Financial Statements at 31 December 2023

Company subject to coordination and management to Santander Consumer Finance S.A. pursuant to art. 2497 bis C.C.

Santander Consumer Bank

General Information

General Information

Head Office

Corso Massimo D'Azeglio 33/E

Tel: 011/63.19.111 – Fax 011/63.19.119

Shareholder structure

Santander Consumer Bank S.p.A. is wholly owned by Santander Consumer Finance S.A.

Directors and officers

Board of Directors

Chiarman	Ettore Gotti Tedeschi
Chief Executive Officer	Alberto Merchiori
Directors	Pedro De Elejabeitia Rodriguez
	Adelheid Maria Sailer-Schuster
	Antonella Tornavacca (fino al 31/12/2023)
	Ida Annalisa Lo Pomo (dal 1/01/2024)
	Ramon Guillermo Javier Billordo
	Rafael Moral Salarich
	Pedro Miguel Aguero Cagigas
	Silvia Fidanza

Board of Statutory Auditors

Chiarman	Walter Bruno
Acting Auditors	Maurizio Giorgi
	Franco Riccomagno
Substitute Auditors	Luisa Girotto
	Marta Montalbano

General Manager

Alberto Merchiori

Indipendent Auditors

PricewaterhouseCoopers S.p.A.

History and Ownership

November 1988

Santander Consumer Bank SpA is established under the name of Finconsumo SpA

2001

Finconsumo SpA became Finconsumo Banca Spa

2004-2006

Santander Consumer Finance S.p.A. becomes 100% shareholder of Finconsumo Banca S.p.A. In 2006, the latter was renamed Santander Consumer Bank S.p.A.

2013-2015

- Santander Consumer Bank SpA acquires 100% of Santander Consumer Unifin Spa (formerly Unifin SpA)
- Merger by incorporation of di Santander Consumer Unifin SpA

2015

Establishment of the JV Banca PSA SpA following an agreement between Santander Consumer Bank SpA and Banque PSA Finance (50%-50%)

2018

Banca PSA SpA acquires PSA Renting SpA (100%)

2020

Establishment of the JV TIMFin SpA following an agreement between Santander Consumer Bank SpA and TIM SpA (51%-49%)

2022

Santander Consumer Bank SpA comprises:

- Santander Consumer Renting Srl (wholly owned 100%)
- Drive Srl (wholly owned)

2023

Reorganization of Stellantis' fiNancial activities with its financial partners:
Banca PSA SpA becomes Stellantis Financial Services Italia
PSA Renting SpA becomes Stellantis Renting Italia (the participation structure remains unchanged)

STELLANTIS RENTING

STELLANTIS FINANCIAL SERVICES

Entry of third part partners in Drive Srl, shareholdings:

- AutoTorino SpA - 12,5%
- AGBA SpA - 12,5%
- Santander Consumer Bank SpA 75%

Santander Consumer Bank

Consolidated Financial Statements of the Santander Consumer Bank Group

Report on Group Operations

Report on Group operations

A – The reference market

A.1 – The macroeconomic scenario

The global economy

The global economy is slowing down its growth, even with a view to the future; growth in global GDP for 2024 according to the OECD will be equal to 2.7%, due to the tensions on the real estate markets in China and Europe and the geopolitical uncertainties associated with the wars in Ukraine and Palestine.

The various Central Banks have pursued a restrictive monetary policy by progressively increasing the reference interest rates, raising them to the highest levels since the two-year period 2007-08, up until September 2023. The different central banks pursue the same objectives, but at the same time have different intervention timescales depending on the objectives set by their programs. These decisions led to a deterioration of the conditions in the international financial markets, also in light of the expectations expressed in the last quarter of a subsequent rapid easing of monetary policies.

In the Eurozone, inflationary phenomena continued throughout 2023 (+2.9%), albeit down compared to 2022 (+9.2%). The event is mainly linked to energy prices compared to those of raw materials.

The combination of these events led to a drop in the real economy and a consequent stagnation of GDP (0.6%), already apparent since the last quarter of 2022, due to the aforementioned macroeconomic effects and to the more rigid loan conditions.

In 2023, the Governing board of the ECB increased the official reference rates by 200 basis points, compared to the 250 increase recorded in 2022. The Board currently believes that the rates have reached levels which, if maintained for a sufficiently long period, will provide a substantial contribution to the timely return of inflation to the 2% target. The Board also decided to gradually reduce, during the second half of 2024, the reinvestments of maturing securities purchased as part of the public and private securities purchase programme for the pandemic emergency. The monetary restriction contributed to a sharp slowdown in monetary aggregates, driven in particular by the trend in current account deposits. The yields on ten-year government securities decreased and the spreads of Italian ones with the corresponding German securities fell.

