable from the market. In this level, fewer discretionary elements are required in order to measure the instrument since all the inputs used are taken from the market (for the same instrument or similar instruments) and the method of calculation enables quoted prices in active markets to be replicated;

3) unobservable market inputs (level 3):
   the fair value is measured mostly on the basis of significant inputs which are not observable from the market and, therefore, management is required to make estimates and assumptions.

No transfers between financial asset portfolios were made during the year.

The fair value of other financial instruments measured at fair value on a non-recurring basis is measured for the disclosure purposes of IFRS 7. Specifically:

- the fair value of non-current loans is measured according to a risk appetite approach: expected cash flows, suitably adjusted for expected losses (PD and LGD) are discounted using a risk-free market rate, plus a component representing the group's risk appetite (risk premium), in order to consider additional factors to be included in the expected loss. Fair value measured in this way is categorised in level 3 in the fair value hierarchy;
- the carrying amount on initial recognition of other assets and liabilities, particularly those on demand or with a short contractual term, is considered to be a good approximation of fair value. The fair value determined in this manner is conventionally classified at level 3 in the fair value hierarchy;
- the fair value of investment property is the amount regularly appraised by the group.

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

The fair value of financial instruments quoted on active markets is normally the prices observable in the market (quoted prices readily and regularly available in a price list) while the fair value of instruments not quoted on an active market is measured by using prices provided by specialist information providers.
If the above techniques cannot be resorted to, the group uses estimates and valuation models which refer to data observable in the market, if available. These models are in line with those generally accepted and market practice and are based, for example, on the price of quoted instruments with similar characteristics, including their risk profile, discounted cash flows and option price calculation models, also taking the issuer's credit risk into account. Methods similar to the above are also used for financial instruments for which no observable market inputs are available, or for which such inputs are not reliable.

A.4.2 Measurement processes and sensitivity

No financial assets or liabilities measured at fair value on a recurring basis are categorised in level 3. Therefore, no quantitative sensitivity analyses of fair value were carried out.

A.4.3 Fair value hierarchy

IFRS 13 refers to the concept of a hierarchy of valuation techniques, which was introduced in an amendment to IFRS 7, endorsed with Commission Regulation (EC) no. 1165 of 27 November 2009, requiring an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. This provides the reliability level of the measured fair values according to the level of discretion used by entities, giving the highest priority to the use of observable inputs which mirrors the assumptions that market participants would make in pricing assets and liabilities. The fair value hierarchy shall have the following levels:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- level 3 inputs are inputs for the asset or liability that are not based on observable market data. In this case, fair value is measured using valuation techniques consistently based on the adoption of relevant estimates and assumptions.

The method is not optional but chosen hierarchically, priority being given to quoted prices in active markets; if these inputs are not available, other methods are adopted which in any case refer to observable inputs; should this not be possible either, valuation techniques which use non-observable inputs are used.

A.4.4. Other disclosures

Nothing to disclose pursuant to IFRS 13.51.93.(i)/96.

QUANTITATIVE DISCLOSURE

A.4.5 Fair value hierarchy

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

None.

A.4.5.2 Changes in assets measured at fair value on a recurring basis (level 3)

None during the year.

A.4.5.3 Changes in liabilities measured at fair value on a recurring basis (level 3)

None during the year.

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

(€'000)	31/12/2022				31/12/2021			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets at amortised cost	5,096,749	4,425	-	5,552,386	5,182,696	4,917	-	5,424,263
2. Investment property	6,431	-	-	11,498	8,569	-	-	14,524
3. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	**5,103,180**	**4,425**	**-**	**5,563,884**	**5,191,265**	**4,917**	**-**	**5,438,787**
1. Financial liabilities at amortised cost	4,735,168	-	-	4,735,168	4,827,144	-	-	4,827,144
2. Liabilities associated with disposal groups	-	-	-	-	-	-	-	-
Total	**4,735,168**	**-**	**-**	**4,735,168**	**4,827,144**	**-**	**-**	**4,827,144**

Key

CA: Carrying amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

Reference should be made to the "Qualitative disclosure" section hereof for more information on the measurement of fair value and the levels of financial assets and liabilities measured at cost whose fair value is required to be disclosed.

A.5 - Day one profit/loss

Not applicable.

Part B - Notes to the statement of financial position

(€'000)

ASSETS

Section 1 - Cash and cash equivalents - Caption 10

Breakdown of caption 10 "Cash and cash equivalents"

(€'000)	31/12/2022	31/12/2021
a) Cash	6	3
b) Current accounts and on-demand deposits with banks	230,804	158,374
Total	230,810	158,377

"Current accounts and on-demand deposits with banks" include €197,087 thousand in the segregated assets of the consolidated vehicles, mostly consisting of the vehicles' cash and cash equivalents.

Section 4 - Financial assets at amortised cost - Caption 40

4.1 Financial assets at amortised cost: breakdown of loans and receivables with banks by product

(€'000)	31/12/2022						31/12/2021					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3
1. Term deposits	-	-	-	-	-	-	-	-	-	-	-	-
2. Current accounts	-	-	-	-	-	-	-	-	-	-	-	-
3. Financing	154	-	-	-	-	167	237	-	-	-	-	257
3.1 Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Finance leases	154	-	-	-	-	-	237	-	-	-	-	-
3.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Other financing	-	-	-	-	-	-	-	-	-	-	-	-
4. Debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-	-	-	-	-	-	-
5. Other assets	37,806	-	-	-	-	37,806	36,743	-	-	-	-	36,743
Total	37,960	-	-	-	-	37,973	36,980	-	-	-	-	37,000

Key

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

"Other assets" include €37,650 thousand in the segregated assets of the consolidated vehicles, mostly consisting of liquidity investments.
Financing for finance leases includes "Financial assets transferred and not derecognised" (more information is available at the foot of table 4.3 "Financial assets at amortised cost: breakdown of loans and receivables with customers by product").
The group does not have non-performing exposures with banks.

4.2 Financial assets at amortised cost: breakdown of loans and receivables with financial companies by product

(€'000)	31/12/2022						31/12/2021					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3
1. Financing	56,482	7,318	-	-	-	66,569	51,039	9,514	-	-	-	62,168
1.1 Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Finance leases	56,055	7,318	-	-	-	66,142	51,039	9,514	-	-	-	62,168
1.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Other financing	427	-	-	-	-	427	-	-	-	-	-	-
2. Debt instruments	43,472	-	-	-	-	43,472	53,360	-	-	-	-	53,360
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	43,472	-	-	-	-	43,472	53,360	-	-	-	-	53,360
3. Other assets	867	-	-	-	-	867	2,996	-	-	-	-	2,996
Total	100,821	7,318	-	-	-	110,908	107,395	9,514	-	-	-	118,524

Key

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

Financing for finance leases includes "Financial assets transferred and not derecognised" (more information is available at the foot of table 4.3 "Financial assets at amortised cost: breakdown of loans and receivables with customers by product").

"Other financing" comprises finance leases not yet activated.

"Debt instruments" refer to the senior notes held by the parent in relation to the sale of non-performing loans in 2020 (reference should be made to Section 2 – Securitisations, unconsolidated structured entities (other than securitisation vehicles) and transfers of assets - B. Unconsolidated structured entities (other than securitisation vehicles) for additional information).

4.3 Financial assets at amortised cost: breakdown of loans and receivables with customers by product

(€'000)	31/12/2022						31/12/2021					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3
1. Financing	4,729,382	215,058	-	-	-	5,402,282	4,780,591	241,135	-	-	-	5,266,641
1.1 Finance leases	4,521,352	206,462	-	-	-	-	4,620,993	232,514	-	-	-	-
including: without purchase option	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Loans against pledges	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Financing as part of payment services	-	-	-	-	-	-	-	-	-	-	-	-
1.7 Other loans and borrowings	208,030	8,596	-	-	-	-	159,598	8,621	-	-	-	-
including: from enforced loan commitments and financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt instruments	4,987	-	-	4,425	-	-	4,983	-	-	4,917	-	-
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	4,987	-	-	-	-	-	4,983	-	-	-	-	-
3. Other assets	952	271	-	-	-	1,223	1,843	255	-	-	-	2,098
Total	4,735,321	215,329	-	4,425	-	5,403,505	4,787,417	241,390	-	4,917	-	5,268,739

Key

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

"Other financing" mostly consists of:
as performing:

- finance leases of €183,059 thousand not yet activated;
- mortgage loans of €2,752 thousand;
- unsecured loans of €22,219 thousand;

as non-performing:

- finance leases of €8,174 thousand not yet activated;
- mortgage loans of €422 thousand.

"Debt instruments" include T-bonds (Italian BTPs) purchased in March 2021 and maturing in April 2026. They were purchased to comply with current regulations on the maximum amounts of soft loans under the Sabatini Law that can be obtained from Cassa Depositi e Prestiti ("CDP").
They have been pledged as collateral to CDP against an increase in the group's available financing.

As required by current regulations, "Other information" on the securitisations is provided below.

Financing for finance leases (tables 4.1, 4.2 and 4.3) includes "Financial assets transferred and not derecognised" of €2,840,863 thousand (including non-performing exposures of €56,373 thousand). The balance also comprises loans and receivables with financial companies of €48,350 thousand (including performing exposures of €47,746 thousand and non-performing exposures of €604 thousand). There are no loans and receivables with banks.
The above balances do not include assets transferred and not derecognised as part of the Alba 13 self-securitisation (€1,185,196 thousand).

During the year, the group structured a new securitisation, Alba 13, by transferring loans to a new SPV.

The securitisation performed through the vehicle Alba 13 SPV S.r.l. entailed the issue of senior (A1) and junior (J) notes of €849.1 million and €309.8 million, respectively, subscribed by the parent.

Alba 13's main characteristics and information are as follows:

		Alba 13 SPV S.r.l.
Type of transaction		Self-securitisation - warehousing stage
Originator		Alba Leasing S.p.A.
Issuer		Alba 13 SPV S.r.l.
Servicer		Alba Leasing S.p.A.
Status of the securitised assets		Performing
Closing date		05/09/2022
Portfolio's nominal amount		933,176,854
Portfolio's transfer price		891,348,911
Other significant information		Revolving portfolio
Rating agencies		Private scope
Tranching amount and conditions		
ISIN	IT0005508988	IT0005508996
Type	Senior	Junior
Class	A1	J
Rating (at issue)		
Scope	n.a.	unrated
2022 year-end rating		
Scope	n.a.	unrated
Listing market	ExtraMOT PRO	Unlisted
Issue date	22/09/2022	22/09/2022
Legal maturity	27/06/2044	27/06/2044
Call option	-	-
Interest rate	Euribor 3m 360 + 90 b.p.	Euribor 3m 360 + 250 b.p.
Subordination level		Sub A1
Nominal amount at issue	849,123,862	309,815,464
Closing amount	849,123,862	309,815,464
Note subscribers	Alba Leasing S.p.A.	Alba Leasing S.p.A.

For additional information on the securitisations, reference should be made to "Part D – Other information, Section 2 – Securitisations, unconsolidated structured entities (other than securitisation vehicles) and transfers of assets".

4.4 Financial assets at amortised cost: breakdown of loans and receivables with customers by debtor/issuer

(€'000)	31/12/2022			31/12/2021		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired
1. Debt instruments	4,987	-	-	4,983	-	-
a) Public administrations	4,987	-	-	4,983	-	-
b) Non-financial companies	-	-	-	-	-	-
2. Financing to:	4,729,382	215,058	-	4,780,591	241,135	-
a) Public administrations	16,302	-	-	17,544	20	-
b) Non-financial companies	4,433,998	205,626	-	4,478,175	230,729	-
c) Households	279,082	9,432	-	284,872	10,386	-
3. Other assets	952	271	-	1,843	255	-
Total	4,735,321	215,329	-	4,787,417	241,390	-

4.5 Financial assets at amortised cost: gross amount and total impairment losses

(€'000)	Gross amount					Total impairment losses				Partial/total write-offs*
	Stage 1	including: instruments with a low credit risk	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
Debt instruments	48,459	-	-	-	-	-	-	-	-	-
Financing	3,925,849	3,511,718	925,868	360,881	-	16,848	48,851	138,505	-	2,563
Other assets	39,204	1,131	432	343	-	7	4	72	-	-
Total at 31/12/2022	**4,013,512**	**3,512,849**	**926,300**	**361,224**	**-**	**16,855**	**48,855**	**138,577**	**-**	**2,563**
Total at 31/12/2021	**2,467,234**	**2,214,667**	**2,529,234**	**389,748**	**-**	**5,645**	**59,031**	**138,844**	**-**	**1,503**

** Presented for disclosure purposes*

In 2022, stage 2 financial assets decreased by €1,603 thousand over the previous year end due to the return to stage 1 of assets included in the Covid-19 watch list (given the lack of other staging allocation reasons), which was set up for prudential purposes in the previous year to address the uncertainty caused by the pandemic.

Considering the current macroeconomic conditions, characterised by high risks related to the cost of energy and inflation, the parent considered it prudent to introduce a qualitative input in the staging rules to identify the customers most exposed to the probable negative economic situation, albeit being fully solvent.

Accordingly, financial assets of a gross amount of €925,868 thousand were transferred to stage 2.

4.5a Financing measured at amortised cost subject to the COVID-19 relief: gross amount and total impairment losses

There was no financing still subject to the COVID-19 relief at the reporting date.

As required by current regulations, the breakdown of the previous year end is set out below:

(€'000)	Gross amount					Total impairment losses				Partial/total write-offs*
	Stage 1	including: instruments with a low credit risk	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
1. Financing subject to forbearance in accordance with the EBA guidelines	31,808	15,049	702,044	8,235	-	309	27,292	1,777	-	-
2. Financing subject to ongoing moratoria no longer compliant with the EBA guidelines and not measured as forborne	-	-	-	-	-	-	-	-	-	-
3. Financing subject to other forbearance measures	-	-	28,848	7,559	-	-	3,230	2,272	-	-
4. New financing	-	-	-	-	-	-	-	-	-	-
Total at 31/12/2021	31,808	15,049	730,892	15,794	-	309	30,522	4,049	-	-

* *Presented for disclosure purposes*

4.6. Financial assets at amortised cost: secured assets

€'000	31/12/2022						31/12/2021					
	Loans and receivables with banks		Loans and receivables with financial companies		Loans and receivables with customers		Loans and receivables with banks		Loans and receivables with financial companies		Loans and receivables with customers	
	ECA	GFV	ECA	GFV	ECA	GFV	ECA	GFV	ECA	GFV	ECA	GFV
1. Performing assets secured by:	154	-	56,055	4,078	4,524,104	1,336,764	237	-	51,039	2,350	4,627,244	1,330,978
- Finance leases	154	-	56,055	4,078	4,521,352	1,333,940	237	-	51,039	2,350	4,618,129	1,323,895
- Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	-	-	2,752	2,824	-	-	-	-	6,251	6,833
- Liens	-	-	-	-	-	-	-	-	-	-	2,864	250
- Personal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-performing assets secured by:	-	-	7,318	121	206,884	42,977	-	-	9,514	123	233,994	47,542
- Finance leases	-	-	7,318	121	203,448	42,334	-	-	9,514	123	232,514	47,085
- Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	-	-	422	393	-	-	-	-	1,480	457
- Liens	-	-	-	-	3,014	250	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	154	-	63,373	4,199	4,730,988	1,379,741	237	-	60,553	2,473	4,861,238	1,378,520

Key

ECA = Carrying amount of the exposures
GFV = Fair value of the guarantees

The table shows the guarantees received for the group's financing at their nominal amount and fair value. They include bank sureties, guarantees issued by Medio Credito Centrale (MCC, the above table shows the guarantees issued by MCC defined as Italian SME Guarantee Fund set up by Law no. 662 of 23 December 1996 and the guarantees linked to the "Liquidity" decree, as subsequently amended - Decree law no. 23 of 8 April 2020, converted into law, with amendments, by Law no, 40 of 5 June 2020 - issued by MCC and SACE S.p.A.), guarantees issued by the European Investment Fund, liens for finance leases and mortgages for loans.

The above table does not comprise the COVID-19- related guarantee issued by MCC pursuant to article 33 of Decree law no. 18 of 17 March 2020 converted into Law no. 27 of 24 April 2020.

The table does not include:

- performing exposures for finance leases not yet activated of €183,486 thousand (including €128,487 thousand secured) and non-performing exposures of €8,174 thousand (including €527 thousand secured);
- unsecured financing.

Section 8 - Property and equipment - Caption 80

8.1 Property and equipment: breakdown of assets measured at cost

(€'000)	31/12/2022	31/12/2021
1. Owned assets	111	153
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	26	40
e) other	85	113
2. Right-of-use assets	8,653	9,383
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	8,653	9,383
Total	8,764	9,536
including: obtained by enforcing the guarantees received	-	-

"Other", under "Right-of-use assets", mainly consists of the use of the parent's administrative office.

8.2 Investment property: breakdown of assets measured at cost

(€'000)	31/12/2022				31/12/2021			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned assets	6,431	-	-	11,498	8,569	-	-	14,524
a) land	-	-	-	-	-	-	-	-
b) buildings	6,431	-	-	11,498	8,569	-	-	14,524
2. Right-of-use assets	-	-	-	-	-	-	-	-
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	6,431	-	-	11,498	8,569	-	-	14,524
including: obtained by enforcing the guarantees received	-	-	-	-	-	-	-	-

Key

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

In connection with that reported in previous consolidated financial statements, the decrease is due to the sale of a building returned after termination of a finance lease against the cancellation of a receivable of the same amount as part of a settlement agreement.

These buildings were classified as investment property in line with the policy described in A.2 - Accounting policies.

8.3 Property and equipment: breakdown of revalued assets

None.

8.4 Investment property: breakdown of assets measured at fair value

None.

8.5 Inventories of property, equipment and investment property that fall under the scope of IAS 2: breakdown

None.

8.6 Property and equipment: changes

(€'000)	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	-	-	-	40	9,496	9,536
A.1 Accumulated depreciation and net impairment losses	-	-	-	-	-	-
A.2 Net opening balance	-	-	-	40	9,496	9,536
B. Increases:	-	-	-	3	731	734
B.1 Purchases	-	-	-	3	720	723
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	-	-	-	-
B.4 Fair value gains recognised in:						
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	-	-	-	-
B.7 Other increases	-	-	-	-	11	11
C. Decreases	-	-	-	(17)	(1,489)	(1,506)
C.1 Sales	-	-	-	-	(1)	(1)
C.2 Depreciation	-	-	-	(17)	(1,488)	(1,505)
C.3 Impairment losses recognised in:						
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Fair value losses recognised in:						
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:						
a) investment property	-	-	-	-	-	-
b) non-current assets held for sale and disposal groups	-	-	-	-	-	-
C.7 Other decreases	-	-	-	-	-	-
D. Net closing balance	-	-	-	26	8,738	8,764
D.1 Accumulated depreciation and net impairment losses	-	-	-	-	-	-
D.2 Gross closing balance	-	-	-	26	8,738	8,764
E. Measurement at cost	-	-	-	26	8,738	8,764

8.7 Investment property: changes

(€'000)	Total	
	Land	Buildings
A. Opening balance	-	8,569
B. Increases:	-	-
B.1 Purchases	-	-
B.2 Capitalised improvement costs	-	-
B.3 Fair value gains	-	-
B.4 Reversals of impairment losses	-	-
B.5 Exchange gains	-	-
B.6 Transfers from buildings used in operations	-	-
B.7 Other increases	-	-
C. Decreases	-	(2,138)
C.1 Sales	-	(1,443)
C.2 Depreciation	-	(394)
C.4 Fair value losses	-	-
C.4 Impairment losses	-	(301)
C.5 Exchange losses	-	-
C.6 Transfers to:	-	-
a) buildings used in operations	-	-
b) non-current assets held for sale and disposal groups	-	-
C.7 Other decreases	-	-
D. Closing balance	-	6,431
E. Measurement at fair value	-	11,498

8.8 Inventories of property, equipment and investment property that fall under the scope of IAS 2: changes

None.

8.9 Commitments to purchase property, equipment and investment property

None.

Section 9 - Intangible assets - Caption 90

9.1 Intangible assets: breakdown

(€'000)	31/12/2022		31/12/2021	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill	-	-	-	-
2. Other intangible assets:	1,700	-	1,201	-
including software:	1,700	-	1,201	-
Owned assets	1,700	-	1,201	-
- internally generated	-	-	-	-
- other	1,700	-	1,201	-
2.2 Right-of-use assets	-	-	-	-
Total 2	1,700	-	1,201	-
3. Assets under finance lease:	-	-	-	-
3.1 assets for which the purchase option has not been exercised	-	-	-	-
3.2 assets withdrawn after lease termination	-	-	-	-
3.3 other assets	-	-	-	-
Total 3	-	-	-	-
Total (1+2+3)	1,700	-	1,201	-

Intangible assets mainly consist of software.

The parent carried out all the checks required by IAS 38 in order to recognise its software under intangible assets.

9.2 Intangible assets: changes

(€'000)	Total
A. Opening balance	1,201
B. Increases:	1,300
B.1 Purchases	1,300
B.2 Reversals of impairment losses	-
B.3 Fair value gains recognised in:	-
- equity	-
- profit or loss	-
B.4 Other increases	-
C. Decreases	(801)
C.1 Sales	-
C.2 Amortisation	(801)
C.3 Impairment losses recognised in:	-
- equity	-
- profit or loss	-
C4 Fair value losses recognised in:	-
- equity	-
- profit or loss	-
C.5 Other decreases	-
D. Closing balance	1,700

9.3 Intangible assets: other disclosures

None.

Section 10 - Tax assets and liabilities - Caption 100 of assets and Caption 60 of liabilities

The average rates used to calculate deferred tax assets and liabilities are 27.5% for IRES (corporate income tax, Law no. 244 of 24 December 2007) and 5.57% for IRAP (regional tax on productive activities, Law no. 98 of 6 July 2006, converted into Law no. 111 of 15 July 2011) purposes.

The Stability Law for 2016 decreased the current IRES rate from 27.5% to 24% starting from 1 January 2017. It also introduced an additional IRES tax of 3.5% for banks and financial companies, thus cancelling the effect of the reduction in the rate.

Decree law no. 17 was published on 1 March 2022, allowing, in article 42, financial intermediaries to defer the portion of the impairment of loans and receivables calculated pursuant to Decree law no. 83/2015 and accrued in 2022, over the four subsequent years (2023 to 2026), on a straight-line basis, for the purposes of both IRES and IRAP.

10.1 "Tax assets: current and deferred": breakdown

Breakdown of "Current tax assets"

The group recognised:

- an IRES asset of €2,989 thousand related to 2021 being the sum of the tax assets and advances paid in the SC/2022 tax return filed in 2022;
- an IRES liability of €350 thousand;
- an IRAP asset of €683 thousand related to 2021 being the sum of the tax assets and advances paid in the IRAP/2022 tax return filed in 2022;
- an IRAP liability of €631 thousand.

As the requirements of IAS 12 were met, the group offset the current tax assets and liabilities.

The group also recognised:

- withholdings of €18 thousand on interest on bank current accounts and commissions;
- tax assets purchased from financial intermediaries and/or banks. These were originally the tax assets of taxpayers on construction projects, the costs of which were eligible for tax deductions ("superbonus" projects eligible for 110% deductions and other tax deductions arising from renovations) pursuant to Decree law no. 34 of 2020. The purchased tax assets total €8,904 thousand and will be used to offset tax and social security liabilities of €2,226 thousand in 2022 and over the subsequent three years.

Breakdown of "Deferred tax assets"

(€'000)	IRES	IRAP	Other	31/12/2022	31/12/2021
A) Through profit or loss					
Impairment losses on loans and receivables deductible in future years	29,505	2,793	-	32,298	37,268
Accruals and impairment losses deductible in future years	3,640	-	-	3,640	2,696
Fair value gains and losses on financial assets and liabilities deductible in future years	-	-	-	-	-
Deferred tax assets on intragroup gains eliminated during consolidation	-	-	-	-	-
Personnel expense and accruals for post-employment benefits deductible in future years	-	-	-	-	-
Impairment losses on equity investments deductible in future years	-	-	-	-	-
Depreciation of investment property deductible in future years	-	-	-	-	-
Other	2,040	372	-	2,412	5,347
Total A	35,185	3,165	-	38,350	45,311
B) Through equity					
Other	22	-	-	22	61
Total B	22	-	-	22	61
Total (A+B)	35,207	3,165	-	38,372	45,372

Deferred tax assets arise on costs that can be deducted in periods after that in which they are recognised.

