Alba Leasing S.p.A.
Annual Report
2023

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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	Paolo Guzzetti
Managing director	Stefano Rossi
Directors	Giorgio Pellagatti Camilla Cionini Visani Massimo Pasquali Marco Perocchi Stefano Rossi Davide Vellani

Board of statutory auditors

Chairman	Antonio Mele
Standing statutory auditors	Gabriele Camillo Erba Bruno Garbellini
Alternate statutory auditors	Matteo Tiezzi Mirco Zucca

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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Director’s 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 10 SPV S.r.l., Alba 11 SPV S.r.l., Alba 12 S.r.l. and Alba 13 SPV S.r.l.).

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

2023 saw both the normalisation of certain disruptive events of recent years and the potential appearance of new ones.

On the international stage, normalisation of the pandemic and Russia's invasion of Ukraine have eased their effects on the offer of goods and the rising prices, which may encourage possible monetary policy reviews. According to the thinktank Prometeia's estimates, this could lead to a roughly 25 bps cut in interest rates in Europe in the second half of 2024.

Turning more specifically to Italy, its macroeconomic performance was lacklustre (estimated closing 2023 GDP at +0.7%), due to the combined effects of higher inflation and credit contraction, which are unfortunately augmented by structural fragilities such as the high levels of public debt. In addition to resilient consumption, construction and exports, the other key domestic demand aggregate that stood out in the third quarter was the downturn in gross capital expenditure (in sectors other than construction, -0.1%) compared to the previous quarter: this is a fundamental lever for Alba Leasing's business. Moreover, the contraction of investments in machinery and other operating assets (-0.9%) was even more pronounced, driven by well-known factors such as higher borrowing costs and heightened uncertainty about the country's outlook. The forecast scenario for the end of 2023, as can be seen from the Prometeia table below, shows a clear reduction in the pace of investment growth compared to 2022.

This snapshot shows an Italian economy that is resilient but at the same time stagnant and whose future is conditioned by several factors: (i) falling prices and whether the country will be able to stimulate a recovery in purchasing power, (ii) the gradual loosening of monetary policy that impacts the financial conditions of businesses and households, (iii) the unavoidable return to instruments to contain expansive fiscal policies (new Stability Pact and thus the review of debt policies), (iv) the ability to know how to use the funds of the National Recovery and Resilience Plan in a profitable manner, fully exploiting their multiplicative potential.

Italy - macroeconomic situation - annual variations

	2022	2023
GDP	3.9	0.7
Imports of goods and services	13.1	2.1
Spending of households and non-profit institutions serving households (ISP)	5.0	0.1
Public administration expenditure	0.7	(0.4)
Investments in machinery, equipment, means of transport	8.0	3.9
Investments in construction	12.1	(2.8)
Exports of goods and services	10.7	(0.1)
Total domestic demand	4.5	0.8
Consumer price index	8.2	5.7

Source: Prometeia December 2023 outlook

Considerations about the Italian lease market can also be drawn from Assilea's year-end bulletin. In 2023, 762,884 leases were signed for a total financed amount of €34.8 billion, showing an increase of 8.8% in value and 13% in volume (including long-term leases).
A breakdown of the total shows the performance of each sector. The automotive sector was the main contributor to growth, up 22% in volume and 28.8% in value. On the other hand, the plant and machinery sector contracted, with an overall drop of 6.8% in volume and 16.8% in value seen for both operating and finance leases. The real estate sector saw a reduction in the volume of new leases (-13.8%) while it grew slightly in value (+0.5%). Finally, the maritime and aviation and railway sector recorded a drop in volume (-43.1%) and a modest growth in value (+5.5%), echoing the performance of the real estate sector.

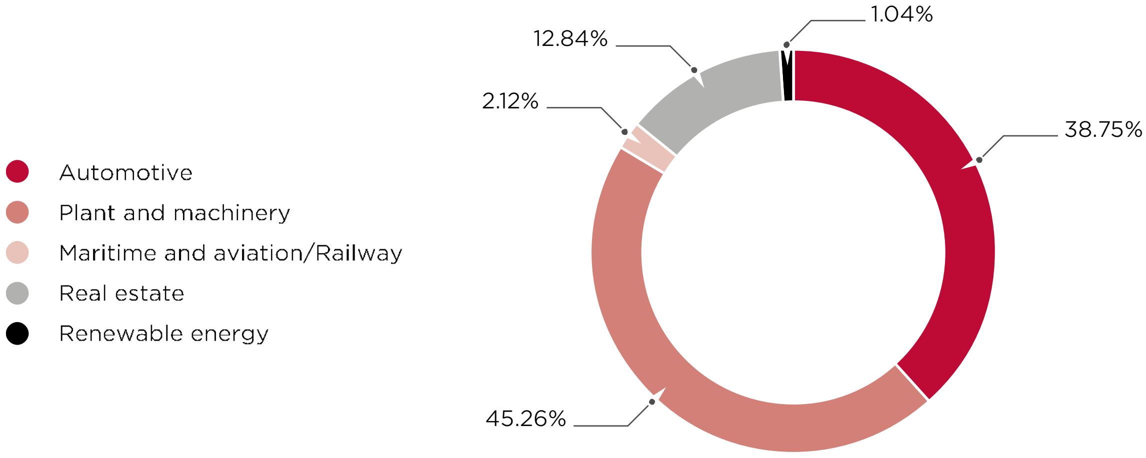
New leases: no. of contracts, amounts in thousands of Euro and percentage variation

	No. of contracts				Amounts			
Product	2023	2022	Variation	% var.	2023	2022	Variation	% var.
Automotive	132,998	117,160	15,838	13.52%	8,679,433	7,011,455	1,667,978	23.79%
Plant and machinery	191,152	205,036	-13,884	-6.77%	10,138,761	12,189,236	-2,050,475	-16.82%
Maritime and aviation/Railway	248	436	-188	-43.12%	474,235	449,369	24,866	5.53%
Real estate	2,713	3,148	-435	-13.82%	2,875,561	2,862,166	13,395	0.47%
Renewable energy	383	290	93	32.07%	232,594	107,080	125,514	117.22%
Total	**327,494**	**326,070**	**1,424**	**0.44%**	**22,400,584**	**22,619,306**	**-218,722**	**-0.97%**

*Source: Assilea - data processed by Alba Leasing S.p.A.. * Automotive without long-term leases*

The lease market mix - by product type - remains mostly concentrated in the plant and machinery sector (45.26% of all leases), followed by automotive (38.75%) and real estate (12.84%). Other products (maritime and aviation, railway and renewable energy) account for a combined total of 3.16%.

New leases in 2023: % by product

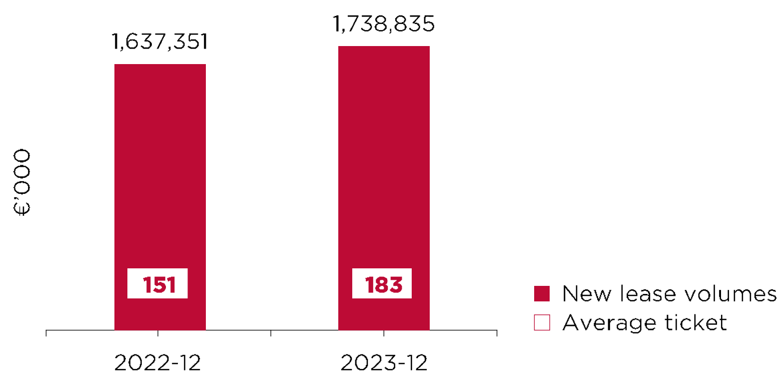


Source: Assilea - data processed by Alba Leasing S.p.A.

Business performance and market positioning

Alba Leasing S.p.A. ended the year with a 6.20% increase in lease value. New lease volumes in the year came to €1,738.84 million (finance and operating leases) while the number of contracts signed decreased by 12.77% to 9,483.
A breakdown by sector shows that the downturn in volumes (-24.49%) and value (-14.40%) of the property and machinery sector was more than offset by the real estate sector's performance (+5.68% and +47.88% by volume and value, respectively).

New lease volumes - Average ticket



Source: Alba Leasing S.p.A.

In a phase of the economic recovery still 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 2022 and the 2023-2025 business plan projections.

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

Product	No. of contracts				Amounts			
	2023	2022	Variation	% var.	2023	2022	Variation	% var.
Automotive	3,436	3,055	381	12.47%	248,964	245,251	3,713	1.51%
Plant and machinery	5,548	7,347	-1,799	-24.49%	824,794	963,537	-138,743	-14.40%
Maritime and aviation/Railway	34	29	5	17.24%	86,472	37,293	49,179	131.87%
Real estate	465	440	25	5.68%	578,605	391,270	187,334	47.88%
Total	9,483	10,871	-1,388	-12.77%	1,738,835	1,637,351	101,483	6.20%

Source: Alba Leasing S.p.A.

The parent continues to focus on the plant and machinery (47.43% of the total value) and real estate (33.28%) sectors. The contraction in its share of the former sector is almost entirely offset by the increase of its footprint in the real estate sector.
The number and value of new leases in the other sectors did not change significantly compared to the previous year.

New leases: breakdown by product (%)

Product	2023	2022	% var.
Automotive	14.32%	14.98%	-0.66%
Plant and machinery	47.43%	58.85%	-11.41%
Maritime and aviation	4.97%	2.28%	2.70%
Real estate	33.28%	23.90%	9.38%

Source: Alba Leasing S.p.A.

New leases by sales channel (and % variations)

	2023	2022	Weight variation %	Volume variation %
Partner banks	59.56%	60.78%	-1.22%	4.06%
Affiliated banks	14.14%	10.97%	3.18%	36.94%
Total banks	73.70%	71.75%	1.95%	9.09%
Other channels (vendors/suppliers/direct sales/intermediaries/agents)	26.30%	28.25%	-1.95%	-1.14%
Total	100.00%	100.00%		6.20%

Source: Alba Leasing S.p.A.

The shareholder banks' contribution to new leases was slightly smaller this year (-1.22%) although they continue to be the parent's main distribution channel, accounting for 59.56% of its business.
The contribution of the affiliated banks increased, offsetting the lower contribution made by the other channels (-1.95%).

Classification by product and market share in 2023

New leases	Assilea position	Market share
Automotive	n.a.	n.a.
Plant and machinery	3	7.41%
Aviation and naval industry/Railway	2	18.23%
Real estate	1	20.15%
Renewable energy	2	34.14%
Total	3	7.79%

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

In 2023, Alba Leasing S.p.A. was ranked third in the market, with a share of 7.79%, excluding long-term leases.
It ranks third nationally for plant and machinery and places first for real estate, with respective market shares of 7.41% and 20.15%.

At 31 December 2023, there were 5,021 bank branches that distributed Alba Leasing products, of which 3,393 were partner banks' branches and 1,628 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 2023, these loans amounted to €40.7 million, down 17.9% on the previous year end.

Organisational structure

During their meeting of 20 April 2023, the shareholders elected new boards of directors and statutory auditors for the 2023-2025 three-year period. The new directors are Paolo Guzzetti (chairman), Fabio Cereghini, Camilla Cionini Visani, Massimo Pasquali, Marco Perocchi, Stefano Rossi and Davide Vellani (directors). The incoming statutory auditors are Antonio Mele (chairman), Gabriele Camillo Erba and Bruno Garbellini (standing statutory auditors). At the board meeting of 28 November 2023, the directors appointed the general manager Stefano Rossi as the parent's managing director for the same three-year period.
The revisiting of the parent's governance and organisational structure was designed to meet its different internal and external context. This was made possible by an amendment to the by-laws approved by the shareholders and the purpose of the review is to clearly allocate and define the duties of the board of directors by creating a dedicated position (the managing director) who can carry out such duties ensuring a more streamlined management process.
Other changes to the parent's organisation included some important modifications to several departments.
Starting from June 2023, the commercial staff (part of the market department) that assists the Banco BPM network were split into two groups (Banco BMP Business and Banco BPM Corporate), in order to provide the two networks with dedicated resources that can best support Banco BMP's new commercial structure.
At the same time, the commercial structure of the former Creval, which became Crédit Agricole Italia S.p.A., was dismantled and its staff was transferred to other networks.
Two units of the operating department were reorganised in June 2023. The vendor operation unit transferred activities and resources relating to customer accounting and merged with the post-disbursement unit to create a new, single contract management unit.

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

Solidarity fund

With reference to the initiatives launched in 2022 by the parent, aimed at fostering an adequate generational handover and which had been described in the last annual report (solidarity fund for retraining and upskilling), in 2023, the parent granted a two-year extension to the July 2022 agreement in March and May. This extended the possibility of joining the solidarity fund for those employees who vested the right to retire by 31 October 2027 (a deadline that was moved to 31 December 2027 following the second intervention in May 2023). Ten employees joined the fund, which, added to the seven who joined in 2022, brings the total number of members to 17.
At the end of 2023, the parent made appropriate provisions for the extension of this fund for employees who will vest the right to retire by 31 December 2028.

Transfer of non-performing exposures

As a continuation of the non-performing contracts management plan and consistently with that set out in the 2023-2025 business plan, on 25 July, the parent's board of directors approved the transfer of a portfolio of non-performing exposures (mostly secured by real estate) with a gross carrying amount of approximately €75.3 million (the Stark project). The parent finalised the preliminary activities in July and completed it by transferring assets, goods and customer relationships on 3 August 2023 with legal effect from 3 October 2023. With this transaction, the parent further improved the quality of its assets, bringing its NPE ratio to 4.80% at the end of 2023, compared to the Italian lease market average of 6.54% (source: Assilea - Lease credit quality, December 2023).

Bank of Italy audit

On 13 March 2023, the Italian central bank commenced an audit at the parent's premises which it completed on 19 May 2023. On 3 August 2023, the regulator sent the parent's board of directors its report which did not include any sanctions.
The parent has taken on board the regulator's recommendations, which it responded to, and has taken steps to implement them.

Natural disasters

Following the exceptional flooding episodes which heavily affected some regions of central-northern Italy during the year, the parent intervened promptly with financial support measures for its customers (temporary suspension of the repayment of the entire instalment or just the principal). Section 4 - Other aspects of the notes to the consolidated financial statements provides more information about the specific measures.

Funding transactions

Alba Leasing S.p.A. is the only financial intermediary specialising in finance and operating leases that is not part of a banking group. In addition to the obvious and constructive support from its shareholder banks, the parent continues to procure funds on the capital markets thanks to the experience it has gained 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 undertook new funding transactions as provided for in its 2023 business plan in addition to its shareholder loans (as per the funding agreement renewed during the budgeting process). The main fundraising transactions are as follows:

- new securitisation (Alba 13). The vehicle securitised a €1.2 billion portfolio of performing loans by issuing senior and mezzanine notes of approximately €1.05 billion (the senior portion amounting to €786 million and the mezzanine portion amounting to €268 million). The senior and mezzanine notes were subscribed by leading institutional counterparties thanks to the excellent ratings obtained from the major rating agencies;
- financing of the group's notes from securitisations (senior, mezzanine and junior) through repurchase agreements with Italian and foreign financial institutions for approximately €450 million;
- loans with mainly Italian financial institutions and renewal of existing loans with different maturities (short and medium-term) totalling €250 million.

Disputes with the tax authorities

The most salient developments in the parent's dispute with the tax authorities since the 2022 annual report are indicated below.

With respect to the VAT dispute with the tax authorities relating to 2014, 2015 and 2016 VAT (assessed amount of €839.1 thousand, including taxes, interest, fines and other costs) and the fines for 2014 and 2016 VAT (€81.9 million), the parent filed petitions for the out-of-court settlement of tax disputes under paragraphs 186 to 205 of Law no. 197 of 29 December 2022 (the 2023 Budget Act), as subsequently amended. This settlement was completed with the filing of the relevant petitions by the legal deadline of 30 September 2023.

On 21 September 2023, the tax authorities served assessment notice no. TMB064U00361 for 2017, assessing higher taxes, fines and interest of €302.5 thousand. The allegations are similar to those of the previous assessments and relate to the same finance leases. The parent complied with the assessment by paying €197.9 thousand, availing of the possibility to have the fine reduced to one third.

On 5 May 2023, the local office ROMA 1 - TRASTEVERE of the Provincial I ROME unit of the tax authorities served a payment notice for higher registration taxes, fines and interest of €554.5 thousand after completing its inspection of the deed signed on 23 July 2020, registered online on 27 July 2020, for the sale of a shield TBM (which was already under finance lease). The tax office contested the non-payment of the registration tax on a number of provisions included in the deed related to services with a pecuniary content. Although the tax liability is assigned to the transferee by contract, all contractual parties are jointly and severally liable to the tax authorities as specifically provided for by law. The amounts were paid provisionally by the transferee, which also appealed against the payment notice. After consulting its advisors, the parent filed an appeal on 4 July 2023 in order to best protect its position and avoid the enforcement of the payment notice against it. At the hearing of 15 January 2024, the parent requested the hearings of the appeals made by it and the transferee be joined as a streamlined procedure.

Other disputes

In July 2023, the management of proceedings related to tax revenue unit of the Municipality of Rome's department of economic resources served assessment notices for IMU (local property tax) and TASI (local tax on indivisible services) relating to 2017, 2018 and 2019, assessing higher taxes, fines and interest of €772 thousand. The tax assessments relate to buildings under leases that are still in place, which the parent is not required to pay tax on, as Italian law provides that these taxes should be paid by the lessees. The

parent promptly filed its appeals against the IMU and TASI assessments. The appeals are currently pending before the first level tax court in Rome.
With reference to other ongoing disputes, the parent settled the outstanding positions with the municipalities of Acqui Terme, Formigine and Mirandola during the year.

Sustainability and social initiatives

In 2023, the parent launched its "Alba for Social" programme to reduce the number of processes that pollute or produce waste with the invaluable involvement of its employees. It also took part in social programmes and, more generally, through a number of initiatives, has returned to its surrounding environment and the context in which it operates, albeit in a different form, those resources that it uses to carry on its business.
The initiatives that the parent carried out as part of this programme, which were also linked to national and international days, covered various areas, some of which had already been the subject of projects carried out by the parent in past years, while others were rolled out during 2023.
The parent partnered with local bodies to collect unused medicines, eyeglasses and second hand books. The books were donated as part of a BookCrossing initiative and other social projects organised by a non-profit organisation active throughout Italy and especially in Lombardy. Children's books were sent to the paediatric ward of a Milan hospital to make the children's stay more enjoyable.
To mark World Blood Donor Day, Alba Leasing S.p.A. made its employees aware of the importance of blood donations and promoted an internal blood donation initiative in collaboration with Avis.
Furthermore, in order to inform and raise awareness of the danger of plastic pollution, during the year, a webinar open to all employees was organised with a voluntary association active in the sector to share knowledge and practical strategies to deal with the problem of plastic dispersion in the environment, as well as a company clean-up activity in a park adjacent to the Via Sile headquarters with the aim of educating as many people as possible - inside and outside Alba Leasing - on plastic pollution.
Finally, to continue to demonstrate its clear support for the fight against violence against women, the payroll giving initiative was repeated with the same characteristics as the previous year. Its proceeds were donated to a foundation active in this field and were used to help women regain independence, support their psychological well-being and receive training to start a new life.

Innovation technology

During the year, as part of the digitisation transition activities, the parent introduced a chatbot (a virtual assistant) in the customer area of its website.
It is designed to chat with customers and is able to answer most of the recurring questions posed by them, thus freeing up human resources that can be dedicated to other, higher value-added activities while ensuring good customer service.

ESG pathway

During the year, the parent launched its climate risk project, designed to measure risks to its portfolio of exposures arising from leases caused by adverse climate events. The main initiatives underway relate to including the "green" characteristics of financial products in its databases as well as climate change risk score for its customers. In the medium term, the parent will proactively integrate this new information into its core business (lending) and it also intends to perform an annual audit of the status of the initiatives and system practices.

Other events

Distribution agreements

Financial services agreements

Three new agreements were signed with credit brokers and one new agent was hired to strengthen the distribution channel.

Affiliated banks

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

Vendor solutions

At year end, the parent had 220 agreements with operating lease vendors (of which 55% have already been activated) as part of its mission to develop its operating lease products and increase the number of low-value leases. It also entered into agreements with one new finance lease vendor and five Michelin retailers.