The Italian economy

In Italy, economic activities recorded a decrease in GDP (+0.7%) compared to 2022, extended to both manufacturing and services. The event is linked to a decline in internal and external demand, and to the erosion of household incomes due to inflation (+5.4%).

In October and November 2023, the labour market showed signs of resilience: employment continued to grow, albeit at a slower pace than in the first part of the year. In addition, the trend in wages in the private sector strengthened further.

Lending to households and businesses decreased considering the increase in the cost of procurement and the tightening of the access conditions imposed by the Banks. These restrictions are attributable to the policies adopted by the system in order to maintain low levels of impaired loans.

According to preliminary information available, the deficit and the ratio of debt to GDP would have decreased in 2023. The budget manoeuvre for the three-year period 2024-26 was approved in December and envisages an increase in net debt in 2024 of 0.7% of GDP. In December, the European Union approved the review of the National Recovery and Resilience Plan and disbursed the fourth instalment.

With a view to the future, GDP should therefore also find future benefits in the measures of the NRRP and the gradual recovery of household purchasing power. In fact, the Eurosystem's forecasts show an increase in GDP of 0.6% in 2024 and 1.1% in each of the following two years. This result will also be possible thanks to the evolution of the consumer price trend, which is expected to decrease significantly in 2024 (2.7%), in 2025 (2.1%) and in 2026 (1.9%).

A.2 – Industry trends

Consumer credit

2023 recorded a slight increase in total consumer credit (Euro 85.5 billion in new disbursements, consisting of 631 thousand transactions) of +2.3% compared to 2022, in light of the more restrictive conditions for accessing credit and the simultaneous rise in interest rates.

With regard to the individual underlying segments, the following is identified:

- -3.6% for personal loans;
- +2.3% for car loans;
- +6.5% for special-purpose loans;
- -1.9% for salary assignment;
- -2.8% for cards.

The average amount of loans requested came to an equivalent value of Euro 5,093. The shrinking trend in the amount requested involves all consumer credit products.

In 2023, the household credit default rate remained slightly higher than the minimums recorded in 2022 (1.2%). In fact, after the slight reversal in trend at the end of the previous year, the riskiness of consumer credit shows no further increases.

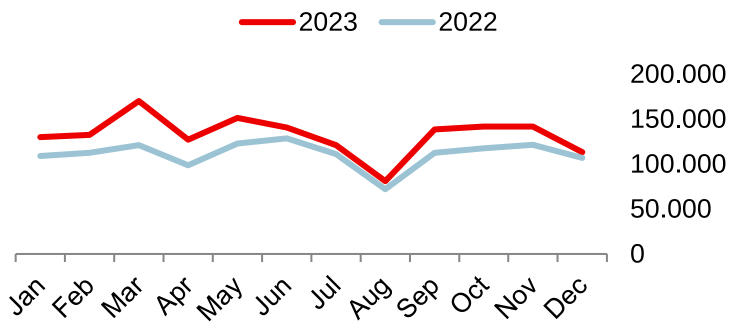
For 2024, a return to growth is expected in the personal loans segment and in salary assignment. Overall, the expansion of loan volumes will be lower than the performance of the 2021-2022 two-year period, also because the higher expected risk will keep supply policies cautious.

Investments in technology remain an important factor in developing digital channels and not losing market shares to keep up with the continuous innovations introduced by FinTech/Big Tech operators. Looking ahead, the new directive on consumer credit (Directive no. 2023/2225/EU - CCD II), which aims to create a common regulation for all operators, will further market growth and protect consumers from the risks of over-indebtedness.

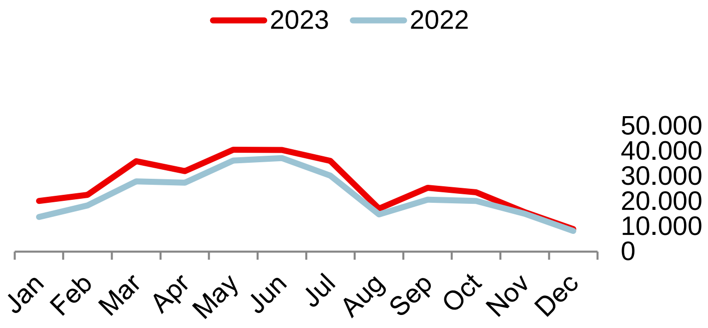
In the context of increasing attention to the transition towards a sustainable economy, also by the European regulator, supply policies increasingly aligned with ESG criteria represent an important opportunity for market expansion, with the offer of products that can meet the demand for a clientele more attentive to sustainability issues.