10.2 "Tax liabilities: current and deferred": breakdown

Breakdown of "Current tax liabilities"

Reference should be made to the note in paragraph 10.1 "Tax assets: current and deferred: breakdown".

Breakdown of "Deferred tax liabilities"

Deferred tax liabilities arise on temporary differences between the tax base and carrying amount of assets and liabilities.

10.3 Changes in deferred tax assets (recognised in profit or loss)

(€'000)	2022	2021
1 Opening balance	45,311	54,415
2 Increases	2,319	3,687
2.1 Deferred tax assets derecognised in the year	2,319	3,687
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) reversals of impairment losses	-	-
d) other	2,319	3,687
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3 Decreases	(9,280)	(12,791)
3.1 Deferred tax assets derecognised in the year	(9,280)	(12,791)
a) reversals	(9,280)	(12,791)
b) impairment due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
a) conversion into tax assets, including as per Law no. 214/2011	-	-
b) other	-	-
4 Closing balance	38,350	45,311

10.3.1 Change in deferred tax assets as per Law no. 214/2011 (recognised in profit or loss)

(€'000)	2022	2021
1. Opening balance	31,317	37,215
2. Increases	-	-
3. Decreases	(2,326)	(5,898)
3.1 Reversals	-	-
3.2 Conversion into tax assets	(2,326)	(5,898)
a) arising on the loss for the year	-	-
b) arising on tax losses	(2,326)	(5,898)
3.3 Other decreases	-	-
4. Closing balance	28,991	31,317

In 2022, the conditions were met for the effective conversion of the deferred tax assets into tax assets, as the SC/2022 tax return for 2021 showed a tax loss due to the deferred deduction of the impairment of financial assets on which deferred tax assets had been recognised. After filing the tax return on 30 November 2022, the group converted the deferred tax assets into tax assets to use for offsetting against tax and social security liabilities for a total of €2,326 thousand.

At the reporting date, the parent has deferred tax assets that cannot be converted of €9,382 thousand (type 2 deferred tax assets). Their initial and subsequent recognition in the consolidated financial statements requires management's judgement about their recovery, which could be adversely affected by circumstances that management is not currently able to foresee, such as changes in the current tax laws, the macroeconomic scenario or market that would require it to update the assumptions underlying its judgement. Accordingly, the parent monitors the recoverability of its deferred tax assets that cannot be converted into tax assets on a regular basis.

As it performed the probability test at the reporting date, the group deems that the recoverability assumptions are met and, therefore, it can continue to recognise the deferred tax assets.

10.4 Changes in deferred tax liabilities (recognised in profit or loss)

None.

10.5 Changes in deferred tax assets (recognised in equity)

(€'000)	2022	2021
1 Opening balance	61	68
2 Increases	-	-
2.1 Deferred tax assets derecognised in the year	-	-
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3 Decreases	(39)	(7)
3.1 Deferred tax assets derecognised in the year	(39)	(7)
a) reversals	(39)	(7)
b) impairment due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4 Closing balance	22	61

10.6 Changes in deferred tax liabilities (recognised in equity)

None.

Section 12 - Other assets - Caption 120

12.1 Other assets: breakdown

(€'000)	31/12/2022	31/12/2021
Tax assets (not classifiable in caption 100)	5,657	33,224
Tax assets (purchased)	8,904	11,130
Items in transit	2,949	1,377
Prepayments and accrued income (not classifiable in a specific caption)	5,239	4,997
Other	41,523	41,400
Total	64,272	92,128

"Tax assets (not classifiable in caption 100)" refer to the 2013, 2016, 2017, 2018 and 2020 VAT assets claimed for reimbursement (€5,294 thousand). In 2022, the tax authorities reimbursed €21,255 thousand for 2016 and 2020.

In December 2021, tax assets were purchased from financial intermediaries and/or banks. These were originally the tax assets of taxpayers on construction projects, the costs of which were eligible for tax deductions ("superbonus" projects eligible for 110% deductions

and other tax deductions arising from renovations) pursuant to Decree law no. 34 of 2020. The purchased tax assets total €11,130 thousand and will be used to offset tax and social security liabilities of €2,226 thousand in 2022 and over the subsequent four years.
After the above-mentioned offsetting, they amount to €8,904 thousand.

“Items in transit” relate to costs that have still to be allocated to the specific captions at year end. The decrease is mostly due to leases agreed towards the end of the year.
These items were allocated to the specific captions in the first few months of 2023.

“Prepayments and accrued income (not classifiable in a specific caption)” mostly consist of:
- prepaid insurance premiums of €4,358 thousand on leases;
- prepaid insurance premiums of €7 thousand on loans.

“Other” chiefly includes amounts due from suppliers for advances on leases.

LIABILITIES

Section 1 - Financial liabilities at amortised cost - Caption 10

1.1 Financial liabilities at amortised cost: breakdown by product

(€'000)	31/12/2022			31/12/2021		
	due to banks	due to financial companies	due to customers	due to banks	due to financial companies	due to customers
1. Financing	2,532,105	85,300	308,067	2,306,817	86,734	-
1.1 Repurchase agreements	785,952	-	308,067	288,752	-	-
1.2 Other loans and borrowings	1,746,153	85,300	-	2,018,065	86,734	-
2. Lease liabilities	74	-	8,677	95	-	9,329
3. Other liabilities	3,694	1,282	40,904	6,481	1,469	11,736
Total	2,535,873	86,582	357,648	2,313,393	88,203	21,065
Fair value - level 1	-	-	-	-	-	-
Fair value - level 2	-	-	-	-	-	-
Fair value - level 3	2,535,873	86,582	357,648	2,313,393	88,203	21,065
Total fair value	2,535,873	86,582	357,648	2,313,393	88,203	21,065

The "Other loans and borrowings" line of the "Due to banks" column includes:
- current account facilities of €1,506,243 thousand;
- bank deposits of €193,634 thousand (including accrued expenses of €834 thousand);
- current loans of €40,040 thousand;
- non-current loans of €6,236 thousand.

Due to banks mostly comprises current amounts. The majority of the group's liabilities are with the parent's shareholder banks that have communicated their intention of providing it with regular liquidity flows.

The "Other liabilities" line of the "Due to customers" column mainly relates to lease prepayments in connection with the group's leases.

1.2 Financial liabilities at amortised cost: breakdown of securities issued by product

(€'000)	Total				Total			
	31/12/2022				31/12/2021			
	CA	Fair value			CA	Fair value		
		L1	L2	L3		L1	L2	L3
1. Securities								
1. bonds:	-	-	-	-	-	-	-	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	-	-	-	-	-	-	-	-
2. other securities:	1,755,065	-	-	1,755,065	2,404,483	-	-	2,404,483
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	1,755,065	-	-	1,755,065	2,404,483	-	-	2,404,483
Total	1,755,065	-	-	1,755,065	2,404,483	-	-	2,404,483

Key:
CA: Carrying amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

"Other securities" consist of:

- notes of €449,857 thousand issued as part of the securitisation organised by Alba 6 SPV S.r.l.;
- notes of €8,755 thousand issued as part of the securitisation organised by Alba 9 SPV S.r.l.;
- notes of €160,634 thousand issued as part of the securitisation organised by Alba 10 SPV S.r.l.;
- notes of €433,747 thousand issued as part of the securitisation organised by Alba 11 SPV S.r.l.;
- notes of €695,991 thousand issued as part of the securitisation organised by Alba 12 SPV S.r.l.;
- accrued expenses of €6,081 thousand on notes issued as part of the parent's securitisations.

1.3 Subordinated liabilities and securities

None.

1.4 Structured liabilities

None.

1.5 Finance lease liabilities

These include the securitisation performed by the parent and recognised in accordance with IFRS 16.

Section 6 - Tax liabilities - Caption 60

See section 10 – "Tax assets and liabilities" under Assets.

Section 8 - Other liabilities - Caption 80

8.1 Other liabilities: breakdown

(€'000)	31/12/2022	31/12/2021
Tax liabilities to be paid on behalf of third parties	2,745	935
Amounts due to employees	11,662	8,030
Amounts due to statutory auditors and directors	90	103
Amounts due to social security institutions	960	1,044
Trade payables - intragroup	3,801	4,087
Trade payables - third parties	237,599	209,096
Other items in transit	538	12,604
Accrued expenses and deferred income (not classifiable in a specific caption)	16,725	16,645
Other	8,736	4,792
Total	**282,856**	**257,336**

"Tax liabilities for amounts to be paid on behalf of third parties" mostly include withholdings.

"Amounts due to employees" include payables for accrued holidays and other leave of €7,599 thousand.

"Amounts due to statutory auditors and directors" refer to the statutory auditors' fees outstanding at year end.

"Trade payables - third parties" mainly relate to leases signed with suppliers.

"Accrued expenses and deferred income (not classifiable in a specific caption)" principally comprise:

- accrued insurance premiums of €7,080 thousand;
- other accrued expenses and deferred income of €9,645 thousand.

Section 9 - Post-employment benefits - Caption 90

9.1 Post-employment benefits: changes

(€'000)	2022	2021
A. Opening balance	**2,347**	**2,585**
B. Increases	**189**	**83**
B1. Accruals	189	83
B2. Other increases	-	-
C. Decreases	**(484)**	**(321)**
C1. Payments	(162)	(216)
C2. Other decreases	(322)	(105)
D. Closing balance	**2,052**	**2,347**

This caption was measured considering the provisions of Law no. 296 of 27 December 2006 (the 2007 Finance Act). Specifically, the calculation was based on the fact that companies with more than 50 employees are required to transfer the entire post-employment benefits of its employees to the special INPS (the Italian social security institution) treasury fund if the employees did not exercise the option to transfer these benefits to supplementary pension funds.

As a result:

- the benefits accruing after 1 January 2007 by employees who opted for the treasury fund and from the month after the option to transfer them to the supplementary pension funds was exercised classify as defined contribution plans and do not require to be calculated by an actuary. This is also true for the benefits of all the employees hired after 31 December 2006, regardless of where they chose to transfer them;
- the benefits vested up to 31 December 2016 continue to be treated as a defined benefit plan as they have fully vested.

Starting from 1 January 2019, the age requirement to become eligible for a pension is 67 years as a result of the mechanism that adjusts the retirement age to changes in life expectancy.
The projection was developed considering the regulations on early pensions whereby workers may be eligible for pensions under the compulsory system after having paid contributions for 42 years and 10 months (men) or 41 years and 10 months (women).

Actuarial assumptions
The group considered the following in its actuarial model:

- legislative parameters: laws and their interpretations;
- demographic factors: the ISTAT (Italian Institute of Statistics) 2020 table for assumptions about death rates and the INPS table for commercial sector employees for disability assumptions (projected to 2010);
- economic parameters: the 2022-2025 macroeconomic projections for the Italian economy prepared by Bank of Italy’s staff as part of the Eurosystem coordinated exercise for the inflation rate.
  On 15 December 2022, the ECB published the macroeconomic projections for the Eurozone, which are shown below:

Year	Inflation rate
2023	7.30%
2024	2.60%
2025	1.90%

  After 2025, the group assumed that the inflation rate remained constant at the 2025 rate.
  The legal revaluation of post-employment benefits is based on a mechanism that provides for an annual capitalisation rate equal to 75% of the growth rate plus 1.5%;
- financial parameters: the parameter used is the yields on corporate notes of issuers with an AA rating, denominated in Euro as reported by Refinitiv at the reporting date (see the table below). For maturities after the twentieth year, the group assumed a flat interest rate maturity curve, i.e., with rates all equal to the rate for the twentieth year.
  The equivalent average interest rate has increased on the valuation at the previous year end, with that expressed by the curve at 31 December 2021 being 0.47% and the average interest rate at the reporting date coming to 3.70%, up roughly 323 basis points on the previous annual valuation.

Euro-denominated corporate note yields of AA issuers, as reported by Refinitiv at the reporting date:

Year	AA corp. curve 31/12/2022	Year	AA corp. curve 31/12/2022
1	3.2530%	11	3.7474%
2	3.5460%	12	3.7648%
3	3.5890%	13	3.7822%
4	3.6600%	14	3.7996%
5	3.7050%	15	3.8170%
6	3.7160%	16	3.7992%
7	3.7130%	17	3.7814%
8	3.7090%	18	3.7636%
9	3.7140%	19	3.7458%
10	3.7300%	20	3.7280%

9.2 Other information

None.

Section 10 - Provisions for risks and charges - Caption 100

10.1 Provisions for risks and charges: breakdown

(€'000)	31/12/2022	31/12/2021
1. Loan commitments and financial guarantees given	1,652	988
2. Other commitments and other guarantees	-	-
3. Pension and similar provisions	-	-
4. Other provisions	2,373	1,957
4.1 legal and tax disputes	1,662	1,957
4.2 personnel expense	-	-
4.3 other	711	-
Total	**4,025**	**2,945**

"Other provisions" include €700 thousand and €962 thousand relating to pending tax and legal disputes, respectively.
The following should be noted with respect to the tax disputes:
1) On 14 March 2012, the tax authorities notified the parent of an assessment notice for registration tax based on the alleged omission of the statement of compliance with the conditions precedent provided for in the transfer deed between Banca Italease and the parent, signed on 24 December 2009. This agreement covered the return of financial assets of €3,492 thousand (agreements as per article "II.d2g" related to financial assets held for trading as per annex "O") and loans and receivables of €170,919 thousand (agreements as per article "II.F.2" and II.F.3" for loans and receivables assigned that did not meet the requirements as per the guarantees given by the assignor). The Lombardy Tax Commission confirmed the first level ruling issued by the Milan Provincial Tax Commission, fully accepting the defence brief presented by the parent. The hearing was held on 25 November 2014. Therefore, the tax authorities' appeal was rejected with the ruling filed on 4 March 2015 and cancellation of the assessment notice was confirmed. Given the significance of the dispute, the tax authorities challenged the Regional Tax Commission's ruling before the Supreme Court and notified the parent of its appeal on 5 October 2015. The parent's lawyers presented its counter appeal on 12 November 2015. Although the first and second level rulings found in its favour, the parent opted for the benefits provided for by per article 6 of Law decree no. 119 of 23 October 2018 as subsequently amended given the advantage of eliminating the potential risk of having to pay the assessed amount.

Therefore, it paid €43.6 thousand on 27 May 2019. The date for the hearing to declare the matter resolved has not yet been set at the reporting date. Accordingly, the parent did not deem it necessary to provide for this dispute in accordance with the IFRS.

2) The tax authorities notified the parent of an IRES assessment notice for 2009 after completion of their audit on 20 December 2013. The authorities added back costs of €1,048 thousand to the tax base, which is the 2009 deductible portion of the impairment losses which had allegedly not been calculated correctly in accordance with article 106.3 of the Consolidated Income Tax Act. According to their interpretation of the above article, the tax authorities found that the parent had incorrectly included the following costs in the deductible impairment losses on loans and receivables:

- €86 thousand, equal to 0.30% of the transferred loans, guaranteed by the banks under the Presto Leasing and Leasing Auto agreements;
- €690 thousand, equal to 0.30% of the loans covered by the agreement on securitised assets, guaranteed by the banks under the Presto Leasing and Leasing Auto agreements;
- €271 thousand, equal to 0.30% of the transferred amounts receivable relating to five contracts entered into with the customers Romana Investimenti Immobiliare and Fagioli Immobiliare, alleged to be inexistent as they related to purchases made as part of a fraud, already covered by the mutually-agreed assessment settlement between the tax authorities and Banca Italease S.p.A. for 2005, 2006 and 2007.

The parent paid taxes of €288 thousand (equal to 27.5% of €1,048 thousand).
It paid interest of €46 thousand (plus interest equal to 4% of the payments after 3 June 2014) and fines of €288 thousand.
The Lombardy Regional Tax Commission confirmed the first level ruling handed down by the Milan Provincial Tax Commission, fully accepting the parent's defence brief. The arguments were heard in a public hearing on 24 October 2016. Therefore, the tax authorities' appeal was rejected with the ruling filed on 14 July 2017 and cancellation of the assessment notice was confirmed. Given the significance of the dispute, the tax authorities challenged the Regional Tax Commission's ruling before the Supreme Court and notified the parent of its appeal on 14 February 2018. The parent's lawyers presented its counter appeal on 22 March 2018. Although the first and second level rulings found in its favour, the parent opted for the benefits provided for by article 6 of Law decree no. 119 of 23 October 2018 as subsequently amended given the advantage of eliminating the potential risk of having to pay the assessed amount. Therefore, it paid €14.4 thousand on 27 May 2019. The date for the hearing to declare the matter resolved has not yet been set at the reporting date. Accordingly, the parent did not deem it necessary to provide for this dispute in accordance with the IFRS.
3) The tax authorities notified the parent of an IRES assessment notice for 2010 after completion of their audit on 20 December 2013. The authorities added back costs of €1,132 thousand to the tax base, which is the 2010 deductible portion of the impairment losses which had allegedly not been calculated correctly in accordance with article 106.3 of the Consolidated Income Tax Act.
According to their interpretation of the above article, the tax authorities found that the parent had incorrectly included the following costs in the deductible impairment losses on loans and receivables:

- €465 thousand, equal to 0.30% of the loans and receivables transferred, guaranteed by the banks under the Presto Leasing and Leasing Auto agreements;
- €402 thousand, equal to 0.30% of the loans and receivables covered by the agreement on securitised assets, guaranteed by the banks under the Presto Leasing and Leasing Auto agreements;
- €265 thousand, equal to 0.30% of the transferred amounts receivable relating to five contracts entered into with the customers Romana Investimenti Immobiliare and Fagioli Immobiliare, alleged to be inexistent as they related to purchases made as part of a fraud, already covered by the mutually-agreed assessment settlement between the tax authorities and Banca Italease S.p.A. for 2005, 2006 and 2007.

The parent paid taxes of €311 thousand (equal to 27.5% of €1,132 thousand).
It paid interest of €54 thousand (plus interest equal to 3.5% of the payments after 20 October 2015) and fines of €373 thousand.
The Lombardy Regional Tax Commission confirmed the first level ruling handed down by the Milan Provincial Tax Commission, fully accepting the parent's defence brief. The hearing was held on 19 October 2018.
Although the first and second level rulings found in its favour, the parent opted for the benefits provided for by per article 6 of Law decree no. 119 of 23 October 2018 as subsequently amended given the advantage of eliminating the potential risk of having to pay the assessed amount. Therefore, it paid €124.5 thousand on 27 May 2019. The date for the hearing to declare the matter resolved has not yet been set at the reporting date.
Accordingly, the parent did not deem it necessary to provide for this dispute in accordance with the IFRS.

4) On 23 October 2018, the large taxpayers office of the Lombardy regional tax department sent a VAT assessment notice no. TMB066Z00645 for 2013 assessing higher VAT, fines and interest for €237.1 thousand as a result of its audit and request for documentation in relation to the parent's 2013, 2016 and 2017 VAT assets claimed for reimbursement. The office challenged the incorrect invoicing of finance lease payments to Sacmi Cooperative Meccanici Imola s.c. for the lease of real estate. Specifically, the parent had received the correct statement of intent and had applied the non-taxable regime to its invoices as per article 8.1.c of Presidential decree no. 633/72. On 17 November 2020, the Lombardy Regional Tax Commission rejected the parent's appeal. The parent then appealed against the Lombardy Regional Tax Commission's decision before the Supreme Court. Having considered the assumptions underlying the tax authorities' claims and in light of the recent change in EU and Italian jurisprudence, under which leases no longer qualify as the provision of services, €134 thousand has been accrued in accordance with the IFRS based on the opinion expressed by the parent's lawyers that found the risk of losing the case probable.

5) On 30 September 2019, the large taxpayers office of the Lombardy regional tax department served the parent VAT assessment notices nos TMB036Z00188, TMB036Z00191 and TMB066Z00203 for 2014, 2015 and 2016, respectively, assessing higher taxes, fines and interest of €810.7 thousand as a result of its audit and request for documentation in relation to the parent's 2013, 2016 and 2017 VAT assets claimed for reimbursement. The tax office alleged:

- the incorrect invoicing of finance lease payments to Sacmi Cooperative Meccanici Imola S.c. (similarly to that for 2013);
- the incorrect application of the VAT rate (subsidised rate of 10% rather than normal rate of 22%) to the finance lease payments to Vincenzo Muto S.r.l. for an MRI machine.

As it deems that there are reasons of fact and law for considering the assessment notice to be unlawful, on 28 November 2019, the parent filed an appeal for its cancellation and appeared in court before the Milan Provincial Tax Commission on 9 December 2019. With the ruling filed on 5 May 2021, the Milan Provincial Tax Commission rejected the parent's appeal, and on 3 December 2021, the parent appealed before the Lombardy Regional Tax Commission. On 30 June 2022, the latter deferred the case to 5 December 2022, pending the Supreme Court's decision on a similar dispute relating to 2013 (see previous paragraph). On 5 December 2022, the case was heard before the Lombardy Regional Tax Commission, which has not yet filed the operative part of its decision.
Having considered the assumptions underlying the tax authorities' claims and in light of the recent change in EU and Italian jurisprudence, under which leases no longer qualify as the provision of services, €470 thousand has been accrued in accordance with the IFRS based on the opinion expressed by the parent's lawyers that found the risk of losing the case probable.

6) On 30 September 2019, on the basis of a communication received from the Genoa provincial tax department, the large taxpayers office of the Lombardy regional tax

department sent the parent VAT dispute notice no. TMBCO6Z00034 for 2014, which imposed fines of €70.2 thousand. It alleged the incorrectness of the invoice issued by Paramed S.r.l., which supplied the MRI machine leased to Vincenzo Mutuo S.r.l. with a finance lease. Specifically, Paramed S.r.l. allegedly applied the subsidised VAT rate of 10% rather than the normal rate of 22% in the invoice. As it deems that there are reasons of fact and law for considering the assessment notice to be unlawful, on 28 November 2019, the parent filed an appeal for its cancellation and appeared in court before the Milan Provincial Tax Commission on 9 December 2019. With the ruling filed on 5 May 2021, the Milan Provincial Tax Commission rejected the parent's appeal, and on 3 December 2021, the parent appealed before the Lombardy Regional Tax Commission. On 30 June 2022, the latter deferred the case to 5 December 2022, pending the Supreme Court's decision on a similar dispute relating to 2013 (see previous paragraph). On 5 December 2022, the case was heard before the Lombardy Regional Tax Commission, which has not yet filed the operative part of its decision.
On the basis of assumptions underlying the tax office's allegations, the parent has not made any provision for this dispute in accordance with the IFRS based on the opinion expressed by its lawyers that found the risk of losing the case possible but not probable.

7) In 2022, several small appeals were lodged against local property tax (IMU) assessment notices from the municipal authorities relating to situations in connection with buildings that users did not return after early termination of the lease, for which the legislation implementing IMU establishes that the delinquent user remains the taxpayer for IMU.
In light of the recent change in Supreme Court jurisprudence, which is in any case unfavourable for lease companies, €96 thousand has been accrued in accordance with the IFRS based on the opinion expressed by the parent's lawyers that found the risk of losing the case probable.

The provisions for pending tax disputes totalled €700 thousand.

10.2 Provisions for risks and charges: changes

(€'000)	Other commitments and other guarantees	Pension and similar provisions	Other provisions	Total
A. Opening balance	988	-	1,957	2,945
B. Increases	2,915	-	1,093	4,008
B.1 Accruals	2,915	-	1,093	4,008
B.2 Discounting	-	-	-	-
B.3 Changes in discount rate	-	-	-	-
B.4 Other increases	-	-	-	-
C. Decreases	(2,251)	-	(677)	(2,928)
C.1 Utilisations	-	-	-	-
C.2 Changes in discount rate	-	-	-	-
C.3 Other decreases	(2,251)	-	(677)	(2,928)
D. Closing balance	1,652	-	2,373	4,025

The decreases in "Other commitments and other guarantees" are mainly due to disbursements, while increases refer to new commitments that arose in the year.
Changes in "Other provisions" relate to normal risk management.