Key performance indicators

		2023	2022
Income statement	Interest margin / average capital employed	1.95%	2.00%
	Total income / average capital employed[a]	2.06%	2.14%
	Gross operating profit / average capital employed	0.39%	0.31%
	ROE	2.66%	2.47%
Efficiency	Operating costs / Total income[b]	53.72%	54.20%
	Personnel expense / Operating costs[c]	57.65%	54.70%
Productivity	Average number of employees (FTE)	261	271
	Average cost / Average number of employees (FTE)[d]	119.36	113.11
	New leases / Average number of employees (FTE)	6.66	6.04
Risk and capital	Cost of risk	0.42%	0.60%
	Cost of risk / Total income	21.73%	30.61%
	RWA	3,995	4,283
	Total capital ratio	10.66%	8.79%
	RORAC	4.79%	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)*	31/12/2023	31/12/2022	Variation
10	Cash and cash equivalents	224,962	230,810	(5,848)
20	Financial assets at fair value through profit or loss	5	-	5
	c) other financial assets mandatorily measured at fair value	5	-	5
40	Financial assets at amortised cost	5,025,926	5,096,749	(70,823)
	a) loans and receivables with banks	335	37,960	(37,624)
	b) loans and receivables with financial companies	78,314	108,140	(29,826)
	c) loans and receivables with customers	4,947,277	4,950,650	(3,373)
80	Property, equipment and investment property	17,603	15,195	2,408
90	Intangible assets	1,930	1,700	230
100	Tax assets	34,106	41,099	(6,994)
	a) current	2,228	2,727	(499)
	b) deferred	31,878	38,373	(6,495)
120	Other assets	45,557	64,272	(18,714)
TOTAL ASSETS		**5,350,089**	**5,449,826**	**(99,736)**

	Liabilities and equity *(€'000)*	31/12/2023	31/12/2022	Variation
10	Financial liabilities at amortised cost	4,688,290	4,735,168	(46,878)
	a) amounts due	2,757,217	2,980,103	(222,886)
	b) securities issued	1,931,073	1,755,065	176,008
60	Tax liabilities	628	-	628
	a) current	628	-	628
80	Other liabilities	212,970	282,855	(69,886)
90	Post-employment benefits	1,741	2,052	(311)
100	Provisions for risks and charges:	9,189	4,025	5,164
	a) loan commitments and financial guarantees given	6,404	1,652	4,753
	c) other provisions	2,784	2,373	411
110	Share capital	357,953	357,953	0
140	Share premium	105,000	105,000	0
150	Reserves	(36,946)	(47,317)	10,371
160	Valuation reserves	(211)	(282)	71
170	Profit for the year	11,476	10,371	1,105
TOTAL LIABILITIES AND EQUITY		**5,350,089**	**5,449,826**	**(99,736)**

Financial assets at amortised cost of €5,025.9 million at 31 December 2023 are substantially in line with the previous year end balance (€5,096.7 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 €17.6 million. The increase of €2.4 million on the previous year end is mainly due to the variations in the assets under finance leases withdrawn (one new building in 2023) and depreciation.

Intangible assets, up €0.2 million on the previous year end, include software licences, mostly related to investments for the Alba 4future projects.

Tax assets amount to €34.1 million and principally comprise deferred tax assets of €31.9 million (down €6.5 million on 31 December 2022) arising on the impairment of loans and receivables and the current IRES/IRAP assets.

Other assets of €45.6 million mainly consist of the VAT asset of €5.4 million, other assets of €27.6 million (including advances to suppliers of €8.1 million), purchased tax assets of €6.8 million and prepayments and accrued income of €5.7 million. The €18.7 million reduction on the previous year end is mostly due to the smaller proportion of other assets (€17.4 million) and less resort to the tax assets (€2.2 million).

Financial liabilities at amortised cost of €4,688.3 million show a slight decrease on the previous year end (€4,735.2 million) and consist of amounts due of €2,757.2 million and securities issued of €1,931.1 million. The decrease in amounts due for financing is offset by the increase in securities issued for the Alba 13 securitisation mid year which was still in the warehousing stage in 2022.
The sub-caption amounts due mainly consists of €2,622.4 million due to banks, €29.7 million due to customers and €105.1 million due to other financial companies for financing received.
The sub-caption securities issued, up 10% on 31 December 2022, comprises the notes issued by the securitisation vehicles for the securisations.

Other liabilities of €213 million decreased 24.7% on 31 December 2022 (€282.9 million). They include trade payables of €156.8 million, sundry liabilities of €38.8 million and accrued expenses and deferred income of €18.3 million. The decrease is chiefly due to trade payables, down €89.2 million (mainly for the supply of assets to be leased) offset by the increase of €20.2 million in sundry payables and accrued expenses and deferred income.

Provisions for risks and charges of €9.2 million increased 128.3% on 31 December 2022 due to larger accruals for a construction lease with a customer that has solvency issues.

Equity of €437.3 million comprises:

(€'000)	31/12/2023
110 Share capital	357,953
140 Share premium	105,000
150 Reserves	(36,946)
160 Valuation reserves	(211)
170 Profit for the year	11,476

Income statement

(€'000)	2023	2022	Variation
10 Interest and similar income	284,278	136,912	147,366
including: interest calculated using the effective interest method	271,756	131,614	140,142
20 Interest and similar expense	(189,168)	(40,279)	(148,889)
30 Net interest income	**95,110**	**96,633**	**(1,523)**
40 Fee and commission income	31,501	29,613	1,888
50 Fee and commission expense	(24,475)	(22,841)	(1,634)
60 Net fee and commission income	**7,026**	**6,772**	**254**
100 Net losses on disposal or repurchase of:	(1,549)	-	(1,549)
a) financial assets at amortised cost	(1,549)	-	(1,549)
110 Net gains (losses) on other financial assets and liabilities at fair value through profit or loss:	-	-	-
b) other financial assets mandatorily measured at fair value*	-	-	-
120 Total income	**100,587**	**103,405**	**(2,817)**
130 Net impairment losses for credit risk associated with:	(21,860)	(31,650)	9,790
a) financial assets at amortised cost	(21,860)	(31,650)	9,790
140 Net modification gains	93	231	(138)
150 Net financial income	**78,820**	**71,986**	**6,835**
160 Administrative expenses:	(48,385)	(46,774)	(1,611)
a) personnel expense	(31,153)	(30,654)	(499)
b) other administrative expenses	(17,232)	(16,120)	(1,112)
170 Net accruals to provisions for risks and charges	(5,528)	(1,091)	(4,437)
a) loan commitments and financial guarantees given	(4,753)	(664)	(4,089)
b) other	(775)	(427)	(348)
180 Depreciation and net impairment losses on property, equipment and investment property	(2,132)	(2,200)	68
190 Amortisation and net impairment losses on intangible assets	(762)	(801)	39
200 Other operating expenses, net	(2,756)	(6,268)	3,512
210 Operating costs	**(59,563)**	**(57,134)**	**(2,429)**
250 Utili (Perdite) da cessione di investimenti	(81)	86	(168)
260 Pre-tax profit from continuing operations	**19,176**	**14,938**	**4,238**
270 Income taxes	(7,700)	(5,049)	(2,651)
280 Post-tax profit from continuing operations	**11,476**	**9,889**	**1,587**
290 Post-tax profit from discontinued operations	-	482	(482)
300 Profit for the year	**11,476**	**10,371**	**1,105**
320 Profit for the year attributable to the owners of the parent	**11,476**	**10,371**	**1,105**

** the totals are less than €500 and as the caption is shown in thousands of Euros, it has a nil balance*

Net interest income, including discounting gains and net interest accrued on non-performing exposures (-€0.5 million) decreased by 1.6% or €1.5 million on 2022. The reduction in net interest income is mostly due to the smaller contribution of discounting, other similar income and expense (€3.1 million) and the higher percentage of transaction revenue and costs of €2.4 million. These negative items of €5.6 million are partly offset by the interest mismatch of €3.8 million between lending and funding.

Net fee and commission income of €7 million is €0.3 million higher than in the previous year. Lease management fees, commissions on insurance services and other income increased by €2.2 million, offset by the higher cost of sales commissions of €2 million.
Net losses on disposal or repurchase of: (a) amount to €1.5 million and include the costs incurred for the Stark project described in more detail in the "Key events of the year" section.

As a result, **total income** amounts to €100.6 million, down slightly by 2.7% on the previous year.

Net impairment losses amount to €21.9 million, with a cost of risk of 0.42%, down on 2022 (0.60%). Net of the accounting effects of IFRS 9, it shows a decrease of €6.6 million.
This amount reflects not only the positions transferred in the third quarter of the year as part of the Stark project, which helped to reduce the non-performing exposures, but also impairment losses recognised on a prudent basis. The parent has prudently impaired possible future defaulting positions because, while non-performing exposures are currently very immaterial, the expectations about a contraction in the economy and the correlated rise in defaults could worsen if the macroeconomic situation deteriorates dramatically. Therefore, the parent has recognised larger than normal impairment losses compared to its usual internal policies in order to pre-empt any adverse future situations.

Administrative expenses amount to €48.4 million, including personnel expense of €31.2 million and other administrative expenses of €17.2 million. They are up €1.6 million (3.4%) on 2022.
Personnel expense increased 1.6%, or €0.5 million, from €30.7 million in 2022 to €31.2 million in 2023. The increase for leaving incentives is partially offset by the decrease in the variable component.
Other administrative expenses increased compared to the previous year (+6.9%), mainly due to higher service costs as a result of the possible plan, currently being assessed, to change IT outsourcer in 2024. If these costs are excluded, the individual items making up the caption would have not changed significantly during the year.

Depreciation/amortisation and net impairment losses on property, plant and equipment and intangible assets total €2.9 million and are in line with the previous year. The increase in depreciation of buildings withdrawn by the parent due to termination of the lease is offset by the regular depreciation of the existing assets.

Net accruals to provisions for risks and charges increased by €4.4 million over 2022 due to the greater accruals for a building under construction (€4.1 million) and litigation (a prudent €0.3 million).

Other operating expenses, net (which includes reclassifications of fees and commissions on the securitised exposures and those factored without recourse) decreased by €3.5 million. The decrease is mostly due to the smaller costs for the recovery and management of the assets underlying finance leases terminated in advance for breach of contract (approximately €2 million), the higher income from the recovery of contract costs (€1 million) and the smaller net costs of non-recourse factoring (€0.5 million).

Profit for the year
The pre-tax profit for 2023 is €19.2 million and the profit for the year amounts to €11.5 million.

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.
It is also true that the current macroeconomic scenarios are still unclear and difficult to predict, as they are impacted by variables such as the duration of the wars in Ukraine and the Middle East, the consequent impact on energy costs and trade and the continuation of inflation, which is still slightly above expectations. In other words, there is a risk - albeit probably insignificant - that the production environment could be affected by a possible worsening of the scenario, and this could lead to an unexpected contraction of new lease volumes, which are strongly correlated to macroeconomic factors.
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.

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, it should be noted that:

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 10 SPV S.r.l., Alba 11 SPV S.r.l., Alba 12 SPV S.r.l. and Alba 13 SPV S.r.l..
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 slightly in 2023, the exceptional events and macroeconomic uncertainties will continue to affect 2024 with an outlook for "zero growth". While Alba Leasing S.p.A. promptly seized all opportunities that presented themselves in 2023, in 2024, 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 2023 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 2023 and this report.

On behalf of the board of directors
Chairman

Consolidated Financial Statements

Statement of financial position

(Euro)

	Assets	31/12/2023	31/12/2022
10.	Cash and cash equivalents	224,962,131	230,810,157
20.	Financial assets at fair value through profit or loss	4,834	-
	c) other financial assets mandatorily measured at fair value	4,834	-
40.	Financial assets at amortised cost	5,025,926,261	5,096,749,167
	a) loans and receivables with banks	335,424	37,959,654
	b) loans and receivables with financial companies	78,313,760	108,139,564
	c) loans and receivables with customers	4,947,277,077	4,950,649,949
80.	Property, equipment and investment property	17,603,055	15,194,966
90.	Intangible assets	1,930,046	1,700,117
100.	Tax assets	34,105,603	41,099,396
	a) current	2,227,786	2,726,587
	b) deferred	31,877,817	38,372,809
120.	Other assets	45,557,438	64,271,743
	Total assets	5,350,089,368	5,449,825,546

	Liabilities and equity	31/12/2023	31/12/2022
10.	Financial liabilities at amortised cost	4,688,289,597	4,735,167,830
	a) amounts due	2,757,216,773	2,980,102,667
	b) securities issued	1,931,072,824	1,755,065,163
60.	Tax liabilities	628,160	-
	a) current	628,160	-
80.	Other liabilities	212,969,640	282,856,383
90.	Post-employment benefits	1,740,776	2,051,790
100.	Provisions for risks and charges:	9,188,717	4,024,864
	a) loan commitments and financial guarantees given	6,404,412	1,651,898
.	c) other provisions	2,784,305	2,372,966
110.	Share capital	357,953,058	357,953,058
140.	Share premium	105,000,000	105,000,000
150.	Reserves	(36,945,822)	(47,316,882)
160.	Valuation reserves	(210,857)	(282,557)
170.	Profit for the year	11,476,099	10,371,060
180.	Equity attributable to non-controlling interests	-	-
	Total liabilities and equity	5,350,089,368	5,449,825,546

Income statement

(Euro)

		2023	2022
10.	Interest and similar income	284,278,468	136,912,387
	including: interest calculated using the effective interest method	271,755,872	131,613,511
20.	Interest and similar expense	(189,168,075)	(40,279,117)
30.	**Net interest income**	**95,110,393**	**96,633,270**
40.	Fee and commission income	31,500,694	29,612,911
50.	Fee and commission expense	(24,475,113)	(22,841,280)
60.	**Net fee and commission income**	**7,025,581**	**6,771,631**
100	Net losses on disposal or repurchase of:	(1,548,901)	-
	a) financial assets at amortised cost	(1,548,901)	-
110	Net gains on other financial assets and liabilities at fair value through profit or loss:	336	-
	b) other financial assets mandatorily measured at fair value	336	-
120.	**Total income**	**100,587,409**	**103,404,901**
130.	Net impairment losses for credit risk associated with:	(21,859,692)	(31,649,953)
	a) financial assets at amortised cost	(21,859,692)	(31,649,953)
140.	Net modification gains	92,747	230,618
150.	**Net financial income**	**78,820,464**	**71,985,566**
160.	Administrative expenses:	(48,384,667)	(46,774,080)
	a) personnel expense	(31,152,987)	(30,654,244)
	b) other administrative expenses	(17,231,680)	(16,119,836)
170.	Net accruals to provisions for risks and charges	(5,527,685)	(1,090,867)
	a) loan commitments and financial guarantees given	(4,752,513)	(663,925)
	b) other	(775,172)	(426,942)
180.	Depreciation and net impairment losses on property, equipment and investment property	(2,131,727)	(2,199,862)
190.	Amortisation and net impairment losses on intangible assets	(762,304)	(800,957)
200.	Other operating expenses, net	(2,756,450)	(6,268,207)
210.	**Operating costs**	**(59,562,833)**	**(57,133,973)**
250.	Net gains (losses) on sales of investments	(81,482)	86,115
260.	**Pre-tax profit from continuing operations**	**19,176,149**	**14,937,708**
270.	Income taxes	(7,700,050)	(5,048,706)
280.	**Post-tax profit from continuing operations**	**11,476,099**	**9,889,002**
290.	Post-tax profit from discontinued operations	-	482,058
300.	**Profit for the year**	**11,476,099**	**10,371,060**
310.	**Profit for the year attributable to non-controlling interests**	**-**	**-**
320.	**Profit for the year attributable to the owners of the parent**	**11,476,099**	**10,371,060**

Statement of comprehensive income

(Euro)

		2023	2022
10.	Profit for the year	11,476,099	10,371,060
	Items, net of tax, that will not be reclassified to profit or loss		
70.	Defined benefit plans	71,700	102,406
170.	Other comprehensive income, net of tax	71,700	102,406
180.	Comprehensive income (captions 10+170)	11,547,799	10,473,466
190.	Comprehensive income attributable to non-controlling interests	-	-
200.	Comprehensive income attributable to the owners of the parent	11,547,799	10,473,466

Statement of changes in equity

2023

(Euro)

	31.12.2022	Change to opening balances	1.1.2023	Allocation of prior year profit		Changes for the year						2023 comprehensive income	Equity attributable to the owners of the parent at 31.12.2023	Equity att. to non-controlling interests at 31.12.2023
							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	(49,096,034)	-	(49,096,034)	9,852,507	-	-	-	-	-	-	-	-	(39,243,527)	-
b) other	1,779,152	-	1,779,152	518,553	-	-	-	-	-	-	-	-	2,297,705	-
Valuation reserves	(282,557)	-	(282,557)	-	-	-	-	-	-	-	-	71,700	(210,857)	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	10,371,060	-	10,371,060	(10,371,060)	-	-	-	-	-	-	-	11,476,099	11,476,099	-
EQUITY attributable to the owners of the parent	425,724,679	-	425,724,679	-	-	-	-	-	-	-	-	11,547,799	437,272,478	-
EQUITY attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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 att. to non-controlling interests at 31.12.2022
							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	(56,031,888)	-	(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	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Statement of cash flows (indirect method)

(Euro)

	2023	2022
A. OPERATING ACTIVITIES		
1. OPERATIONS	41,828,871	46,215,105
- profit for the year (+/-)	11,476,099	10,371,060
- net gains on financial assets held for trading and other financial assets/liabilities at fair value through profit or loss (-/+)	(336)	-
- net impairment losses for credit risk (+/-)	21,859,692	31,649,953
- amortisation, depreciation and net impairment losses on property, equipment and investment property and intangible assets (+/-)	2,894,031	3,000,819
- net accruals to provisions for risks and charges and other costs/revenue (+/-)	5,527,685	1,090,867
- other adjustments (+/-)	71,700	102,406
2. CASH FLOWS GENERATED BY FINANCIAL ASSETS	70,963,477	95,011,677
- financial assets at amortised cost	45,255,379	55,739,183
- other assets	25,708,098	39,272,494
3. CASH FLOWS USED FOR FINANCIAL LIABILITIES	(116,811,663)	(66,762,432)
- due to banks	86,534,763	222,479,659
- due to financial companies	18,483,271	(1,621,476)
- due to customers	(327,903,928)	336,583,719
- securities issued	176,007,661	(649,417,768)
- other liabilities	(69,933,430)	25,213,434
NET CASH FLOWS GENERATED BY (USED IN) OPERATING ACTIVITIES	(4,019,315)	74,464,350
B. INVESTING ACTIVITIES		
1. CASH FLOWS GENERATED BY	1,597	2,139
- sales of property, equipment and investment property	1,597	2,139
2. CASH FLOWS USED TO ACQUIRE	(1,825,810)	(2,033,662)
- property, equipment and investment property	(833,577)	(734,071)
- intangible assets	(992,233)	(1,299,591)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,824,213)	(2,031,523)
C. FINANCING ACTIVITIES		
- issues/purchases of equity instruments	(4,498)	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(4,498)	-
NET CASH FLOWS FOR THE YEAR	(5,848,026)	72,432,827

RECONCILIATION	2023	2022
Opening cash and cash equivalents	230,810,157	158,377,330
Net cash flows for the year	(5,848,026)	72,432,827
Closing cash and cash equivalents	224,962,131	230,810,157

KEY
(+) generated
(-) used

Disclosure pursuant to IAS 7.44

	31/12/2023	Cash flows	Non-cash changes	31/12/2022
Liabilities arising from financing activities including current accounts	2,723,518,909	(201,952,857)	-	2,925,471,766

	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

Notes to the Consolidated Financial Statements

Part A - Accounting policies

A.1 - General part

Section 1 - Statement of compliance with the IFRS

In accordance with Legislative decree no. 38 of 28 February 2005, the consolidated financial statements of Alba Leasing S.p.A. (the "parent") as at and for the year ended 31 December 2023 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 (the "IFRS").

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 the SIC and IFRIC interpretations) applied in the preparation of these consolidated financial statements are those applicable at 31 December 2023.

Reference should be made to Section 2 - Basis of presentation for details of the standards endorsed during 2023 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 17 November 2022 "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 also considering Bank of Italy communication of 14 March 2023 updating the measure concerning the impacts of COVID-19 and the economic relief.