In particular, for the connected car segment , new vehicle registrations recorded an increase of +19.1% in 2023, with 1,589,312 cars. A similar trend also followed for registrations of two-wheel vehicles (>50 cc), which reached 318,948 units (+17.9%).

Motor vehicle registrations



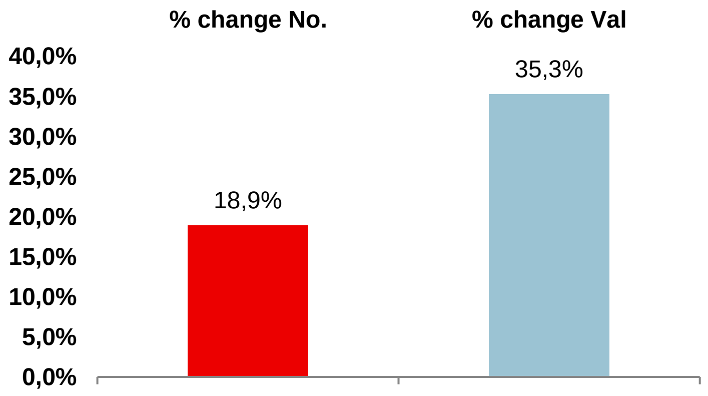
Motorcycle registrations



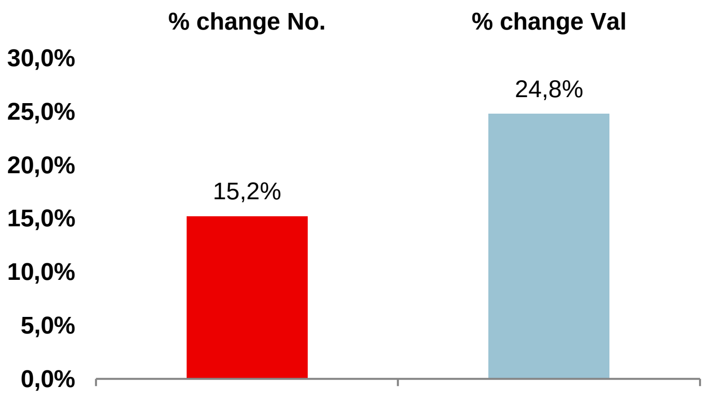
Leases

With regard to the car leasing market, there was an increase compared to the previous year (+22.0%), with a total volume of approximately Euro 21.1 billion of new loans. The trend for motor vehicles indicates a rise (+18.9%), for commercial vehicles as well (+15.2%).

Motor vehicle leases



Commercial Vehicles leases



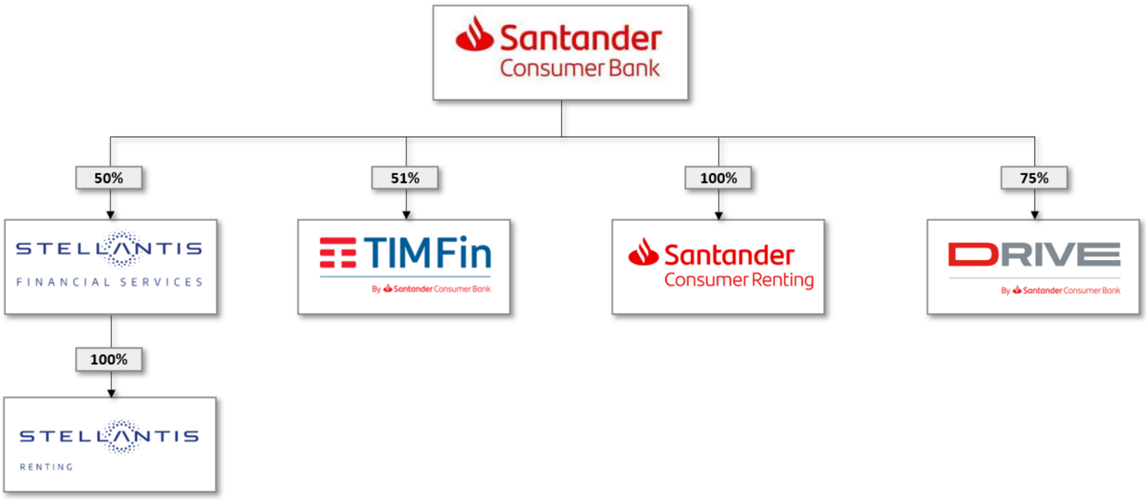
B – The Santander Consumer Bank S.p.A. Group

B.1 – Management and coordination by Santander Consumer Finance S.A.