10.3 Provisions for credit risk associated with loan commitments and financial guarantees given

(€'000)	Loan commitments and financial guarantees given				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired financial assets	Total
1. Loan commitments	473	483	672	-	1,628
2. Financial guarantees given	-	-	24	-	24
Total	473	483	696	-	1,652

10.4 Provisions for other commitments and other guarantees given

None.

10.5 Defined benefit pension and similar provisions

None.

10.6 Other provisions

None.

Section 11 - Equity - Captions 110, 120, 130, 140, 150, 160 and 170

11.1 Share capital: breakdown

	Amount
1. Share capital	
1.1 Ordinary shares	357,953
1.2 Other shares	-

The parent's fully subscribed and paid-up share capital of €357,953,058.37 comprises 353,450,000 shares without a par value.

11.2 Treasury shares: breakdown

None.

11.3 Equity instruments: breakdown

None.

11.4. Share premium: breakdown

	Amount
Share premium	105,000

On 30 November 2009, in their extraordinary meeting, the shareholders resolved to increase the parent's share capital against payment for a nominal €250,000 thousand with a share premium of €105,000 thousand.

11.5 Other information

Availability and possible distribution of equity captions

	Amount	Possible use	Available portion
Share capital	**357,953**		
Equity-related reserves			
Reserve for treasury shares	-	---	
Share premium	105,000	A,B	-
Income-related reserves			
Legal reserve	1,779	B	
Extraordinary reserve	-		
Losses carried forward	(49,096)	---	
Other reserves	(282)	---	
Profit for the year	**10,371**		
Total	**425,725**		**-**
Residual distributable portion			

Key:
A = share capital increase
B = to cover losses
C= dividend distribution

In accordance with article 2431 of the Italian Civil Code, the share premium can only be distributed to the shareholders when the legal reserve equals 20% of share capital. As this requirement is not met, it cannot be distributed.

Other information

1. Loan commitments and financial guarantees given (other than those designated at fair value)

(€'000)	Nominal amount of loan commitments and financial guarantees given				Total at 31/12/2022	Total at 31/12/2021
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired financial assets		
1. Loan commitments	603,784	197,279	2,424	-	803,487	659,182
a) Public administrations	31	-	-	-	31	79
b) Banks	-	-	-	-	-	-
c) Other financial companies	3,098	203	-	-	3,301	6,445
d) Non-financial companies	582,751	194,734	2,424	-	779,909	626,140
e) Households	17,904	2,342	-	-	20,246	26,518
2. Financial guarantees given	-	-	48	-	48	48
a) Public administrations	-	-	-	-	-	-
b) Banks	-	-	-	-	-	-
c) Other financial companies	-	-	-	-	-	-
d) Non-financial companies	-	-	48	-	48	48
e) Households	-	-	-	-	-	-

The above table shows both revocable and firm loan commitments.

2. Other commitments and other guarantees given

None.

3. Offset financial assets or assets subject to master netting agreements or similar agreements

None.

4. Offset financial liabilities or assets subject to master netting agreements or similar agreements

None.

5. Securities lending

None.

6. Jointly controlled assets

None.

Part C - Notes to the income statement

(€'000)

Section 1 - Interest - Captions 10 and 20

1.1 1.1 Interest and similar income: breakdown

(€'000)	Debt instruments	Financing	Other	2022	2021
1. Financial assets at fair value through profit or loss:	-	-	-	-	-
1.1. Held for trading	-	-	-	-	-
1.2. Designated at fair value	-	-	-	-	-
1.3. Mandatorily measured at fair value	-	-	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	X	-	-
3. Financial assets at amortised cost:					
3.1 Loans and receivables with banks	-	1,030	X	1,030	12
3.2 Loans and receivables with financial companies	36	1,037	X	1,073	1,487
3.3 Loans and receivables with customers	4	134,143	X	134,147	103,617
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	662	662	396
6. Financial liabilities	X	X	X	X	X
Total	40	136,210	662	136,912	105,512
including: interest income on non-performing financial assets	-	-	-	-	-
including: interest income on leases	X	134,110	X	134,110	104,022

"Financing" mostly consists of interest income of €134,110 thousand on finance leases, of which €4,548 thousand on the non-recourse exposures.
It also includes interest income on mortgage loans and other financing of €751 thousand.

"Other" mostly consists of interest accrued on VAT assets claimed for reimbursement (€69 thousand) and on purchased tax assets (€180 thousand).

Interest accrued on non-performing exposures amounts to €8,961 thousand (including €3,647 thousand due to the discounting effect described earlier).

1.2 Interest and similar expense: other information

None.

1.3 Interest and similar expense: breakdown

(€'000)	Financial liabilities	Securities	Other	2022	2021
1. Financial liabilities at amortised cost					
1.1 Due to banks	21,210	X	21	21,231	8,942
1.2 Due to financial companies	431	X	169	600	380
1.3 Due to customers	1,177	X	17	1,194	33
1.4 Securities issued	X	17,180	-	17,180	5,959
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities	X	X	74	74	6
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	X	X
Total	22,818	17,180	281	40,279	15,320
including: interest expense on lease liabilities	187	X	X	187	215

"Due to banks" mostly comprises:
- interest expense of €14,960 thousand on current accounts;
- interest expense and borrowing costs of €582 thousand on loans;
- interest expense of €1,516 thousand on term deposits;
- interest expense of €4,152 thousand on repurchase agreements entered into for the securitisation notes.

"Securities" of €17,180 thousand consist of interest expense and borrowing costs on the group's securitisations during the year.

1.4 Interest and similar expense: other information

None.

Section 2 - Fees and commissions - Captions 40 and 50

2.1 Fee and commission income: breakdown

(€'000)	2022	2021
a) leases	29,588	28,081
b) factoring transactions	-	-
c) consumer credit	-	-
d) financial guarantees given	-	25
e) services:		
- fund management on behalf of third parties	-	-
- forex trading	-	-
- product distribution	-	-
- other	-	-
f) collection and payment services	-	-
g) servicing of securitisations	-	28
h) other fees and commissions	25	15
Total	29,613	28,149

"Leases" mainly comprise:
- commissions of €12,784 thousand on insurance premiums;
- contract management fees of €15,875 thousand.

2.2 Fee and commission expense: breakdown

(€'000)	2022	2021
a) guarantees received	666	734
b) distribution of services by third parties	-	-
c) collection and payment services	326	353
d) other fees and commissions	21,849	20,352
- leases	20,765	19,670
- other	1,084	682
Total	22,841	21,439

"Other fees and commissions: leases" mostly consist of:

- guarantee commissions of €4,175 thousand given to banks;
- insurance costs of €7,586 thousand;
- contract management costs of €6,605 thousand.

"Other fees and commissions: other" consist of costs incurred on other financing for the group's securitisations during the year.

Section 8 - Net impairment losses for credit risk - Caption 130

8.1 Net impairment losses for credit risk associated with financial assets at amortised cost: breakdown

(€'000)	Impairment losses (1)						Impairment gains (2)				2022	2021
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-offs	Other	Write-offs	Other						
1. Loans and receivables with banks	-	-	-	-	-	-	-	-	-	-	-	5
- leases	-	-	-	-	-	-	-	-	-	-	-	5
- factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-	-	-	-	-
2. Loans and receivables with financial companies	(121)	(498)	(134)	(7,511)	-	-	203	226	5,031	-	(2,804)	(2,527)
- leases	(120)	(498)	(134)	(7,511)	-	-	202	226	5,031	-	(2,804)	(2,527)
- factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other	(1)	-	-	-	-	-	1	-	-	-	-	-
3. Loans and receivables with customers	(42,959)	(59,622)	(3,720)	(81,144)	-	-	58,311	38,907	61,381	-	(28,846)	(26,609)
- leases	(41,594)	(58,091)	(3,692)	(79,922)	-	-	57,758	38,361	60,425	-	(26,755)	(26,540)
- factoring	-	-	-	-	-	-	-	-	-	-	-	-
- consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
- loans against pledges	-	-	-	-	-	-	-	-	-	-	-	-
- other	(1,365)	(1,531)	(28)	(1,222)	-	-	553	546	956	-	(2,091)	(69)
Total	(43,080)	(60,120)	(3,854)	(88,655)	-	-	58,514	39,133	66,412	-	(31,650)	(29,131)

The caption shows a cost of risk (including write-offs) of approximately 0.60% and includes net impairment losses of €26.1 million and €5.6 million (stage 3 and stages 1 and 2, respectively).
As shown in the tables in Section 3 - Risks and related hedging policies of Part D as well, total non-performing exposures decreased from €390 million at 31 December 2021 to €361 million at the reporting date.
The decrease is mainly due to the December 2022 transfer of a portfolio of non-performing exposures arising from leases. Reference should be made to “Part A – Accounting policies – A.1 General part - Section 4 – Other aspects” for additional details.
Performing exposures decreased from €4,996 million at the end of 2021 to €4,940 million at 31 December 2022.

In 2022, the LGD was calculated in accordance with IFRS 9 based on: i) historical losses (the workout) and ii) the forward-looking statistical and macroeconomic component, to ensure it was more predictive. Specifically, the approach used consisted of the following stages:

- calculation of the nominal loss rates (workout approach) of the non-performing exposures (“LGS”, i.e., positions for which the collection procedures have been completed or are still ongoing after more than ten years, including those that have been reclassified as performing) and positions classified as unlikely to pay/past due (“LGI” - loss given impairment). To this end, the group used the data reported to Bank of Italy in the specific supervisory report, calculated according to the method set out in the central bank’s circular no. 284 of 18 June 2013 (Instructions for the preparation of reports on losses historically recognised on defaulting positions, as amended);
- calculation of the statistical variables, including the danger rate, to supplement the nominal loss rates calculated as per the previous point and reflect the macroeconomic trends over the subsequent three years (forward looking);
- calculation of the LGD for each macro-product using that calculated in the previous two points in ad hoc formulas.

Considering the ongoing macroeconomic instability, affected by the conflict between Ukraine and Russia and the hike in the commodities price, the group decided to take a prudent and more conservative approach when estimating credit losses on the performing loans of risky customers in sectors that have proved to be less resilient to the above conditions.
For these customers, it adjusted impairment estimates by applying overlays that were set using the appropriate methods.

No impairment gains or losses were recognised on “Cash and cash equivalents” to reflect credit risk based on the necessary assessments.

8.1a. - Net impairment losses for credit risk associated with financing measured at amortised cost subject to COVID-19 relief measures: breakdown

There was no financing still subject to the COVID-19 relief at the reporting date.
As required by current regulations, the breakdown of the previous year end is set out below:

(€'000)	Net impairment losses						31/12/2021
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		
			Write-offs	Other	Write-offs	Other	
1. Financing subject to forbearance in accordance with the EBA guidelines	2,143	(9,871)	-	(755)	-	-	(8,483)
2. Financing subject to ongoing moratoria no longer compliant with the EBA guidelines and not measured as forborne	-	-	-	-	-	-	-
3. Financing subject to other forbearance measures	-	(1,081)	2	(860)	-	-	(1,939)
4. New financing	-	-	-	-	-	-	-
Total at 31/12/2021	2,143	(10,952)	2	(1,615)	-	-	(10,422)

8.2 Net impairment losses for credit risk associated with financial assets at fair value through other comprehensive income: breakdown

None.

Section 9 - Net modification gains - Caption 140

9.1 Net modification gains: breakdown

(€'000)	2022	2021
Net modification gains	231	130
Total	231	130

Where cash flows are remodulated or changed as a result of a customer's difficulty in maintaining its creditworthiness (based on an assessment by the competent group units), the gross carrying amount of the financial asset is modified through profit or loss.

Section 10 - Administrative expenses - Caption 160

10.1 Personnel expense: breakdown

(€'000)	2022	2021
1. Employees	28,084	26,169
a) wages and salaries	19,993	18,316
b) social security charges	5,803	5,373
c) post-employment benefits	88	105
d) pension costs	-	-
e) accrual for post-employment benefits	10	2
f) accrual for pension and similar provisions:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:	1,091	1,228
- defined contribution plans	1,091	1,228
- defined benefit plans	-	-
h) other employee benefits	1,099	1,145
2. Other personnel	33	32
3. Directors and statutory auditors	613	601
4. Retired personnel	1,924	1,161
5. Cost recoveries for personnel seconded to other companies	-	-
6. Cost reimbursements for personnel seconded to the parent	-	-
Total	30,654	27,963

"Other personnel" refers to consultants.

The caption "Directors and statutory auditors" includes:
- the directors' fees of €324 thousand;
- the statutory auditors' fees of €151 thousand;
- D&O liability insurance policies for the directors and statutory auditors of €138 thousand.

Law decree no. 34/2019, converted into Law no. 58 of 28 June 2019, amended the disclosure requirements for recipients of public funds (Transparency of public aid) and the related disciplinary measures.
In 2022, the Fondo Banche Assicurazioni (the Italian Bilateral Fund for Lifelong Learning in Banking and Insurance) reimbursed costs of €175 thousand to the group.

10.2 Average number of employees by category

	2022	2021
Employees	271	280
a) managers	11	11
b) junior managers	145	147
c) other employees	115	122
Other personnel	-	-
Total	271	280

10.3 Other administrative expenses: breakdown

(€'000)	2022	2021
a) building management costs:	701	665
- premises leases and maintenance	452	442
- cleaning costs	137	154
- utilities	112	69
b) indirect taxes and duties	1,064	890
c) postal, telephone, printing and other office costs	281	285
d) maintenance and costs for furniture, equipment and systems	1,258	1,155
e) professional and consultancy services	3,560	3,514
f) third party services	6,249	6,723
g) advertising, entertainment and gifts	120	146
h) insurance premiums	251	267
i) transport, hires and travel	693	570
l) other costs	1,943	2,394
Total	16,120	16,609

Section 11 - Net accruals to provisions for risks and charges - Caption 170

11.1 Net accruals for credit risk associated with loan commitments and financial guarantees given: breakdown

(€'000)	Accruals	Reversals	2022	2021
1. Loan commitments	(2,915)	2,251	(664)	(203)
2. Financial guarantees given	-	-	-	(24)
Total	(2,915)	2,251	(664)	(227)

11.2 Net accruals for other commitments and guarantees given: breakdown

None

11.3 Net accruals to other provisions for risks and charges: breakdown

(€'000)	Accruals	Reclassifications	2022	2021
1. Pension fund	-	X	-	-
2. Other provisions	(1,104)	677	(427)	(391)
a) legal disputes	(393)	677	284	(391)
b) personnel expense	-	-	-	-
c) other	(711)	-	(711)	-
Total	(1,104)	677	(427)	(391)

Section 12 - Depreciation and net impairment losses on property, equipment and investment property - Caption 180

12.1 Depreciation and net impairment losses on property, equipment and investment property: breakdown

(€'000)	Depreciation (a)	Impairment losses (b)	Reversals of impairment losses (c)	Carrying amount (a+b-c)
A. Property, equipment and investment property				
A.1 Operating assets	(1,505)	-	-	(1,505)
- Owned assets	(135)	-	-	(135)
- Right-of-use assets	(1,370)	-	-	(1,370)
A.2 Investment property	(394)	(301)	-	(695)
- Owned assets	(394)	(301)	-	(695)
- Right-of-use assets	-	-	-	-
A.3 Inventories	X	-	-	-
Total	(1,899)	(301)	-	(2,200)

Section 13 - Amortisation and net impairment losses on intangible assets - Caption 190

13.1 Amortisation and net impairment losses on intangible assets: breakdown

(€'000)	Amortisation (a)	Impairment losses (b)	Reversals of impairment losses (c)	Carrying amount (a+b-c)
1. Intangible assets other than goodwill	(801)	-	-	(801)
including: software	(801)	-	-	(801)
1.1 Owned assets	(801)	-	-	(801)
1.2. Right-of-use assets	-	-	-	-
2. Assets under finance lease	-	-	-	-
3. Assets under operating lease	-	-	-	-
Total	(801)	-	-	(801)

Section 14 - Other operating expenses, net - Caption 200

14.1 Other operating expense: breakdown

(€'000)	2022	2021
a) amortisation and depreciation of leasehold improvements	-	-
b) other	(10,740)	(7,481)
Total	(10,740)	(7,481)

14.2 Other operating income: breakdown

(€'000)	2022	2021
a) reimbursement of income taxes	48	47
b) recovery of expenses	548	283
c) other	3,876	2,704
Total	4,472	3,034

Section 18 - Net gains (losses) on sales of investments - Caption 250

18.1 Net gains (losses) on sales of investments: breakdown

(€'000)	2022	2021
A. Property	8	(839)
- Gains on sales	8	20
- Losses on sales	-	(859)
B. Other assets	78	5
- Gains on sales	80	11
- Losses on sales	(2)	(6)
Net gains (losses) on sales of investments	86	(834)

The caption mainly consists of gains and losses on the sale of assets that had been subject to finance leases.

Section 19 - Income taxes - Caption 270

19.1 Income taxes: breakdown

(€'000)	2022	2021
1. Current taxes (-)	1,912	5,575
2. Change in current taxes of previous years (+ / -)	-	-
3. Decrease in current taxes for the year (+)	-	-
3.bis Decrease in current taxes for the year due to tax assets as per Law no. 214/2011 (+)	(2,326)	(5,898)
4. Change in deferred tax assets (+ / -)	(4,635)	(3,206)
5. Change in deferred tax liabilities (+ / -)	-	-
6. Income taxes (-) (-1 +/-2 +3 +3bis +/-4 +/-5)	(5,049)	(3,529)

The income taxes are an estimate of the tax expense for the year calculated using the ruling tax regulations.

19.2 – Reconciliation between the theoretical and effective tax expense

The table provides a reconciliation between theoretical and effective tax rates and the income tax expense for the year.

(€'000)	Tax base	IRES	Tax base	IRAP
PRE-TAX PROFIT	15,658			
Theoretical tax expense		4,306		
Theoretical tax rate		27.50%		
OPERATING PROFIT			22,931	
Theoretical tax expense				1,277
Theoretical tax rate				5.57%
Taxable temporary differences				
Deductible temporary differences	7,527	2,070	316	18
Reversal of prior year temporary differences:				
Cancellation of taxable temporary differences				
Cancellation of deductible temporary differences	(31,995)	(8,799)	(8,319)	(463)
Permanent differences	(474)	(130)	(3,421)	(191)
IRES TAX BASE	(9,284)			
Effective IRES		(2,553)		
Effective tax rate		-16.30%		
IRAP TAX BASE			11,507	
Effective IRAP				641
Effective tax rate				2.80%

Section 20 – Post-tax profit (loss) from discontinued operations - Caption 290

20.1 Post-tax profit (loss) from discontinued operations: breakdown

(€'000)	2022	2021
Profit (loss) from discontinued operations	720	(1,034)
Income taxes	(238)	342
Post-tax profit (loss) from discontinued operations	482	(692)

In December 2022, the group completed the transfer of a portfolio of non-performing exposures arising from leases, with a total gross carrying amount of roughly €17.6 million and a transfer price of €868 thousand, generating a profit of about €720 thousand.

This transaction fit into the group's decision to reduce its non-performing exposures and continue the approach it has already begun taking through the transfer of non-performing exposures in order to improve its ability to assist customers experiencing difficulties and to speed up the collection process.

Section 21 - Income statement: other information

21.1 Breakdown of interest income and fee and commission income

	Interest income			Fee and commission income			2022	2021
	Banks	Financial companies	Customers	Banks	Financial companies	Customers		
1. Finance leases	81	1,037	132,992	2	544	29,042	163,698	132,103
- real estate	72	1,001	55,991	-	42	5,099	62,205	49,355
- chattels	1	36	73,386	2	111	23,859	97,395	79,075
- plant and machinery	8	-	3,615	-	391	84	4,098	3,673
- intangible assets	-	-	-	-	-	-	-	-
2. Factoring	-	-	-	-	-	-	-	-
- of existing loans and receivables	-	-	-	-	-	-	-	-
- of future loans and receivables	-	-	-	-	-	-	-	-
- of loans and receivables to which title has been acquired	-	-	-	-	-	-	-	-
- of loans and receivables acquired at a	-	-	-	-	-	-	-	-
price below their original amount	-	-	-	-	-	-	-	-
- of other loans	-	-	-	-	-	-	-	-
3. Consumer credit	-	-	-	-	-	-	-	-
- personal loans	-	-	-	-	-	-	-	-
- special purpose loans	-	-	-	-	-	-	-	-
- salary-backed loans	-	-	-	-	-	-	-	-
4. Loans against pledges	-	-	-	-	-	-	-	-
5. Financial guarantees and loan commitments	-	-	-	-	-	-	-	25
- commercial	-	-	-	-	-	-	-	-
- financial	-	-	-	-	-	-	-	25
Total	81	1,037	132,992	2	544	29,042	163,698	132,128

21.2 Other information

None.

Part D - Other information

Section 1 - The group’s operations

A. Leases (lessor)

Qualitative disclosure

The lease contracts agreed by the parent provide for the transfer of the risks incidental to ownership of the leased asset to the lessee and, therefore, it manages the credit risk. Section 3.1 - Credit risk of this Part D provides more information in this respect.
With respect to the agreed leases, the underlying assets are all insured and the risk of the leased assets is therefore transferred to the insurance company.

A.1 – Information on the statement of financial position and income statement

Reference should be made to Part B (Notes to the statement of financial position - Section 4 - Financial assets at amortised cost) and Part C (Notes to the income statement - Section 1 - Interest - Caption 10) of these consolidated financial statements for information about net investments in the lease.

A.2 – Finance leases

A.2.1 - Maturity analysis of lease payments receivable and non-performing exposures. Reconciliation of lease payments receivable with net investment in the lease recognised under assets

The net investment in the lease is equal to the lease payments receivable (principal and interest) plus any unguaranteed residual value accruing to the lessor.

(€'000)	31/12/2022			31/12/2021		
	Lease payments receivable		Total	Lease payments receivable		Total
	Non-performing exposures	Performing exposures		Non-performing exposures	Performing exposures	
Up to 1 year	75,693	1,199,352	1,275,045	96,914	1,193,628	1,290,542
From 1 to 2 years	23,492	1,014,241	1,037,733	23,354	982,188	1,005,542
From 2 to 3 years	19,602	811,221	830,823	19,619	786,466	806,085
From 3 to 4 years	15,911	569,150	585,061	14,504	591,968	606,472
From 4 to 5 years	14,361	347,462	361,823	14,970	368,185	383,155
After 5 years	43,332	772,358	815,690	86,312	1,044,873	1,131,185
Total	192,391	4,713,784	4,906,175	255,673	4,967,308	5,222,981
RECONCILIATION						
Unearned financial income (-)	29,535	591,166		13,645	295,039	
Unguaranteed residual value (-)	50,924	454,943		63,664	463,206	
Net investment in the lease	213,780	4,577,561		242,028	4,672,269	

The balances are net of impairment losses.
The figures do not include balances for assets being readied for lease and not yet leased.

A.2.2 – Classification of net investments in the lease by quality and type of underlying asset

(€'000)	Performing exposures		Non-performing exposures	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
A. Real estate:	1,929,420	2,047,627	166,031	186,652
- Land	-	-	-	-
- Buildings	1,929,420	2,047,627	166,031	186,652
B. Plant and machinery	462,081	489,620	7,649	7,883
C. Chattels:	2,186,060	2,135,022	40,100	47,493
- Automotive	81,299	89,094	1,367	1,133
- Aviation and naval industry and railway	77,155	76,268	1,331	192
- Other	2,027,606	1,969,660	37,402	46,168
D. Intangible assets:	-	-	-	-
- Trademarks	-	-	-	-
- Software	-	-	-	-
- Other	-	-	-	-
Total	4,577,561	4,672,269	213,780	242,028

The balances are net of impairment losses.
The figures do not include balances for assets being readied for lease and not yet leased.