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 adjustable 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 2023 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 2023 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 2022.

The standards, interpretations or amendments thereto issued by the IASB and the IFRIC and endorsed by the European Commission, whose application for the purposes of preparing these consolidated financial statements at 31 December 2023 became mandatory and which have, therefore, modified the accounting policies applied in 2022, are as follows:

Commission Regulation (EU) 2022/357 of 2 March 2022
The regulation of 2 March 2022, published in the European Union's Official Journal L 68 on 6 March 2022, adopted the document called Disclosure of Accounting Policies - Amendments to IAS 1 "Presentation of financial statements" and IFRS Practice Statement.

The amendments provide guidance and examples on how to make materiality judgements and apply the concept of materiality to accounting policy disclosures. Information about accounting policies is material if, taken together with other information included in an entity's financial statements, it could reasonably be expected to influence the decisions that the users of general purpose financial statements make. 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 "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 effective from 1 January 2023 but may be applied earlier.
The same regulation also introduced amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors".
These amendments aim 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 an "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 effective from 1 January 2023 but may be applied earlier.

<u>Regulation (EU) 2022/1392 of 2 March 2022</u>
Commission Regulation 2022/1392 of 11 August 2022 adopting amendments to IAS 12 "Income taxes" was published in the European Union's Official Journal L 211 of 12 August 2022.
These amendments clarify how entities shall account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce diversity in the recognition of deferred tax assets and liabilities on leases and decommissioning obligations.
The amendments apply for are applicable to (last year) / are effective from (like in line 808) annual reporting periods beginning on or after 1 January 2023.

<u>Regulation (EU) 2022/1491 of 8 September 2022</u>
Commission Regulation (EU) 2022/1491 of 8 September 2022, amending Regulation (EU) no. 1126/2008 as regards IFRS 17 on insurance contracts, was published in the European Union's Official Journal L 234 on 9 September 2022.
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 "Transparency on implementation of IFRS 17 Insurance Contracts" 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's consolidated 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, as well as to the provisions of the ESMA public statement of 10 November 2016 (Issues for consideration in implementing IFRS 9: Financial instruments).

Regulation (EU) 2021/2036 of 18 May 2017
On 18 May 2017, the IASB published IFRS 17 Insurance contracts, to replace IFRS 4 Insurance contracts. The objective of the new standard is to provide a single principle-based framework to ensure that an entity provides information that faithfully represents its rights and obligations arising from all types of insurance contracts. Under the new principle, an entity measures an insurance contract on the basis of a general model or a simplified version of it, i.e., the premium allocation approach ("PAA"). IFRS 17 applies to annual periods beginning on or after 1 January 2023.

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

Amendments to IAS 21 of 15 August 2023
On 15 August 2023, the IASB issued "Lack of exchangeability (Amendments to IAS 21)". The amendments clarify when a currency is exchangeable for another currency and how to estimate the spot exchange rate of a currency if there is no exchangeability. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

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

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

On 31 December 2023, there are no standards or interpretations that have been endorsed by the European Commission and will become applicable on or after 1 January 2024.

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, which were originally applicable from 2022. 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)
On 23 May 2023, the IASB approved the final amendments to IAS 12 and the targeted disclosure requirements.

Amendments to IFRS 16 Leases
Commission Regulation (EU) 2023/1803 (2) adopted certain international accounting standards and interpretations that existed on 8 September 2022.

On 22 September 2022, the IASB published the amendments to IFRS 16 Leases, which set out how an entity shall recognise, measure, present and disclose information about leases. The amendments to IFRS 16 specify how a seller-lessee subsequently measures sale and leaseback transactions.
After consultation with the European Financial Reporting Advisory Group (EFRAG), the Commission concluded that the amendments to IFRS 16 meet the criteria for endorsement set out in article 3.2 of Regulation (EC) no. 1606/2002.
Regulation (EU) 2023/1803 should, therefore, be amended accordingly.

Amendments to IAS 7 Statement of cash flows and IFRS 7 Financial instruments
On 25 May 2023, the IASB published Supplier Finance Arrangements (Amendments to IAS 7 “Statement of cash flows” and IFRS 7 “Financial instruments: disclosures” to add disclosure requirements for supplier finance arrangements, also known as supply chain financing, trade payable financing or reverse factoring arrangements. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

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 confirmed by its main capital and financial ratios at year end. 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 2023 were approved by the board of directors on 19 March 2024 and will be subject to the shareholders' approval at the meeting called for 23 April 2024.

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.

The following event should be noted:
Urgent measures as a consequence of the adverse weather events that occurred in the provinces of Piacenza, Parma, Reggio Emilia, Modena, Bologna and Ravenna from 23 October to early November 2023 pursuant to the head of the civil protection department's order no. 1070 of 12 February 2024
The head of the civil protection department's order of 12 February 2024 declared a state of emergency for 12 months from 1 November 2023 as a consequence of the adverse weather events that occurred in the provinces of Piacenza, Parma, Reggio Emilia, Modena, Bologna and Ravenna from 23 October 2023.
Article 10 of such order (no. 1070 of 12 February 2024) 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 Piacenza, Parma, Reggio Emilia, Modena, Bologna and Ravenna, 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 (1 November 2024). The parent elected that this also applied to the lease repayments.

Section 4 - Other aspects

Alba 9 SPV
On the interest payment date in March 2023, Alba 9 SPV S.r.l. redeemed all of its notes above the junior class.
Considering the above and in order to optimise the parent's benefits, the SPV commenced the procedures contractually provided for to terminate the Alba 9 securitisation.
The termination took place in September 2023.

Alba 13 SPV
In February, Alba Leasing S.p.A. exercised its option to extend the warehousing stage of the Alba 13 securitisation until June, in order achieve the portfolio's target size for the purposes of the subsequent take-out stage.
At the beginning of March, the parent transferred without recourse another portfolio of performing exposures arising from leases to Alba 13 SPV.
In May, the parent repurchased from the SPV the non-performing exposures and exposures related to contracts under moratorium, which it had previously transferred to it as part of the warehousing stage, by signing a repurchase agreement.
On 27 June, the SPV redeemed the warehoused notes in advance and issued new take-out notes (senior notes (A1) of €523 million, senior notes (A2) of €263 million, mezzanine notes of €268 million and junior notes of €196 million) while signing the issue block contracts.

At 31 December 2023, the parent holds senior notes (A1) of €77.5 million, senior notes (A2) of €13.2 million, mezzanine notes of €57.6 million and junior notes of €196.4 million.

Transfer of non-performing exposures

In the first half of 2023, the parent carried out the background checks for the transfer of the non-performing exposures (phase 1) through the identification of the in-scope contracts. It launched a process to select the counterparty as follows: (i) it sent a process letter inviting interested parties to submit non-binding offers for the purchase of the portfolio; (ii) the next step involved sending a second process letter whereby some of the bidders, on the basis of the non-binding offers presented, were invited to submit binding offers; (iii) once it had received the binding offers from the investors, it discussed the key contractual terms with the potential counterparties and (iv) finally, it inspected, including through on-site visits, the buildings in order to identify (and subsequently carry out) the necessary actions for the transfer of their ownership.
The parent completed this process in July 2023 and subsequently formalised the transfer agreement (of both the exposures and the assets and customer relationships) on 3 August 2023, with legal effect from 3 October 2023.
The parent completed the transfer of the portfolio of non-performing exposures arising from leases with a total gross carrying amount of roughly €75.3 million for a price of €22.67 million. It recognised the resulting loss of €1.55 million in caption "100. Net losses on disposal or repurchase of: (a) financial assets at amortised cost" of the income statement.

Bank of Italy audit

On 13 March 2023, the Italian central bank commenced an audit at the parent's premises which it completed on 19 May 2023.
On 3 August 2023, the regulator sent the parent's board of directors its report which did not include any sanctions.
The parent has taken on board the regulator's recommendations, which it responded to, and has taken steps to implement them.

Urgent measures as a consequence of the adverse weather events that occurred in the Emilia-Romagna, Marche and Tuscany regions from 1 May 2023 - Flooding Law decree no. 61/2023 (converted into Law no. 100 on 31 July 2023)

Following the exceptionally severe flooding that hit the areas located in the Emilia-Romagna, Marche and Tuscany regions from 1 May 2023, Law decree no. 61 was issued on 1 June 2023 providing for financial support measures for companies and enterprises that had their place of business in the municipalities listed in annex 1 to the aforementioned Law decree on 1 May 2023.
These measures include the suspension, from 1 May 2023 to 30 June 2023 and without the application of penalties or interest, of the lease payments relating to buildings that have become uninhabitable, even partially, or from which business, commercial, craft, agricultural or professional activities were carried out.
The suspension also applies to lease payments for chattels used for business, commercial, craft, agricultural or professional activities.

Urgent measures as a consequence of the adverse weather events that occurred in the provinces of Reggio-Emilia, Modena, Bologna, Ferrara, Ravenna, Forlì-Cesena and Rimini from 1 May 2023 - suspension of the repayment of mortgage or unsecured loans pursuant to the head of the civil protection department's order no. 922 of 8 May 2023 (converted into Law on 31 July 2023)

The Council of Ministers' resolution of 4 May 2023 declared a state of emergency for 12 months from 1 May 2023 as a consequence of the adverse weather events that occurred in the provinces of Reggio-Emilia, Modena, Bologna, Ferrara, Ravenna, Forlì-Cesena and Rimini from 1 May 2023.
In implementing this resolution, the head of the civil protection department issued order no. 922 of 8 May 2023. Article 11 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 Reggio-Emilia, Modena, Bologna, Ferrara, Ravenna, Forlì-Cesena and Rimini, 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 and/or the restoration of usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (4 May 2024). The parent elected that this also applied to the lease repayments.

Urgent measures as a consequence of the adverse weather events that occurred in the province of Cuneo from 13 July to 6 August 2023 pursuant to the head of the civil protection department's order no. 1019 of 15 September 2023

In implementing this resolution, the head of the civil protection department issued order no. 1019 of 15 September 2023. Article 9 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 province of Cuneo, 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 and/or restoration of usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (28 August 2024). The parent elected that this also applied to the lease repayments.

Urgent measures as a consequence of the adverse weather events that occurred in the Emilia Romagna region, affecting the provinces of Parma, Reggio Emilia, Bologna, Modena, Ferrara, Ravenna and Forlì-Cesena from 13 July to 6 August 2023 pursuant to the head of the civil protection department's order no. 1022 of 15 September 2023

In implementing this resolution, the head of the civil protection department issued order no. 1022 of 15 September 2023. Article 9 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 Parma, Reggio Emilia, Bologna, Modena, Ferrara, Ravenna and Forlì-Cesena, 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 and/or restoration of usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (28 August 2024). The parent elected that this also applied to the lease repayments.

Urgent measures as a consequence of the adverse weather events that occurred in the Friuli-Venezia Giulia autonomous region from 13 July to 6 August 2023 pursuant to the head of the civil protection department's order no. 1023 of 15 September 2023

In implementing this resolution, the head of the civil protection department issued order no. 1023 of 15 September 2023 (as amended by the head of the civil protection's order no. 1040 of 10 November 2023). Article 9 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 Friuli-Venezia Giulia autonomous region, 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 and/or restoration of usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (28 August 2024). The parent elected that this also applied to the lease repayments.

Urgent measures as a consequence of the adverse weather events that occurred in the Veneto region from 13 July to 6 August 2023 pursuant to the head of the civil protection department's order no. 1025 of 15 September 2023

In implementing this resolution, the head of the civil protection department issued order no. 1025 of 15 September 2023. Article 9 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 Veneto region, 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 and/or restoration of usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (28 August 2024). The parent elected that this also applied to the lease repayments.

Urgent measures as a consequence of the adverse weather events that occurred in the Lombardy region from 13 July to 6 August 2023 pursuant to the head of the civil protection department's order no. 1026 of 15 September 2023

In implementing this resolution, the head of the civil protection department issued order no. 1026 of 15 September 2023. Article 12 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 Veneto region, 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 and/or restoration of usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (28 August 2024). The parent elected that this also applied to the lease repayments.

Urgent measures as a consequence of the adverse weather events that occurred in the provinces of Florence, Livorno, Pisa, Prato and Pistoia on 2 November 2023 pursuant to the head of the civil protection department's order no. 1037 of 5 November 2023

In implementing this resolution, the head of the civil protection department issued order no. 1037 of 5 November 2023. Article 11 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 Florence, Livorno, Pisa, Prato and Pistoia, 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 and/or restoration of usability or habitability of their buildings and, in any case, no later than the end of the state of emergency (28 August 2024). The parent elected that this also applied to the lease repayments.

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;
- active and passive 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. has appointed a manager in charge of financial reporting on a voluntary basis and has assigned 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 they met the specific requirements, given that this manager is part of the parent's senior management.
The manager in charge of financial reporting liaises with the corporate governance department, giving it the following responsibilities:

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

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

Other matters

As already reported in the 2022 annual report, Russia invaded Ukraine on 24 February 2022. Based on the parent's analysis of its portfolio, it does not have any exposure to citizens of either countries nor companies residing therein. Therefore, it does not believe it will be directly impacted by the war but it will monitor developments and their impacts.

In addition, with reference to the attack undergone by Israel on 7 October 2023 and the subsequent military activities undertaken in the Middle East, based on the parent's appropriate analyses, it does not have any exposure to citizens of the countries involved in the conflicts nor companies residing therein. Therefore, it does not believe it will be directly affected by this situation but it will monitor developments and their impacts.

Auditing

The consolidated financial statements at 31 December 2023 have been audited by KPMG S.p.A., with registered office in Via Vittor Pisani 25, Milan, 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 10 SPV S.r.l., Alba 11 SPV S.r.l., Alba 12 SPV S.r.l. and Alba 13 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 (link between power and 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 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			
Alba 13 SPV S.r.l.	Conegliano (TV)	4			

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

Reference should be made to "Section 4 - Other Aspects" for information on the termination of the "Alba 9 SPV S.r.l." securitisation and changes in the "Alba 13 SPV S.r.l." securitisation.

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 2023 and are presented in Euro.

A.2 – Accounting policies

The consolidated financial statements at 31 December 2023 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 instruments 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 at 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 gains (losses) 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 also 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 certain/specific risk parameters, i.e., the probability of default (PD), the loss rate in the event of default (LGD) and the exposure value at default (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 line with 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 includes 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 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 circumstance 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.

<u>TAX ASSETS AND LIABILITIES</u>

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 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 on an accruals basis when the matching revenue is recognised. If they cannot be matched, they are expensed immediately. 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, monetary 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 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 applied, 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 has 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 by the parent's competent departments

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

(€'000)	31/12/2023			31/12/2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit or loss	5	-	-	-	-	-
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	5	-	-	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
4. Property, equipment and investment property	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**5**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

Key:

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

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)	31/12/2023				31/12/2022			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets at amortised cost	5,025,926	4,688	-	5,863,701	5,096,749	4,425	-	5,552,386
2. Investment property	9,465	-	-	19,238	6,431	-	-	11,498
3. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	5,035,391	4,688	-	5,882,939	5,103,180	4,425	-	5,563,884
1. Financial liabilities at amortised cost	4,688,290	-	-	4,688,290	4,735,168	-	-	4,735,168
2. Liabilities associated with disposal groups	-	-	-	-	-	-	-	-
Total	4,688,290	-	-	4,688,290	4,735,168	-	-	4,735,168

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)	31/12/2023	31/12/2022
a) Cash	4	6
b) Current accounts and on-demand deposits with banks	224,958	230,804
Total	224,962	230,810

"Current accounts and on-demand deposits with banks" include €214,513 thousand in the segregated assets of the consolidated vehicles, mostly consisting of the vehicles' cash and cash equivalents.

Section 2 - Financial assets at fair value through profit or loss - Caption 20

2.6 Other financial assets mandatorily measured at fair value: breakdown by product

(€'000)	31/12/2023			31/12/2022		
	L1	L2	L3	L1	L2	L3
1. Debt instruments	-	-	-	-	-	-
1.1 Structured	-	-	-	-	-	-
1.2 Other	-	-	-	-	-	-
2. Equity instruments	5	-	-	-	-	-
3. OEIC units	-	-	-	-	-	-
4. Financing	-	-	-	-	-	-
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	5	-	-	-	-	-

Key:

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

Under a composition with creditors procedure for unsecured claims, the parent was assigned newly-issued ordinary shares and participating financial instruments.

2.7 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

(€'000)	31/12/2023	31/12/2022
1. Equity instruments	5	-
including: banks	-	-
including: other financial companies	-	-
including: other non-financial companies	5	-
2. Debt instruments	-	-
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
including: insurance companies	-	-
d) Non-financial companies	-	-
3. OEIC units	-	-
4. Financing	-	-
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
including: insurance companies	-	-
d) Non-financial companies	-	-
e) Households	-	-
Total	5	-

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)	31/12/2023						31/12/2022					
	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	90	-	-	-	-	92	154	-	-	-	-	167
3.1 Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Finance leases	90	-	-	-	-	-	154	-	-	-	-	-
3.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Other financing	-	-	-	-	-	-	-	-	-	-	-	-
4 Debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-	-	-	-	-	-	-
5 Other assets	245	-	-	-	-	245	37,806	-	-	-	-	37,806
Total	335	-	-	-	-	337	37,960	-	-	-	-	37,973

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").

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)	31/12/2023						31/12/2022					
	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	52,209	362	-	-	-	66,498	56,482	7,318	-	-	-	66,569
1.1 Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Finance leases	51,077	362	-	-	-	-	56,055	7,318	-	-	-	-
1.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Other financing	1,132	-	-	-	-	-	427	-	-	-	-	-
2. Debt instruments	25,142	-	-	-	-	25,142	43,472	-	-	-	-	43,472
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	25,142	-	-	-	-	-	43,472	-	-	-	-	-
3. Other assets	601	-	-	-	-	601	867	-	-	-	-	867
Total	**77,952**	**362**	**-**	**-**	**-**	**92,241**	**100,821**	**7,318**	**-**	**-**	**-**	**110,908**

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 that have not yet been activated.

"Debt instruments" refer to the senior notes held by the parent in relation to the transfer 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)	31/12/2023						31/12/2022					
	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	4,787,484	154,712	-	-	-	5,770,984	4,729,382	215,058	-	-	-	5,402,282
1.1 Finance leases	4,601,065	149,608	-	-	-	-	4,521,352	206,462	-	-	-	-
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 financing	186,419	5,104	-	-	-	-	208,030	8,596	-	-	-	-
including: from enforced loan commitments and financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt instruments	4,991	-	-	4,688	-	-	4,987	-	-	4,425	-	-
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	4,991	-	-	-	-	-	4,987	-	-	-	-	-
3. Other assets	90	-	-	-	-	90	952	271	-	-	-	1,223
Total	**4,792,565**	**154,712**	**-**	**4,688**	**-**	**5,771,074**	**4,735,321**	**215,329**	**-**	**4,425**	**-**	**5,403,505**

Key:

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

"Other financing" mostly consists of:
as performing:

- finance leases of €172,702 thousand not yet activated;
- mortgage loans of €1,626 thousand;
- unsecured loans of €12,091 thousand;

as non-performing:

- finance leases of €4,771 thousand not yet activated;
- mortgage loans of €333 thousand.

"Debt instruments" include T-bonds (BTP) 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 €3,196,751 thousand (including non-performing exposures of €43,746 thousand). The balance also comprises loans and receivables with financial companies of €42,639 thousand (including performing exposures of €42,303 thousand and non-performing exposures of €336 thousand). There are no loans and receivables with banks.

In June 2023, the Alba 13 SPV securitisation was restructured with the issue of senior notes (A1) of €522.6 million, senior notes (A2) of €263.1 million, mezzanine notes (B) of €267.6 million and junior notes (J) of €196.4 million on 27 June 2023.

At 31 December 2023, the parent holds senior notes (A1) of €77.5 million, senior notes (A2) of €13.2 million, mezzanine notes of €57.6 million and junior notes of €196.4 million.

Since the Alba 13 SPV securitisation is no longer classifiable as a self-securitisation, its presentation in the consolidated financial statements has changed to the same presentation as that used for the other parent-originated transactions.