The Group operates in full managerial autonomy in accordance with the strategic and operational guidelines issued by the Parent Company Santander Consumer Finance S.A., which carries out management and coordination pursuant to article 2497 bis of the Italian Civil Code and article 23 of Italian Legislative Decree no. 385 of 1 September 1993, as updated to incorporate the amendments introduced by Italian Legislative Decree no. 223 of 14 November 2016.

The Notes to the Financial Statements are accompanied by a statement summarising the essential data of the last set of approved financial statements (those for the year ended 31 December 2022) of the entity that carries out management and coordination.

B.2 – Group companies



The prudent scope of consolidation does not correspond to that of the financial statements, as the companies that exercise operating leasing (Santander Consumer Renting S.r.l. and Drive S.r.l.) are to be considered as non-financial and non-instrumental companies pursuant to the current prudent legislation.

Stellantis Financial Services Italia S.p.A.

The mission of Stellantis Financial Services Italia (former Banca PSA Italia S.p.A.), born from a partnership between Santander Consumer Bank S.p.A. and Banque PSA Finance SA, is to support the sale of cars and commercial vehicles produced by industrial partners, through the development of consumer credit activities, financial support to the dealer network, and credit facilities for the management of company fleets. The marketing policies used to meet the needs of consumers and the distribution network aim to provide a complete financial offering, starting from the development of the financial product and the services connected thereto, right up to its promotion and distribution on the market.

Stellantis Financial Services Italia develops and manages the products and the distribution processes relating to the main lines of business of the company: financing to the dealer networks and instalment loans/leasing to the end customer.

The company saw its direct participation in the reorganisation plan of the Stellantis Group; please refer to paragraph D - Facts worth mentioning of the consolidated report on operations and Part G of the notes to the consolidated financial statements for more information.

During 2023, the Bank disbursed loans for Euro 1,960 million, with an increase of 141% compared to the volumes produced during the previous year. These values refer only to new business and not to the portfolio acquired as part of the above-mentioned extraordinary transactions.

In terms of breakdown by product type, 69.3% of the year's lending relates to financing for the purchase of new vehicles, 12.1% to finance lease transactions, 18% to financing for the purchase of second-hand vehicles and the remaining 0.6% for transactions linked to the new AMI product (Car totally full electric manufactured by Citroen) and Topolino.

The loan portfolio for Car Loans, Leases and Corporate Dealers, gross of adjustment provisions, recorded a significant increase in 2023, standing at Euro 6,573 million (Euro 2,776 million in 2022). The portfolio is broken down as follows: Car Loans 52.9%, Leases 8.1%, loans to Corporate Dealers for Stock Financing transactions 39%.

In spite of the macroeconomic environment described above, the Company, in this sixth year of operation, has seen a gradual increase in asset exposures and was able to maintain its income results, despite the significant increase in the cost of funding and the one-off operating costs incurred, thanks to the reorganisation activities mentioned above, without forgetting a prudent approach to credit risk.

Net interest and other banking income amounting to Euro 169.7 million increased by 30% in line with the aforementioned business events.

The cost of credit improved by Euro 5.2 million, standing at Euro 3.3 million, despite the increase in asset exposures, thanks to a breakdown of the portfolio aimed at less risky segments at the reporting date and the release of the prudential provisions made in 2022.

Operating costs amounted to Euro 85.7 million, an increase of Euro 55 million, mainly attributable to integration costs linked to the extraordinary transaction (both personnel and systemic expenses), as well as for the amortisation of trademark rights.

2023 closed with a net profit of Euro 60.8 million, down with respect to 2022 by -7.9% (net profit of Euro 68.6 million in 2022).

Stellantis Renting Italia S.p.A

The mission of Stellantis Renting Italia (formerly PSA Renting S.p.A.), established in June 2019 by Stellantis Financial Services Italia (formerly Banca PSA Italia S.p.A.), is to provide long-term rental services through the network of Stellantis Dealers.

The company saw its direct participation in the reorganisation plan of the Stellantis Group; please refer to paragraph D - Facts worth mentioning of the consolidated report on operations.

In 2023, the performance of Stellantis Renting Italia's business was down by 30.3% compared to 2022, mainly due to the business events mentioned above.

The company's assets consist essentially of car leases totalling Euro 327 million, down by -9% compared to the previous year, while the liabilities are mainly composed of intercompany loans.