A.2.3 – Classification of assets under finance lease

(€'000)	Assets for which the purchase option has not been exercised		Assets withdrawn after lease termination		Other assets	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
A. Real estate	-	-	6,431	8,569	-	-
- Land	-	-	-	-	-	-
- Buildings	-	-	6,431	8,569	-	-
B. Plant and machinery	-	-	-	-	-	-
C. Chattels	-	-	-	-	-	-
- Automotive	-	-	-	-	-	-
- Aviation and naval industry and railway	-	-	-	-	-	-
- other	-	-	-	-	-	-
D. Intangible assets:	-	-	-	-	-	-
- Trademarks	-	-	-	-	-	-
- Software	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Total	-	-	6,431	8,569	-	-

A.2.4 - Other disclosures

The group's leases are nearly entirely all finance leases, agreed in line with the finance lease market practices.

Its income statement does not include significant variable payments (that depend on an index or a rate). The group mostly applies repayment plans that rematch the plan index to the reference index.

A.2.4.1 Leaseback transactions

	No. of contracts	Lease payments receivable 31/12/2022 *(€'000)*
Leaseback transactions		
- real estate	147	93,613
- plant and machinery	163	16,623
- chattels	244	4,477
- other	-	-
Total	554	114,713

A.3 – Operating leases

A.3.1 – Maturity analysis of lease payments receivable

(€'000)	31/12/2022 Lease payments receivable	31/12/2021 Lease payments receivable
Up to 1 year	16,837	6,686
From 1 to 2 years	10,459	6,589
From 2 to 3 years	7,996	5,767
From 3 to 4 years	6,110	4,253
From 4 to 5 years	5,061	2,986
After 5 years	5,554	3,601
Total	52,017	29,882
RECONCILIATION		
Unearned financial income (-)	5,183	3,530
Unguaranteed residual value (-)	-	-
Net investment in the lease	46,834	26,352

The balances are net of impairment losses and show the lease payments receivable including the purchase option value (more information is available in section A.3.2 – Other disclosures).

A.3.2 - Other disclosures

(€'000)	Performing						Non-performing			Total (carrying amount)
	Stage 1			Stage 2			Stage 3			
	Gross amount	Total impairment losses	Carrying amount	Gross amount	Total impairment losses	Carrying amount	Gross amount	Total impairment losses	Carrying amount	
Operating leases	35,504	140	35,364	12,205	1,807	10,398	2,251	1,179	1,072	46,834
Total at 31/12/2022	**35,504**	**140**	**35,364**	**12,205**	**1,807**	**10,398**	**2,251**	**1,179**	**1,072**	**46,834**
Total at 31/12/2021	**16,730**	**47**	**16,683**	**9,076**	**667**	**8,409**	**2,126**	**866**	**1,260**	**26,352**

Operating leases are presented as leases in the group's consolidated financial statements unless a different presentation is specifically required by Bank of Italy's measure of 29 October 2021 (Financial statements of IFRS intermediaries other than banks).
The operating leases entered into by the group have the following terms:

- purchases of the underlying assets may be made if the group already has a lease agreed with the customer;
- the transfer of all risks and rewards of ownership of the leased asset to another party (e.g., the supplier of the assets) as well as the related obligations for the asset's maintenance and assistance;
- the supplier's or other third party's obligation to repurchase the asset when the group cannot re-lease the asset upon termination of the lease term.

D. Loan commitments and financial guarantees given

D.1 – Collateral or personal guarantees given and loan commitments

(€'000)	31/12/2022	31/12/2021
1) First demand financial guarantees	-	-
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
2) Other financial guarantees given	48	48
a) Banks	-	-
b) Financial companies	-	-
c) Customers	48	48
3) Commercial guarantees given	-	-
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
4) Loan commitments	473,702	397,782
a) Banks	-	-
i) certain use	-	-
ii) uncertain use	-	-
b) Financial companies	-	183
i) certain use	-	183
ii) uncertain use	-	-
c) Customers	473,702	397,599
i) certain use	473,702	397,599
ii) uncertain use	-	-
5) Commitments underlying credit derivatives: protection sales	-	-
6) Assets pledged as collateral for third party commitments	-	-
7) Other firm commitments	-	-
a) to give guarantees	-	-
b) other	-	-
Total	473,750	397,830

The above table shows only loan commitments.

D.2 – Exposures recognised due to enforcement

None.

D.3 – Collateral or personal guarantees given: range of risk taken on and quality

(€'000)	Performing financial guarantees given				Non-performing financial guarantees given: bad guarantees				Other non-performing guarantees			
	Counter-guaranteed		Other		Counter-guaranteed		Other		Counter-guaranteed		Other	
	Gross amount	Total accruals	Gross amount	Total accruals	Gross amount	Total accruals	Gross amount	Total accruals	Gross amount	Total accruals	Gross amount	Total accruals
Guarantees given with assumption of first loss risk	-	-	-	-	-	-	-	-	-	-	-	-
- first demand financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- other financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees given with assumption of mezzanine type risk	-	-	-	-	-	-	-	-	-	-	-	-
- first demand financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- other financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees given pro rata	-	-	-	-	-	-	48	(24)	-	-	-	-
- first demand financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- other financial guarantees	-	-	-	-	-	-	48	(24)	-	-	-	-
- commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	48	(24)	-	-	-	-

D.4 Collateral or personal guarantees given: counter-guarantees

None.

D.6 Collateral or personal guarantees given with assumption of first risk losses or mezzanine type risk: amount of underlying assets

None.

D.7 Collateral or personal guarantees given under enforcement: stock data

None.

D.8 Collateral or personal guarantees given under enforcement: flow data

None.

D.9 Variations in non-performing collateral or personal guarantees given: bad guarantees

(€'000)	First demand financial guarantees		Other financial guarantees		Commercial guarantees	
	Counter-guaranteed	Other	Counter-guaranteed	Other	Counter-guaranteed	Other
(A) Gross opening balance	-	-	-	48	-	-
(B) Increases:	-	-	-	-	-	-
b1) transfers from performing guarantees	-	-	-	-	-	-
b2) transfers from other non-performing guarantees	-	-	-	-	-	-
b3) other increases	-	-	-	-	-	-
(C) Decreases:	-	-	-	-	-	-
c1) transfers to performing guarantees	-	-	-	-	-	-
c2) transfers to other non-performing guarantees	-	-	-	-	-	-
c3) enforcements	-	-	-	-	-	-
c4) other decreases	-	-	-	-	-	-
(D) Gross closing balance	-	-	-	48	-	-

D.10 Variation in non-performing collateral or personal guarantees given: other

None.

D.11 Variations in performing collateral or personal guarantees given

None.

13. Assets pledged as guarantee for liabilities and commitments

None.

D.15 Breakdown of collateral or personal guarantees given by business sector of the guaranteed debtors (guaranteed amount and underlying asset)

(€'000)	Guarantees given with assumption of first loss risk		Guarantees given with assumption of mezzanine type risk		Guarantees given pro rata
	Guaranteed amount	Underlying assets	Guaranteed amount	Underlying assets	Guaranteed amount
- Private sector companies	-	-	-	-	48
Total	-	-	-	-	48

D.16 Breakdown of collateral or personal guarantees given by geographical segment of the guaranteed debtors (guaranteed amount and underlying asset)

(€'000)	Guarantees given with assumption of first loss risk		Guarantees given with assumption of mezzanine type risk		Guarantees given pro rata
	Guaranteed amount	Underlying assets	Guaranteed amount	Underlying assets	Guaranteed amount
- Lombardy	-	-	-	-	48
- Veneto	-	-	-	-	-
- Tuscany	-	-	-	-	-
Total	-	-	-	-	48

Section 2 – Securitisations, unconsolidated structured entities (other than securitisation vehicles) and transfers of assets

A. - Securitisation transactions

This section does not cover securitisations in which the group is the originator or when the liabilities issued (e.g., ABS) by the vehicle are subscribed by the parent (self-securitisations).

QUALITATIVE DISCLOSURE

General aspects

The group has set up securitisations in accordance with Law no. 130/99 of performing lease exposures in order to diversity its sources of funding.

With respect to the parent's securitisations, it acts as servicer of the transferred portfolio in accordance with Law no. 130/99. Therefore, it continues to collect and manage the exposures and receives a fee for this service, calculated as a percentage of the amounts collected and managed over the reference period.

Characteristics of the securitisations originated by Alba Leasing S.p.A.

The following tables show the characteristics of the securitisations originated by the parent and the transactions themselves.

Strategy, processes and objectives	Transactions performed to achieve greater diversification of sources of funding
Internal risk measurement and control systems	Each securitisation portfolio is regularly monitored and quarterly reports are prepared as provided for in the transaction's contracts to show details of the exposures' status and collections.
Organisational structure	The parent has set up a control and monitoring unit within the Administration, financial reporting, finance and planning department.
Hedging policies	When deemed appropriate, the vehicles agree basis swaps to hedge the portfolio (and the related back-to-back hedges between the originator and the swap counterparty). At the reporting date, none of the vehicles have agreed these hedges.
Reporting on securitisations	Collections are in line with the forecasts made when the notes were issued and, therefore, the return on the tranche equity (including the extra spread) is in line with the expected returns on investments with a similar risk level.

The transactions' characteristics are described below:

(Euro)

Securitisation vehicle name		Alba 6 SPV S.r.l.
Type of transaction		Traditional
Originator		Alba Leasing S.p.A.
Issuer		Alba 6 SPV S.r.l.
Servicer		Alba Leasing S.p.A.
Status of the securitised assets		Performing
Closing date		07/02/2020
Portfolio's nominal amount*		553,147,934
Portfolio's transfer price*		435,799,007
Other significant information		Revolving portfolio
Rating agencies		-
Tranching amount and conditions		
ISIN	IT0005402992	IT0005403008
Type	Senior	Junior
Class	A1	B1
Rating (at issue)	unrated	unrated
Listing market	Unlisted	Unlisted
Issue date	27/02/2020	27/02/2020
(Subsequent) issue dates	27/04/2020	27/04/2020
Legal maturity	27/07/2051	27/07/2051
Call option		one call provided for
Interest rate	Euribor 3m + 75 b.p.	Euribor 3m + 150 b.p.
Subordination level	-	Sub A1
Nominal amount at issue (February 2020 and April 2020)	449,912,853	142,199,949
Closing amount	449,912,853	142,199,949
Note subscribers	Institutional investor	Alba Leasing S.p.A.

* The nominal amount and the portfolio's transfer price refer to the initial transfer

(Euro)

Securitisation vehicle name					Alba 9 SPV S.r.l.
Type of transaction					Traditional
Originator					Alba Leasing S.p.A.
Issuer					Alba 9 SPV S.r.l.
Servicer					Alba Leasing S.p.A.
Status of the securitised assets					Performing
Closing date					03/10/2017
Portfolio's nominal amount					1,152,878,874
Portfolio's transfer price					1,113,066,279
Other significant information					Non-revolving portfolio
Rating agencies					DBRS, Moody's and Scope
Tranching amount and conditions					
ISIN	IT0005285231	IT0005285249	IT0005285256	IT0005285264	IT0005285272
Type	Senior	Senior	Mezzanine	Mezzanine	Junior
Class	A1	A2	B	C	J
Rating (at issue)					
Moody's	Aa2 (sf)	Aa2 (sf)	A2 (sf)	Ba2 (sf)	unrated
DBRS	AAA (sf)	AA (high)(sf)	A (high)(sf)	BBB (sf)	unrated
Scope	AAA (sf)	AAA (sf)	A+ (sf)	BBB- (sf)	unrated
2022 year-end rating*					
Moody's	-	-	-	Aa3 (sf)	*unrated*
DBRS	-	-	-	AAA (sf)	*unrated*
Scope	-	-	-	AAA (sf)	*unrated*
Listing market	Dublin stock exchange	Dublin stock exchange	Dublin stock exchange	Dublin stock exchange	Unlisted
Issue date	30/10/2017	30/10/2017	30/10/2017	30/10/2017	30/10/2017
Legal maturity	27/03/2038	27/03/2038	27/03/2038	27/03/2038	27/03/2038
Call option	-	-	-	-	-
Interest rate	Euribor 3m + 32 b.p.	Euribor 3m + 52 b.p.	Euribor 3m + 101 b.p.	Euribor 3m + 132 b.p.	Euribor 3m + 150 b.p.
Subordination level		Sub A1	Sub A1, A2	Sub A1, A2, B	Sub A1, A2, B, C
Nominal amount at issue	478,600,000	233,800,000	145,800,000	100,200,000	164,300,000
Closing amount	-	-	-	11,697,318	164,300,000
Note subscribers	Institutional investor	Institutional investor	Institutional investor	Institutional investor and Alba Leasing S.p.A.	Alba Leasing S.p.A.

* 1) Any other ratings between the issue date and the year end are indicated in the same table in previous annual reports.
2) The ratings of fully redeemed notes are not disclosed.

(Euro)

Securitisation vehicle name					Alba 10 SPV S.r.l.
Type of transaction					Traditional
Originator					Alba Leasing S.p.A.
Issuer					Alba 10 SPV S.r.l.
Servicer					Alba Leasing S.p.A.
Status of the securitised assets					Performing
Closing date					06/11/2018
Portfolio's nominal amount					987,293,626
Portfolio's transfer price					950,696,913
Other significant information					Non-revolving portfolio
Rating agencies					DBRS, Moody's and Scope
Tranching amount and conditions					
ISIN	IT0005352676	IT0005352684	IT0005352692	IT0005352700	IT0005352718
Type	Senior	Senior	Mezzanine	Mezzanine	Junior
Class	A1	A2	B	C	J
Rating (at issue)					
DBRS	AAA (sf)	AA (high) (sf)	A (high) (sf)	BBB (sf)	unrated
Moody's	Aa3 (sf)	Aa3 (sf)	A3 (sf)	Ba2 (sf)	unrated
Scope	AAA (sf)	AAA (sf)	A+ (sf)	BBB- (sf)	unrated
2022 year-end rating*					
DBRS	-	-	AAA (sf)	AA (high)	unrated
Moody's	-	-	Aa3 (sf)	A1 (sf)	unrated
Scope	-	-	AAA (sf)	AAA (sf)	unrated
Listing market	Dublin stock exchange	Dublin stock exchange	Dublin stock exchange	Dublin stock exchange	Unlisted
Issue date	29/11/2018	29/11/2018	29/11/2018	29/11/2018	29/11/2018
Legal maturity	27/10/2038	27/10/2038	27/10/2038	27/10/2038	27/10/2038
Call option	-	-	-	-	-
Interest rate	Euribor 3m 360 + 40 b.p.	Euribor 3m 360 + 70 b.p.	Euribor 3m 360 + 110 b.p.	Euribor 3m 360 + 160 b.p.	Euribor 3m 360 + 175 b.p.
Subordination level		Sub A1	Sub A1, A2	Sub A1, A2, B1	Sub A1, A2, B1, C
Nominal amount at issue	408,400,000	200,000,000	130,000,000	75,000,000	145,434,000
Closing amount	-	-	85,658,157	75,000,000	145,434,000
Note subscribers	Institutional investor	Institutional investor	Institutional investor	Institutional investor	Alba Leasing S.p.A.

Update received from the rating agency after 31/12/2022					
Type	Senior	Senior	Mezzanine	Mezzanine	Junior
Class	A1	A2	B	C	J
Moody's	-	-	Aa3 (sf)	Aa3 (sf)	*unrated*

* 1) Any other ratings between the issue date and the year end are indicated in the same table in previous annual reports.
2) The ratings of fully redeemed notes are not disclosed.

(Euro)

Securitisation vehicle name					Alba 11 SPV S.r.l.
Type of transaction					Traditional
Originator					Alba Leasing S.p.A.
Issuer					Alba 11 SPV S.r.l.
Servicer					Alba Leasing S.p.A.
Status of the securitised assets					Performing
Closing date					22/05/2020
Portfolio's nominal amount					1,307,380,579
Portfolio's transfer price					1,247,827,248
Other significant information					Non-revolving portfolio
Rating agencies					DBRS, Moody's and Scope
Tranching amount and conditions					
ISIN	IT0005413205	IT0005413239	IT0005413247	IT0005413254	IT0005413262
Type	Senior	Senior	Mezzanine	Mezzanine	Junior
Class	A1	A2	B	C	J
Rating (at issue)					
DBRS	AAA (sf)	AAA (sf)	AA (low) (sf)	BB (high) (sf)	unrated
Moody's	Aa3 (sf)	Aa3 (sf)	Baa1 (sf)	B1 (sf)	unrated
Scope	AAA (sf)	AA (sf)	A (sf)	BB+ (sf)	unrated
2022 year-end rating*					
DBRS	-	AAA (sf)	AA (high) (sf)	A (high)(sf)	unrated
Moody's	-	Aa3 (sf)	Aa3 (sf)	Baa2 (sf)	unrated
Scope	-	AAA (sf)	A+ (sf)	BBB (sf)	unrated
Listing market	Dublin stock exchange	Dublin stock exchange	Dublin stock exchange	Dublin stock exchange	Unlisted
Issue date	25/06/2020	25/06/2020	25/06/2020	25/06/2020	25/06/2020
Legal maturity	27/09/2040	27/09/2040	27/09/2040	27/09/2040	27/09/2040
Call option	-	-	-	-	-
Interest rate	Euribor 3m 360 + 70 b.p.	Euribor 3m 360 + 85 b.p.	Euribor 3m 360 + 135 b.p.	Euribor 3m 360 + 185 b.p.	Euribor 3m 360 + 200 b.p.
Subordination level		Sub A1	Sub A1, A2	Sub A1, A2, B1	Sub A1, A2, B1, C
Nominal amount at issue	498,700,000	300,000,000	143,600,000	131,100,000	187,000,000
Closing amount	-	240,393,840	143,600,000	131,100,000	187,000,000
Note subscribers	Institutional investor and Alba Leasing S.p.A.	Institutional investor	Institutional investor	Institutional investor and Alba Leasing S.p.A.	Alba Leasing S.p.A.

* 1) Any other ratings between the issue date and the year end are indicated in the same table in previous annual reports.
2) The ratings of fully redeemed notes are not disclosed.

(Euro)

Securitisation vehicle name				Alba 12 SPV S.r.l.
Type of transaction				Traditional
Originator				Alba Leasing S.p.A.
Issuer				Alba 12 SPV S.r.l.
Servicer				Alba Leasing S.p.A.
Status of the securitised assets				Performing
Closing date				14/10/2021
Portfolio's nominal amount				1,169,164,393
Portfolio's transfer price				1,103,991,372
Other significant information				Non-revolving portfolio
Rating agencies				Moody's, Dbrs e Scope
Tranching amount and conditions				
ISIN	IT0005466112	IT0005466120	IT0005466138	IT0005466146
Type	Senior	Senior	Mezzanine	Junior
Class	A1	A2	B1	J
Rating (at issue)				
Moody's	Aa3 (sf)	Aa3 (sf)	Ba1 (sf)	unrated
DBRS	AAA (sf)	AAA (sf)	BBB (high) (sf)	unrated
Scope	AAA (sf)	AAA (sf)	BBB+ (sf)	unrated
2022 year-end rating*				
Moody's	Aa3 (sf)	Aa3 (sf)	Baa3 (sf)	unrated
DBRS	AAA (sf)	AAA (sf)	A (high)(sf)	unrated
Scope	AAA (sf)	AAA (sf)	BBB+ (sf)	unrated
Listing market	Dublin stock exchange	Dublin stock exchange	Dublin stock exchange	Unlisted
Issue date	16/11/2021	16/11/2021	16/11/2021	16/11/2021
Legal maturity	27/10/2041	27/10/2041	27/10/2041	27/10/2041
Call option	-	-	-	-
Interest rate	Euribor 3m 360 + 70 b.p.	Euribor 3m 360 + 80 b.p.	Euribor 3m 360 + 110 b.p.	Euribor 3m 360 + 200 b.p.
Subordination level		Sub A1	Sub A1, A2	Sub A1, A2, B1
Nominal amount at issue	474,700,000	225,200,000	238,400,000	175,100,000
Closing amount	269,960,453	225,200,000	238,400,000	175,100,000
Note subscribers	Institutional investor and Alba Leasing S.p.A.	Institutional investor and Alba Leasing S.p.A.	Institutional investor and Alba Leasing S.p.A.	Alba Leasing S.p.A.

* 1) Any other ratings between the issue date and the year end are indicated in the same table in previous annual reports.
2) The ratings of fully redeemed notes are not disclosed.

QUANTITATIVE DISCLOSURES

1. Exposures arising from securitisations broken down by quality of the underlying asset

(€'000)	Cash exposure						Financial guarantees given						Credit facilities					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Gross amount	Carrying amount	Gross amount	Carrying amount	Gross amount	Carrying amount	Gross amount	Carrying amount	Gross amount	Carrying amount	Gross amount	Carrying amount	Gross amount	Carrying amount	Gross amount	Carrying amount	Gross amount	Carrying amount
A. With own underlying assets:																		
a) Non-performing exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	495,160	24,835	344,700	96,042	818,207	815,095	-	-	-	-	-	-	-	-	-	-	-	-
B. With third party underlying assets:																		
a) Non-performing exposures	58,157	43,472	482	-	304	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**553,317**	**68,307**	**345,182**	**96,042**	**818,511**	**815,095**	-	-	-	-	-	-	-	-	-	-	-	-

This table excludes any impairment on the notes presented above.

The amount shown in the “Other” lines is the balance of the junior notes subscribed by the parent, offset against the liability to the SPV, including the accrued interest on the deferred purchase price (DPP).

2. Exposures arising from the group’s securitisations broken down by type of securitised asset and exposure

(€'000)	On-statement of financial position						Financial guarantees given						Credit facilities					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains
A. Fully derecognised	43,472	-	-	(482)	-	(304)												
A.1 Titan SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	43,472	-	-	(482)	-	(304)	-	-	-	-	-	-	-	-	-	-	-	-
B. Partly derecognised																		
Assignee/type																		
- Type of underlying exposure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised	24,835	-	96,042	-	815,095	-	-	-	-	-	-	-	-	-	-	-	-	-
C.1 Alba 6 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	-	-	-	-	142,256	-	-	-	-	-	-	-	-	-	-	-	-	-
C.2 Alba 9 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	-	-	2,942	-	164,300	-	-	-	-	-	-	-	-	-	-	-	-	-
C.3 Alba 10 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	-	-	-	-	145,458	-	-	-	-	-	-	-	-	-	-	-	-	-
C.4 Alba 11 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	-	-	81,100	-	187,247	-	-	-	-	-	-	-	-	-	-	-	-	-
C.5 Alba 12 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	24,835	-	12,000	-	175,834	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**68,307**	**-**	**96,042**	**(482)**	**815,095**	**(304)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

3. Total amount of securitised assets underlying the junior notes or other forms of credit support

€'000	Traditional securitisations	Synthetic securitisations
A. Own underlying assets	2,840,863	-
A.1 Fully derecognised	-	-
1. Bad	-	-
2. Unlikely to pay	-	-
3. Non-performing past due	-	-
4. Other assets	-	-
A.2 Partly derecognised	-	-
1. Bad	-	-
2. Unlikely to pay	-	-
3. Non-performing past due	-	-
4. Other assets	-	-
A.3 Not derecognised	2,840,863	-
1. Bad	10,479	-
2. Unlikely to pay	41,374	-
3. Non-performing past due	4,520	-
4. Other assets	2,784,490	-
B. Third party underlying assets	-	-
1. Bad	-	-
2. Unlikely to pay	-	-
3. Non-performing past due	-	-
4. Other assets	-	-
Total	2,840,863	-

The balances are net of impairment losses, if any.