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)	31/12/2023			31/12/2022		
	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	4,991	-	-	4,987	-	-
a) Public administrations	4,991	-	-	4,987	-	-
b) Non-financial companies	-	-	-	-	-	-
2. Financing to:	4,787,484	154,712	-	4,729,382	215,058	-
a) Public administrations	15,282	-	-	16,302	-	-
b) Non-financial companies	4,518,759	148,535	-	4,433,998	205,626	-
c) Households	253,443	6,177	-	279,082	9,432	-
3. Other assets	90	-	-	952	271	-
Total	**4,792,565**	**154,712**	**-**	**4,735,321**	**215,329**	**-**

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	30,133	-	-	-	-	-	-	-	-	-
Financing	4,153,552	3,719,247	746,367	246,958	-	14,201	45,935	91,884	-	2,287
Other assets	1,062	399	140	130	-	2	264	130	-	-
Total at 31/12/2023	**4,184,747**	**3,719,646**	**746,507**	**247,088**	**-**	**14,203**	**46,199**	**92,014**	**-**	**2,287**
Total at 31/12/2022	**4,013,512**	**3,512,849**	**926,300**	**361,224**	**-**	**16,855**	**48,855**	**138,577**	**-**	**2,563**

** Presented for disclosure purposes*

In order to include the credit risk of areas affected by adverse weather events that led to the application of moratoria (see "Part A - Accounting policies - Section 4 Other aspects"), the parent considered it prudent to introduce a qualitative input in the staging rules for higher risk contracts classified as stage 2.

In accordance with Bank of Italy communication of 14 March 2023 updating the measure concerning the impacts of COVID-19 and the economic relief, information about state-backed exposures is provided below.
Specifically, the new financing subject to the COVID-19 relief at the reporting date is as follows:

(€'000)	Gross amount				Total impairment losses			
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
New financing	11,444	6,320	-	-	30	156	-	-
Total at 31/12/2023	**11,444**	**6,320**	**-**	**-**	**30**	**156**	**-**	**-**

4.6 Financial assets at amortised cost: secured assets

€'000	31/12/2023						31/12/2022					
	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:	90	-	51,077	4,142	4,602,691	1,401,683	154	-	56,055	4,078	4,524,104	1,336,764
- Finance leases	90	-	51,077	4,142	4,601,065	1,400,057	154	-	56,055	4,078	4,521,352	1,333,940
- Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	-	-	1,626	1,626	-	-	-	-	2,752	2,824
- Liens	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-performing assets secured by:	-	-	362	54	149,941	32,773	-	-	7,318	121	206,884	42,977
- Finance leases	-	-	362	54	146,920	32,190	-	-	7,318	121	203,448	42,334
- Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	-	-	333	333	-	-	-	-	422	393
- Liens	-	-	-	-	2,688	250	-	-	-	-	3,014	250
- Personal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	90	-	51,439	4,196	4,752,632	1,434,456	154	-	63,373	4,199	4,730,988	1,379,741

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.

Moreover, the table does not include:

- performing exposures for finance leases not yet activated of €173,834 thousand (including €76,899 thousand secured) and non-performing exposures of €4,771 thousand (including €43 thousand secured);
- unsecured financing.

Section 8 - Property, equipment and investment property - Caption 80

8.1 Property and equipment: breakdown of assets measured at cost

(€'000)	31/12/2023	31/12/2022
1. Owned assets	74	111
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	12	26
e) other	62	85
2. Right-of-use assets	8,064	8,653
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	8,064	8,653
Total	8,138	8,764
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)	31/12/2023				31/12/2022			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned assets	9,465	-	-	19,238	6,431	-	-	11,498
a) land	-	-	-	-	-	-	-	-
b) buildings	9,465	-	-	19,238	6,431	-	-	11,498
2. Right-of-use assets	-	-	-	-	-	-	-	-
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	9,465	-	-	19,238	6,431	-	-	11,498
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 increase is due to a building arising from a finance lease terminated during the year as part of a settlement agreement with the counterparty.
These buildings are (last year we asked should this have been singular to tie in with previous sentence) classified as investment property in line with the policy described in section "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	-	-	-	26	8,738	8,764
A.1 Accumulated depreciation and net impairment losses	-	-	-	-	-	-
A.2 Net opening balance	-	-	-	26	8,738	8,764
B. Increases:	-	-	-	-	833	833
B.1 Purchases	-	-	-	-	175	175
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	-	-	-	-	658	658
C. Decreases	-	-	-	(14)	(1,445)	(1,459)
C.1 Sales	-	-	-	-	(1)	(1)
C.2 Depreciation	-	-	-	(14)	(1,444)	(1,458)
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	-	-	-	12	8,126	8,138
D.1 Accumulated depreciation and net impairment losses	-	-	-	-	-	-
D.2 Gross closing balance	-	-	-	12	8,126	8,138
E. Measurement at cost	-	-	-	12	8,126	8,138

8.7 Investment property: changes

(€'000)	Total	
	Land	Buildings
A. Opening balance	-	6,431
B. Increases:	-	3,708
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	-	3,708
C. Decreases	-	(674)
C.1 Sales	-	-
C.2 Depreciation	-	(674)
C.3 Fair value losses	-	-
C.4 Impairment losses	-	-
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	-	9,465
E. Measurement at fair value	-	19,238

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)	31/12/2023		31/12/2022	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill	-	-	-	-
2. Other intangible assets:	1,930	-	1,700	-
including: software	1,930	-	1,700	-
2.1 Owned assets	1,930	-	1,700	-
- internally generated	-	-	-	-
- other	1,930	-	1,700	-
2.2 Right-of-use assets	-	-	-	-
Total 2	1,930	-	1,700	-
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)	1,930		1,700	

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	1,700
B. Increases:	992
B.1 Purchases	992
B.2 Reversals of impairment losses	-
B.3 Fair value gains recognised in:	-
- equity	-
- profit or loss	-
B.4 Other increases	-
C. Decreases	(762)
C.1 Sales	-
C.2 Amortisation	(762)
C.3 Impairment losses recognised in:	-
- equity	-
- profit or loss	-
C.4 Fair value losses recognised in:	-
- equity	-
- profit or loss	-
C.5 Other decreases	-
D. Closing balance	1,930

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 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.

10.1 "Tax assets: current and deferred": breakdown

Breakdown of "Current tax assets"

The group recognised:

- an IRES and additional IRES asset of €2,446 thousand related to 2022, being the sum of the tax assets and advances paid in the SC/2023 tax return filed in 2023;
- an IRES liability of €302 thousand;
- an IRAP asset of €84 thousand related to 2022, being the sum of the tax assets and advances paid in the IRAP/2023 tax return filed in 2023;
- an IRAP liability of €712 thousand. As required by current regulations, in its consolidated financial statements, the group recognised the balance of this IRAP liability, i.e., €628 thousand, in caption 60 "Current tax liabilities" after offsetting it against an asset of the same origin (specifically, an IRAP asset of €84 thousand).

As the requirements of IAS 12 were met, the group offset the current tax assets and liabilities. As the requirements of IAS 12 were met, the group was able to perform this offset.

The group also recognised:
- withholdings of €66 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. 34/2020. The purchased tax assets total €6,678 thousand and will be used to offset tax and social security liabilities of €2,226 thousand in 2024 and the subsequent two years.

Breakdown of "Deferred tax assets"

(€'000)	IRES	IRAP	Other	31/12/2023	31/12/2022
A) Through profit or loss					
Impairment losses on loans and receivables deductible in future years	20,420	2,000	-	22,420	32,298
Accruals and impairment losses deductible in future years	6,218	-	-	6,218	3,640
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	2,886	354	-	3,240	2,412
Total A	29,524	2,354	-	31,878	38,350
B) Through equity					
Other	-	-	-	-	22
Total B	-	-	-	-	22
Total (A+B)	29,524	2,354	-	31,878	38,372

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. This caption was nil at 31 December 2023.

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

(€'000)	2023	2022
1 Opening balance	38,350	45,311
2 Increases	4,069	2,319
2.1 Deferred tax assets recognised in the year	4,069	2,319
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) reversals of impairment losses	-	-
d) other	4,069	2,319
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3 Decreases	(10,541)	(9,280)
3.1 Deferred tax assets derecognised in the year	(10,541)	(9,280)
a) reversals	(10,541)	(9,280)
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	31,878	38,350

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

(€'000)	2023	2022
1. Opening balance	28,991	31,317
2. Increases	-	-
3. Decreases	-	(2,326)
3.1 Reversals	-	-
3.2 Conversion into tax assets	-	(2,326)
a) arising on the loss for the year	-	-
b) arising on tax losses	-	(2,326)
3.3 Other decreases	-	-
4. Closing balance	28,991	28,991

In 2023, the conditions were met for the effective conversion of the deferred tax assets into tax assets.

At the reporting date, the parent has deferred tax assets that cannot be converted of €3,134 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 the 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)	2023	2022
1 Opening balance	22	61
2 Increases	-	-
2.1 Deferred tax assets recognised 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	(22)	(39)
3.1 Deferred tax assets derecognised in the year	(22)	(39)
a) reversals	(22)	(39)
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

10.6 Changes in deferred tax liabilities (recognised in equity)

None.

Section 12 - Other assets - Caption 120

12.1 Other assets: breakdown

(€'000)	31/12/2023	31/12/2022
Tax assets (not classifiable in caption 100)	5,552	5,657
Tax assets (purchased)	6,678	8,904
Items in transit	3,437	2,949
Prepayments and accrued income (not classifiable in a specific caption)	5,745	5,239
Other	24,145	41,523
Total	45,557	64,272

"Tax assets (not classifiable in caption 100)" mainly refer to the 2013, 2016, 2017, 2018 and 2020 VAT assets claimed for reimbursement (€5,367 thousand).

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. 34/2020. The purchased tax assets total €11,130 thousand and were/will be used to offset tax and social security liabilities of €2,226 thousand in 2022 and the subsequent four years.
After the above-mentioned offsetting, they amount to €6,678 thousand.

“Items in transit” relate to costs that have still to be allocated to the specific captions at year end. The increase 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 2024.

“Prepayments and accrued income (not classifiable in a specific caption)” mostly consist of:

- prepaid insurance premiums of €4,536 thousand on leases;
- prepaid insurance premiums of €6 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)	31/12/2023			31/12/2022		
	due to banks	due to financial companies	due to customers	due to banks	due to financial companies	due to customers
1. Financing	2,619,972	103,547	-	2,532,105	85,300	308,067
1.1 Repurchase agreements	359,323	-	-	785,952	-	308,067
1.2 Other loans and borrowings	2,260,649	103,547	-	1,746,153	85,300	-
2. Lease liabilities	54	-	8,285	74	-	8,677
3. Other liabilities	2,382	1,518	21,459	3,694	1,282	40,904
Total	2,622,408	105,065	29,744	2,535,873	86,582	357,648
Fair value - level 1	-	-	-	-	-	-
Fair value - level 2	-	-	-	-	-	-
Fair value - level 3	2,622,408	105,065	29,744	2,535,873	86,582	357,648
Total fair value	2,622,408	105,065	29,744	2,535,873	86,582	357,648

The "Other loans and borrowings" line of the "Due to banks" column includes:

- current account facilities of €2,100,318 thousand;
- bank deposits of €51,638 thousand (including accrued expenses of €1,838 thousand);
- current loans of €108,693 thousand;

Due to banks mostly comprises current amount facilities. 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 31/12/2023				Total 31/12/2022			
	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:	1,931,073	-	-	1,931,073	1,755,065	-	-	1,755,065
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	1,931,073	-	-	1,931,073	1,755,065	-	-	1,755,065
Total	1,931,073	-	-	1,931,073	1,755,065	-	-	1,755,065

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

"Other securities" consist of:
- notes of €453,962 thousand issued as part of the securitisation organised by Alba 6 SPV S.r.l.;
- notes of €40,848 thousand issued as part of the securitisation organised by Alba 10 SPV S.r.l.;
- notes of €195,700 thousand issued as part of the securitisation organised by Alba 11 SPV S.r.l.;
- notes of €482,424 thousand issued as part of the securitisation organised by Alba 12 SPV S.r.l.;
- notes of €758,139 thousand issued as part of the securitisation organised by Alba 13 SPV S.r.l..

1.3 Subordinated liabilities and securities

None.

1.4 Structured liabilities

None.

1.5 Finance lease liabilities

These include the securitisations 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)	31/12/2023	31/12/2022
Tax liabilities to be paid on behalf of third parties	4,953	2,745
Amounts due to employees	16,137	11,662
Amounts due to statutory auditors and directors	327	90
Amounts due to social security institutions	1,153	960
Trade payables	156,838	241,400
Other items in transit	5,170	538
Accrued expenses and deferred income (not classifiable in a specific caption)	18,346	16,725
Other	10,046	8,736
Total	**212,970**	**282,856**

"Tax liabilities for amounts to be paid on behalf of third parties" mostly include VAT liabilities settled on 16 January 2024.

"Amounts due to employees" include payables for accrued holidays and other leave of €7,251 thousand. Moreover, the caption includes provisions for the extension of the pension fund for employees who will vest the right to retire by 31 December 2028.

“Amounts due to statutory auditors and directors” refer to the statutory auditors’ fees outstanding at year end.

“Trade payables” mainly relate to leases signed with suppliers.

“Accrued expenses and deferred income (not classifiable in a specific caption)” principally comprise:
- accrued insurance premiums of €7,507 thousand;
- other accrued expenses and deferred income of €10,839 thousand.

Section 9 - Post-employment benefits - Caption 90

9.1 Post-employment benefits: changes

(€’000)	2023	2022
A. Opening balance	2,052	2,347
B. Increases	33	189
B1. Accruals	33	189
B2. Other increases	-	-
C. Decreases	(344)	(484)
C1. Payments	(322)	(162)
C2. Other decreases	(22)	(322)
D. Closing balance	1,741	2,052

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 2024-2026 macroeconomic projections for the Italian economy prepared by Bank of Italy’s staff as part of the Eurosystem coordinated exercise for the inflation rate.

The projections foresee the following development:

Year	Inflation rate
2024	1.90%
2025	1.80%
2026	1.70%

After 2026, the group assumed that the inflation rate remained constant at the 2026 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 thirtieth year, the group assumed a flat interest rate maturity curve, i.e., with rates all equal to the rate for the thirtieth year.
The equivalent average interest rate has decreased on the valuation at the previous year end, with that expressed by the curve at 31 December 2022 being 3.70% and the average interest rate at the reporting date coming to 3.10%, down 70 basis points on the previous annual valuation.

Euro-denominated corporate note yields of AA issuers, as reported by Refinitiv on 29 December 2023:

Year	AA corp. curve 31/12/2023	Year	AA corp. curve 31/12/2023
1	3.732%	16	3.200%
2	3.218%	17	3.212%
3	3.123%	18	3.225%
4	3.131%	19	3.237%
5	3.129%	20	3.250%
6	3.086%	21	3.244%
7	3.031%	22	3.238%
8	3.000%	23	3.233%
9	3.002%	24	3.227%
10	3.026%	25	3.221%
11	3.058%	26	3.194%
12	3.090%	27	3.166%
13	3.123%	28	3.139%
14	3.155%	29	3.111%
15	3.187%	30	3.084%

9.2 Other information

None.

Section 10 - Provisions for risks and charges - Caption 100

10.1 Provisions for risks and charges: breakdown

(€'000)	31/12/2023	31/12/2022
1. Loan commitments and financial guarantees given	6,404	1,652
2. Other commitments and other guarantees	-	-
3. Pension and similar provisions	-	-
4. Other provisions	2,785	2,373
4.1 legal and tax disputes	2,074	1,662
4.2 personnel expense	-	-
4.3 other	711	711
Total	9,189	4,025

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.D.2g" related to financial assets held for trading as per annex "O") and loans and receivables of €170,919 thousand (agreements as per articles "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 above 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 obviously we had looked this up, Jim suggests something like settlement concessions 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 €44 thousand on 27 May 2019. The date for the hearing to declare the matter discontinued 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, all of which relate to 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 hearing was held 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 obviously we had looked this up, Jim suggests something like settlement concessions 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 thousand on 27 May 2019. The date for the hearing to declare the matter discontinued 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, all of which relate to 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 transferred loans, guaranteed by the banks under the Presto Leasing and Leasing Auto agreements;
- €402 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;
- €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 obviously we had looked this up, Jim suggests something like settlement concessions 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 €124.5 thousand on 27 May 2019. The date for the hearing to declare the matter discontinued 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 VAT assessment notice no. TMB066Z00645 for 2013 assessing higher VAT, fines and interest of €237 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 subsequently 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 and based on the opinion expressed by the parent's lawyers, the risk of losing the case has been ranked as "probable". However, pending a ruling, the parent paid the entire assessed amounts. Accordingly, the group did not deem it necessary to make any provision.

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 and also the communication from the Genoa provincial tax department. 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.

On 5 December 2022, with its decision filed on 24 March 2023, the Lombardy Regional Tax Commission rejected the parent's appeal against the first level ruling. In order to eliminate the potential risk arising from the disputes, the parent filed petitions for the out-of-court settlement of the pending tax disputes on 27 July 2023. It is awaiting the final acceptance of the tax authorities, which informally communicated the correctness of the petitions filed and payments made, where due.
Accordingly, the group did not deem it necessary to make any provision.

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 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.
On 5 December 2022, with its decision filed on 24 March 2023, the Lombardy Regional Tax Commission rejected the parent's appeal against the first level ruling. In order to eliminate the potential risk arising from the disputes, the parent filed petitions for the out-of-court settlement of the pending tax disputes on 27 July 2023. It is awaiting the final acceptance of the tax authorities, which informally communicated the correctness of the petitions filed and payments made, where due. Accordingly, the group did not deem it necessary to make any provision.

7) On 5 May 2023, the local office Roma 1 - Trastevere of the Provincial I Rome unit of the tax authorities served a payment notice for higher taxes, fines and interest of €555 thousand after completing its inspection of the deed signed on 23 July 2020 by the parent, Rete Ferroviaria Italiana S.p.A., Ergon Engineering and Contracting Cons. Stab. SCRL under extraordinary administration and Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration, registered online on 27 July 2020, for the sale of a shield TBM (which was already under finance lease). The tax office contested the non-payment of the registration tax on a number of provisions included in the deed related to services with a pecuniary content. Although Rete Ferroviaria Italiana S.p.A. is contractually liable for the tax, all contractual parties are jointly and severally liable to the tax authorities as specifically provided for by law. The amounts were paid provisionally by Rete Ferroviaria Italiana S.p.A., which also appealed against the payment notice. After consulting its

advisors, the parent filed an appeal on 4 July 2023 in order to better protect its position and avoid the enforcement of the payment notice against it. A date for the hearing was set on 15 January 2024 and the parent preliminary requested the hearings of the appeals made by it and Rete Ferroviaria Italiana S.p.A. be joined as a streamlined procedure under article 29.2 of Legislative decree no. 546/92. On 17 January 2024, the first level tax court in Rome notified the following order: "The court transmits the acts of the proceedings to the presiding judge in order to verify the existence of the conditions for the joinder of this proceeding (subsequent) with no. 9428/23 (previous) assigned to section 30". Accordingly, the group did not deem it necessary to make any provision.

8) On 12 July 2023, the management of proceedings related to tax revenue unit of the Municipality of Rome's department of economic resources, served assessment notices for TASI (local tax on indivisible services) relating to 2018 and 2019, assessing higher taxes, fines and interest of €25 thousand. Subsequently, on 21 July 2023, the same municipality served assessment notices for IMU (local property tax) relating to 2017, 2018 and 2019, assessing higher taxes, fines and interest of €747 thousand. The tax assessments relate to buildings:

- under leases that are still in place, which the parent is not required to pay tax on in the years covered by the tax assessments, as Italian law provides that these taxes should be paid by the lessees;
- returned to Alba Leasing S.p.A. following termination of the lease for breach of contract, on which the lessor is required to pay tax in the years covered by the tax assessments, but the assessed tax is based on incorrect cadastral notional income.

After having consulted its professional advisors, the parent filed its appeals against the TASI and IMU assessments on 10 and 19 October 2023, respectively. The appeals are currently pending before the first level tax court in Rome.
The parent recognised a provision of €332 thousand to cover the risk arising from the tax dispute with the Municipality of Rome.