Net interest and other banking income, amounting to Euro 39.9 million, decreased by 2.5%.

The cost of credit amounted to Euro 0.2 million, down by Euro 2.5 million.

Operating costs amounted to Euro -15.6 million, down by Euro 6.8 million, considering the recognition of the extraordinary item totalling Euro 8.5 million relating to the above-mentioned extraordinary transaction.

The result for the year closed with a profit of Euro 17.2 million, compared to Euro 11.4 million in the previous year

TIMFin S.p.A.

The mission of TIMFin S.p.A., created as a result of the partnership between Santander Consumer Bank S.p.A. and TIM S.p.A. and operational since 1 February 2021, is to provide retail loans mainly for the purchase of devices ("handsets" or "smartphones") and connected services with the affiliated TIM network, as well as the purchase via factoring of payment plans on TIM modems up until December 2023.

During 2023, the company finalised loans for 385 million, up by 14.2% compared to the previous year, spread over 730 thousand contracts. Production focused mainly on the device financing product and similar (77.9% of the total financed, up 18.3%) and on modems (18.2% of the total financed, down by 14.7%). Direct personal loans not linked to TIM products are still being developed (5.2% of the total financed, up by 57.9%).

The assets consist essentially of loans to customers, totalling Euro 541 million, up by 27.9% compared to the previous year, while the liabilities are mainly made up of intercompany loans. The overall exposure increased as a consequence of the development phase and consequently influenced the performance of the income statement figures.

The net interest margin, equal to Euro 22 million, increased by 27.4% compared to the previous year. The interest income component, essentially influenced by the growth in volumes, consists of the financial contributions received from TIM in relation to the zero-interest loan and the income deriving from factoring activities. On the other hand, the interest expense component, consisting of the cost of intercompany loans, was affected by the significant change in interest rates at market level.

Net fee and commission income, amounting to Euro 2.1 million, increased by Euro 1.9 million compared to the previous year and shows a significant improvement in insurance brokerage.

Value adjustments for credit risk, amounting to Euro -10.3 million, increased by 19.8% compared with last year and are mainly determined on the basis of volumes and for the calibration of IFRS 9 parameters.

Operating costs remained essentially stable, standing at Euro -13.7 million.

The result for the year closed with a profit of Euro 11 thousand, compared to a loss of Euro -3.5 million in the previous year.

Santander Consumer Renting S.r.l.

The mission of Santander Consumer Renting S.r.l., established by Santander Consumer Bank S.p.A. and operational since May 2022, is to provide long-term rental services at the strategic level of the Spanish group. At present, it is still in a development phase, for which the systemic and organisational processes are being streamlined.

The company's assets consist essentially of the cars purchased, amounting to Euro 15.6 million, while the liabilities are largely made up of intercompany loans.

The operating margin (consisting of net income and other banking income, other income and amortisation/depreciation relating to the operating lease) amounts to Euro 0.2 million.

Operating costs amounted to Euro -2.8 million, up by Euro -1.5 million, having considered the phase described above.

The result for the year closed with a loss of Euro -2 million, compared to a loss of Euro -0.9 million in the previous year.

Drive S.r.l.

The mission of Drive S.r.l., established by Santander Consumer Bank S.p.A. with a subsequent contribution of experience in the automotive sector of two commercial partners, operational since May 2022, is to provide long-term rental services. At things stand, the company has been fully operational and under development since 2023.

The company’s assets are essentially made up of purchased cars amounting to Euro 35.2 million and items instrumental to operating leases for Euro 17 million, while the liabilities are largely composed of intercompany loans.

The operating margin (consisting of net income and other banking income, other income and amortisation/depreciation relating to the operating lease) amounts to Euro 0.6 million.

Operating costs amounted to Euro -2.1 million, up by Euro -1.3 million, having considered the phase described above.

The result for the year closed with a loss of Euro -1.2 million, compared to a loss of Euro -0.8 million in the previous year.

C – Performance of interest-bearing assets and liabilities

C.1 – New business

In the context of consumer credit, the Santander Consumer Bank Group recorded an increase in total volumes compared to the previous year (+ 40.93%) with growth in almost all its main products.

The performance of the Automotive sector, thanks to the contribution of volumes of Stellantis Financial Services Italia, increased in general (+ 61.33%), with a particular contribution from new vehicles of + 71.65% and second-hand cars that recorded an increase of 36.52%.

Non-automotive consumer loans recorded growth in special-purpose loans thanks to the contribution of TIMFin volumes (+14.45%) and personal loans (+28.58%) deriving from the agreement with Poste Italiane, entered into by the Parent Company. Lastly, salary assignment recorded a general drop in growth of -43.96%, also due to the end of some partnerships.