4. Servicer - Collection of securitised exposures and redemptions of notes issued by the securitisation SPV

(€'000)

Servicer	SPV	Securitised assets at 31/12/2022		Exposures collected during the year		Percentage of notes redeemed at 31/12/2022					
						Senior		Mezzanine		Junior	
		Performing	Non-performing	Performing	Non-performing	Performing assets	Non-performing assets	Performing assets	Non-performing assets	Performing assets	Non-performing assets
Alba Leasing S.p.A.	Alba 6 SPV S.r.l.	686,217	3,777	130,142	500	0.0%	-	-	-	0.0%	-
Alba Leasing S.p.A.	Alba 9 SPV S.r.l.	190,364	12,100	123,963	6,189	0.0%	-	90.6%	-	0.0%	-
Alba Leasing S.p.A.	Alba 10 SPV S.r.l.	291,349	14,013	184,652	5,757	100.0%	-	21.6%	-	0.0%	-
Alba Leasing S.p.A.	Alba 11 SPV S.r.l.	719,557	17,353	300,957	3,002	54.9%	-	0.0%	-	0.0%	-
Alba Leasing S.p.A.	Alba 12 SPV S.r.l.	897,003	9,130	262,050	1,038	29.3%	-	0.0%	-	0.0%	-
Total		2,784,490	56,373	1,001,764	16,486						

The group has not given guarantees or credit facilities for the securitisations.
In addition to the lease payments receivable, the group also transferred the final purchase option of the transferred contracts.
The balances are net of impairment losses, if any.

Breakdown of securitised assets by geographical segment

Alba 6 SPV S.r.l.
(€'000)

	31/12/2022
North	484,996
Centre	134,730
South and Islands	78,497
Total	698,223

The balances are net of impairment losses, if any.

Alba 9 SPV S.r.l.
(€'000)

	31/12/2022
North	125,315
Centre	47,677
South and Islands	38,015
Total	211,007

The balances are net of impairment losses, if any.

Alba 10 SPV S.r.l.
(€'000)

	31/12/2022
North	194,811
Centre	72,483
South and Islands	49,703
Total	316,997

The balances are net of impairment losses, if any.

Alba 11 SPV S.r.l.
(€'000)

	31/12/2022
North	469,414
Centre	148,280
South and Islands	134,331
Total	752,025

The balances are net of impairment losses, if any.

Alba 12 SPV S.r.l.
(€'000)

	31/12/2022
North	583,020
Centre	155,933
South and Islands	180,094
Total	**919,047**

The balances are net of impairment losses, if any.

Breakdown of securitised assets by business segment

Alba 6 SPV S.r.l.
(€'000)

	31/12/2022
Family businesses	1,517
Households	17,097
Non-financial companies	678,183
Other operators	1,426
Total	**698,223**

The balances are net of impairment losses, if any.

Alba 9 SPV S.r.l.
(€'000)

	31/12/2022
Family businesses	8,726
Households	569
Financial companies	448
Non-financial companies	196,784
Other operators	4,480
Total	**211,007**

The balances are net of impairment losses, if any.

Alba 10 SPV S.r.l.
(€'000)

	31/12/2022
Family businesses	12,090
Households	1,825
Financial companies	33
Non-financial companies	294,345
Other government agencies	620
Other operators	8,084
Total	**316,997**

The balances are net of impairment losses, if any.

Alba 11 SPV S.r.l.
(€'000)

	31/12/2022
Family businesses	31,630
Financial companies	72
Non-financial companies	697,910
Other operators	22,413
Total	752,025

The balances are net of impairment losses, if any.

Alba 12 SPV S.r.l.
(€'000)

	31/12/2022
Family businesses	33,322
Financial companies	148
Non-financial companies	854,909
Other government agencies	54
Other operators	30,614
Total	919,047

The balances are net of impairment losses, if any.

B. Unconsolidated structured entities (other than securitisation vehicles)

None.

To provide more information on the transaction and in accordance with IFRS 12, it is noted that in December 2020, the group transferred a portfolio of non-performing exposures arising from leases as part of the securitisation of non-performing exposures in accordance with article 7.1 of the securitisation law. The securitisation was named “Titan” and the group retained 5% of the Mezzanine and Junior notes (reference should be made to previous annual reports for additional information).

Accordingly, the notes associated with the “Titan” securitisation that are recognised under the group’s assets are:

Class	Held by the group	Impairment losses	Recognised in assets
Senior	43,471,978	-	43,471,978
Mezzanine	482,000	482,000	-
Junior	304,000	304,000	-
Total	44,257,978	786,000	43,471,978

C. Transfers

C.1 - Financial assets transferred and not fully derecognised

QUALITATIVE DISCLOSURE

The group transfers lease payments receivable from customers to the securitisation vehicles Alba 6, Alba 9, Alba 10, Alba 11 and Alba 12.

This section does not cover securitisations in which the group is the originator or when the liabilities issued by the vehicle (e.g., ABS) are subscribed by the parent (self-securitisations)

QUANTITATIVE DISCLOSURES

C.1.1 Financial assets transferred and recognised in full and associated financial liabilities: carrying amount

(€'000)	Financial assets transferred and recognised in full				Associated financial liabilities		
	Carrying amount	of which: securitised	of which: subject to sale and repurchase agreement	of which: non-performing	Carrying amount	of which: securitised	of which: subject to sale and repurchase agreement
Financial assets held for trading	-	-	-	X	-	-	-
1. Debt instruments	-	-	-	X	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Financing	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
Other financial assets mandatorily measured at fair value	-	-	-		-	-	-
1. Debt instruments	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Financing	-	-	-	-	-	-	-
Financial assets designated at fair value	-	-	-		-	-	-
1. Debt instruments	-	-	-	-	-	-	-
2. Financing	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-		-	-	-
1. Debt instruments	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Financing	-	-	-	-	-	-	-
Financial assets at amortised cost	**5,096,749**	**2,840,863**	**-**	**56,373**	**-**	**-**	**-**
1. Debt instruments	43,472	-	-	-	-	-	-
2. Financing	5,053,277	2,840,863	-	56,373	-	-	-
Total at 31/12/2022	**5,096,749**	**2,840,863**	**-**	**56,373**	**-**	**-**	**-**
Total at 31/12/2021	**5,182,696**	**3,588,560**	**-**	**43,493**	**-**	**-**	**-**

C.1.2 Financial assets transferred and partly recognised and associated financial liabilities: carrying amount

Financial liabilities associated with financial assets transferred and not derecognised for securitisations are classified as “Securities issued”. More information is available in Part B - Liabilities - Section 2 - “2.2 Financial liabilities at amortised cost: breakdown of securities issued by business sector”.

C.1.3 Transfers with associated liabilities with recourse solely to the assets transferred and not fully derecognised: fair value

None.

C.2 Financial assets transferred and fully derecognised with recognition of the continuing involvement

None.

Section 3 - Risks and related hedging policies

Introduction

This section presents the main issues underlying the group’s risk identification and assessment process.

3.1 Credit risk

QUALITATIVE DISCLOSURE

1. General aspects

The group’s non-performing/performing exposures ratio is below Assilea’s benchmark thanks to the group’s prudent credit policies and the transfer of a portfolio of non-performing exposures in the year. Reference should be made to Part A – Accounting policies – Section 4 – Other aspects for additional information.

(€’000)

Risk range	Gross risk Total assets	Gross risk Lease only	% of total Lease only	Benchmark Assilea 31/12/2022	Variation
Bad exposures	157,858	156,429	3.0%	3.7%	-0.7 p.p.
Unlikely to pay exposures	206,912	206,594	4.0%	3.5%	-0.5 p.p.
Past due exposures	7,570	7,570	0.1%	0.3%	-0.2 p.p.
Total	**372,340**	**370,593**	**7.1%**	**7.5%**	**-1.4 p.p.**

2. Credit risk management policies

Organisational aspects

The lending process is regulated by the decision-making system, lending and risk & control regulations and by the related procedures that establish the criteria and methods to manage credit risk. They consist of the following stages:

- credit rating assessment criteria;

- application of powers and proxies;
- loan performance checks and monitoring;
- assessment and management of irregular and non-performing exposures.

Lending policy

The group's credit risk policies focus in particular on the assumption of risks in a manner consistent with its mission. Disbursement and management of loans are subordinate to the application of precise lending rules and tools. Specifically, the group assesses:

- the customer's repayment ability;
- the internal rating (acceptance and performance);
- the customer/group's business sector in terms of its risk profile and concentration, privileging companies that:
  - export their products;
  - invest in research & development;
  - apply innovation to products and processes;

and preferring:

- transactions with customers of high credit standing, limiting leases of typically high-risk assets;
- contracts of modest amounts to allow risk splitting and less need for securitisations;
- leases with additional guarantees;
- plant and machinery leases to customers of high credit standing, limiting leases of high-risk assets (e.g., moulds, furniture, air-conditioning systems, equipment for beauty centres and gyms);
- real estate under construction leases solely with companies with a high credit standing.

Complementary rules are provided for in the automated credit scoring process in order to enhance the predictive ability of risk assessment by: i) worsening the rating (use of notches), ii) assessing any particularly high-risk factors in the credit application (management of reserves) and iii) not accepting transactions with an unacceptable total risk.

Assessment of credit rating

This assessment mostly considers the customer's repayment ability. The group uses the internal rating and the customer's ability to generate income and cash flows sufficient to meet its obligations. Accordingly, it checks the customer's actual income-generating ability and financial position as well as those of any guarantors that the group can resort to should its customer become insolvent. It also checks the guarantees provided to banks in general. The financed asset is part of the credit risk to be assessed in order to mitigate it.

Assessment of a customer's credit rating involves resolutions taken:

- by the parent's decision-making bodies using the proxies system in force;
- using the automated credit scoring model. This allocates a rating and has an automated resolution procedure for contracts that meet specific criteria such as the definition of the amount and type of asset;
- by the partner and affiliated banks. The parent enters into agreements (Presto Leasing) with its partner banks and a limited number of other affiliated banks, which provide that, subject to set limits about the technical type (real estate, plant and machinery, etc.) and other limits related to the type of lease and customer, the bank performs all the lending and decision-making activities using its qualified lending staff and also provides guarantees. The updated agreements in place since 2019 provide that the banks issue guarantees in line with the customer's rating.

Application of powers and proxies

The board of directors delegates the power to grant credit facilities to the decision-making bodies, up to the level of credit committee, which must comply with the maximum risk limits for customers and groups set out in the decision-making regulation.
These regulations provide for and bestow specific powers for proposals of proven urgency, transactions with certain counterparties, transactions subject to restrictions, some Presto Leasing transactions and transactions processed with the credit scoring system.
The regulations also specify certain counterparties with which transactions are prohibited.

3. Non-performing exposures

Assessment and management of irregular and non-performing exposures

The loans department is responsible for managing problematic exposures and comprises three units: i) the problem loans (which comprises the credit collection and litigation offices), ii) restructuring and iii) remarketing units.
This allows the optimal management of ownership of the financed asset, as it is the largest form of guarantee, and credit risk mitigation. The group also avails itself of external credit collection agencies.
The group has defined two different methods to manage exposures as part of the credit collection procedure based on the underlying risk:

- less than €250,000 (standard risks);
- greater than or equal to €250,000 (large exposures), to be managed directly by dedicated internal managers (customer relations managers).

Regardless of the type of risk, the follow-up procedures (telephone calls and personal visits) for past due amounts, are carried out with the assistance of external credit collection firms and, possibly, that of the originator banks. The credit collection unit manages non-performing positions in order to return them to the performing category, including with the assistance of the originating banks.

The management of non-performing exposures depends on customers' unpaid balance, specifically:

- the credit collection unit's work mainly consists of: (i) identifying defaults; (ii) collecting non-performing exposures; (iii) handling relations with the credit collection agencies which operate by making telephone calls and/or personal visits; (iv) processing applications for and/or making decisions on deferred payments and on past due repayment plans; (v) processing applications for and/or making decisions on negotiating settlements, waivers of outstanding payments and other disposals of debt; (vi) processing applications for and/or making decisions on the classification of exposures as unlikely to pay and/or bad; (vii) examining and/or deciding whether to move exposures to the litigation unit, considering the operational advantage of terminating the contract; (viii) handling relations with insolvent customers with the assistance of the group's legal advisers if appropriate; (ix) enforcement and relations with guarantor banks and/or obliged suppliers or third parties; (x) monitoring and coordinating credit collection for the without-recourse portfolio and of any other affiliated outsourcer;
- the litigation unit mainly: (i) carries out the activities necessary to recover exposures and the leased assets from defaulting customers; (ii) handles and coordinates legal action against both customers and guarantors for the recovery of the exposures and the leased assets; (iii) evaluates the benefits and/or advisability of initiating or continuing with lawsuits or coming to a settlement with regard to exposures that have been classified as non-performing; (iv) processes applications for and makes decisions on extensions and deferred payments; (v) processes applications for and makes decisions on settlements, waivers of assets and other disposals of debt; (vi) handles relations with the bodies in charge of insolvency procedures involving the main customer or defaulting guarantors with the

assistance of the group's legal advisers if appropriate; (vii) deals with enforcements and handles relations with guarantor banks and/or suppliers or third party obligors; (viii) monitors and coordinates the litigation management process for the without-recourse portfolio and of any other affiliated outsourcer;

- the restructuring unit mainly: (i) directly manages the exposures covered by restructuring agreements as per article 182 of the Bankruptcy Law, restructuring plans as per article 67 of the Bankruptcy law and court-approved settlement agreements with or without rights to file additional documents at a later date, (ii) requests contract amendments (modifications, lengthening of take-over agreements, variations in payment plans, corporate changes and guarantees) after the disbursement of exposures which became non-performing, (iii) manages the modification of performing exposures. It carries out its activities on exposures transferred and/or that are newly issued and those for the without-recourse portfolio;
- the remarketing unit's work mainly consists of: (i) the effective recovery of chattels and real estate, their taking over, custody, management and marketing, including through affiliated *Outsourcers* ; (ii) the recovery of the documents necessary for their management and subsequent sale; (iii) the management of relations with outsourcers and the management of warehouses; (iv) if necessary, an appraisal of whether recovery is financially viable after obtaining estimates from outsourcers of the cost of the removal and subsequent scrapping of unsellable assets; (v) monitoring the management process of each affiliated Outsourcer.

Generally speaking, with respect to defaulting positions, careful consideration is given to:

- the customers' financial performance and cash flows with a view to their possible return to performing status; repayment plans drawn up on the basis of customers' capacity to repay their loans in line with the plan's timeline;
- checking the outcome of actions taken to collect the exposures (repayment plans, etc.) and the reasons for the lack of success of such actions if applicable;
- the calculation of the expected credit losses as part of the procedures to quantify the credit risk.

The units monitor the risks on the exposures they are responsible for by:

- checking the customers' compliance with their obligations and forecasting the outcome of reminders to settle their outstanding payments;
- assigning the exposures they manage to external lawyers so that action can be taken for the return of assets and/or the collection of the exposures, including against guarantors if applicable;
- terminating the contract;
- estimating and periodically checking forecasts of expected credit losses on the exposures they manage as part of the credit risk classification procedure.

With respect to the classification of credit risk, the problem loans unit, through the credit collection and litigation offices, ensures that the exposures managed are classified in line with the internal regulations and the supervisory regulations.

Finally, it should be noted that credit collection, litigation and remarketing activities can be managed partly through selected external outsourcers under specific agreements signed with the group.

Management, measurement and control systems

These activities are mainly carried out using:

- a single rating (acceptance and performance) with performance and stability figures higher than best practice values. The processes to disburse and measure small loans are automated (credit scoring) while the lending unit within the loans department manages larger amount loans and special cases as established by the lending regulation and the decision-making system regulation. The loans

department uses the electronic disbursement process, which is fed by large databases;
- credit rules that enhance rating predictivity (better credit selection) and help to avoid missing business opportunities;
- monitoring the results of the automated process with validation by the credit approver in the cases provided for by the new credit rules;
- risk-based agreements (Presto Leasing) (reduction in adverse selection due to risk-dependent recognition of guarantees by banks).

The risk management and credit policies unit and the loans department monitor credit risk.

Credit risk mitigation techniques

The particular nature of finance lease (which entails ownership of the underlying asset) implies that the financed asset is a form of security and mitigation of credit risk.
Other forms of credit risk mitigation are the acquisition of collateral, personal and bank guarantees.
The "Presto Leasing" transactions are a key element of the group's distribution model. Based on agreements, they involve small individual amounts, with a high degree of risk diversification, are marketed through the banks channel and backed by an indemnity guarantee.
Credit risk is chiefly monitored and mitigated by:

- checking the exposures' performance to verify that the financial performance, cash flows and financial position of customers and their guarantors have not altered since the loans were granted. The positions are mainly monitored by internal performance ratings and the regularity of the payments made to the group, including other information gathered from several third-party databases. The exposures are classified by the level of risk into internal risk categories and in accordance with the general supervisory guidelines.
  These categories allow a classification of not only the defaulting customers but also those in the highest risk brackets;
- the credit risk monitoring model, in order to: i) assess the correct classification of credit risk (bracket classification consistency) and the provisioning adequacy, ii) facilitate the assessment of the suitability of the credit collection procedure and iii) facilitate the correct assessment of non-recoverability level of non-performing exposures;
- the model for monitoring performing exposures in order to promptly detect any indications that the risk has worsened;
- the model used by branches of partner and affiliated banks to monitor "Presto Leasing" transactions with a default rate higher than the portfolio approved by the group;
- an overall review of the customer's and any related guarantees' credit rating, by launching the electronic disbursement process;
- the acquisition of collateral, personal guarantees, mortgages and bank guarantees. The "Presto Leasing" transactions are a key element of the group's distribution model. Based on agreements, they involve small individual amounts, with a high degree of risk diversification, are marketed through the banks channel and backed by an indemnity guarantee;
- overseeing properties by:
  a) using a specific rating to estimate their propensity to retain their market value over time;
  b) using a standard appraisal assessment model based on the variables set out in the rating model and in accordance with international standards;
  c) using different types of appraisals;
  d) calculating a haircut which may possibly be changed (upwards), in certain instances, at the specific request of the loans department;
  e) engaging qualified experts selected by the group;
  f) availing of the problem loans unit to assess collectability (customer assessment);

g) obtaining the market value of the properties to be remarketed from the experts, on which basis the haircut is calculated;
h) applying an additional haircut in line with the exposure's ageing (except for properties to be remarketed).

4. Financial assets subject to commercial renegotiations and exposures with forbearance measures

Forbearance measures are defined as all agreements signed with the customer whose prerequisite is the occurrence or existence of a situation of financial difficulty which affects compliance with contractual obligations. This condition is met in both the following cases (the forbearance measure might generate a loss to the creditor):

a) the renegotiation of contract terms or conditions which, if applied, allow the debtor to fulfil new obligations (financial change);
b) the partial or total refinancing of problematic loans (repayment plan). The forbearance exists when more favourable conditions are granted to the customer compared to those previously in force, or when the conditions applied are better than those that would have been adopted for a counterparty belonging to the same class of risk.

If the forbearance measure concerns exposures classified as "performing" or "performing past-due exposures", the requirement of the debtor's economic and financial difficulties is assumed to be satisfied if the forbearance measure involves a pool of intermediaries. Renegotiations for commercial purposes are excluded from the classification as exposures with forbearance measures.
All repayment plans give rise to forbearance measures. The date of application of the measure coincides with the date when the repayment plan is included in the customer's records.

QUANTITATIVE DISCLOSURES

1. Breakdown of financial assets by portfolio and credit quality (carrying amounts)

(€'000)	Bad exposures	Unlikely to pay exposures	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets at amortised cost	54,081	161,101	7,465	12,482	4,861,620	5,096,749
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-
Total at 31/12/2022	54,081	161,101	7,465	12,482	4,861,620	5,096,749
Total at 31/12/2021	74,560	175,641	703	6,643	4,925,149	5,182,696

The table above does not include on-demand loans and receivables with banks, which have been reclassified to caption 10. "Cash and cash equivalents" in accordance with the measure issued by Bank of Italy on 29 October 2021 - "The financial statements of IFRS intermediaries other than banks".

2. Breakdown of financial assets by portfolio and credit quality (gross and carrying amounts)

(€'000)	Non-performing				Performing			Total (carrying amount)
	Gross amount	Total impairment losses	Carrying amount	Partial/total write-offs*	Gross amount	Total impairment losses	Carrying amount	
1. Financial assets at amortised cost	361,224	138,577	222,647	2,563	4,939,812	65,710	4,874,102	5,096,749
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	-	-
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total at 31/12/2022	**361,224**	**138,577**	**222,647**	**2,563**	**4,939,812**	**65,710**	**4,874,102**	**5,096,749**
Total at 31/12/2021	**389,748**	**138,844**	**250,904**	**1,503**	**4,996,468**	**64,676**	**4,931,792**	**5,182,696**

* Presented for disclosure purposes

The table above does not include on-demand loans and receivables with banks, which have been reclassified to caption 10. "Cash and cash equivalents" in accordance with the measure issued by Bank of Italy on 29 October 2021 - "The financial statements of IFRS intermediaries other than banks".

(€'000)	Assets with poor credit quality		Other assets
	Accumulated losses	Carrying amount	Carrying amount
1. Financial assets held for trading	-	-	-
2. Hedging derivatives	-	-	-
Total at 31/12/2022	**-**	**-**	**-**
Total at 31/12/2021	**-**	**-**	**-**

3. Breakdown of financial assets by ageing bracket (carrying amounts)

(€'000)	Stage 1			Stage 2			Stage 3			Purchased or originated credit-impaired		
	From 1 to 30 days	From 30 to 90 days	After 90 days	From 1 to 30 days	From 30 to 90 days	After 90 days	From 1 to 30 days	From 30 to 90 days	After 90 days	From 1 to 30 days	From 30 to 90 days	After 90 days
1. Financial assets at amortised cost	3,996,657	-	-	871,830	4,789	826	78,190	4,895	139,562	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total at 31/12/2022	**3,996,657**	**-**	**-**	**871,830**	**4,789**	**826**	**78,190**	**4,895**	**139,562**	**-**	**-**	**-**
Total at 31/12/2021	**5,003,919**	**-**	**-**	**4,718**	**695**	**784**	**7,098**	**3,574**	**161,908**	**-**	**-**	**-**

Amounts not past due are classified in "Stages 1 and 2 - From 1 to 30 days".

The table above does not include on-demand loans and receivables with banks, which have been reclassified to caption 10. "Cash and cash equivalents" in accordance with the measure issued by Bank of Italy on 29 October 2021 - "The financial statements of IFRS intermediaries other than banks".