10.2 Provisions for risks and charges: changes

(€'000)	Other commitments and other guarantees	Pension and similar provisions	Other provisions	Total
A. Opening balance	1,652	-	2,373	4,025
B. Increases	9,013	-	1,474	10,487
B.1 Accruals	9,013	-	1,474	10,487
B.2 Discounting	-	-	-	-
B.3 Changes in discount rate	-	-	-	-
B.4 Other increases	-	-	-	-
C. Decreases	(4,261)	-	(1,062)	(5,323)
C.1 Utilisations	-	-	(812)	(812)
C.2 Changes in discount rate	-	-	-	-
C.3 Other decreases	(4,261)	-	(250)	(4,511)
D. Closing balance	6,404	-	2,785	9,189

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	659	944	4,801	-	6,404
2. Financial guarantees given	-	-	-	-	-
Total	659	944	4,801	-	6,404

The stage 3 balance is mainly due to a risk that arose during the year relating to a construction lease with a customer that has solvency issues.

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 by 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	2,298	B	
Extraordinary reserve	-		
Losses carried forward	(39,244)	---	
Other reserves	(211)	---	
Profit for the year	**11,476**		
Total	**437,272**		-
Residual distributable portion	-		

Key:
A: share capital increases
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 31/12/2023	Total at 31/12/2022
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired financial assets		
1. Loan commitments	562,876	169,963	11,979	-	744,818	803,487
a) Public administrations	-	-	-	-	-	31
b) Banks	-	-	-	-	-	-
c) Other financial companies	13,071	-	-	-	13,071	3,301
d) Non-financial companies	543,126	166,792	11,979	-	721,897	779,909
e) Households	6,679	3,171	-	-	9,850	20,246
2. Financial guarantees given	-	-	-	-	-	48
a) Public administrations	-	-	-	-	-	-
b) Banks	-	-	-	-	-	-
c) Other financial companies	-	-	-	-	-	-
d) Non-financial companies	-	-	-	-	-	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 liabilities 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 Interest and similar income: breakdown

(€'000)	Debt instruments	Financing	Other	2023	2022
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	-	9,499	X	9,499	1,030
3.2 Loans and receivables with financial companies	1,153	2,856	X	4,009	1,073
3.3 Loans and receivables with customers	4	270,054	X	270,058	134,147
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	712	712	662
6. Financial liabilities	X	X	X	X	X
Total	1,157	282,409	712	284,278	136,912
including: interest income on non-performing financial assets	-	-	-	-	-
including: interest income on leases	X	271,377	X	271,377	134,110

"Financing" mostly consists of:

- interest income of €271,377 thousand on finance leases;
- interest income of €1,111 thousand on mortgage loans and other financing.

"Other" mainly consists of interest accrued on VAT assets claimed for reimbursement (€73 thousand) and on purchased tax assets (€180 thousand).

Interest accrued on non-performing exposures amounts to €10,214 thousand (including €1,161 thousand due to discounting).

1.2 Interest and similar income: other information

None.

1.3 Interest and similar expense: breakdown

(€'000)	Financial liabilities	Securities	Other	2023	2022
1. Financial liabilities at amortised cost					
1.1 Due to banks	106,479	X	532	107,011	21,231
1.2 Due to financial companies	4,169	X	161	4,330	600
1.3 Due to customers	2	X	17	19	1,194
1.4 Securities issued	X	77,672	-	77,672	17,180
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities	X	X	136	136	74
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	X	X
Total	110,650	77,672	846	189,168	40,279
including: interest expense on lease liabilities	179	X	X	179	187

"Due to banks" mostly comprises:
- interest expense of €72,037 thousand on current accounts;
- interest expense and borrowing costs of €2,853 thousand on loans;
- interest expense of €4,806 thousand on term deposits;
- interest expense of €26,783 thousand on repurchase agreements entered into for the securitisation notes.

"Securities" of €77,672 thousand consist of interest nad other financial expense 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)	2023	2022
a) - leases	31,363	29,588
b) factoring transactions	-	-
c) consumer credit	-	-
d) financial guarantees given	-	-
e) services:		
- fund management on behalf of third parties	-	-
- forex trading	-	-
- product distribution	-	-
- other	-	-
f) collection and payment services	-	-
g) servicing of securitisations	26	-
h) other fees and commissions	112	25
Total	31,501	29,613

"Leases" mainly comprise:
- commissions of €13,525 thousand on insurance premiums;
- contract management fees of €17,202 thousand.

2.2 Fee and commission expense: breakdown

(€'000)	2023	2022
a) guarantees received	544	666
b) distribution of services by third parties	-	-
c) collection and payment services	335	326
d) other fees and commissions	23,596	21,849
- leases	23,034	20,765
- other	562	1,084
Total	24,475	22,841

"Other fees and commissions: leases" mostly consist of:
- product distribution costs of €6,150 thousand;
- insurance costs of €7,536 thousand;
- contract management costs of €6,634 thousand.

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

Section 6 - Net losses on disposal or repurchase - Caption 100

6.1 Net losses on disposal/repurchase: breakdown

(€'000)	2023			2022		
	Gains	Losses	Net losses	Gains	Losses	Net losses
A. Financial assets						
1. Financial assets at amortised cost	-	(1,549)	(1,549)	-	-	-
1.1 Loans and receivables with banks	-	-	-	-	-	-
1.2 Loans and receivables with financial companies	-	-	-	-	-	-
1.3 Loans and receivables with customers	-	(1,549)	(1,549)	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
2.1 Debt instruments	-	-	-	-	-	-
2.2 Financing	-	-	-	-	-	-
Total assets (A)	-	(1,549)	(1,549)	-	-	-
B. Financial liabilities at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to financial companies	-	-	-	-	-	-
3. Due to customers	-	-	-	-	-	-
4. Securities issued	-	-	-	-	-	-
Total liabilities (B)	-	-	-	-	-	-

On 3 August 2023, the parent signed contracts with a leading counterparty for the transfer of non-performing exposures which took legal effect on 3 October 2023.
It completed the transfer of the portfolio of non-performing exposures arising from leases with a gross carrying amount of roughly €75.3 million for a price of €22.67 million, recognising a loss of €1.55 million at the transaction date.

Section 7 - Net gains on other financial assets and liabilities at fair value through profit or loss - Caption 110

7.2 Net gains on other financial assets and liabilities at fair value through profit or loss: breakdown of changes in other assets mandatorily measured at fair value

Net gains on other financial assets and liabilities at fair value through profit or loss amount to €336. Since it is below €1,000, the related table required by the applicable regulations has not been presented.

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)				2023	2022
	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	(3)	-	-	-	-	-	1	-	-	-	(2)	-
- leases	-	-	-	-	-	-	-	-	-	-	-	-
- factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other	(3)	-	-	-	-	-	1	-	-	-	(2)	-
2. Loans and receivables with financial companies	(218)	(1,191)	(2,800)	(1,717)	-	-	181	137	4,262	-	(1,346)	(2,804)
- leases	(208)	(1,191)	(2,800)	(1,717)	-	-	178	137	4,262	-	(1,339)	(2,804)
- factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other	(10)	-	-	-	-	-	3	-	-	-	(7)	-
3. Loans and receivables with customers	(43,753)	(51,202)	(2,495)	(73,935)	-	-	56,640	41,794	52,439	-	(20,512)	(28,846)
- leases	(42,308)	(49,397)	(2,495)	(62,418)	-	-	55,714	41,161	47,175	-	(12,568)	(26,755)
- factoring	-	-	-	-	-	-	-	-	-	-	-	-
- consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
- loans against pledges	-	-	-	-	-	-	-	-	-	-	-	-
- other	(1,445)	(1,805)	-	(11,517)	-	-	926	633	5,264	-	(7,944)	(2,091)
Total	(43,974)	(52,393)	(5,295)	(75,652)	-	-	56,822	41,931	56,701	-	(21,860)	(31,650)

The caption shows a cost of risk (including write-offs) of approximately 0.42% and includes net impairment losses of €24.2 million (stage 3) and net impairment gains of €2.4 million (stages 1 and 2).
As shown in table “2. Breakdown of financial assets by portfolio and credit quality (gross and carrying amounts)” in Section 3 - Risks and related hedging policies” of Part D, total non-performing exposures decreased from €361 million at 31 December 2022 to €247 million at the reporting date.
The decrease is mainly due to the October 2023 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 €4,940 million at the end of 2022 to €4,931 million at 31 December 2023.

In 2023, 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 10 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.

Given the existence of a geopolitical risk (inflation, high interest rates, economic slowdown, etc.) and adverse weather events (leading to moratorium measures), the group decided to take a prudent approach when estimating credit losses on the performing loans of the most risky customers in business sectors and geographical areas that have been more impacted.
For these customers, it adjusted impairment estimates by applying overlays that were set using the appropriate methods.

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

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)	2023	2022
Net modification gains	93	231
Total	93	231

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)	2023	2022
1. Employees	25,733	28,084
a) wages and salaries	17,912	19,993
b) social security charges	5,184	5,803
c) post-employment benefits	97	88
d) pension costs	-	-
e) accrual for post-employment benefits	70	10
f) provision for pensions and similar obligations:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:	1,385	1,091
- defined contribution plans	1,385	1,091
- defined benefit plans	-	-
h) other employee benefits	1,085	1,099
2. Other personnel	95	33
3. Directors and statutory auditors	664	613
4. Retired personnel	4,661	1,924
5. Cost recoveries for personnel seconded to other companies	-	-
6. Cost reimbursements for personnel seconded to the parent	-	-
Total	31,153	30,654

"Other personnel" refers to consultants.

The caption "Directors and statutory auditors" includes:

- the directors' fees of €345 thousand;
- the statutory auditors' fees of €184 thousand;
- D&O liability insurance policies for the directors and statutory auditors of €135 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.
The Fondo Banche Assicurazioni (the Italian Bilateral Fund for Lifelong Learning in Banking and Insurance) did not reimburse any costs to the group in the year.

10.2 Average number of employees by category

	2023	2022
Employees	261	271
a) managers	10	11
b) junior managers	139	145
c) other employees	112	115
Other personnel	-	-
Total	261	271

10.3 Other administrative expenses: breakdown

(€'000)	2023	2022
a) building management costs:	1,007	701
- premises leases and maintenance	828	452
- cleaning costs	128	137
- utilities	51	112
b) indirect taxes and duties	824	1,064
c) postal, telephone, printing and other office costs	285	281
d) maintenance and costs for furniture, equipment and systems	1,325	1,258
e) professional and consultancy services	3,022	3,560
f) third party services	7,594	6,249
g) advertising, entertainment and gifts	436	120
h) insurance premiums	213	251
i) transport, hires and travel	794	693
l) other costs	1,732	1,943
Total	17,232	16,120

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	2023	2022
1. Loan commitments	(9,013)	4,260	(4,753)	(664)
2. Financial guarantees given	-	-	-	-
Total	(9,013)	4,260	(4,753)	(664)

The increase is mainly due to a risk that arose during the year relating to a construction lease with a customer that has solvency issues.

11.2 Net accruals for other commitments and other guarantees given: breakdown

None.

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

(€'000)	Accruals	Reclassifications	2023	2022
1. Pension fund	-	X	-	-
2. Other provisions	(1,495)	720	(775)	(427)
a) legal disputes	(1,393)	250	(1,143)	284
b) personnel expense	-	-	-	-
c) other	(102)	470	368	(711)
Total	(1,495)	720	(775)	(427)

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 Used in operations	(1,458)	-	-	(1,458)
- Owned assets	(70)	-	-	(70)
- Right-of-use assets	(1,388)	-	-	(1,388)
A.2 Investment property	(674)	-	-	(674)
- Owned assets	(674)	-	-	(674)
- Right-of-use assets	-	-	-	-
A.3 Inventories	X	-	-	-
Total	(2,132)	-	-	(2,132)

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	(762)	-	-	(762)
including: software	(762)	-	-	(762)
1.1 Owned assets	(762)	-	-	(762)
1.2. Right-of-use assets	-	-	-	-
2. Assets under finance lease	-	-	-	-
3. Assets under operating lease	-	-	-	-
Total	(762)	-	-	(762)

Section 14 - Other operating expenses, net - Caption 200

14.1 Other operating expense: breakdown

(€'000)	2023	2022
a) amortisation and depreciation of leasehold improvements	-	-
b) other	(7,688)	(10,740)
Total	(7,688)	(10,740)

14.2 Other operating income: breakdown

(€'000)	2023	2022
a) reimbursement of income taxes	46	48
b) recovery of expenses	660	548
c) other	4,226	3,876
Total	4,932	4,472

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

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

(€'000)	2023	2022
A. *Property*	(81)	8
- Gains on sales	-	8
- Losses on sales	(81)	-
B. Other assets	-	78
- Gains on sales	-	80
- Losses on sales	-	(2)
Net gains (losses) on sales of investments	(81)	86

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)	2023	2022
1. Current taxes (-)	(713)	1,912
2. Change in current taxes of previous years (+ / -)	(515)	-
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)
4. Change in deferred tax assets (+ / -)	(6,472)	(4,635)
5. Change in deferred tax liabilities (+ / -)	-	-
6. Income taxes (-) (-1 +/-2 +3 +3bis +/-4 +/-5)	(7,700)	(5,049)

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	19,176			
Theoretical tax expense		**5,273**		
Theoretical tax rate		27.50%		
OPERATING PROFIT			27,604	
Theoretical tax expense				**1,538**
Theoretical tax rate				5.57%
Taxable temporary differences				
Deductible temporary differences	15,598	4,290	175	10
Reversal of prior year temporary differences:				
Cancellation of taxable temporary differences				
Cancellation of deductible temporary differences	(34,719)	(9,548)	(14,734)	(821)
Permanent differences	(55)	(15)	(257)	(14)
IRES TAX BASE	-			
Effective IRES		**-**		
Effective tax rate		0.00%		
IRAP TAX BASE			12,788	
Effective IRAP				**713**
Effective tax rate				2.58%

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

20.1 Post-tax profit from discontinued operations: breakdown

(€'000)	2023	2022
Profit from discontinued operations	-	720
Income taxes	-	(238)
Post-tax profit from discontinued operations	**-**	**482**

Section 21 - Income statement: other information

21.1 Breakdown of interest income and fee and commission income

	Interest income			Fee and commission income			2023	2022
	Banks	Financial companies	Customers	Banks	Financial companies	Customers		
1. Finance leases	6	2,856	268,515	2	481	30,880	302,740	163,698
- real estate	-	2,611	115,773	-	11	1,629	120,024	62,205
- chattels	1	224	145,432	2	470	29,226	175,356	97,395
- plant and machinery	5	21	7,296	-	-	19	7,341	4,098
- intangible assets	-	-	14	-	-	6	20	-
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	-	-	-	-	-	-	-	-
- commercial	-	-	-	-	-	-	-	-
- financial	-	-	-	-	-	-	-	-
Total	6	2,856	268,515	2	481	30,880	302,740	163,698

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)	2023			2022		
	Lease payments receivable		Total	Lease payments receivable		Total
	Non-performing exposures	Performing exposures		Non-performing exposures	Performing exposures	
Up to 1 year	10,889	1,311,021	1,321,910	75,693	1,199,352	1,275,045
From 1 to 2 years	10,265	1,109,511	1,119,776	23,492	1,014,241	1,037,733
From 2 to 3 years	11,814	856,530	868,344	19,602	811,221	830,823
From 3 to 4 years	7,444	608,648	616,092	15,911	569,150	585,061
From 4 to 5 years	11,178	375,633	386,811	14,361	347,462	361,823
After 5 years	57,658	827,055	884,713	43,332	772,358	815,690
Total	109,248	5,088,398	5,197,646	192,391	4,713,784	4,906,175
RECONCILIATION						
Unearned financial income (-)	3,855	868,033		29,535	591,166	
Unguaranteed residual value (-)	44,577	431,867		50,924	454,943	
Net investment in the lease	149,970	4,652,232		213,780	4,577,561	

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		Non-performing	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
A. Real estate:	1,902,485	1,929,420	113,931	166,031
- Land	-	-	-	-
- Buildings	1,902,485	1,929,420	113,931	166,031
B. Plant and machinery	557,917	462,081	9,652	7,649
C. Chattels:	2,191,016	2,186,060	26,387	40,100
- Automotive	81,976	81,299	1,062	1,367
- Aviation and naval industry and railway	111,675	77,155	860	1,331
- Other	1,997,365	2,027,606	24,465	37,402
D. Intangible assets:	814	-	-	-
- Trademarks	-	-	-	-
- Software	-	-	-	-
- Other	814	-	-	-
Total	4,652,232	4,577,561	149,970	213,780

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	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
A. Real estate	-	-	9,465	6,431	-	-
- Land	-	-	-	-	-	-
- Buildings	-	-	9,465	6,431	-	-
B. Plant and machinery	-	-	-	-	-	-
C. Chattels	-	-	-	-	-	-
- Automotive	-	-	-	-	-	-
- Aviation and naval industry and railway	-	-	-	-	-	-
- Other	-	-	-	-	-	-
D. Intangible assets:	-	-	-	-	-	-
- Trademarks	-	-	-	-	-	-
- Software	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Total	-	-	9,465	6,431	-	-

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 31/12/2023 *(€'000)*
Leaseback transactions		
- real estate	89	88,998
- plant and machinery	98	20,046
- chattels	234	4,597
- other	1	50
Total	422	113,691

A.3 – Operating leases

A.3.1 – Maturity analysis of lease payments receivable

(€'000)	31/12/2023 Lease payments receivable	31/12/2022 Lease payments receivable
Up to 1 year	28,426	16,837
From 1 to 2 years	21,426	10,459
From 2 to 3 years	16,052	7,996
From 3 to 4 years	12,358	6,110
From 4 to 5 years	9,155	5,061
After 5 years	6,425	5,554
Total	93,842	52,017
RECONCILIATION		
Unearned financial income (-)	9,978	5,183
Unguaranteed residual value (-)	-	-
Net investment in the lease	83,864	46,834

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	70,063	119	69,944	15,312	2,211	13,101	2,172	1,353	819	83,864
Total at 31/12/2023	70,063	119	69,944	15,312	2,211	13,101	2,172	1,353	819	83,864
Total at 31/12/2022	35,504	140	35,364	12,205	1,807	10,398	2,251	1,179	1,072	46,834

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 17 November 2022 (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;
- all risks and rewards of ownership of the leased asset are transferred 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 or other third party is obliged 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)	31/12/2023	31/12/2022
1) First demand financial guarantees	-	-
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
2) Other financial guarantees given	-	48
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	48
3) Commercial guarantees given	-	-
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
4) Loan commitments	472,686	473,702
a) Banks	-	-
i) certain use	-	-
ii) uncertain use	-	-
b) Financial companies	6,765	-
i) certain use	6,765	-
ii) uncertain use	-	-
c) Customers	465,921	473,702
i) certain use	465,921	473,702
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	472,686	473,750

The above table shows only loan commitments.

D.2 – Loans recognised due to enforcement

None.

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

None.

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:	-	-	-	(48)	-	-
c1) transfers to performing guarantees	-	-	-	-	-	-
c2) transfers to other non-performing guarantees	-	-	-	-	-	-
c3) enforcements	-	-	-	(48)	-	-
c4) other decreases	-	-	-	-	-	-
(D) Gross closing balance	-	-	-	-	-	-

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

None.

D.11 Variations in performing collateral or personal guarantees given

None.

D.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)

None.

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

None.

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 DISCLOSURES

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)

		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	B
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 + 85 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)

	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
Year-end rating*					
DBRS	-	-	-	AAA (sf)	unrated
Moody's	-	-	-	Aa3 (sf)	unrated
Scope	-	-	-	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 3 m 360 + 40 b.p.	Euribor 3 m 360 + 70 b.p.	Euribor 3 m 360 + 110 b.p.	Euribor 3 m 360 + 160 b.p.	Euribor 3 m 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	-	-	-	40,443,780	145,434,000
Note subscribers	Institutional investor	Institutional investor	Institutional investor	Institutional investor	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)

	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
Year-end rating*					
DBRS	-	AAA (sf)	AA (high) (sf)	A (high) (sf)	unrated
Moody's	-	Aa3 (sf)	Aa3 (sf)	A2 (sf)	unrated
Scope	-	AAA (sf)	A+ (sf)	A- (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 3 m 360 + 70 b.p.	Euribor 3 m 360 + 85 b.p.	Euribor 3 m 360 + 135 b.p.	Euribor 3 m 360 + 185 b.p.	Euribor 3 m 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	-	2,070,690	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.