The following table shows the new business (excluding stock finance) of the Group as at 31 December 2023 compared with the previous year.

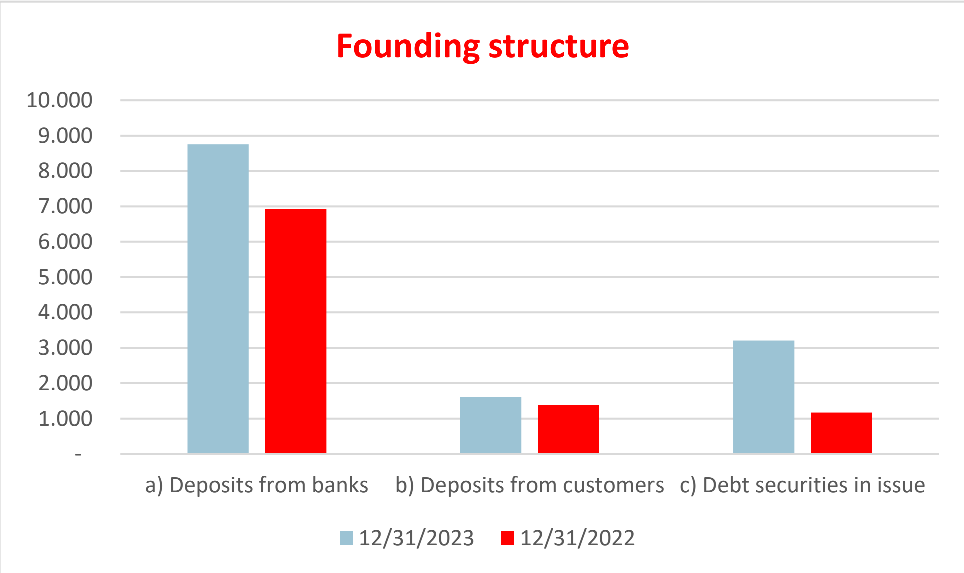
Group Santander Consumer Bank	dec '23	dec '22	% 23/22
(Milion euros)			
New Business Total*	5,081.50	3,605.75	40.93%
Total Vehicle	*3,272.50*	*2,028.42*	*61.33%*
New Vehicle	*2,459.05*	*1,432.58*	*71.65%*
Used Vehicle	*813.45*	*595.84*	*36.52%*
Special Purpose Loan	696.6	608.7	14.45%
Credit Card	3.9	3.7	4.62%
Personal Loan	*1,006.4*	*782.7*	28.58%
Salary Assignment	*102.2*	*182.3*	-43.96%

* Excluding Top Up and Refinancing

C.2 - Funding

The financial management of the Santander Consumer Bank Group is based on the sharing of guidelines and objectives that reflect the strategy of the Santander Consumer Finance S.A. Group. Each entity belonging to the Santander Consumer Bank Group enjoys decision-making and operational autonomy within the limits assigned.

The growth in funding in absolute terms is associated with the growth of the Group's business, with particular reference to Stellantis Financial Services Italia, TIMFIN and the new Renting companies.



Deposits from banks mainly consist of loans obtained by the Spanish Parent Company Santander Consumer Finance S.A. and TLTRO loans. Intercompany funding increased to offset the natural maturities of TLTRO loans.

Payables to customers are mainly represented by deposit accounts and technical accounts with dealers.

The remainder of the structured funding consists of ABS securities sold to private investors and bonds subscribed by the Spanish Parent Company Santander Consumer Finance S.A..

D – Other facts worth mentioning

New Stellantis agreements

With a view to the project known as Omega, aimed at rationalising the financial activities in the Stellantis Group through a single reference company for each geographical area, on 3 April 2023 Stellantis Financial Services Italia signed two deeds of acquisition for the respective business units of former Opel Bank S.A. Italian branch and former FCA Bank S.p.A..

On the basis of these agreements, Stellantis Financial Services Italia therefore began to place Stellantis Financial Services Italia financial products in the new commercial networks and also acquired the assets and liabilities of the divested business units with the related employees.

The acquisition of the origination rights entailed the recognition in the consolidated financial statements as at 31 December 2023 of intangible assets for a total of Euro 119.7 million, increased by the registration tax paid for Euro 3.4 million, which are amortised over the duration of the contract (8.5 years), calculated as from 3 April 2023.