4. Financial assets, loan commitments and financial guarantees given: total impairment losses and provisioning

(€'000)	Total impairment losses																								Total accruals for loan commitments and financial guarantees given				Total
	Stage 1						Stage 2						Stage 3						Purchased or originated credit-impaired financial assets										
	Loans and receivables with banks - on demand	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Loans and receivables with banks - on demand	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Loans and receivables with banks - on demand	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Loan commitments and financial guarantees issued of which purchased or originated credit-impaired	
Opening balance	**-**	**5,645**	**-**	**-**	**-**	**5,645**	**-**	**59,031**	**-**	**-**	**-**	**59,031**	**-**	**138,844**	**-**	**-**	**138,844**	**-**	**-**	**-**	**-**	**-**	**-**	**372**	**190**	**426**	**-**	**204,508**
Increase in purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment losses for credit risk (+/-)	-	14,485	-	-	-	14,485	-	(5,174)	-	-	-	(5,174)	-	(5,462)	-	-	(5,462)	-	-	-	-	-	-	101	293	270	-	4,513
Modification gains (losses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not directly recognised in profit or loss	-	(12)	-	-	-	(12)	-	(55)	-	-	-	(55)	-	(2,599)	-	-	(2,599)	-	-	-	-	-	-	-	-	-	-	(2,666)
Other changes	-	(3,263)	-	-	-	(3,263)	-	(4,947)	-	-	-	(4,947)	-	7,794	-	-	7,794	-	-	-	-	-	-	-	-	-	-	(416)
Closing balance	**-**	**16,855**	**-**	**-**	**-**	**16,855**	**-**	**48,855**	**-**	**-**	**-**	**48,855**	**-**	**138,577**	**-**	**-**	**138,577**	**-**	**-**	**-**	**-**	**-**	**-**	**473**	**483**	**696**	**-**	**205,939**
Collections of written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in profit or loss	-	(33)	-	-	-	(33)	-	(49)	-	-	-	(49)	-	(3,854)	-	-	(3,854)	-	-	-	-	-	-	-	-	-	-	(3,936)

5. Financial assets, loan commitments and financial guarantees given: transfers among the various credit risk stages (gross and nominal amounts)

(€'000)	Gross/nominal amounts					
	Transfer between stages 1 and 2		Transfer between stages 2 and 3		Transfer between stages 1 and 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets at amortised cost	497,169	1,313,355	57,833	7,258	9,322	728
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Loan commitments and financial guarantees given	-	32,583	-	-	-	-
Total at 31/12/2022	497,169	1,345,938	57,833	7,258	9,322	728
Total at 31/12/2021	1,431,898	167,225	20,709	5,274	6,375	4,933

5a. Financing subject to COVID-19 relief measures: transfers among the various credit risk stages (gross amounts)

There was no financing still subject to the COVID-19 relief at the reporting date.
As required by current regulations, the breakdown of the previous year end is set out below:

(€'000)	Gross amounts					
	Transfer between stages 1 and 2		Transfer between stages 2 and 3		Transfer between stages 1 and 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
A. Financial assets at amortised cost						
A.1 subject to forbearance in accordance with the EBA guidelines	101,931	21,879	4,656	252	370	342
A.2 subject to ongoing moratoria no longer compliant with the EBA guidelines and not measured as forborne	-	-	-	-	-	-
A.3 subject to other forbearance measures	24	-	253	81	-	-
A.4 new financing	-	-	-	-	-	-
B. Financial assets at fair value through other comprehensive income						
B.1 subject to forbearance in accordance with the EBA guidelines	-	-	-	-	-	-
B.2 subject to ongoing moratoria no longer compliant with the EBA guidelines and not measured as forborne	-	-	-	-	-	-
B.3 subject to other forbearance measures	-	-	-	-	-	-
B.4 new financing	-	-	-	-	-	-
Total at 31/12/2021	101,955	21,879	4,909	333	370	342

6. Exposures with customers, banks and financial companies

6.1 On- and off-statement of financial position exposures with banks and financial companies: gross and carrying amounts

(€'000)	Gross amount					Total impairment losses and provisioning					Carrying amount	Partial/total write-offs*
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. On-statement of financial position												
A.1 On demand												
a) Non-performing exposures	-	X	X		-	-	X	X		-	-	-
b) Performing exposures	230,804	230,804	-	X	-	-	-	-	X	-	230,804	-
A.2 Other												
a) Bad exposures	1,984	X	X	1,984	-	1,658	X	X	1,658	-	326	-
- including: forborne exposures	-	X	X	-	-	-	X	X	-	-	-	-
b) Unlikely to pay exposures	14,889	X	X	14,889	-	7,897	X	X	7,897	-	6,992	-
- including: forborne exposures	-	X	X	-	-	-	X	X	-	-	-	-
c) Non-performing past due exposures	-	X	X	-	-	-	X	X	-	-	-	-
- including: forborne exposures	-	X	X	-	-	-	X	X	-	-	-	-
d) Performing past due exposures	264	-	264	X	-	8	-	8	X	-	256	-
- including: forborne exposures	264	-	264	X	-	8	-	8	X	-	256	-
e) Other performing exposures	139,134	109,162	29,972	X	-	609	103	506	X	-	138,525	-
- including: forborne exposures	22,908	-	22,908	X	-	234	-	234	X	-	22,674	-
Total A	**387,075**	**339,966**	**30,236**	**16,873**	**-**	**10,172**	**103**	**514**	**9,555**	**-**	**376,903**	**-**
B. Off-statement of financial position												
a) Non-performing exposures	-	X	X	-	-	-	X	X	-	-	-	-
b) Performing exposures	3,301	3,098	203	X	-	-	-	-	X	-	3,301	-
Total B	**3,301**	**3,098**	**203**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,301**	**-**
Total (A + B)	**390,376**	**343,064**	**30,439**	**16,873**	**-**	**10,172**	**103**	**514**	**9,555**	**-**	**380,204**	**-**

The table on the previous page includes on-demand loans and receivables with banks, which have been reclassified to caption 10. “Cash and cash equivalents” in accordance with the new measure issued by Bank of Italy on 29 October 2021 - “The financial statements of IFRS intermediaries other than banks”.

Caption “B. Off-statement of financial position exposures” includes revocable and firm commitments.

6.2 On-statement of financial position exposures with banks and financial companies: gross non-performing exposures

(€'000)	Bad exposures	Unlikely to pay exposures	Non-performing past due exposures
A. Gross opening balance	2,112	14,620	-
- including: exposures transferred but not derecognised	478	35	-
B. Increases	61	1,038	-
B.1 from performing exposures	-	119	-
B.2 from purchased or originated credit-impaired exposures	-	-	-
B.3 transfers from other non-performing exposures	-	-	-
B.4 modification gains	-	-	-
B.5 other increases	61	919	-
C. Decreases	189	769	-
B.1 transfers to performing exposures	-	-	-
C.2 write-offs	-	-	-
C.3 collections	-	-	-
C.4 sales	110	15	-
C.5 losses on sales	16	-	-
C.6 transfers to other non-performing loan categories	-	-	-
C.7 modification losses	-	-	-
C.8 other decreases	63	754	-
D. Gross closing balance	1,984	14,889	-
- including: exposures transferred but not derecognised	462	142	-

6.2bis On-statement of financial position exposures with customers: gross forborne exposures broken down by credit quality

(€'000)	Forborne exposures: non-performing	Forborne exposures: performing
A. Gross opening balance	-	-
- including: exposures transferred but not derecognised	-	-
B. Increases	-	48,208
B.1 transfers from performing exposures not subject to forbearance measures	-	-
B.2 transfers from performing forborne exposures	-	X
B.3 transfers from non-performing forborne exposures	X	-
B.4 transfers from non-performing exposures not subject to forbearance measures	-	-
B.5 other increases	-	48,208
C. Decreases	-	25,036
C.1 transfers to performing exposures not subject to forbearance measures	X	-
C.2 transfers to performing forborne exposures	-	X
C.3 transfers to non-performing forborne exposures	X	-
C.4 write-offs	-	-
C.5 collections	-	252
C.6 sales	-	-
C.7 losses on sales	-	-
C.8 other decreases	-	24,784
D. Gross closing balance	-	23,172
- including: exposures transferred but not derecognised	-	22,851

6.3 On-statement of financial position exposures with banks and financial companies: total impairment losses

(€'000)	Bad exposures		Unlikely to pay exposures		Non-performing past due exposures	
	Total	including: forborne exposures	Total	including: forborne exposures	Total	including: forborne exposures
A. Opening balance	1,617	-	5,601	-	-	-
- including: exposures transferred but not derecognised	131	-	7	-	-	-
B. Increases	135	-	2,391	-	-	-
B.1 impairment losses on purchased or originated credit-impaired exposures	-	X	-	X	-	X
B.2 other impairment losses	135	-	2,370	-	-	-
B.3 losses on sales	-	-	-	-	-	-
B.4 transfers from other non-performing exposures	-	-	-	-	-	-
B.5 modification gains	-	X	-	X	-	X
B.6 other increases	-	-	21	-	-	-
C. Decreases	94	-	95	-	-	-
C.1 impairment gains	94	-	95	-	-	-
C.2 impairment gains on collections	-	-	-	-	-	-
C.3 gains on sales	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 modification losses	-	X	-	X	-	X
C.7 other decreases	-	-	-	-	-	-
D. Closing balance	1,658	-	7,897	-	-	-
- including: exposures transferred but not derecognised	166	-	34	-	-	-

6.4 On- and off-statement of financial position exposures with customers: gross and carrying amounts

(€'000)	Gross amount					Total impairment losses and provisioning					Carrying amount	Partial/total write-offs*
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. On-statement of financial position												
A Other												
a) Bad exposures	147,936	X	X	147,936	-	94,181	X	X	94,181	-	53,755	2,253
- including: forborne exposures	20,438	X	X	20,438	-	9,381	X	X	9,381	-	11,057	-
b) Unlikely to pay exposures	188,814	X	X	188,814	-	34,705	X	X	34,705	-	154,109	310
- including: forborne exposures	115,510	X	X	115,510	-	17,250	X	X	17,250	-	98,260	-
c) Non-performing past due exposures	7,601	X	X	7,601	-	136	X	X	136	-	7,465	-
- including: forborne exposures	1,515	X	X	1,515	-	26	X	X	26	-	1,489	-
d) Performing past due exposures	13,924	2,167	11,757	X	-	1,698	18	1,680	X	-	12,226	-
- including: forborne exposures	543	-	543	X	-	83	-	83	X	-	460	-
e) Other performing exposures	4,786,490	3,902,182	884,308	X	-	63,395	16,734	46,661	X	-	4,723,095	-
- including: forborne exposures	38,005	-	38,005	X	-	2,409	-	2,409	X	-	35,596	-
Total A	**5,144,765**	**3,904,349**	**896,065**	**344,351**	**-**	**194,115**	**16,752**	**48,341**	**129,022**	**-**	**4,950,650**	**2,563**
B. Off-statement of financial position												
a) Non-performing exposures	2,472	X	X	2,472	-	696	X	X	696	-	1,776	-
b) Performing exposures	797,762	600,687	197,075	X	-	956	473	483	X	-	796,806	-
Total B	**800,234**	**600,687**	**197,075**	**2,472**	**-**	**1,652**	**473**	**483**	**696**	**-**	**798,582**	**-**
Total (A+B)	**5,944,999**	**4,505,036**	**1,093,140**	**346,823**	**-**	**195,767**	**17,225**	**48,824**	**129,718**	**-**	**5,749,232**	**2,563**

* *Presented for disclosure purposes*

Caption "B. Off-statement of financial position exposures" includes revocable and firm commitments.

6.4a. Financing subject to COVID-19 relief measures: gross and carrying amounts

There was no financing still subject to the COVID-19 relief at the reporting date.
As required by current regulations, the breakdown of the previous year end is set out below:

(€'000)	Gross amount				Total impairment losses				Carrying amount	Partial/total write-offs*
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. Bad exposures	**-**	**-**	**836**	**-**	**-**	**-**	**294**	**-**	**542**	**-**
a) Subject to forbearance in accordance with the EBA guidelines	-	-	833	-	-	-	294	-	539	-
b) Subject to ongoing moratoria no longer compliant with the EBA guidelines and not measured as forborne	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	3	-	-	-	-	-	3	-
d) New financing	-	-	-	-	-	-	-	-	-	-
B. Unlikely to pay exposures	**-**	**-**	**14,958**	**-**	**-**	**-**	**3,755**	**-**	**11,203**	**-**
a) Subject to forbearance in accordance with the EBA guidelines	-	-	7,402	-	-	-	1,483	-	5,919	-
b) Subject to ongoing moratoria no longer compliant with the EBA guidelines and not measured as forborne	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	7,556	-	-	-	2,272	-	5,284	-
d) New financing		-	-	-		-	-	-	-	-
C. Non-performing past due exposures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Subject to forbearance in accordance with the EBA guidelines	-	-	-	-	-	-	-	-	-	-
b) Subject to ongoing moratoria no longer compliant with the EBA guidelines and not measured as forborne	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-
d) New financing	-	-	-	-	-	-	-	-	-	-
D. Other performing past due exposures	**-**	**151**	**-**	**-**	**-**	**16**	**-**	**-**	**135**	**-**
a) Subject to forbearance in accordance with the EBA guidelines	-	141	-	-	-	14	-	-	127	-
b) Subject to ongoing moratoria no longer compliant with the EBA guidelines and not measured as forborne	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	10	-	-	-	2	-	-	8	-
d) New financing	-	-	-	-	-	-	-	-	-	-
E. Other performing exposures	**31,808**	**730,741**	**-**	**-**	**309**	**30,506**	**-**	**-**	**731,734**	**-**
a) Subject to forbearance in accordance with the EBA guidelines	31,808	701,903	-	-	309	27,277	-	-	706,125	-
b) Subject to ongoing moratoria no longer compliant with the EBA guidelines and not measured as forborne	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	28,838	-	-	-	3,229	-	-	25,609	-
d) New financing	-	-	-	-	-	-	-	-	-	-
Total (A + B + C + D + E)	**31,808**	**730,892**	**15,794**	**-**	**309**	**30,522**	**4,049**	**-**	**743,614**	**-**

* *Presented for disclosure purposes*

The following table (which comprises exposures with banks, financial companies and customers) shows the actual risk level of unlikely to pay exposures (UTP):

(€'000)	31/12/2022		
	Gross amount	Impairment losses	Guarantees
First 20 UTP exposures	114,052	22,781	3,184
UTP exposures with a past due amount of <1%	26,835	3,220	4,714
Other UTP exposures	62,816	16,601	14,069
Total	203,703	42,602	21,967

These exposures were classified into three clusters in order to better present and describe how the group manages and treats them.

Specifically:

1) the first 20 UTP exposures are constantly monitored closely by the relevant departments and a similar treatment applies to the related guarantees and the residual amount of the assets underlying their contracts.
   The lower than average provisioning rate of the entire caption is to be interpreted in this respect: this analysis shows a contained risk level although the exposures are prudently classified in this category;
2) a different approach is applied to the UTP exposures that are substantially performing (those classified as "UTP exposures with a past due amount of <1%" - compared to the total exposure with the customer): these are performing exposures that shows irregularities in relation to companies related to the customer or its owners;
3) the other UTP exposures have a high provisioning rate also considering the related primary guarantees.

6.5 On-statement of financial position exposures with customers: gross non-performing positions

(€'000)	Bad exposures	Unlikely to pay exposures	Non-performing past due exposures
A. Gross opening balance	**165,838**	**206,447**	**731**
- including: exposures transferred but not derecognised	14,396	42,840	388
B. Increases	**65,237**	**115,867**	**22,215**
B.1 from performing exposures	1,631	51,194	19,111
B.2 from purchased or originated credit-impaired exposures	-	-	-
B.3 transfers from other non-performing exposures	27,975	8,434	163
B.4 modification gains	-	-	-
B.5 other increases	35,631	56,239	2,941
C. Decreases	**83,139**	**133,500**	**15,345**
B.1 transfers to performing exposures	-	1,034	1,509
C.2 write-offs	8,677	1,738	13
C.3 collections	13,916	46,241	2,875
C.4 sales	13,274	1,240	-
C.5 losses on sales	16,326	-	-
C.6 transfers to other non-performing loan categories	10	28,126	8,436
C.7 modification losses	-	-	-
C.8 other decreases	30,936	55,121	2,512
D. Gross closing balance	**147,936**	**188,814**	**7,601**
- including: exposures transferred but not derecognised	17,053	52,754	4,608

6.5bis On-statement of financial position exposures with customers: gross forborne exposures broken down by credit quality

(€'000)	Forborne exposures: non-performing	Forborne exposures: performing
A. Gross opening balance	**146,675**	**60,263**
- including: exposures transferred but not derecognised	10,205	30,955
B. Increases	**76,466**	**52,151**
B.1 transfers from performing exposures not subject to forbearance measures	38	-
B.2 transfers from performing forborne exposures	18,195	X
B.3 transfers from non-performing forborne exposures	X	6,610
B.4 transfers from non-performing exposures not subject to forbearance measures	-	-
B.5 other increases	58,233	45,541
C. Decreases	**85,678**	**73,866**
C.1 transfers to performing exposures not subject to forbearance measures	X	-
C.2 transfers to performing forborne exposures	6,610	X
C.3 transfers to non-performing forborne exposures	X	-
C.4 write-offs	2,072	1
C.5 collections	30,497	21,730
C.6 sales	2,930	138
C.7 losses on sales	1,758	-
C.8 other decreases	41,811	51,997
D. Gross closing balance	**137,463**	**38,548**
- including: exposures transferred but not derecognised	15,247	23,757

6.6 On-statement of financial position exposures with customers: total impairment losses

(€'000)	Bad exposures		Unlikely to pay exposures		Non-performing past due exposures	
	Total	including: forborne exposures	Total	including: forborne exposures	Total	including: forborne exposures
A. Opening balance	91,773	8,264	39,825	21,436	28	9
- including: exposures transferred but not derecognised	5,621	471	8,610	1,507	5	-
B. Increases	42,058	8,435	24,549	12,570	342	86
B.1 impairment losses on purchased or originated credit-impaired exposures	-	X	-	X	-	X
B.2 other impairment losses	25,933	3,523	20,110	9,446	69	14
B.3 losses on sales	-	-	-	-	-	-
B.4 transfers from other non-performing exposures	9,460	31	18	18	-	-
B.5 modification gains	-	X	-	X	-	X
B.6 other increases	6,665	4,881	4,421	3,106	273	72
C. Decreases	39,650	7,318	29,669	16,756	234	69
C.1 impairment gains	31,197	5,981	14,532	7,647	221	64
C.2 impairment gains on collections	3,653	915	5,235	4,737	-	-
C.3 gains on sales	-	-	-	-	-	-
C.4 write-offs	2,406	50	192	12	1	-
C.5 transfers to other categories of non-performing exposures	6	-	9,460	4,110	12	5
C.6 modification losses	-	X	-	X	-	X
C.7 other decreases	2,388	372	250	250	-	-
D. Closing balance	94,181	9,381	34,705	17,250	136	26
- including: exposures transferred but not derecognised	6,867	514	11,477	2,126	89	16

7. Breakdown of financial assets, loan commitments and financial guarantees given by external and internal rating class

7.1 Breakdown of financial assets, loan commitments and financial guarantees given by external rating class (gross amounts)

None.

7.2 Breakdown of financial assets, loan commitments and financial guarantees given by internal rating class (gross amounts)

None.

8. Financial and non-financial assets from the enforcement of guarantees received

None.

9. Loan concentration

9.1 Breakdown of on- and off-statement of financial position exposures by the counterparty's business sector

(€'000)	Government and central banks			Other government agencies			Insurance companies			Non-financial companies			Other		
	Carrying amount	Individual impairment	Collective impairment	Carrying amount	Individual impairment	Collective impairment	Carrying amount	Individual impairment	Collective impairment	Carrying amount	Individual impairment	Collective impairment	Carrying amount	Individual impairment	Collective impairment
A. On-statement of financial position															
A.1. On demand															
a) Non-performing exposures	-	-	X	-	-	X	-	-	X	-	-	X	-	-	X
b) Performing exposures	-	X	-	-	X	-	-	X	-	-	X	-	230,804	X	-
A.2 Other															
A.1 Bad exposures	-	-	X	-	-	X	-	-	X	50,133	(90,375)	X	3,948	(5,464)	X
including: forborne exposures	-	-	X	-	-	X	-	-	X	10,513	(8,856)	X	544	(525)	X
A.2 Unlikely to pay exposures	-	-	X	-	-	X	-	-	X	149,198	(33,569)	X	11,903	(9,033)	X
including: forborne exposures	-	-	X	-	-	X	-	-	X	96,097	(16,736)	X	2,163	(514)	X
A.3 Non-performing past due exposures	-	-	X	-	-	X	-	-	X	6,527	(108)	X	938	(28)	X
including: forborne exposures	-	-	X	-	-	X	-	-	X	1,438	(25)	X	51	(1)	X
A.4 Other exposures	-	X	-	4,621	X	(45)	-	X	-	4,533,022	X	(61,718)	336,459	X	(3,947)
including: forborne exposures	-	X	-	-	X	-	-	X	-	34,214	X	(2,365)	24,772	X	(369)
Total	**-**	**-**	**-**	**4,621**	**-**	**(45)**	**-**	**-**	**-**	**4,738,880**	**(124,052)**	**(61,718)**	**584,052**	**(14,525)**	**(3,947)**
B. Off-statement of financial position															
B.1 Bad exposures	-	-	-	-	-	-	-	-	-	74	(74)	-	-	-	X
B.2 Unlikely to pay exposures	-	-	-	-	-	-	-	-	-	1,702	(622)	-	-	-	X
B.3 Other non-performing assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X
B.4 Other exposures	-	X	-	31	X	-	-	X	-	776,600	X	(886)	23,476	X	(70)
Total	**-**	**-**	**-**	**31**	**-**	**-**	**-**	**-**	**-**	**778,376**	**(696)**	**(886)**	**23,476**	**-**	**(70)**
31/12/2022	**-**	**-**	**-**	**4,652**	**-**	**(45)**	**-**	**-**	**-**	**5,517,256**	**(124,748)**	**(62,604)**	**607,528**	**(14,525)**	**(4,017)**
31/12/2021	**-**	**-**	**-**	**5,109**	**(1)**	**(36)**	**-**	**-**	**-**	**5,441,475**	**(127,858)**	**(61,320)**	**552,728**	**(11,411)**	**(3,882)**

The table above includes on-demand loans and receivables with banks, which have been reclassified to caption 10. "Cash and cash equivalents" in accordance with the measure issued by Bank of Italy on 29 October 2021 - "The financial statements of IFRS intermediaries other than banks".
Caption "B. Off-statement of financial position exposures" includes revocable and firm commitments.

9.2 Breakdown of on- and off-statement of financial position exposures by the counterparty's geographical segment

(€'000)	North-east		North-west		Centre		South and Islands		Abroad	
	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses
A. On-statement of financial position										
A.1. On demand										
a) Non-performing exposures	-	-	-	-	-	-	-	-	-	-
b) Performing exposures	197,087	-	33,717	-	-	-	-	-	-	-
A.2 On-statement of financial position										
A.1 Bad exposures	10,749	(18,816)	16,809	(35,017)	14,046	(21,612)	12,477	(20,394)	-	-
A.2 Unlikely to pay exposures	63,194	(15,224)	40,655	(9,718)	28,781	(12,314)	28,471	(5,346)	-	-
A.3 Non-performing past due exposures	831	(26)	1,939	(41)	2,337	(56)	2,358	(13)	-	-
A.4 Performing exposures	1,168,053	(12,930)	1,930,649	(23,435)	887,101	(16,975)	886,231	(12,220)	2,068	(150)
Total	**1,439,914**	**(46,996)**	**2,023,769**	**(68,211)**	**932,265**	**(50,957)**	**929,537**	**(37,973)**	**2,068**	**(150)**
B. Off-statement of financial position										
B.1 Bad exposures	50	(50)	24	(24)	-	-	-	-	-	-
B.2 Unlikely to pay exposures	446	(203)	-	-	435	(145)	821	(274)	-	-
B.3 Other non-performing assets	-	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	256,805	(240)	344,486	(471)	102,124	(137)	96,690	(108)	2	-
Total	**257,301**	**(493)**	**344,510**	**(495)**	**102,559**	**(282)**	**97,511**	**(382)**	**2**	**-**
31/12/2022	1,697,215	(47,489)	2,368,279	(68,706)	1,034,824	(51,239)	1,027,048	(38,355)	2,070	(150)
31/12/2021	1,662,301	(48,093)	2,320,164	(70,706)	1,035,748	(50,495)	979,682	(35,210)	1,417	(4)

The table above includes on-demand loans and receivables with banks, which have been reclassified to caption 10. "Cash and cash equivalents" in accordance with the measure issued by Bank of Italy on 29 October 2021 - "The financial statements of IFRS intermediaries other than banks".
Caption "B. Off-statement of financial position exposures" includes revocable and firm commitments.

9.3 Large exposures

The group has ten large exposures (risk positions equal to or greater than 10% of own funds). At 31 December 2022, their carrying amount was approximately €1,967,631 thousand with a weighted amount of approximately €570,949 thousand.
No individual risk position with one customer or group of associated customers exceeds the limits pursuant to ruling regulations.

10. Models and other methods to measure and manage credit risk

None.

11. Other quantitative disclosures

None.

3.2 MARKET RISK

Alba Leasing S.p.A. does not have a trading portfolio exposed to market risks as it does not perform speculative transactions.
In order to measure market risk on the trading portfolio and calculate the regulatory capital requirements for supervisory purposes, the group uses the methods prescribed by Bank of Italy in circular no. 288/2015, as updated.