Update received from the rating agency after 31/12/2023

Type	Senior	Senior	Mezzanine	Mezzanine	Junior
Class	A1	A2	B	C	J
Scope	-	AAA (sf)	AAA (sf)	AA (sf)	unrated
Moody's	-	Aa3 (sf)	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)

	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 and 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
Year-end rating*				
Moody's	Aa3 (sf)	Aa3 (sf)	Baa1 (sf)	unrated
DBRS	AAA (sf)	AAA (sf)	AA (sf)	unrated
Scope	AAA (sf)	AAA (sf)	A+ (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 3 m 360 + 70 b.p.	Euribor 3 m 360 + 80 b.p.	Euribor 3 m 360 + 110 b.p.	Euribor 3 m 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	40,273,692	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.

Update received from the rating agency after 31/12/2023

Type	Senior	Senior	Mezzanine	Junior
Class	A1	A2	B	J
Moody's	Aa3 (sf)	Aa3 (sf)	A2 (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)

	Alba 13 SPV S.r.l.			
Type of transaction	Traditional			
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	25/05/2023			
Portfolio's nominal amount	1,295,066,299			
Portfolio's transfer price	1,239,157,498			
Other significant information	Non-revolving portfolio			
Rating agencies	Moody's, Dbrs and Scope			
Tranching amount and conditions				
ISIN	IT0005548919	IT0005548927	IT0005548935	IT0005548943
Type	Senior	Senior	Mezzanine	Junior
Class	A1	A2	B	J
Rating (at issue)				
Moody's	Aa3 (sf)	Aa3 (sf)	Ba1 (sf)	unrated
DBRS	AAA (sf)	AAA (sf)	A (high) (sf)	unrated
Scope	AAA (sf)	AAA (sf)	BBB+ (sf)	unrated
Year-end rating*				
Moody's	Aa3 (sf)	Aa3 (sf)	Ba1 (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	27/06/2023	27/06/2023	27/06/2023	27/06/2023
Legal maturity	27/12/2042	27/12/2042	27/12/2042	27/12/2042
Call option	-	-	-	-
Interest rate	Euribor 3 m 360 + 75 b.p.	Euribor 3 m 360 + 85 b.p.	Euribor 3 m 360 + 130 b.p.	Euribor 3 m 360 + 200 b.p.
Subordination level		Sub A1	Sub A1, A2	Sub A1, A2, B
Nominal amount at issue	522,600,000	263,100,000	267,600,000	196,407,000
Closing amount	376,207,668	263,100,000	267,600,000	196,407,000
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	1,134,468	103,978	587,100	150,700	850,487	847,686	-	-	-	-	-	-	-	-	-	-	-	-
B. With third party underlying assets:																		
a) Non-performing exposures	58,157	25,142	482	-	304	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,192,625	129,120	587,582	150,700	850,791	847,686	-	-	-	-	-	-	-	-	-	-	-	-

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 main “own” 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	25,142	-	-	(482)	-	(304)	-	-	-	-	-	-	-	-	-	-	-	-
A.1 Titan SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	25,142	-	-	(482)	-	(304)	-	-	-	-	-	-	-	-	-	-	-	-
B. Partly derecognised																		
Assignee/type																		
- Type of underlying exposure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised	103,978	-	150,700	-	847,687	-	-	-	-	-	-	-	-	-	-	-	-	-
C.1 Alba 6 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	-	-	-	-	142,231	-	-	-	-	-	-	-	-	-	-	-	-	-
C.3 Alba 10 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	-	-	-	-	145,434	-	-	-	-	-	-	-	-	-	-	-	-	-
C.4 Alba 11 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	-	-	81,100	-	187,088	-	-	-	-	-	-	-	-	-	-	-	-	-
C.5 Alba 12 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	13,319	-	12,000	-	175,506	-	-	-	-	-	-	-	-	-	-	-	-	-
C.5 Alba 13 SPV S.r.l.																		
Lease payments - Automotive / Plant and machinery / Real estate / Aviation and naval industry and railway	90,659	-	57,600	-	197,428	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**129,120**	**-**	**150,700**	**(482)**	**847,687**	**(304)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

€'000	Synthetic securitisations	Synthetic securitisations
A. Own underlying assets	3,196,751	-
A.1 Fully derecognised	-	-
1. Bad exposures	-	-
2. Unlikely to pay	-	-
3. Non-performing past due	-	-
4. Other assets	-	-
A.2 Partly derecognised	-	-
1. Bad exposures	-	-
2. Unlikely to pay	-	-
3. Non-performing past due	-	-
4. Other assets	-	-
A.3 Not derecognised	3,196,751	-
1. Bad exposures	6,931	-
2. Unlikely to pay	34,644	-
3. Non-performing past due	2,171	-
4. Other assets	3,153,005	-
B. Third party underlying assets	-	-
1. Bad exposures	-	-
2. Unlikely to pay	-	-
3. Non-performing past due	-	-
4. Other assets	-	-
Total	3,196,751	-

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 31/12/2023		Exposures collected during the year		Percentage of notes redeemed at 31/12/2023					
						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.	689,609	3,497	150,964	773	0.0%	-	-	-	0.0%	-
Alba Leasing S.p.A.	Alba 10 SPV S.r.l.	191,639	6,001	116,696	4,993	-	-	74.8%	-	0.0%	-
Alba Leasing S.p.A.	Alba 11 SPV S.r.l.	486,645	14,128	267,132	5,712	99.1%	-	0.0%	-	0.0%	-
Alba Leasing S.p.A.	Alba 12 SPV S.r.l.	665,959	12,194	273,307	2,259	46.4%	-	0.0%	-	0.0%	-
Alba Leasing S.p.A.	Alba 13 SPV S.r.l.	1,119,153	7,926	328,807	949	0.0%	-	0.0%	-	0.0%	-
Total		3,153,005	43,746	1,136,906	14,686						

Note: Securities not issued or fully redeemed in previous years are shown with a dash ("-")

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)

	31/12/2023
North	140,021
Centre	479,142
South and Islands	82,909
Total	702,072

The balances are net of impairment losses, if any.

Alba 10 SPV S.r.l.
(€'000)

	31/12/2023
North	52,128
Centre	126,515
South and Islands	29,849
Total	208,492

The balances are net of impairment losses, if any.

Alba 11 SPV S.r.l.
(€'000)

	31/12/2023
North	110,489
Centre	318,633
South and Islands	86,450
Total	515,572

The balances are net of impairment losses, if any.

Alba 12 SPV S.r.l.
(€'000)

	31/12/2023
North	119,402
Centre	440,286
South and Islands	130,791
Total	690,479

The balances are net of impairment losses, if any.

Alba 13 SPV S.r.l.
(€'000)

	31/12/2023
North	197,774
Centre	665,428
South and Islands	278,306
Total	1,141,508

The balances are net of impairment losses, if any.

Breakdown of securitised assets by business segment

Alba 6 SPV S.r.l.
(€'000)

	31/12/2023
Family businesses	4,133
Households	14,945
Non-financial companies	679,219
Other government agencies	162
Other operators	3,613
Total	702,072

The balances are net of impairment losses, if any.

Alba 10 SPV S.r.l.
(€'000)

	31/12/2023
Family businesses	9,813
Households	1,135
Non-financial companies	192,512
Other government agencies	542
Other operators	4,490
Total	208,492

The balances are net of impairment losses, if any.

Alba 11 SPV S.r.l.
(€'000)

	31/12/2023
Family businesses	25,000
Financial companies	57
Non-financial companies	476,507
Other operators	14,008
Total	515,572

The balances are net of impairment losses, if any.

Alba 12 SPV S.r.l.
(€'000)

	31/12/2023
Family businesses	25,808
Financial companies	30
Non-financial companies	642,781
Other operators	21,860
Total	690,479

The balances are net of impairment losses, if any.

Alba 13 SPV S.r.l.
(€'000)

	31/12/2023
Family businesses	35,541
Financial companies	16
Non-financial companies	1,077,060
Other government agencies	29
Other operators	28,862
Total	1,141,508

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	25,142,004	-	25,142,004
Mezzanine	482,000	482,000	-
Junior	304,000	304,000	-
Total	25,928,004	786,000	25,142,004

C - Transfers

C.1 - Financial assets transferred and not fully derecognised

QUALITATIVE DISCLOSURES

The group transfers lease payments receivable from customers to the securitisation vehicles Alba 6, Alba 10, Alba 11, Alba 12 and Alba 13.

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	5	-	-	-	-	-	-
1. Debt instruments	-	-	-	-	-	-	-
2. Equity instruments	5	-	-	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	5,025,926	3,196,751	-	43,746	-	-	-
1. Debt instruments	30,133	-	-	-	-	-	-
2. Financing	4,995,793	3,196,751	-	43,746	-	-	-
Total at 31/12/2023	**5,025,931**	**3,196,751**	**-**	**43,746**	**-**	**-**	**-**
Total at 31/12/2022	**5,096,749**	**2,840,863**	**-**	**56,373**	**-**	**-**	**-**

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 DISCLOSURES

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 during 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 31/12/2023	Variation
Bad exposures	65,494	64,988	1.3%	3.3%	-2.0 p.p.
Unlikely to pay exposures	177,706	165,832	3.4%	2.9%	0.5 p.p.
Past due exposures	3,888	3,888	0.1%	0.4%	-0.3 p.p.
Total	**247,088**	**234,708**	**4.8%**	**6.6%**	**-1.8 p.p.**

* The figures include balances for assets being readied for lease and not yet leased.

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

Lending policy

The group's lending policy guidelines are defined and approved by the board of directors, with the contribution of the following departments, each in relation to their specific expertise, and in agreement with the managing director/general manager:

- risk and control department;
- lending department;
- market department;
- administration, financial reporting, finance and planning department;
- operating department.

Due to the specific nature of the group's business and operating model, lending is its main source of risk. The lending department, which has various units in order to properly segregate decision-making , is involved in the background checks of potential customers, the granting of credit, monitoring performing and restructured exposures and in the management and recovery of problem loans. It also carries out remarketing activities together with the other bodies to which lending decision-making powers have been assigned.
This process, overseen by the lending department, provides the group with an integrated overview of the exposures and creates undisputed value within the entire lending chain. Moreover, based on the size and volumes managed by the parent, it is an appropriate and suitable organisational solution.
The group's credit risk policies are based on its risk appetite and mission. Disbursement and exposure management are subordinate to the application of precise lending rules and tools. Specifically, the group assesses:

- the customer's repayment ability;
- its financial capacity to provide the financing;
- the internal rating (acceptance and performance);
- the forward-looking risk;
- 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.

The automated credit scoring process has complementary rules 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 high-risk financing.

Assessment of credit rating

The lending department is made up of four units reporting to the head of the lending department, namely the "bank and intermediary loan disbursement", "problem loans", "restructuring" and "remarketing" units, and the credit monitoring office.
The bank and intermediary loan disbursement unit provides the services necessary to disburse new financing for new leases, including through the bank disbursement and intermediary disbursement offices.
The lending department is responsible for the authorisation of loan disbursements, in accordance with the basic guidelines for correct loan portfolio management, including:

- risk splitting by both individual counterparty and financed asset's business segment and type;
- analysis of customers in terms of their market positioning, corporate structure, management, shareholders, business management stability, capital, financial and business structure and their ability to generate profits and cash flows, which are the basic elements for measuring repayment capacity, as well as information provided by infoproviders.

The parent's lending process was designed taking into account its predominant use of the banking distribution channel, within this disbursement may take place either (i) under the "Presto Leasing" formula or (ii) through customary agreements.
The "Presto Leasing" agreement in force between the parent and its partner banks and certain affiliated banks, allows the banks to enter into leases in the name and on behalf of the parent in line with the parent's guidelines, which are periodically reviewed.
These agreements establish that the distributing bank performs the background checks and decision phase, implying that it independently carries out the credit rating assessment. The bank assigns personnel with an appropriate professional profile to carry out these activities and they are usually from its lending department.
The bank's independently-taken decision about whether to enter into real estate leases is conditional upon the outcome of the parent's specialists' subsequent checks, as well as of the value and cadastral/urban planning regularity of the property.
The agreements define maximum disbursement thresholds (differentiated by type of asset and individual counterparty, also taking into account the cumulative customer/group risk for each bank). The distributing bank takes on part of the risk of the transaction by issuing a guarantee covering a portion of any losses incurred.
The agreements signed with the partner banks provide for the application of different guarantee percentages depending on the rating assigned to the individual counterparty and the type of product being leased. The agreements also provide that the bank cannot approve a lease if the rating assigned to the counterparty falls into the most risky classes (9 and 10). Therefore, while the responsibility to make the decision about the individual transaction rests with the bank, the parent calculates the value of the applicable guarantee.
In the case of ordinary agreements, the parent directly handles the background checks and decision-making stages, while the affiliated banks solely collect the documentation necessary to process the application (carried out directly by the bank branch/business centre assisted by the parent's customer relations manager) and prepare a report presenting the customer and the transaction, with the support of the parent's customer relations manager assigned to the distribution chains.
For take over agreements, an automatic scoring procedure is used to carry out the background checks for new disbursements and the performing post-disbursement activities. In addition to assigning an acceptance rating, when a series of standard conditions are met and taking into account disbursement thresholds differentiated by type of products, the procedure automatically approves the transaction.
The credit rating 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.

With the exception of Presto Leasing agreements, each new agreement is processed through the new lending process. The expected outcomes of this process are:

- (i) automatic approval (the contract is accepted);
- (ii) automatic rejection (the contract is declined).
- (iii) automatic approval with reservation (the contract is brought to the attention of the lending department). In the case of the "automatic approval with reservation" outcome, the lending department performs a credit rating assessment through a concise and targeted analysis of one or more reservations indicating issues requiring consideration. Based on the type of reservation generated, the following cases may arise:
  - a) standard two-way reservation, where the bank decides whether to accept or decline the contract;
  - b) special two-way reservation, where the bank either declines the contract or proceeds with the automatic launch of the electronic disbursement process;
  - c) special three-way reservation, where the bank can accept or decline the contract or proceed with the automatic launch of the electronic disbursement process;
  - d) technical reservations, which require inputs (such as the technical assessment requests and the reclassification of financial statements).

For transactions that do not fall within the decision thresholds of the automatic scoring procedure, the background checks and decision-making process is carried out using the electronic disbursement process, an application integrated with the internal and external databases used to assess credit ratings, which provides for a decision-making workflow that automatically defines the body in charge of taking the decision.

The bank and intermediary loan disbursement unit is also responsible for the centralised monitoring of post-disbursement activities relating to performing loans (with the exception of rescheduling, which is the responsibility of the restructuring unit), including with reference to the portfolio of securitised contracts. This activity also covers transfers, takeovers, loan assumptions and name changes, even when they refer to contracts with customers managed by the problem loans unit.

The activities carried out by the restructuring unit are part of the post-disbursement processes. This unit 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.

More generally, it deals with all requests for post-disbursement contract variations to non-performing contracts (i.e., defaulting), the management of which requires close interaction with the credit collection, litigation, remarketing and contract management offices.

With reference to non-performing exposures, the scope of its activities includes all typical post-disbursement contract management activities. The restructuring unit also handles remodelling requests, including for performing exposures.

The lending department also includes the credit monitoring office, which assesses the ongoing compliance of positions classified as performing with the relevant requirements of the specific class (including "Presto Leasing" transactions), identifying indicators of potential irregularities that could lead to an increase in credit risk. It checks compliance with the correct application of the agreements, with particular reference to compliance with the restrictions on the parties, types of transactions and assets that can be financed, as well as with the decision-making thresholds. The purpose of the monitoring process is to report situations that show irregularity indicators to the competent departments and/or units.

To achieve these objectives, the monitoring unit:

(i) assesses the ongoing compliance of positions classified as performing with the relevant requirements of the specific class (including “Presto Leasing” transactions), identifying indicators of potential irregularities that could increase credit risk;
(ii) checks compliance with the correct application of the agreements, with particular reference to compliance with the restrictions on the parties, types of transactions and assets that can be financed, as well as with the decision-making thresholds;
(iii) prepares the reports addressed to the competent departments/units and decision-making bodies, which present trends and allow an assessment of changes in credit risk.

The monitoring process involves:

(i) monitoring the quality of performing exposures based on the analysis of indicators, from internal and external sources, deemed relevant for the assessment of credit ratings and the timely identification of impairment indicators;
(ii) specific activities for “Presto Leasing” transactions, performed by affiliated banks with credit proxy;
(iii) activities designed for particular counterparties/types of transactions which, by their nature, present a higher potential risk, including with regard to customers with a money laundering risk profile classified as “high”;
(iv) monitoring changes in the customer’s organisation/corporate structure that could affect its credit standing;
(v) reviewing credit facilities when there are particular situations for which impairment indicators have been identified, in order to check whether the credit rating has changed. The criteria for these activities are specified in the credit monitoring procedure;
(vi) reviewing groups of performing exposures qualified as large exposures (top 50).

With particular reference to the transactions finalised by the partner and affiliated banks under the existing “Presto Leasing” agreements, the credit monitoring office is responsible for:

(i) checking, on a sample basis, the correct application of the agreements, with particular reference to compliance with the restrictions on the customers, types of transactions and assets that can be financed, as well as with the decision-making thresholds;
(ii) monitoring the performance of the loan portfolio disbursed by the individual banks (with particular reference to transactions showing impairment indicators);
(iii) informing the bank of the occurrence of any unusual situations in terms of geographical concentration of risk or irregularities found in the management of the lending transaction.

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 the credit committee, which must comply with the maximum risk limits for customers and groups set out in the decision-making system 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 the prohibited transactions.

3. Non-performing exposures

Assessment and management of irregular and non-performing exposures

The lending 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.
Credit collection activities entail the management of positions that are in default, with the aim of returning them to a performing status and, in any case, ensuring the classification of the exposure in line with the counterparty's risk profile. The credit collection office's approach differs depending on the customer's risk profile in order to protect the position while evaluating whether collection activities are cost effective.
To this end, they have defined two different ways of managing the credit collection process, based on the customer's current risk profile, i.e., the sum of the outstanding principal, past due balance and accrued default interest:

- risks up to €250 thousand (standard risks): positions with medium or low customer risk, for which a standardised process aimed at containing collection costs is envisaged, also through the involvement of selected phone calling and door-to-door debt collection companies;
- risks exceeding €250 thousand (large exposures): positions with a high customer risk for which prudent management aimed at timely collection is envisaged, also through the involvement of the group's sales network together with the structures of the affiliated banks, where involved.

The credit collection process and the detection of defaults consist of the following stages, distinguishing between presumed and certain defaults:

- presumed default stage;
- default attestation stage;
- first reminder (with automatic postal delivery);
- management of credit collection activities according to a approach differentiated by risk segmentation. The litigation office manages and coordinates legal actions for the collection of the exposures and/or assets, both against the lessee and the guarantors. Affiliated law firms are obliged to promptly feed the EPC application, the single management tool of the problem loans department - credit collection and litigation offices.
- The litigation office also coordinates the activities and requirements of the procedures.

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 office 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 office'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 units manages the recovery and subsequent sale of assets from lease contracts which have been unsuccessful or which have reached their contractual term without the lessee exercising the purchase option. In particular, it is in charge of: i) repossessing the assets, i.e., the assets' reconnaissance and tracing and definition (in agreement with the problem loans and litigation units) of the agreements with the counterparties for the formal return of the assets; ii) taking over of the assets; iii) managing and maintaining the assets; iv) restoring the assets, if necessary, or if deemed cost-efficient and v) marketing and selling the assets. These activities are carried out without distinction for plant and machinery, vehicles, watercraft and real estate. With regard, in particular, to the management of withdrawn real estate assets, the remarketing unit also deals with all matters relating to their ordinary and extraordinary maintenance, property management vis-a-vis any counterparties involved (e.g., apartment building residents/consortia), and the management of relations with any third party occupants in various capacities (in agreement with the problem loans unit and litigation office).

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.