A breakdown of the business units acquired on 3 April 2023 in accordance with IFRS 3 provisions is provided below:

<u>Former FCA Bank S.p.A. business uinit</u>:

EUR/Mln

Right of use*	89.8
Net effect of other assets and liabilities acquired**	(6.0)
Total amount paid	**83.8**

* The recognition of the asset is increased by the registration tax of 2.5 million

** Number of personnel acquired 204 FTE.

<u>Former Opel Bank S.A. business unit:</u>

EUR/Mln

Right of use*	29.9
Net effect of other assets and liabilities acquired**	.0
Total amount paid	**29.9**

* The recognition of the asset is increased by the registration tax of 0.9 million

** Number of personnel acquired 66 FTE.

In compliance with the provisions of the Business Transfer Agreement (BTA) entered into with Opel Bank S.A. Italian Branch, on 3 July 2023 almost all of the portfolio of instalment loans and performing leases of the counterparty (so-called Libra Transaction) was transferred, consisting of approximately 90 thousand contracts.

EUR/Mln

Financial assets at amortized cost	896.3
Net effect of other assets and liabilities acquired	(4.3)
Financial liabilities at amortized cost	(770.4)
Total amount paid	**121.6**

Also with a view to the project known as Omega, Stellantis Renting Italia entered into an "Indemnification Agreement" on 3 April 2023, which envisaged the sale of the business relating to the B2B operating lease to Leasys Co., receiving indemnification for Euro 8.5 million.

This extraordinary income was accounted for under the item other operating expenses/income.

For more details in relation to the above, please refer to the consolidated Part G.

Changes in the shareholder structure

Below is a summary of the changes that have taken place:

EUR/millions	Stellantis Financial Services		TIMFin		Drive		Santander Consumer Renting	
	of which: of company	of which: of third parties	of which: of company	of which: of third parties	of which: of company	of which: of third parties	of which: of company	of which: of third parties
Company shareholding at 31.12.2022	152.9		28.1		5.0		4.0	
Company shareholding %	50%	50%	51%	49%	100%	0%	100%	0%
changes	140.0	140.0	10.2	9.8	1.0	2.0	4.5	
Company shareholding at 31.12.2023	**292.9**		**38.3**		**6.0**		**8.5**	
Company shareholding %	50%	50%	51%	49%	75%	25%	100%	0%

Increases in equity investments, in general, are aimed at supporting the operations of the same according to the evolution of their respective businesses. This general assumption also finds the entry of third-party shareholders in the company Drive in order to develop synergies with industrial partners with proven experience in the automotive sector.

Factoring of receivables without recourse

In March 2023, Santander Consumer Bank transferred, on a non-recurrent basis, a performing Finstock portfolio for Euro 50.7 million in order to close the wholesale relationship entered into with an automotive commercial partner. The aforementioned transaction was carried out at the gross value of the exposure, generating a limited economic effect, relating to the disposal of the related risk provisions, recognised in the item Gain/Losses on disposal.

In December 2023, Stellantis Financial Services Italia transferred, on a non-recurrent basis, a performing Finstock portfolio for Euro 315 million to a factoring company in order to limit the related absorption of the cost of capital, taking into account the above-mentioned combination transaction.

These transactions do not involve reclassification issues, pursuant to the provisions of IFRS 9, as they are the expression of non-recurring risk-weighted asset containment transactions.

In May 2023, Santander Consumer Bank sold an NPL portfolio consisting of write-off under management loans for Euro 40.2 million. These operations, of a routine nature, generated a positive impact for Euro 6.3 million, recognised in the item in the item Gain/Losses on disposal.

Securitisation transactions

In March 2023, Santander Consumer Bank completed a securitisation transaction without accounting derecognition with underlying special-purpose and personal loans, contributing Euro 608 million. The transaction entailed the issue of notes for Euro 608 million, envisaging the possibility of further revolving acquisitions of performing loans in the following 24 months. All the notes were transferred to third parties except for the Junior note, which was subscribed by the Bank.

In September 2023, Santander Consumer Bank finalised an SRT (Significant Risk Transfer) securitisation without accounting derecognition with underlying car loans, contributing Euro 1,014 million. The transaction entailed the issue of notes for Euro 1,014 million, envisaging the possibility of further revolving acquisitions of performing loans in the following 15 months. All the notes were transferred to third parties except for the residual excess spread note, which was subscribed by the Bank.

In October 2023, Stellantis Financial Services Italia finalised an SRT securitisation without accounting derecognition with underlying car loans, contributing Euro 750 million. The transaction entailed the issue of notes for Euro 800 million, envisaging the possibility of further revolving acquisitions of performing loans in the following 24 months up to a total amount of Euro 800 million. All the notes were transferred to third parties except for the residual excess spread note, which was subscribed by Stellantis Financial Services Italia itself.