3.2.1 INTEREST RATE RISK

QUALITATIVE DISCLOSURE

1. General aspects

Interest rate risks arise on differences in the timing and methods used to reprice interest rates on the group's assets and liabilities.
There is also the risk associated with the reduction in lending spreads: the mismatch of maturities between assets and liabilities, given a narrower lending spread than in the past, actually increases the risk of a potential loss of profitability under the assumption that, once the transactions now in place terminate, funding should be made at an increasing spread.
Structural interest rate risk, i.e., the risk of expected and unexpected variations in the market interest rate that have a negative impact on the interest margin and on the portfolio of assets and liabilities, is measured using sensitivity analysis and duration gap techniques.
Although it remains under the allowed limit, the weight of fixed-rate assets on the overall portfolio grew in 2022 and customer demand for fixed rates is expected to continue growing.
To hedge against a potential increase in interest rate risk, the parent adopted a specific procedure establishing an efficient derivative implementation, trading and monitoring process to hedge the risk of fixed interest rates and account for these derivatives. In particular, hedging interest rate risk on an asset exposed to market rate volatility requires the structuring of a hedging model (hedging instrument) that generates symmetrical and opposing flows capable of offsetting adverse fluctuations in the interest rates on the hedged item.
Considering the high profitability of the amount involved and its low risk impact, the group has not considered it appropriate to hedge interest rate risk.

Methodological aspects

The group measures the weight of fixed-rate assets on the overall portfolio periodically and evaluates whether to apply the appropriate hedging policies.
It periodically estimates its exposure to interest rate risk using sensitivity analyses and duration gap techniques, simulating a shift in Euribor/swap rates with the consequent measurement of the impact on the sensitive assets/liabilities and the interest margin over a time horizon of one year and on a forward-looking basis.

QUANTITATIVE DISCLOSURES

1. Breakdown by residual maturity (repricing date) of financial assets and liabilities

(€'000)	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	From 5 to 10 years	After 10 years	Open term
1. Assets								
1.1 Debt instruments	-	43,472	-	-	4,987	-	-	-
1.2 Loans and receivables	569,176	4,228,865	30,744	50,982	219,783	156,951	22,593	-
1.3 Other assets	-	-	-	-	-	-	-	-
2. Liabilities								
2.1 Amounts due	1,246,278	1,279,823	169,442	236,715	44,585	3,260	-	-
2.2 Debt instruments	-	1,755,065	-	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives								
Options								
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives								
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

2. Models and other methods to measure and manage interest rate risk

The risk management and credit policy unit monitors this risk by:

- checking that the proportion of fixed rate investments is kept under the limits set by the board of directors;
- preparing quarterly disclosure (financial risk reports) for the board of directors, which also includes analyses of the group's exposure to interest rate risk on the banking portfolio;
- preparing the regulatory and management accounts duration gap model (percentile method) and performing the related stress tests to measure the volatility of assets / liabilities with respect to changes in the interest rate curve;
- preparing the model for the measurement of interest margin volatility correlated to the composition of the fixed / variable rate portfolio correlated to the volatility of the related interest rates.

3. Other qualitative disclosures on interest rate risk

Interest rate risk is generated by differences in the timing and methods of repricing the interest rate of the group's assets and liabilities. The interest rate risk is measured by using the supervisory reporting base, pertaining to the interest rate risk, which provides for the breakdown of assets and liabilities into regulatory time buckets.

B) PRICE RISK

QUALITATIVE DISCLOSURE

1. General aspects

The group is not exposed to price risks.

QUANTITATIVE DISCLOSURES

1. Models and other methods to measure and manage price risk

The group is not exposed to price risks.

2. Other quantitative disclosures on price risk

The group is not exposed to price risks.

3.2.3 CURRENCY RISK

QUALITATIVE DISCLOSURE

1. General aspects

The group is not exposed to currency risks as it did not have foreign currency contracts at the reporting date.

QUANTITATIVE DISCLOSURES

1. Breakdown of assets, liabilities and derivatives by currency

The group is not exposed to currency risks.

2. Models and other methods to measure and manage currency risk

The group is not exposed to currency risks.

3. Other quantitative disclosures on currency risk

The group is not exposed to currency risks.

3.3 OPERATIONAL RISKS

QUALITATIVE DISCLOSURE

The group adopts loss monitoring techniques to assess and mitigate operational risk based on self-risk assessments and actual loss data collection. These activities make it possible to record risk events (regardless of the occurrence of the loss), as well as to quantify actual and potential operating losses and to map the risk events and causes that gave rise to them.

The group is intrinsically exposed to operational risk since it performs, in addition to traditional credit processes:

- acquisitions of the assets to be leased;
- repossessions of assets following contract termination due to default or when the repurchase option is not exercised.

These are complex processes in which operational errors are often closely connected to potential legal consequences and, therefore, operational risk is considered high.

1. General aspects, management and measurement of operational risk

The group has defined operational risk as the risk of loss resulting from inadequacies or malfunctioning of procedures, human resources and internal systems or from external events, including legal risk or risk of loss arising from violations of laws or regulations, liability in contract or liability in tort or from other disputes. This risk does not include reputational and strategic risk.

At organisational level, a measurement process has been developed to cover this type of risk, based on:

- first level controls, carried out directly by the process owners and regulated by the parent's entire body of rules;
- second level controls to detect operational risk carried out by the risk management and credit policy unit by means of:
  - self-risk assessment to survey potential losses (measurement of potential/residual risk);
  - survey of actual losses.

The group uses scorecards to survey loss events as defined by the Assilea/Basel frameworks.

QUANTITATIVE DISCLOSURES

The internal capital for operational risk is calculated using the basic method (BIA - Basic Indicator Approach) according to which the parent must have internal capital equal to the average of a fixed percentage (15%) of positive components of total income (including other operating income), for the previous three years.
The calculation of capital absorption is shown in the following table:

(€'000)	Total income and other income
31.12.2020	161,521
31.12.2021	99,936
31.12.2022	107,877
Average	123,111
Weighting factor	15%
Internal capital	18,467

3.4 LIQUIDITY RISK

QUALITATIVE DISCLOSURE

1. General aspects, management and measurement of liquidity risk

Liquidity risk is the risk that an entity may not be able to meet its payment obligations because it cannot raise funds on the market (funding liquidity risk) or sell its assets (market liquidity risk). Market liquidity risk is not relevant to the group because it does not have financial assets with customers while the funding liquidity risk is relevant. The group makes medium- and long-term investments and obtains short-term funding solely on the wholesale market as it does not have access to the retail market. Liquidity risk consequently arises from:

- typical lease structural factors: the repercussions of imbalances between the maturities of asset and liability items (maturity mismatches) are amplified by the typical maturities of medium- and long-term assets;
- factors specific to the parent: since it is a financial company, it does not have facilitated access to typical bank sources of funding, nor can it raise funds from retail customers.

The group's liquidity risk method has formalised risk management and control activities and, specifically, risk monitoring and control procedures:

a) the administration, financial reporting, finance and planning department (finance unit) manages liquidity under the terms of its sub-proxies; specifically:
   - it manages the financial resources available and ensures the group's liquidity requirements are covered;
   - it estimates the additional funding costs to cope with worst case scenarios;
   - it provides the risk management and credit policy unit with information to be included in the liquidity risk report;

b) the risk and control department is responsible for monitoring and controlling liquidity risk and specifically:
   - it defines liquidity risk measurement methods and the system of limits;
   - it recommends this procedure, methods and limits and regularly revises the process and proposes possible amendments;
   - it prepares stress test scenarios on a periodic basis (at least once a year);
   - it checks the quality of data and the current effectiveness of the related measurement methods on an ongoing basis;
   - it recommends and checks compliance with the operating limits for the assumption of liquidity risks;
   - it prepares and updates the reports for the company bodies, which describe the group's exposure to liquidity risk.

The group identifies and measures liquidity risk on a current and forward-looking basis. Its forward-looking estimates consider the probable trends in cash flows from intermediation.
The main objective of the liquidity risk management system is to enable the group to meet its obligations minimising costs and without compromising potential future income. This risk is measured with specific regard to cash flows from:

- funding: collection of lease payments and new loan repayments;
- investing: activation of new leases.

The objective is to guarantee the group has the cash needed to cover outlays for new investments, considering that these investments are planned ahead of time. Structural liquidity risk is measured and managed with a maturity mismatch approach, in which unrestricted funding by the partner banks is considered steady.

Operational liquidity (short term): cash outflows are planned as they, in addition to operating expenses and interest expense, consist of payments to suppliers for the purchase of assets to be leased. These cash outflows occur immediately after the contracts are signed with customers, so a potential liquidity crisis (which would make it impossible to raise new funding) is managed by simply slowing new investments. To measure liquidity in the short term, a liquidity coverage ratio (LCR) proxy is used. While it is not required for the group, as it is used for banks and non-financial companies, it is useful for internal management purposes.

The conversion of due dates (long term), a challenge typical of companies specialised in medium/long-term contracts: the group’s structural liquidity profile at 31 December 2022 was calculated by conventionally considering the financing granted by the partner banks as steady regardless of the actual contract maturity date.

Like for operating liquidity requirements, the structural liquidity risk is measured and managed using a liquidity mismatch risk approach. For this purpose, a maturity ladder is defined, in which all flows are placed according to their maturity, in accordance with the supervisory regulations. The positioning of the various buckets depends on the contractual maturity of the items; behavioural and statistical models judgements are used for those items that have no contractual maturity.
Indicators are defined in terms of gap ratios on maturities beyond one year for structural liquidity risk monitoring and control purposes.

The objective is to maintain a balanced structural liquidity profile, limiting the possibility of financing medium/long-term assets with short-term liabilities, in line with the approach of limiting the transformation of maturities.

QUANTITATIVE DISCLOSURES

1. Breakdown by residual contract maturity of financial assets and liabilities

(€'000)	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	from 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	From 3 to 5 years	After 5 years	Open term
Assets											
A.1 Government bonds	-	-	-	-	-	-	-	-	4,987	-	-
A.2 Other debt instruments	-	-	-	-	-	-	-	-	-	43,472	-
A.3 Financing	583,345	2,806	4,861	9,039	239,291	329,705	605,969	1,727,413	909,999	1,074,637	-
A.4 Other assets	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities											
B.1 Due to:											
- Banks	1,513,784	30,009	159	4,146	624,812	86,479	237,229	50,042	-	-	-
- Financial companies	1,282	-	-	-	3	2,937	1,197	60,255	23,258	-	-
- Customers	42,666	1	-	-	310,121	288	593	2,244	4,013	24,698	-
B.2 Debt instruments	-	-	-	96,993	73,589	155,630	318,885	836,084	247,865	66,747	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Off-statement of financial position											
C.1 Financial derivatives with exchange of principal											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal											
- Positive difference	-	-	-	-	-	-	-	-	-	-	-
- Negative difference	-	-	-	-	-	-	-	-	-	-	-
C.3 Financing to be received											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Loan commitments											
- Long positions	-	-	-	-	-	-	4	19,509	400,981	-	-
- Short positions	-	-	-	420,495	-	-	-	-	-	-	-
C.5 Financial guarantees given	24	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

3.5 DERIVATIVES AND HEDGING POLICIES

TRADING DERIVATIVES

3.5.1. Credit derivatives associated with fair value option: annual variations

None.

ACCOUNTING HEDGES

QUALITATIVE DISCLOSURE

General hedging strategy aspects

None.

QUANTITATIVE DISCLOSURES

3.5.2. Hedging derivatives: year-end nominal amounts

None.

3.5.3. Residual maturity of hedging derivatives: notional amounts

None.

3.5.4. Hedging derivatives: gross positive and negative fair value, fair value gain or loss used to identify hedge inefficiency

None.

3.5.5. Non-derivative hedges: breakdown by accounting portfolio and type of hedge and fair value gain or loss used to identify hedge inefficiency

None.

3.5.6. Hedging instruments: fair value hedges

None.

3.5.7. Hedging instruments: cash flow hedges and hedges of investments in foreign operations

None.

3.5.8. Effect of hedging transactions and equity: reconciliation of equity items

None.

Section 4 - Equity

4.1 - Equity

4.1.1 Qualitative disclosure

The total equity used to meet the total internal capital requirements is the same as own funds, in line with the guidelines defined by the board of directors. Own funds solely comprise common equity tier 1 capital (CET1).

On its website, the group publishes the "*Informativa al Pubblico*", a public disclosure containing "Pillar III" information.

4.1.2 Quantitative disclosure

4.1.2.1 Equity: breakdown

(€'000)	31/12/2022	31/12/2021
1. Share capital	357,953	357,953
2. Share premium	105,000	105,000
3. Reserves	(47,317)	(54,618)
- income-related	(47,317)	(54,618)
a) legal	1,779	1,414
b) statutory	-	-
c) treasury shares	-	-
d) other reserves	(49,096)	(56,032)
- other	-	-
4. (Treasury shares)	-	-
5.1 Valuation reserves	(282)	(385)
- Equity instruments designated at fair value through other comprehensive income	-	-
- Hedges of equity instruments designated at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) at fair value through other comprehensive income	-	-
- Property, equipment and investment property	-	-
- Intangible assets	-	-
- Hedges of investments in foreign operations	-	-
- Cash flow hedges	-	-
- Hedging instruments (non-designated items)	-	-
- Exchange differences	-	-
- Non-current assets held for sale and disposal groups	-	-
- Financial liabilities designated at fair value through profit or loss (change in credit rating)	-	-
- Special revaluation laws	-	-
- Actuarial losses on defined benefit pension plans	(282)	(385)
- Portion of valuation reserves of equity-accounted investees	-	-
6. Equity instruments	-	-
7. Profit for the year	10,371	7,301
Total	425,725	415,251

4.1.2.2 Fair value reserves: breakdown

None.

4.1.2.3 Fair value reserves: changes

None.

4.2 Own funds and capital ratios

The parent was included in the list as per article 106 of the Consolidated Banking Act (the "Single list") as no. 32 on 6 May 2016.
It has complied with the relevant rules (circular no. 288 of 3 April 2015 as subsequently amended) since that date.

4.2.1 Own funds

4.2.1.1 Qualitative disclosure

The parent's own funds do not include hybrid capitalisation instruments or subordinated liabilities.

It has solely common equity tier 1 capital and does not have either additional tier 1 capital or tier 2 capital (T2).

4.2.1.2 Quantitative disclosure

FINANCIAL INTERMEDIARIES

(€'000)	31/12/2022	31/12/2021
A. Tier 1 capital before application of prudential filters	419,431	415,803
B. Tier 1 prudential filters:	-	-
G1 - Positive IFRS prudential filters (+)	-	-
G2 - Negative IFRS prudential filters (-)	-	-
C. Tier 1 capital including application of prudential filters (A + B)	419,431	415,803
D. Elements to be deducted from Tier 1 capital	-	-
E. Total tier 1 capital (C – D)	419,431	415,803
F. Tier 2 capital before application of prudential filters	-	-
G. Tier 2 prudential filters:	-	-
G.1 - Positive IFRS prudential filters (+)	-	-
G.2 - Negative IFRS prudential filters (-)	-	-
H. Tier 2 capital including application of prudential filters (F + G)	-	-
I. Elements to be deducted from Tier 2 capital	-	-
L. Total tier 2 capital (H – I)	-	-
M. Elements to be deducted from tier 1 and tier 2 capital	-	-
N. Regulatory capital (E + L - M)	419,431	415,803

Own funds do not include the profit for the year as the conditions established in the Commission Implementing Regulation (EU) no. 680/2014 (article 5.a which refers to, inter alia, Regulation (EU) no. 575/2013 (CRR, article 26.2.a)) were not met.
These regulations provide for the inclusion of profit in own funds when: a) the competent authority has granted permission; b) those profits have been audited by the independent auditors; this implies that the board of directors shall resolve thereon after providing the supervisory authority with the relevant information.

The profit for the year shall be included in own funds after the next supervisory report on the first quarter of 2023 (to be sent by 12 May 2023).

Alba Leasing S.p.A. has exercised the option to apply the transitional arrangements introduced by article 473-bis of Regulation (EU) no. 575/2013 to phase in the impact on own funds of the application of the impairment model introduced by IFRS 9.
These transitional arrangements allow the inclusion of a positive temporary component in common equity tier 1 capital equal to a percentage of the increase in accruals for expected credit losses due to application of IFRS 9.
The percentage decreases over five years and is equal to 25% of the increase in the accruals for expected credit losses due to application of IFRS 9 for the period from 1 January to 31 December 2022.

Had it not applied this transitional regime, the parent's own funds would have amounted to €415,092 thousand.

Furthermore, the group did not apply the "CRR quick-fix" in Circular 288 (Financial intermediaries' implementation of the EBA guidelines for disclosure requirements under Regulation (EU) 2020/873).

4.2.2 Capital adequacy

The ICAAP shows the analyses performed and results obtained from the parent's assessment of its capital adequacy in line with the supervisory regulations for financial intermediaries (Bank of Italy circular no. 288 of 3 April 2015 as subsequently amended), in line with its development and operating strategies.

Its total capital ratio (TCR) is higher than the regulatory minimum (including in stress test scenarios) and, therefore, its own funds are sufficient to cover all risks that could affect its operations and the equity indicator targets approved by the board of directors.
Accordingly, the parent complies with the total capital ratio and has add-on capital (Pillar II) covered by the excess capital.

It does not need to make changes to its equity given that its excess capital complies with the regulatory and internal minimum.

4.2.2.1 Qualitative disclosure

The weighting factors, calculated in accordance with Bank of Italy's prudential supervisory regulations, ensure compliance with the prudential ratio and allow the parent's business development.

4.2.2.2 Quantitative disclosure

(€'000)	Unweighted amounts		Weighted amounts/requirements	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
A. RISK-WEIGHTED ASSETS				
A.1 Credit and counterparty risk	6,538,833	6,371,286	3,962,830	4,076,833
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			237,770	244,610
B.2 Requirement for provision of payment services			-	-
B.3 Requirement for issue of electronic money			-	-
B.4 Specific prudential requirements			19,206	18,273
B.5 Total prudential requirements			256,976	262,883
C. EXPOSURES AND CAPITAL RATIOS				
C.1 Risk-weighted assets			4,282,926	4,381,378
C.2 Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)			9.79%	9.49%
C.3 Regulatory capital/risk-weighted assets (Total capital ratio)			9.79%	9.49%

Risk-weighted assets amount to €4,282,926 thousand.

The related supervisory reports and, therefore, the calculation of risk-weighted assets, refer to the consolidated financial statements as they are deemed to better represent the facts and effects on the group's financial performance and position.

Given the above transitional rules, CET1 was equal to 9.79% at 31 December 2022. If the group had not applied the transitional arrangements (as described above), CET1 would have been 9.70% for a difference of 0.09 percentage points.

Alba Leasing S.p.A. has exercised the option to apply the transitional arrangements introduced by article 473-bis of Regulation (EU) no. 575/2013 to phase in the impact on own funds of the application of the impairment model introduced by IFRS 9.

These transitional arrangements allow the inclusion of a positive temporary component in common equity tier 1 capital equal to a percentage of the increase in accruals for expected credit losses due to application of IFRS 9. The percentage decreases over five years as shown below:

- period from 1 January to 31 December 2018: 95% of the increase in the allowances for expected credit losses due to application of IFRS 9. The negative impact of application of the new impairment model to own funds is thus decreased to 5% of the impact that will be recognised on the carrying amount of equity at 1 January 2018;
- period from 1 January to 31 December 2019: 85% of the increase in the allowances for expected credit losses;
- period from 1 January to 31 December 2020: 70% of the increase in the allowances for expected credit losses;
- period from 1 January to 31 December 2021: 50% of the increase in the allowances for expected credit losses;
- period from 1 January to 31 December 2022: 25% of the increase in the allowances for expected credit losses.

On 1 January 2023, the impact of first-time adoption of IFRS 9 will be fully reflected in the calculation of own funds.

Section 5 - Comprehensive income

(€'000)		2022	2021
10.	Profit for the year	10,371	7,301
	Other items that will not be reclassified to profit or loss		
20.	Equity instruments designated at fair value through other comprehensive income	-	-
	a) Fair value gains (losses)	-	-
	b) Transfers to other equity items	-	-
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	-	-
	a) Fair value gains (losses)	-	-
	b) Transfers to other equity items	-	-
40.	Hedges of equity instruments designated at fair value through other comprehensive income	-	-
	a) Fair value gains (losses) (hedged item)	-	-
	b) Fair value gains (losses) (hedging instrument)	-	-
50.	Property, equipment and investment property	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	102	17
80.	Non-current assets held for sale and disposal groups	-	-
90.	Share of valuation reserves of equity-accounted investees	-	-
100.	Related tax	-	-
	Other items that will be reclassified to profit or loss	-	-
110.	Hedges of investments in foreign operations	-	-
	a) Fair value gains (losses)	-	-
	b) Transfer to profit or loss	-	-
	c) Other changes	-	-
120.	Exchange gains (losses)	-	-
	a) Fair value gains (losses)	-	-
	b) Transfer to profit or loss	-	-
	c) Other changes	-	-
130.	Cash flow hedges	-	-
	a) Fair value gains (losses)	-	-
	b) Transfer to profit or loss	-	-
	c) Other changes	-	-
140.	Hedging instruments (non-designated items)	-	-
	a) fair value gains (losses)	-	-
	b) Transfer to profit or loss	-	-
	c) Other changes	-	-
150.	Financial assets (other than equity instruments) at fair value through other comprehensive income	-	-
	a) Fair value gains (losses)	-	-
	b) Transfer to profit or loss	-	-
	- impairment adjustments	-	-
	- profit/loss on sale	-	-
	c) Other changes	-	-
160.	Non-current assets held for sale and disposal groups	-	-
	a) Fair value gains (losses)	-	-
	b) Transfer to profit or loss	-	-
	c) Other changes	-	-
170.	Share of valuation reserves of equity-accounted investees	-	-
	a) Fair value gains (losses)	-	-
	b) Transfer to profit or loss	-	-
	- impairment adjustments	-	-
	- profit/loss on sale	-	-
	c) Other changes	-	-
180.	Related tax	-	-
190.	Total other comprehensive income	102	17
200.	Comprehensive income (captions 10 + 190)	10,473	7,318
210.	Comprehensive income attributable to non-controlling interests	-	-
220.	Comprehensive income attributable to the owners of the parent	10,473	7,318

Section 6 - Related party transactions

6.1 Remuneration of key management personnel

(€'000)	*2022*
Directors	324
Statutory auditors	151
Other key management personnel	2,915
TOTAL	3,390

Key management and supervisory personnel include the general manager and the managers in charge of the main departments (nine in total).

6.2 Loans given to and guarantees given on behalf of directors and statutory auditors

None.

6.3 Related party transactions

Related party transactions are generally carried out at market conditions.

The group carried out numerous transactions with its shareholder banks and with entities related to them, for which reference should be made to the following paragraph. These were routine transactions carried out to both parties' mutual economic benefit at terms that complied with the principle of substantial correctness. They mainly involved:

- the supply of funds;
- the placing of lease products with customers;
- management of receivables related to the agreement.

The parent has a reporting procedure for these transactions in accordance with which decision-making bodies provide the board of directors with the information flows necessary for constant compliance with the provisions of laws and regulations in force regarding corporate disclosures on related party transactions.

In addition, in order to comply with the current requirements, it should be noted that no atypical and/or unusual transactions, either with related parties or entities other than related parties, were carried out during the year which could have given rise to doubts about their effect on the integrity of the group's assets due to their significance or materiality.

6.3.1 Summary

The following table shows the effects on the group's consolidated financial statements of the transactions performed with the partner banks during the year.