The litigation unit also oversees activities relating to the transfer of non-performing exposure portfolios.
The problem loans unit decides whether to commence criminal actions (by filing complaint-report for misappropriation) for the recovery of assets.
With respect to leases, court actions are commenced in order to obtain the return of the asset (e.g., by means of writs of summon, injunctions and restitution orders) and/or the payment of the amount due (e.g., by means of injunctions and court payment orders); with respect to loans, on the other hand, court actions are taken in order to collect the outstanding amount, typically by means of an enforcement procedure on the mortgaged property.
The credit collection and litigation offices also assess the possibility of reaching settlement agreements with the debtors, aimed at recovering the exposures and assets, including with the assistance of law firms, and activate the enforcement of guarantees. They also check the existence of the conditions for the possible write-off of the exposure in the event of settlements, waivers and remissions, by virtue of the resolution passed by the relevant body as identified by the decision-making system regulation.

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 lending department manages larger amount loans and special cases as established by the lending regulation and the decision-making system regulation. The lending 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 lending 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 and 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, real estate 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 lending department;
  e) engaging qualified experts selected by the group;
  f) involving 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 a haircut in line with the exposure's ageing (except for properties to be remarketed).

After disbursement, exposures are measured at amortised cost, which involves testing them for impairment, using one of two different approaches:

(i) collective assessments, aimed at identifying any impairment losses on performing exposures on a lump-sum basis, in line with Bank of Italy's classification and management requirements and the IFRS;
(ii) individual assessments, aimed at identifying individual non-performing exposures and any impairment losses thereon, in line with Bank of Italy's classification and management requirements and the IFRS.

Reclassification of exposures to the unlikely to pay and bad classes is the responsibility of the lending department and specifically, the problem loans unit - credit collection and litigation offices. In accordance with the decision-making system regulation, they are brought to the attention of the relevant body, on the basis of the group's gross risk/RGM, i.e., the sum of the past due and outstanding amounts, also taking into account the related expected credit loss.

Other reclassifications are automatically performed by the IT system, in accordance with time parameters and/or based on the past due to gross risk ratio, in accordance with current regulations.

Exposure assessments (and also monitoring) is based on:
- data on the customers' relationship with Alba Leasing S.p.A.;
- information from the Bank of Italy's Central Credit Register;
- information from Assilea's Central Credit Register;
- financial statements figures and the relevant rating in the Ce.Bi. database.

This credit granting and monitoring system ensures compliance with lending policies.

It also reflects the specific refinancing needs of lease transactions through securitisation / collateralised financing channels.

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 problem 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", 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	18,447	132,816	3,811	8,671	4,862,181	5,025,926
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	5
5. Financial assets held for sale	-	-	-	-	-	-
Total at 31/12/2023	18,447	132,816	3,811	8,671	4,862,186	5,025,931
Total at 31/12/2022	54,081	161,101	7,465	12,482	4,861,620	5,096,749

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 17 November 2022 - "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	247,088	(92,014)	155,074	2,287	4,931,254	(60,402)	4,870,852	5,025,926
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	5
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total at 31/12/2023	**247,088**	**(92,014)**	**155,074**	**2,287**	**4,931,254**	**(60,402)**	**4,870,857**	**5,025,931**
Total at 31/12/2022	**361,224**	**(138,577)**	**222,647**	**2,563**	**4,939,812**	**(65,710)**	**4,874,102**	**5,096,749**

* 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 17 November 2022 - "The financial statements of IFRS intermediaries other than banks".

(€'000)	Assets with poor credit quality		Other assets
	Accumulated losses	Carrying amount	Carrying amount
1. Held for trading	-	-	-
2. Hedging derivatives	-	-	-
Total at 31/12/2023	**-**	**-**	**-**
Total at 31/12/2022	**-**	**-**	**-**

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	4,170,544	-	-	695,517	4,408	383	73,614	6,289	75,171	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total at 31/12/2023	4,170,544	-	-	695,517	4,408	383	73,614	6,289	75,171	-	-	-
Total at 31/12/2022	3,996,657	-	-	871,830	4,789	826	78,190	4,895	139,562	-	-	-

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 17 November 2022 - "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	Purchased or originated credit-impaired	
Opening balance	**-**	**16,855**	**-**	**-**	**-**	**16,855**	**-**	**48,855**	**-**	**-**	**-**	**48,855**	**-**	**138,577**	**-**	**-**	**138,577**	**-**	**-**	**-**	**-**	**-**	**-**	**473**	**483**	**696**	**-**	**205,939**
Increase in purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment losses/gains for credit risk (+/-)	-	12,713	-	-	-	12,713	-	(6,692)	-	-	-	(6,692)	-	5,025	-	-	5,025	-	-	-	-	-	-	659	944	4,801	-	17,450
Modification gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in profit or loss	-	(33)	-	-	-	(33)	-	(32)	-	-	-	(32)	-	(52,624)	-	-	(52,624)	-	-	-	-	-	-	-	-	-	-	(52,689)
Other changes	-	(15,332)	-	-	-	(15,332)	-	4,068	-	-	-	4,068	-	1,036	-	-	1,036	-	-	-	-	-	-	-	-	-	-	(10,228)
Closing balance	**-**	**14,203**	**-**	**-**	**-**	**14,203**	**-**	**46,199**	**-**	**-**	**-**	**46,199**	**-**	**92,014**	**-**	**-**	**92,014**	**-**	**-**	**-**	**-**	**-**	**-**	**1,132**	**1,427**	**5,497**	**-**	**160,472**
Collections of written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in profit or loss	-	(345)	-	-	-	(345)	-	(36)	-	-	-	(36)	-	(5,295)	-	-	(5,295)	-	-	-	-	-	-	-	-	-	-	(5,676)

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	434,820	400,530	32,157	10,681	15,770	686
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Loan commitments and financial guarantees given	-	121,508	-	-	-	-
Total at 31/12/2023	434,820	522,038	32,157	10,681	15,770	686
Total at 31/12/2022	497,169	1,345,938	57,833	7,258	9,322	728

In accordance with Bank of Italy communication of 14 March 2023 updating the measure concerning the impacts of COVID-19 and the economic relief, information about state-backed exposures is provided below.
Specifically, the new financing subject to the COVID-19 relief at the reporting date is as follows:

(€'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
New financing	661	558	-	-	-	-
Total at 31/12/2023	661	558	-	-	-	-

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	224,958	224,958	-	X	-	-	-	-	X	-	224,958	-
A.2 Other												
a) Bad exposures	106	X	X	106	-	70	X	X	70	-	36	-
- including: forborne exposures	-	X	X	-	-	-	X	X	-	-	-	-
b) Unlikely to pay exposures	356	X	X	356	-	30	X	X	30	-	326	-
- including: forborne exposures	248	X	X	248	-	14	X	X	14	-	234	-
c) Non-performing past due exposures	-	X	X	-	-	-	X	X	-	-	-	-
- including: forborne exposures	-	X	X	-	-	-	X	X	-	-	-	-
d) Performing past due exposures	2	2	-	X	-	-	-	-	X	-	2	-
- including: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	79,766	55,904	23,862	X	-	1,481	136	1,345	X	-	78,285	-
- including: forborne exposures	21,072	-	21,072	X	-	1,288	-	1,288	X	-	19,784	-
Total A	**305,188**	**280,864**	**23,862**	**462**	**-**	**1,581**	**136**	**1,345**	**100**	**-**	**303,607**	**-**
B. Off-statement of financial position												
a) Non-performing exposures	-	X	X	-	-	-	X	X	-	-	-	-
b) Performing exposures	16,072	16,072	-	X	-	5	5	-	X	-	16,067	-
Total B	**16,072**	**16,072**	**-**	**-**	**-**	**5**	**5**	**-**	**-**	**-**	**16,067**	**-**
Total (A+B)	**321,260**	**296,936**	**23,862**	**462**	**-**	**1,586**	**141**	**1,345**	**100**	**-**	**319,674**	**-**

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 measure issued by Bank of Italy on 17 November 2022 - “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	1,984	14,889	-
- including: exposures transferred but not derecognised	462	142	-
B. Increases	537	3,267	-
B.1 from performing exposures	-	254	-
B.2 from purchased or originated credit-impaired exposures	-	-	-
B.3 transfers from other non-performing exposures	26	-	-
B.4 modification gains	-	-	-
B.5 other increases	511	3,013	-
C. Decreases	2,415	17,800	-
C.1 transfers to performing exposures	-	-	-
C.2 write-offs	9	-	-
C.3 collections	8	2,376	-
C.4 sales	59	-	-
C.5 losses on sales	832	-	-
C.6 transfers to other non-performing loan categories	-	26	-
C.7 modification losses	-	-	-
C.8 other decreases	1,507	15,398	-
D. Gross closing balance	106	356	-
- including: exposures transferred but not derecognised	24	355	-

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	-	23,172
- including: exposures transferred but not derecognised	-	22,851
B. Increases	259	1,641
B.1 transfers from performing exposures not subject to forbearance measures	-	-
B.2 transfers from performing forborne exposures	254	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	5	1,641
C. Decreases	11	3,741
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	254
C.4 write-offs	-	-
C.5 collections	11	3,487
C.6 sales	-	-
C.7 losses on sales	-	-
C.8 other decreases	-	-
D. Gross closing balance	248	21,072
- including: exposures transferred but not derecognised	247	21,072

6.3 On-statement of financial position non-performing 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	**1,658**	**-**	**7,897**	**-**	**-**	**-**
- including: exposures transferred but not derecognised	166	-	34	-	-	-
B. Increases	**186**	**-**	**1,226**	**17**	**-**	**-**
B.1 impairment losses on purchased or originated credit-impaired exposures	-	X	-	X	-	X
B.2 other impairment losses	172	-	1,209	-	-	-
B.3 losses on sales	-	-	-	-	-	-
B.4 transfers from other non-performing exposures	13	-	-	-	-	-
B.5 modification losses	-	X	-	X	-	X
B.6 other increases	1	-	17	17	-	-
C. Decreases	**1,774**	**-**	**9,093**	**3**	**-**	**-**
C.1 impairment gains	39	-	6,697	3	-	-
C.2 impairment gains on collections	93	-	2,383	-	-	-
C.3 gains on sales	-	-	-	-	-	-
C.4 write-offs	1,340	-	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	13	-	-	-
C.6 modification gains	-	X	-	X	-	X
C.7 other decreases	302	-	-	-	-	-
D. Closing balance	**70**	**-**	**30**	**14**	**-**	**-**
- including: exposures transferred but not derecognised	13	-	29	14	-	-

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	65,388	X	X	65,388	-	46,977	X	X	46,977	-	18,411	1,907
- including: forborne exposures	8,348	X	X	8,348	-	5,744	X	X	5,744	-	2,604	-
b) Unlikely to pay exposures	177,350	X	X	177,350	-	44,860	X	X	44,860	-	132,490	302
- including: forborne exposures	94,830	X	X	94,830	-	17,160	X	X	17,160	-	77,670	-
c) Non-performing past due exposures	3,888	X	X	3,888	-	77	X	X	77	-	3,811	-
- including: forborne exposures	1,364	X	X	1,364	-	33	X	X	33	-	1,331	-
d) Performing past due exposures	9,604	1,424	8,180	X	-	935	14	921	X	-	8,669	78
- including: forborne exposures	131	-	131	X	-	23	-	23	X	-	108	-
e) Other performing exposures	4,841,882	4,127,417	714,465	X	-	57,986	14,316	43,670	X	-	4,783,896	-
- including: forborne exposures	16,564	-	16,564	X	-	454	-	454	X	-	16,110	-
Total A	**5,098,112**	**4,128,841**	**722,645**	**246,626**	**-**	**150,835**	**14,330**	**44,591**	**91,914**	**-**	**4,947,277**	**2,287**
B. Off-statement of financial position												
a) Non-performing exposures	11,979	X	X	11,979	-	4,801	X	X	4,801	-	7,178	-
b) Performing exposures	716,767	546,804	169,963	X	-	1,598	655	943	X	-	715,169	-
Total B	**728,746**	**546,804**	**169,963**	**11,979**	**-**	**6,399**	**655**	**943**	**4,801**	**-**	**722,347**	**-**
Total (A+B)	**5,826,858**	**4,675,645**	**892,608**	**258,605**	**-**	**157,234**	**14,985**	**45,534**	**96,715**	**-**	**5,669,624**	**2,287**

* *Presented for disclosure purposes*

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

In accordance with Bank of Italy communication of 14 March 2023 updating the measure concerning the impacts of COVID-19 and the economic relief, information about state-backed exposures is provided below.
Specifically, the new financing subject to the COVID-19 relief at the reporting date is as follows:

(€'000)	Gross amount					Total impairment losses and provisioning					Carrying amount
		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	-	X	X	-	-	-	X	X	-	-	-
- including: forborne exposures	-	X	X	-	-	-	X	X	-	-	-
b) Unlikely to pay exposures	-	X	X	-	-	-	X	X	-	-	-
- 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	-	-	-	X	-	-	-	-	X	-	-
- including: forborne exposures	-	-	-	X	-	-	-	-	X	-	-
e) Other performing exposures	17,764	11,444	6,320	X	-	186	30	156	X	-	17,578
- including: forborne exposures	-	-	-	X	-	-	-	-	X	-	-
Total A	**17,764**	**11,444**	**6,320**	**-**	**-**	**186**	**30**	**156**	**-**	**-**	**17,578**
B. Off-statement of financial position											
a) Non-performing exposures	-	X	X	-	-	-	X	X	-	-	-
b) Performing exposures	-	-	-	X	-	-	-	-	X	-	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**17,764**	**11,444**	**6,320**	**-**	**-**	**186**	**30**	**156**	**-**	**-**	**17,578**

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

(€'000)	31/12/2023		
	Gross amount	Impairment losses	Guarantees
First 20 UTP exposures	105,522	23,269	2,529
UTP exposures with a past due amount of <1%	29,896	4,808	7,036
Other UTP exposures	42,288	16,813	9,960
Total	**177,706**	**44,890**	**19,525**

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	147,936	188,814	7,601
- including: exposures transferred but not derecognised	17,053	52,754	4,608
B. Increases	67,026	74,733	11,557
B.1 from performing exposures	224	38,847	9,907
B.2 from purchased or originated credit-impaired exposures	-	-	-
B.3 transfers from other non-performing exposures	20,464	7,711	53
B.4 modification gains	-	-	-
B.5 other increases	46,338	28,175	1,597
C. Decreases	149,574	86,197	15,270
C.1 transfers to performing exposures	7,624	230	3,527
C.2 write-offs	6,453	1,414	2
C.3 collections	5,787	43,078	3,493
C.4 sales	24,243	1,741	25
C.5 losses on sales	51,792	-	-
C.6 transfers to other non-performing loan categories	56	20,512	7,660
C.7 modification losses	-	-	-
C.8 other decreases	53,619	19,222	563
D. Gross closing balance	65,388	177,350	3,888
- including: exposures transferred but not derecognised	19,927	44,526	2,219

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	137,463	38,548
- including: exposures transferred but not derecognised	15,247	23,757
B. Increases	29,008	14,246
B.1 transfers from performing exposures not subject to forbearance measures	1,811	-
B.2 transfers from performing forborne exposures	378	X
B.3 transfers from non-performing forborne exposures	X	8,314
B.4 transfers from non-performing exposures not subject to forbearance measures	-	-
B.5 other increases	26,819	5,932
C. Decreases	61,929	36,099
C.1 transfers to performing exposures not subject to forbearance measures	X	-
C.2 transfers to performing forborne exposures	8,314	X
C.3 transfers to non-performing forborne exposures	X	1,941
C.4 write-offs	1,490	1
C.5 collections	22,756	9,140
C.6 sales	7,562	-
C.7 losses on sales	4,334	-
C.8 other decreases	17,473	25,017
D. Gross closing balance	104,542	16,695
- including: exposures transferred but not derecognised	7,086	7,594

6.6 On-statement of financial position non-performing 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	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
B. Increases	27,450	4,134	40,357	14,504	949	162
B.1 impairment losses on purchased or originated credit-impaired exposures	-	X	-	X	-	X
B.2 other impairment losses	18,052	2,751	36,200	13,729	863	160
B.3 losses on sales	-	-	-	-	-	-
B.4 transfers from other non-performing exposures	8,164	149	338	256	71	-
B.5 modification losses	-	X	-	X	-	X
B.6 other increases	1,234	1,234	3,819	519	15	2
C. Decreases	74,654	7,771	30,202	14,594	1,008	155
C.1 impairment gains	16,668	3,045	15,713	8,373	296	138
C.2 impairment gains on collections	4,439	997	5,020	4,450	19	6
C.3 gains on sales	-	-	-	-	-	-
C.4 write-offs	51,284	3,606	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	7,820	122	682	-
C.6 modification gains	-	X	-	X	-	X
C.7 other decreases	2,263	123	1,649	1,649	11	11
D. Closing balance	46,977	5,744	44,860	17,160	77	33
- including: exposures transferred but not derecognised	13,007	1,087	10,208	1,312	48	12

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	-	224,958	X	-
A.2 Other															
A.1 Bad exposures	-	-	X	-	-	X	-	-	X	16,236	(44,321)	X	2,211	(2,726)	X
including: forborne exposures	-	-	X	-	-	X	-	-	X	2,121	(5,186)	X	483	(558)	X
A.2 Unlikely to pay exposures	-	-	X	-	-	X	-	-	X	131,317	(41,012)	X	1,499	(3,878)	X
including: forborne exposures	-	-	X	-	-	X	-	-	X	77,439	(15,744)	X	465	(1,430)	X
A.3 Non-performing past due exposures	-	-	X	-	-	X	-	-	X	3,336	(68)	X	475	(9)	X
including: forborne exposures	-	-	X	-	-	X	-	-	X	1,291	(31)	X	40	(2)	X
A.4 Other exposures	-	X	-	4,299	X	(42)	-	X	-	4,560,850	X	(55,822)	305,703	X	(4,538)
including: forborne exposures	-	X	-	-	X	-	-	X	-	15,401	X	(386)	20,601	X	(1,379)
Total	**-**	**-**	**-**	**4,299**	**-**	**(42)**	**-**	**-**	**-**	**4,711,739**	**(85,401)**	**(55,822)**	**534,846**	**(6,613)**	**(4,538)**
B. Off-statement of financial position															
B.1 Bad exposures	-	-	-	-	-	-	-	-	-	126	(126)	-	-	-	X
B.2 Unlikely to pay exposures	-	-	-	-	-	-	-	-	-	7,052	(4,675)	-	-	-	X
B.3 Other non-performing assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X
B.4 Other exposures	-	X	-	-	X	-	-	X	-	708,327	X	(1,589)	22,909	X	(14)
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**715,505**	**(4,801)**	**(1,589)**	**22,909**	**-**	**(14)**
31/12/2023	**-**	**-**	**-**	**4,299**	**-**	**(42)**	**-**	**-**	**-**	**5,427,244**	**(90,202)**	**(57,411)**	**557,755**	**(6,613)**	**(4,552)**
31/12/2022	**-**	**-**	**-**	**4,652**	**-**	**(45)**	**-**	**-**	**-**	**5,517,256**	**(124,748)**	**(62,604)**	**607,528**	**(14,525)**	**(4,017)**

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 17 November 2022 - "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	214,513	-	10,445	-	-	-	-	-	-	-
A.2 On-statement of financial position										
A.1 Bad exposures	3,023	(9,331)	3,613	(12,660)	4,160	(9,057)	7,651	(15,999)	-	-
A.2 Unlikely to pay exposures	53,515	(18,931)	39,117	(13,957)	17,142	(6,321)	23,042	(5,681)	-	-
A.3 Non-performing past due exposures	511	(6)	821	(36)	1,080	(12)	1,399	(23)	-	-
A.4 Performing exposures	1,168,519	(9,838)	1,954,847	(25,113)	868,833	(16,172)	876,970	(9,251)	1,683	(28)
Total	**1,440,081**	**(38,106)**	**2,008,843**	**(51,766)**	**891,215**	**(31,562)**	**909,062**	**(30,954)**	**1,683**	**(28)**
B. Off-statement of financial position										
B.1 Bad exposures	126	(126)	-	-	-	-	-	-	-	-
B.2 Unlikely to pay exposures	250	(83)	6,367	(4,447)	435	(145)	-	-	-	-
B.3 Other non-performing assets	-	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	270,572	(511)	268,839	(305)	103,121	(642)	88,704	(145)	-	-
Total	**270,948**	**(720)**	**275,206**	**(4,752)**	**103,556**	**(787)**	**88,704**	**(145)**	**-**	**-**
31/12/2023	**1,711,029**	**(38,826)**	**2,284,049**	**(56,518)**	**994,771**	**(32,349)**	**997,766**	**(31,099)**	**1,683**	**(28)**
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)**

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 17 November 2022 - "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 eight large exposures (risk positions equal to or greater than 10% of own funds). At 31 December 2023, their carrying amount was approximately €858,488 thousand with a weighted amount of approximately €333,358 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 DISCLOSURES

1. General aspects

This is the risk that arises from changes in the carrying amount of assets/liabilities that are sensitive to fluctuations in interest rates as a result of a change in the maturity structure (duration gap - net assets subject to interest rate risk as a percentage of own funds).
It is the risk of a change in net interest income as a result of the mismatch between the duration of assets and liabilities and the related interest rates (sensitivity analysis).
Interest rate risk is generated by differences in the timing and methods of repricing the interest rate of the group's assets and liabilities.

In 2023, the group prepared an interest rate risk policy that regulates all its aspects of interest rate risk management. This policy defines the responsibilities and processes for risk management and control, in line with the nature of the group's business and its degree of complexity, in compliance with supervisory regulations. The policy provides concise instructions about:

- procedures that had substantially already ben introduced (the requirements imposed by the regulation for entering into hedging derivatives have been in place for some time), providing for their greater formalisation (up until, they were part of the operating procedures);
- a system of thresholds for monitoring risk (risk capacity and risk tolerance).

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[1].
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 net interest income 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	-	25,142	-	-	4,991	-	-	-
1.2 Loans and receivables	631,343	4,130,185	32,672	55,480	217,708	143,639	9,724	-
1.3 Other assets	-	-	-	-	-	-	-	-
2. Liabilities								
2.1 Amounts due	2,108,507	294,800	156,213	56,181	139,155	2,361	-	-
2.2 Debt instruments	-	1,931,073	-	-	-	-	-	-
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. 2. Models and other methods to measure and manage interest rate risk

The risk management unit monitors interest rate risk by measuring:
- the ratio of fixed rate investments to total investments;
- the sensitivity of net interest income to the ratio (sensitivity analysis);
- the duration gap.

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. It 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.

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[1]The parent adopted a specific procedure establishing an efficient derivatives implementation, trading and monitoring process to hedge the risk of fixed interest rates and account for these derivatives.

3.2.2 PRICE RISK

QUALITATIVE DISCLOSURES

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 DISCLOSURES

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 residual 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 December 2021	99,936
31 December 2022	107,877
31 December 2023	105,519
Average	104,444
Weighting factor	15%
Internal capital	15,667

3.4 LIQUIDITY RISK

QUALITATIVE DISCLOSURES

1. General aspects, management and measurement of liquidity risk

The group's financial planning is carried out primarily as part of the budgeting process and consists of the following stages:

(i) the management control unit prepares the annual budget, showing cash requirements in terms of applications of funds;
(ii) the risk management and credit policy unit prepares the cash generation profile on the basis of the budget and collection forecasts obtained from the CFO.

The finance unit sources funding, by implementing and checking the funding policies to cover cash requirements, identifying, in particular, instruments, markets and maturities for medium/long-term funding and ensuring consistency with funding policies.
The cash generation profile has an annual horizon and is regularly monitored and updated whenever necessary and, in any case, at least monthly, by preparing a funding requirements report in order to check the that the source and application of funding structure is balanced, any deviations of the actual data from the forecasts and any corrective actions to be taken.
The finance unit manages funding needs in order to pursue medium- to long-term financial stability and reduce the risk of short-term liquidity strains.

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 cannot raise funds from retail customers but solely on the wholesale market;
- concentration of funding sources, as the different sources of funding are extremely limited, with possible risks of withdrawal of credit facilities.

The group checks its operational liquidity using the liquidity mismatch risk model developed through the funding requirements report.
The risk is measured by constructing a maturity ladder which allows the assessment of the steadiness of expected cash flows, allocating certain and estimated cash flows to the various time buckets.
The following definitions of cash flows apply:

(i) certain cash flows: generated by assets and liabilities whose maturity is contractually defined; they are allocated to time buckets by contract maturity. If cash flows are generated by callable assets and liabilities, the most prudent approach is used (the latest date for assets, the earliest date for liabilities);
(ii) estimated cash flows: expected cash flows, linked to uncertain, periodic or occasional events, such as new disbursements, dividends, early redemptions of bonds, non-recurring transactions, etc.; they are allocated on the basis of estimates or judgements, both with respect to their timing and amount.

The maturity ladder shows the balances and therefore the imbalances between expected inflows and outflows for each time bucket and, through the construction of cumulative imbalances, calculates the net balance of financial requirements (or surplus) over the period of time considered.

In addition, the "scenario technique" is used which assumes the occurrence of adverse events for some items in the various buckets making up the maturity ladder in order to analyse the consequences.
The finance unit monitors operational liquidity on a daily basis by recording very short-term cash flow mismatches on a daily basis. This unit informs the risk management unit when unexpected events occur that require the funding requirements report to be revisited before the established deadline.

The following considerations apply to the liquidity risk involved:

- operational liquidity: since customer relationships are managed through a service system, the risk impacting short-term liquidity relates to possible system malfunctions, due to own operating errors that could generate delays in collections or recognise incorrect amounts, thus causing unexpected adverse situations in the group's cash/application of fund profile;
- structural liquidity: the financing of items managed through the service system.

According to their respective competences, the corporate bodies are primarily responsible for, and are fully aware of, the group's level of exposure to liquidity risk.
The governance model used to monitor the group's liquidity management and liquidity risk control processes is based on the following principles:

- sound and prudent liquidity management;
- giving the finance unit a service role rather than considering it as an independent profit centre; so here we are talking about services again
- separation of management and control processes;
- sharing of decisions and clarity of responsibilities among management, control and operational bodies;
- compliance and consistency of liquidity risk management and monitoring processes with prudential supervisory guidance.

Responsibility for the process lies with the corporate bodies, which jointly play an implementing and monitoring role.
The body with strategic supervisory functions (board of directors) is responsible for:

- maintaining a level of liquidity consistent with the risk exposure;
- defining governance policies and management processes for the group's specific risk profile.

To this end, the board of directors:

- defines the liquidity buffer as the maximum risk exposure deemed acceptable to cope with any periods of liquidity constraints;
- approves the methodologies used by the group to determine its exposure to liquidity risk.

When implementing the strategic guidelines and governance policies approved by the body with strategic supervisory functions, the body with management functions (managing director/general manager):

- defines the guidelines of the liquidity risk management process;
- allocates liquidity risk management duties within the organisational structure, taking into account the principle of proportionality and the group's exposure to liquidity risk;
- receives periodic reports from the operating departments/units and, in turn, updates the body with strategic supervisory functions on a monthly basis.

As part of its general checks of the corporate risk management process, the body with supervisory functions (the board of statutory auditors) monitors the adequacy and compliance of the liquidity risk management process with the requirements of the regulations.

As part of the administration, financial reporting, finance and planning department, the 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 funding requirements report;

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 the procedure to be adopted, the methods and limits set out earlier and regularly revises the process and proposes possible amendments;
- it prepares and updates the reports for the company bodies, which describe the group's exposure to liquidity risk.

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	-	-	-	-	-	-	-	5,000	-	-	-
A.2 Other debt instruments	-	-	-	-	-	-	-	-	-	25,142	-
A.3 Financing	542,946	747	975	1,786	253,649	345,173	653,390	1,703,843	921,618	1,088,067	-
A.4 Other assets	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities											
B.1 Due to:											
- Banks	2,102,137	-	30,043	26,478	169,304	96,141	72,601	134,394	-	-	-
- Financial companies	4,255	-	-	-	-	5,143	6,489	57,595	37,788	-	-
- Customers	1,003	-	-	-	11	320	651	2,319	2,442	2,361	-
B.2 Debt instruments	-	-	-	83,270	114,399	215,452	359,308	962,555	222,334	48,293	-
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	-	-	-	-	-	-	-	-	-	-	-
- Short positions	472,686	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

The above table shows only loan commitments.

3.5 DERIVATIVES AND HEDGING POLICIES

TRADING DERIVATIVES

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

None.

ACCOUNTING HEDGES

QUALITATIVE DISCLOSURES

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)	31/12/2023	31/12/2022
1. Share capital	357,953	357,953
2. Share premium	105,000	105,000
3. Reserves	(36,946)	(47,317)
- income-related	(36,946)	(47,317)
a) legal	2,298	1,779
b) statutory	-	-
c) treasury shares	-	-
d) other reserves	(39,244)	(49,096)
- other	-	-
4. Treasury shares	-	-
5. Valuation reserves	(211)	(282)
- 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	(211)	(282)
- Portion of valuation reserves of equity-accounted investees	-	-
6. Equity instruments	-	-
7. Profit for the year	11,476	10,371
Total	437,272	425,725

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)	31/12/2023	31/12/2022
A. Tier 1 capital before application of prudential filters	425,684	419,431
B. Tier 1 prudential filters:	-	-
B.1 Positive IFRS prudential filters (+)	-	-
B.2 Negative IFRS prudential filters (-)	-	-
C. Tier 1 capital including application of prudential filters (A + B)	425,684	419,431
D. Elements to be deducted from Tier 1 capital	-	-
E. Total tier 1 capital (C – D)	425,684	419,431
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)	425,684	419,431

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 2024 (to be sent by 13 May 2024).

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 terminated on 31 December 2023.

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	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
A. RISK-WEIGHTED ASSETS				
A.1 Credit and counterparty risk	6,003,883	6,538,833	3,728,517	3,962,830
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			223,711	237,770
B.2 Requirement for provision of payment services			-	-
B.3 Requirement for issue of electronic money			-	-
B.4 Specific prudential requirements			15,969	19,206
B.5 Total prudential requirements			239,680	256,976
C. EXPOSURES AND CAPITAL RATIOS				
C.1 Risk-weighted assets			3,994,671	4,282,926
C.2 Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)			10.66%	9.79%
C.3 Regulatory capital/risk-weighted assets (Total capital ratio)			10.66%	9.79%

Risk-weighted assets amount to €3,994,671 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.

CET1 was equal to 10.66% at 31 December 2023, up on the previous year end.
For comparative purposes, it should be noted that, if the group had not applied the transitional arrangements (as described above) at 31 December 2022, CET1 would have been 9.70%.

The group had 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, which is terminated on 31 December 2023.
From 1 January 2023, the impact of first-time adoption of IFRS 9 has been fully reflected in the calculation of own funds.

Section 5 - Comprehensive income

(€'000)	2023	2022
10. Profit for the year	11,476	10,371
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	72	102
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 losses	-	-
- 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 losses	-	-
- profit/loss on sale	-	-
c) Other changes	-	-
180. Related tax	-	-
190. Total other comprehensive income	72	102
200. Comprehensive income (captions 10 + 190)	11,548	10,473
210. Comprehensive income attributable to non-controlling interests	-	-
220. Comprehensive income attributable to the owners of the parent	11,548	10,473

Section 6 - Related party transactions

6.1 Remuneration of key management personnel

(€'000)	*2023*
Directors	345
Statutory auditors	184
Other key management personnel	2,935
TOTAL	3,464

Key management and supervisory personnel include the managing director/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)	2023 CONSOLIDATED 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	224,962	1,589	2,178	-	-
a) cash	4	-	-	-	-
b) current accounts and on-demand deposits with banks	224,958	1,589	2,178	-	-
Financial assets at fair value through profit or loss	5	-	-	-	-
Financial assets at amortised cost	5,025,926	-	22	6	-
a) loans and receivables with banks	335	-	22	6	-
b) loans and receivables with financial companies	78,314	-	-	-	-
c) loans and receivables with customers	4,947,277	-	-	-	-
Other assets	99,201	-	-	-	-
STATEMENT OF FINANCIAL POSITION - LIABILITIES					
Financial liabilities at amortised cost	4,688,290	778,876	800,901	330,224	146,248
a) amounts due	2,757,217	778,876	800,901	330,224	146,248
Due to banks	2,622,408	778,876	800,901	330,224	146,248
- current accounts and demand deposits	2,259,953	778,043	800,846	329,711	146,248
- other	362,455	833	55	513	-
Due to customers and financial companies	134,809	-	-	-	-
b) securities issued	1,931,073	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-
Hedging derivatives	-	-	-	-	-
Other liability captions (excluding equity)	224,528	-	3,884	-	-
Financial guarantees given	-	-	-	-	-
Guarantees received	1,521,743	31,186	31,310	16,186	4,409
Commitments*	744,818	-	-	-	-
INCOME STATEMENT					
Interest and similar income	284,278	-	-	-	-
Interest and similar expense	(189,168)	(26,799)	(30,382)	(11,529)	(7,206)
Fee and commission income	31,501	-	-	-	-
Fee and commission expense	(24,475)	(988)	(830)	(1,244)	(296)

(€'000)	2023 CONSOLIDATED FINANCIAL STATEMENTS	Other related parties			
		BANCA POPOLARE DELL'EMILIA ROMAGNA	BANCO BPM	BANCA POPOLARE DI SONDRIO	CRÉDIT AGRICOLE ITALIA
Net loss on disposal or repurchase of financial assets at amortised cost	(1,549)	-	-	-	-
Total income	100,587	(27,787)	(31,212)	(12,773)	(7,502)
Depreciation, amortisation and net impairment losses (captions 130, 180 and 190)	(24,754)	-	-	-	-
Net modification gains	93	-	-	-	-
Administrative expenses	(48,385)	(26)	(89)	(39)	(5)
- Personnel expense	(31,153)	-	(38)	(23)	(5)
- Other administrative expenses	(17,232)	(26)	(51)	(16)	-
Other operating expense, net	(2,756)	-	-	-	-
Other income statement items	(5,609)	-	-	-	-
Pre-tax profit (loss) from continuing operations	19,176	(27,813)	(31,301)	(12,812)	(7,507)

* 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.	150
Other services	Alba Leasing S.p.A.	KPMG S.p.A.	21
Total (A)	Alba Leasing S.p.A.		171
Statutory audit	Securitisation vehicles	KPMG S.p.A.	132
Total (B)	Subsidiaries		132
Total (A + B)			303

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

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(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 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 2023, 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 material information on the 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 2023 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 the 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 audit 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 2023 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 2023 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 2023 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 on a voluntary basis of a non-financial statement pursuant to article 7 of Legislative decree no. 254/2016.

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, 5 April 2024

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 2023

Dear shareholders,

The consolidated financial statements of the Alba Leasing Group (the "group") as at and for the year ended 31 December 2023, which we received together with the separate financial statements of Alba Leasing S.p.A. ("Alba Leasing" or the "parent"), 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 10 SPV S.r.l., Alba 11 SPV S.r.l., Alba 12 SPV S.r.l. and Alba 13 SPV S.r.l.). Assessment of control underlies the consolidation of all types of entities and exists when an investor simultaneously has: (i) the power to make decisions about the entity's relevant activities; (ii) is exposed to or benefits from variable returns arising from the relationship with the entity; and (iii) has the ability to use its power to affect the amount of its returns (link between power and 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. 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 securitisations to ensure completeness and continuity in the presentation of the securitisations.

The vehicles are consolidated from the date on which Alba Leasing 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 one of the three conditions which establish control.

In addition, and with regard to the consolidation scope, in 2023: (i) Alba 9 SPV S.r.l. redeemed all its notes, including the junior ones, for which the parent exercised its clean-up right and activated the securitisation termination procedure, which was completed in September 2023; (ii) the take-out phase of the previous self-securitisation Alba 13 SPV S.r.l. was activated, which ended at the end of June 2023 with the full redemption of the warehoused notes issued in 2022 and at the start of 2023 and (i) new senior and mezzanine notes of €1,053 million were issued, €905 million of which were sold on the market and €148 million of which are held by Alba Leasing, which also subscribed to the portion of junior notes issued of €196 million.

There are no other structured entities as per IFRS 12 that Alba Leasing does not consolidate other than the securitisation vehicles.

In this respect, the directors have provided, in point "B" (Unconsolidated structured entities (other than securitisation vehicles) of Section 2 (Securitisations, unconsolidated structured entities (other than securitisation vehicles) and transfers of assets) - Part D of the notes to the consolidated financial statements, adequate disclosure on the multi-originator securitisation (Alba Leasing S.p.A., Banco BPM S.p.A. and Release S.p.A.) of non-performing exposures named "Titan", in relation to which Alba Leasing holds, at the reporting date, a modest percentage of the mezzanine and junior notes, as well as the senior notes. The assets and liabilities associated with this transaction are eligible for derecognition.

In 2023, the parent approved the 2023-2025 business plan, focused on maintaining high credit quality and ensuring adequate support to the partner banks (and their customers) in terms of quality and efficiency.

In a macroeconomic context that continues to be characterised by high interest rates and geopolitical uncertainties and, towards the end of the year, indication of lower demand for leased assets, the parent maintained a level of operating volumes that allowed it to keep the overall portfolio substantially stable, thanks, in particular, to the contribution of real estate lease transactions and large-amount transactions. However, this led to an increase in the average size of the transactions agreed, which made them less attractive for funding purposes.

Interest rate trends led to the substantial stability of net interest and similar income and net fee and commission income, while total income was affected by the losses on the sale of a portfolio of non-performing exposures guaranteed by real estate (terminated lease contracts) with a nominal amount of €75.3 million, which meant the NPE ratio fell below 5%.

The parent prudently continued to recognise impairment losses for credit risk given the current uncertain macroeconomic scenario mentioned earlier. In 2023, they amounted to €21.9 million (compared to €31.7 million in 2022), net of impairment gains. The parent also accrued €4.8 million (€0.7 million in 2022) to provisions for risks relating to lending transactions, which meant that the average coverage of non-performing exposures improved.

Personnel expense increased mostly due to the special projects rolled out to foster generational handover and to reduce the expense once this has been completed.

The parent has continued to engage in securitisations to obtain the liquidity it needs to manage and finance its portfolio and, above all, it counts on the non-replaceable support of its partner banks through short-term credit facilities, which has never been denied to date. The significant use of technically “short-term” credit facilities should however be monitored.

Alba Leasing S.p.A. is not managed and coordinated by another entity and does not hold nor has it held any treasury shares in the year.

Furthermore, 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 statutory audit fees are shown in Section 8 of Part D of the consolidated notes to the financial statements.

Based on the documents making up the consolidated financial statements at 31 December 2023, we note the following:

- the consolidated financial statements show a profit of €11,476,099 (compared to

€10,371,060 in 2022);

- total assets amount to €5,350,089,368 (€5,449,825,546 at 31 December 2022);
- equity, including the profit for the year, amounts to €437,272,478 (€425,724,679 at 31 December 2022).

The group's total capital ratio at the reporting date is 10.66% compared to 9.70% at 31 December 2022 (fully phased in, i.e., calculated without considering the transitional approach allowed up until then).

The consolidated financial statements, like the parent's separate financial statements, have been prepared on a going concern basis, for the reasons described in the directors' report and the notes to the consolidated financial statements. The directors have also provided disclosures on:

- the the group's performance and the operating context;
- the key events of the year;
- events after the reporting date, none of which are adjusting events, i.e., events that would have required the adjustment of the amounts reported in the consolidated financial statements;
- risks related to tax disputes;
- financing subject to the COVID-19 relief.

The independent auditors issued their audit report on the group's consolidated financial statements at 31 December 2023 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 2023 and of its financial performance and cash flows for the year then ended in compliance with the law and applicable accounting standards.

This board notes that, like in previous years, the regular reports sent to Bank of Italy are based on the financial figures derived from the consolidated financial statements, since the parent believes that this complies with the substance over form principle.

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

Milan, 5 April 2024

For the **board of statutory auditors**

Antonio Mele (Chairman)

(signed on the original)

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 2023

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 of 31 December 2023 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, 19 March 2024

Stefano Rossi
Chief Executive Officer

Sandro Marcucci
Head of Company Financial Reporting

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