(€'000)	2022 FINANCIAL STATEMENTS	Other related parties			
		BANCA POPOLARE DELL'EMILIA ROMAGNA	BANCO BPM	BANCA POPOLARE DI SONDRIO	CRÉDIT AGRICOLE ITALIA
STATEMENT OF FINANCIAL POSITION - ASSETS					
Cash and cash equivalents	230,810	991	23	-	-
a) cash	6	-	-	-	-
b) current accounts and on-demand deposits with banks	230,804	991	23		
Financial assets at amortised cost	5,096,749	-	401	6	-
a) loans and receivables with banks	37,960	-	401	6	-
b) loans and receivables with financial companies	108,139	-	-	-	-
c) loans and receivables with customers	4,950,650	-	-	-	-
Assets	122,267	-	-	-	-
STATEMENT OF FINANCIAL POSITION - LIABILITIES					
Financial liabilities at amortised cost	4,735,168	635,630	647,241	237,706	267,179
a) amounts due	2,980,103	635,630	647,241	237,706	267,179
Due to banks	2,535,873	635,630	647,241	237,706	267,179
- current accounts and demand deposits	1,699,877	489,752	482,937	237,201	267,168
- other	835,996	145,878	164,304	505	11
Due to customers and financial companies	444,230	-	-	-	-
b) securities issued	1,755,065	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-
Hedging derivatives	-	-	-	-	-
Other liability captions (excluding equity)	288,933	-	3,884	-	-
Financial guarantees given	48	-	48	-	-
Guarantees received	1,468,557	53,816	10,231	16,145	4,425
Commitments *	803,487	-	-	-	-
INCOME STATEMENT					
Interest and similar income	136,912	-	-	-	-
Interest and similar expense	(40,279)	(4,852)	(6,669)	(2,591)	(2,060)
Fee and commission income	29,613	-	-	-	-
Fee and commission expense	(22,841)	(1,364)	(8)	(625)	(378)
Net trading income (expense)	-	-	-	-	-

(€'000)	2022 FINANCIAL STATEMENTS	Other related parties			
		BANCA POPOLARE DELL'EMILIA ROMAGNA	BANCO BPM	BANCA POPOLARE DI SONDRIO	CRÉDIT AGRICOLE ITALIA
Total income	103,405	(6,216)	(6,677)	(3,216)	(2,438)
Depreciation, amortisation and net impairment losses (captions 130, 180 and 190)	(34,651)	-	-	-	-
Net modification gains	231	-	-	-	-
Administrative expenses	(46,774)	(31)	(65)	(38)	(51)
- personnel expense	(30,654)	-	(15)	(22)	(47)
- other administrative expenses	(16,120)	(31)	(50)	(16)	(4)
Other operating expense, net	(6,268)	-	-	-	-
Other income statement items	(1,005)	-	-	-	-
Pre-tax profit (loss) from continuing operations	14,938	(6,247)	(6,742)	(3,254)	(2,489)

* The above table shows both revocable and firm loan commitments.

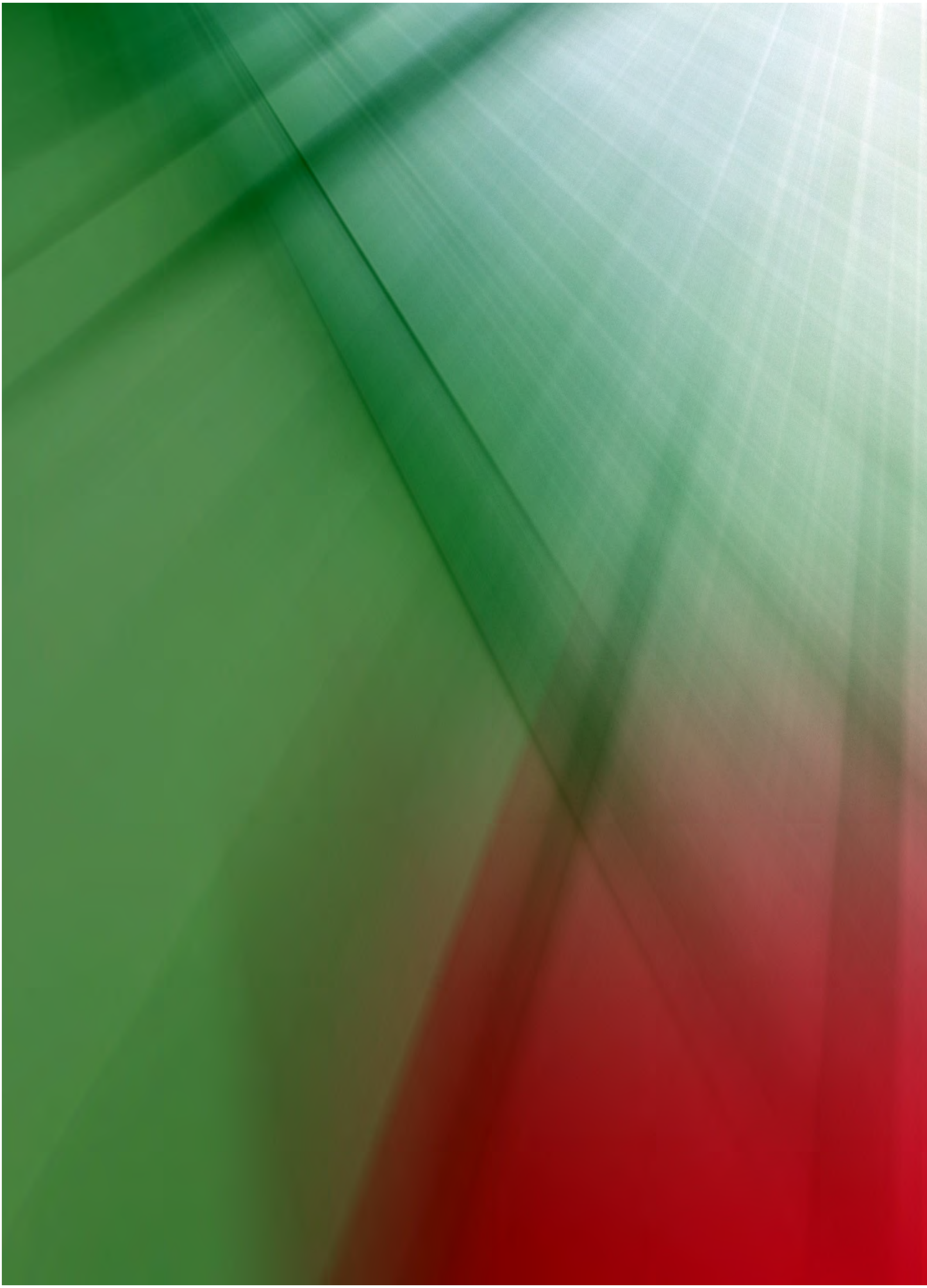
Section 8 – Other disclosures

Fees paid to the independent auditors and their network entities

Details of the fees paid to KPMG S.p.A., engaged to perform the statutory audit of the separate and consolidated financial statements in accordance with articles 14 and 16 of Legislative decree no. 39/2010 for the 2019-2027 nine-year period, and its network entities are provided below.
The fees refer to the parent and the consolidated vehicles.

(€'000)	Service recipient	Provider	Fees
Statutory audit	Alba Leasing S.p.A.	KPMG S.p.A.	140
Other services	Alba Leasing S.p.A.	KPMG S.p.A.	35
Total A)	Alba Leasing S.p.A.		175
Statutory audit	Securitisation vehicles	KPMG S.p.A.	142
Total B)	Subsidiaries		142
Total (A + B)			317

The above fees (in thousands of Euro) reflect the cost-of-living index adjustments and are net of costs, the fees required by law (Consob contribution) and VAT.



Independent
Auditors' Report

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to articles 14 and 19-bis of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Alba Leasing S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Alba Leasing S.p.A. (the "parent") and subsidiaries (the "group"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Alba Leasing and subsidiaries as at 31 December 2022 and of their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing 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 "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of the "parent in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") 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 the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The Collegio Sindacale is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' 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 auditors' 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 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 these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude 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 auditors' 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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate 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;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The parent's directors are responsible for the preparation of the group's directors' report at 31 December 2022 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the group's consolidated financial statements at 31 December 2022 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the group's consolidated financial statements at 31 December 2022 and has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254 of 30 December 2016

The directors of Alba Leasing S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016.

We have checked that the directors had approved such non-financial statement.

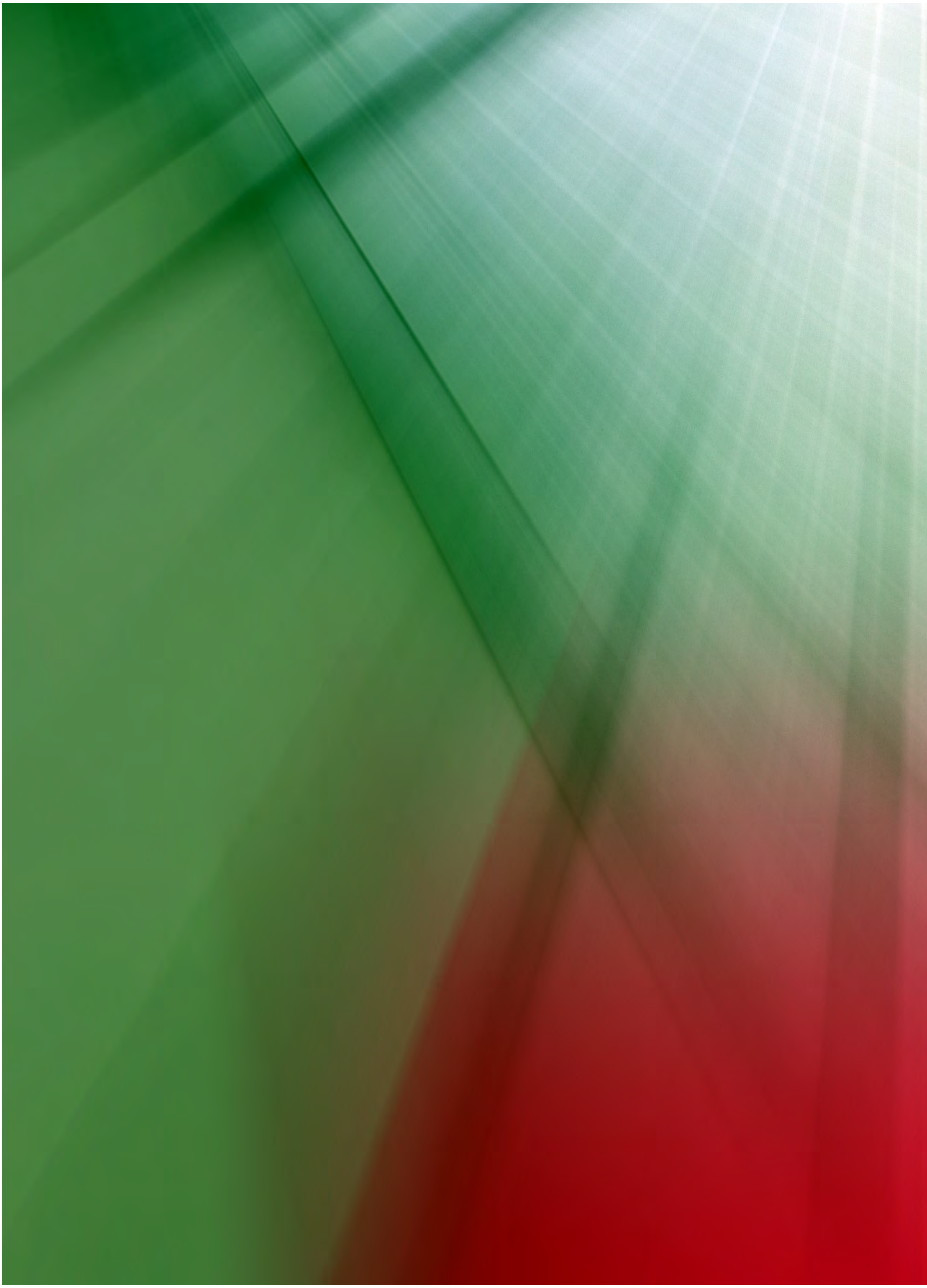
In accordance with article 3.10 of Legislative decree no. 254 of 30 December 2016, we attested the compliance of the non-financial statement separately.

Milan, 4 April 2023

KPMG S.p.A.

(signed on the original)

Roberto Spiller
Director of Audit



Report of the board of statutory auditors

(Translation from the Italian original which remains the definitive version)

Alba Leasing S.p.A.

Report of the board of statutory auditors

to the shareholders on the consolidated financial statements as at and for the year ended 31 December 2022

Dear shareholders,

The consolidated financial statements of the Alba Leasing Group (Alba Leasing) as at and for the year ended 31 December 2022, which we received together with the separate financial statements of Alba Leasing S.p.A., comprise the statement of financial position, the income statement and the statements of comprehensive income, changes in equity and cash flows, prepared using the indirect method, and notes thereto and are accompanied by the directors' report.

The above consolidated financial statements and accompanying documentation are presented to the shareholders solely for informational purposes as they do not need to be approved.

As far as we are concerned, we note that the parent engaged KPMG S.p.A. for the statutory audit of its consolidated financial statements pursuant to article 41.2 of Legislative decree no. 127 of 9 April 1991.

However, this board of statutory auditors deems it appropriate to submit this brief report for your attention, both because of its duty to monitor compliance with the law and the deed of incorporation and in line with the general professional practice whereby the matters or documents submitted by the directors to the shareholders during their meetings are usually examined by the statutory auditors, who report to the shareholders.

The parent, Alba Leasing S.p.A. does not own equity investments. However, under IFRS 10 Consolidated financial statements, it is required to prepare consolidated financial statements that include the securitisation vehicles (Alba 6 SPV S.r.l., Alba 9 SPV S.r.l., Alba 10 SPV S.r.l., Alba 11 SPV S.r.l. and Alba 12 SPV S.r.l.).

The requirement of control underlies the consolidation of all types of entities and is achieved when an investor simultaneously has (i) the influence to make decisions about the entity's relevant activities; (ii) is exposed to or benefits from variable returns from the relationship with the entity; and (iii) has the ability to exercise his influence to affect the amount of its returns (link between power and returns). IFRS 10 thus stipulates that, to have control, an investor must have the ability to direct the relevant activities of the entity, whether as a result of a legal right or a mere factual situation, and also be exposed to the variability of outcomes that result from that influence. Although Alba Leasing does not have voting rights on the aforementioned special purpose vehicles, in connection with specific evaluations conducted with reference to each transaction put in place, it has fully consolidated the aforementioned special purpose vehicles both with reference to the "above-the-line" assets and liabilities and with those relating to the separate assets attributable to the securitization transactions for the sake of completeness and continuity in the financial statement representation of the securitization transactions.

The aforementioned entities are subject to consolidation from the moment Alba Leasing acquires control, and they cease to be consolidated from the moment a situation of control ceases to exist. The existence of control is subject to a continuous evaluation process if facts and circumstances indicate the presence of change in one or more of the three constituent elements of the control requirement itself. In this regard, it should be noted that during fiscal year 2022 the Company carried out a new securitization transaction with the special purpose vehicle named "Alba 13 SPV S.r.l.," of which Alba Leasing holds all the issued bonds and consequently is considered a self-securitization transaction that is shown in the financial statements according to the relevant regulations.

On the other hand, there are no other structured entities not consolidated by Alba Leasing under IFRS 12, other than securitization vehicles.

In this regard, the Directors have provided, in Part D of the Notes to the Financial Statements ("Section 2 - Securitization Transactions, Disclosure of Unaccounted for Structured Entities (other than Securitization Vehicles) and Asset Disposal Transactions," paragraph "B - Disclosure of Unaccounted for Structured Entities (other than Securitization Vehicles)"), adequate disclosure on the multi-originator securitization transaction (Alba Leasing S.p.A, Banco BPM S.p.A. and Release S.p.A.) of nonperforming loans called "Titan," of which Alba

Leasing holds, as of the balance sheet date, a limited percentage of mezzanine notes and junior notes, as well as the senior notes; this transaction qualifies for the so-called accounting derecognition of the related assets and liabilities.

In a macroeconomic environment that saw the "replacement" of risks related to the pandemic with risks related to the increase in the cost of raw materials, inflation and interest rates and geopolitical uncertainties, the Company recorded a good level of operating volumes, which allowed it to keep the overall portfolio stable; the dynamics of interest rates and a favourable mismatch in repricing between loans and variable-rate deposits allowed it to increase the interest margin.

Credit risk adjustments continue to be inspired by criteria of prudence in view of the persistence of uncertainty factors now attributable to the macroeconomic scenarios mentioned above; in fiscal year 2022 they amounted to euro 31,650 thousand (they were euro 29,131 thousand in 2021), net of writebacks; this allowed for an increase in the average level of coverage of nonperforming exposures.

Personnel expenses increased as a result of both incentive policies and extraordinary initiatives geared toward generational turnover and cost reduction when fully operational. The cost income ratio improved further.

An NPL sale transaction of approximately 17.6 mln euros of gross book value realized at the end of 2022 reduced the NPL ratio to 6.92 percent, continuing the indicator's slow and steady descent, and enabling a simplification of contract management.

The Company has continued on the path of resorting to securitizations to obtain the liquidity needed to manage and finance its portfolio and, most importantly, counts on the non-replaceable support of its member banks, which has never been lacking so far. The high recourse to formally short-term financing lines is, however, an element of attention.

Please note that Alba Leasing S.p.A. is not subject to any management and coordination activities and does not hold and has not held any treasury shares during the year.

It should also be noted that in compliance with the regulations on reporting non-financial information introduced by Legislative Decree 254 of December 30, 2016, it has undertaken, as early as 2018, on a voluntary basis, the path of non-financial reporting with the aim of starting to communicate sustainability initiatives and the results achieved in a transparent and systematic way.

Based on the documents contained in the consolidated financial statements, we acknowledge the following:

- the consolidated financial statements show a profit of €10,371,060 (compared to €7,300,899 in 2021);
- total assets amount to €5,449,825,546 (€ 5,505,023,644 at 31 December 2021);
- consolidated shareholders' equity, net of the result for the period, was €425,724,679 (€415,251,213 at 31 December 2021).

As of December 31, 2022, the Company's total capital ratio (phase in, i.e., taking into account the transitional regulations) is 9.79%, compared to 9.49% at 31 December 2021; however, the total capital ratio net of the transitional regulations at 31 December 2022 is 9.70%, compared to the supervisory capital minimum of 6%.

The consolidated financial statements, like the annual financial statements, have been prepared on the going concern basis, as justified and explained by the Directors in the Consolidated Management Report and the Notes to the Financial Statements; the Directors also reported and provided information on:

- the performance of operations and the reference context;
- the main events that have characterized management;
- subsequent events to the end of the fiscal year, which do not seem likely to impact the reported asset, economic and financial values;
- risks related to tax litigation;
- the impacts related to Covid-19 and measures to support the economy, as required, moreover, by the Bank of Italy's communication of 21 January 2021.

The independent auditors issued their audit report on the group’s consolidated financial statements at 31 December 2022 today. This report is unqualified and states that the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2022 and of its financial performance and cash flows for the year then ended.

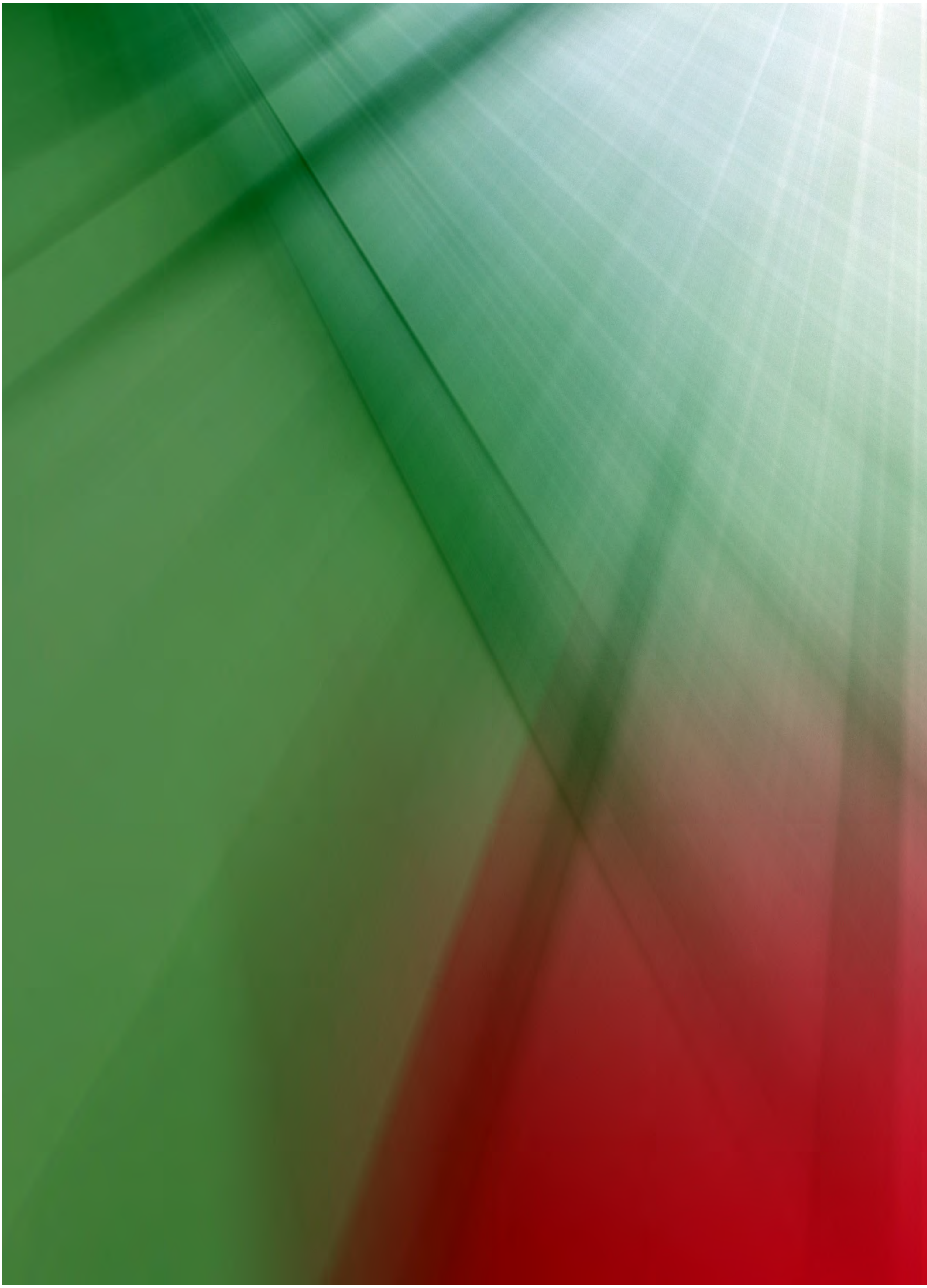
This board notes that the periodic reports sent to Bank of Italy are based, in continuity with previous years, on the basis of the accounting data arising from the consolidated financial statements as the Company believes that this is more in keeping with the principle of substance over form.

In conclusion, in this board's opinion, the consolidated financial statements correctly present the financial position and financial performance of Alba Leasing S.p.A., in accordance with the laws referred to earlier.

Milan, 4 April 2023

For the board of statutory auditors

Antonio Mele (Chairman)



Statement of the managing director and the manager in charge of financial reporting

Declaration in respect of financial statements as required by Article 81-ter of Consob resolution no. 11971 issued on 14 May 1999 as amended

1. The undersigned Stefano Rossi and Sandro Marcucci, in their respective capacities as Chief Executive Officer and Head of Company Financial Reporting of Alba Leasing S.p.A. hereby declare, and in view inter alia of the provisions contained in Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58/98, that the administrative and accounting procedures used in the preparation of the financial statements:
    - Were adequate in view of the company's characteristics and
    - Were effectively applied during the year ended 31 December 2022

2. In relation and in addition to the present declaration, the Head of Company Financial Reporting notifies that:

    - Assessment of the adequacy and effective application of said administrative and accounting procedures for the preparation of the financial statements as at 31 December 2022 was based on the use of methodologies that were internally defined, coherently with benchmark standards for internal control systems which are widely accepted at international level.

3. It is further hereby declared that the review:
    - Has been drawn up in accordance with the International Financial Reporting Standards adopted by the European Union pursuant to EC regulation no. 1606/02 issued by the European Parliament and Council on 19 July 2002, as well as with the measures deriving from the application of article 9 of Italian Legislative Decree no. 38/2005;
    - Corresponds to the data recorded in the company's books and account ledgers;
    - Is adequate for the purpose of providing a truthful and accurate representation of the capital, earnings and financial situation of the issuer.

Milan, 20 March 2023

Stefano Rossi
Chief Executive Officer

Sandro Marcucci
Head of Company Financial Reporting

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ALBA LEASING S.p.A.
Via Sile 18, 20139 Milano / Tel. 02.3671.61