In November 2023, Stellantis Financial Services Italia finalised a synthetic securitisation without accounting derecognition with underlying stock finance loans, for an amount of Euro 812 million.

For further details in relation to the above, please refer to the notes to the consolidated financial statements, Part E - C. Securitisation transactions.

Corporate reorganisations

Parent Company

In September 2023, the Parent Company had to undertake a process of partial internal organisation. The objective of this choice is the transition to the digitalisation of banking services and the transformation of the residual traditional business model. In particular, the reorganisation plan envisaged the closure of the branches and the head office activities related to the latter.

In order to minimise the social impacts relating to the aforementioned procedure, the Parent Company has undertaken discussions with the trade unions in order to identify the best solutions, also by means of welfare safety nets, for the redundancy initiative involving 96 resources through voluntary departures and early retirements. The procedure closed in November 2023 identified 84 participating resources.

The effects of the transaction are summarised below.

EUR/million

Redundancy incentives	**(15.0)**
of which:	
- paid in december 2023*	(5.7)
- paiment by January 2024*	(6.9)
- prudential assessment for paiment by January 2024**	(2.4)
Branch disposal costs and related material/***	**(0,7)**

* Recognition in balance sheet in other liabilities, as it is certain.

** Recognition in balance sheet in provisions for risks and charges, as estimated.

*** Costs mainly recognized in Other income/expenses and Adjustments/recoveries of property, plant and equipment connected to IFRS 16 and related material for functional use.

Stellantis Financial Services Italia S.p.A.

In order to adapt the company's professional skills to the new needs of the financial market in relation to the Automotive sector, Stellantis Financial Services Italia has decided to start a process aimed at encouraging the progressive development of new professional skills. A number of tools were therefore identified to minimise the impact of organisational changes on the company's workforce. With a view to the re-qualification and repositioning of personnel with respect to the new corporate organisational needs, the Bank has made itself available, where possible and in line with its technical, organisational and production requirements, to evaluate training courses for the strengthening of skills, changes of duties and internal mobility paths as well as smart work solutions. As a further tool, the launch of a system of leaving incentives was envisaged, a plan called "Let's Look to the Future," on a non-oppositional basis aimed at encouraging the exit of those who had accrued within a given period the requirements for access to the useful pension bonus and/or those who belonged to specific business units and/or specific production units no longer considered strategic by the Bank. On 21 November 2023, the statement of agreement was signed with the internal trade union representatives and the external trade union organisations, which established a maximum number of 60 workers involved in the plan. The exit for all participants was established as at 31 December and, in total, 34 workers complied with the plan with an impact on the income statement of Euro 6.1 million.

Amendment of the National Collective Labour Agreement for banks

Within the credit sector, Abi and Intesa S. Paolo S.p.A. with Fabi, Fisac-Cgil, First-Cisl, Uilca and Unisin, signed on 23 November 2023, the agreement for the renewal of the National Collective Labour Agreement for middle managers and staff in the professional areas of credit, financial and instrumental businesses.

New features of greatest operational interest include interchangeability within the middle management category, recognition of a one-off payment, redetermination of minimum pay scales, canteen allowance, and employee severance pay. And, further still, the regulation of working hours and related reductions, travel reimbursements, illness, maternity and that relating to the Employment Fund (FOC).

In this context, Santander Consumer Bank fully adhered to the above, with an economic effect for 2023 of Euro 1.3 million recognised under payroll and related costs.

Useful life of software

The Santander Group has defined a maximum useful life of 3 years at central policy level, with the exception of significant strategic developments. The stance expressed by the Spanish Parent Company aims to standardise the treatment of these cases at global level in order to maximise the related impacts in terms of capital savings, according to the matters envisaged by prudent supervision rules.

With this in mind, the companies belonging to the Santander Consumer Bank group have aligned themselves with the guidelines received by aligning the residual life of their investments. The transaction entailed the recognition of higher amortisation for Euro 4.9 million, of which Euro 4.7 million pertaining to the parent company.

Lexitor ruling

Following the well-known Sentence C-383/18: Sentence of the European Court of Justice (First Section) of 11 September 2019 "Lexitor", the Bank of Italy, on 4 December 2019, had disseminated to the market "guidelines" aimed at promoting alignment with the framework outlined following the aforementioned ruling and at preserving the quality of customer relations, establishing that, in the event of early repayment of the credit, the consumer's right to reduce the total cost of credit should be considered inclusive of all costs charged to the consumer, excluding taxes, therefore not only the costs related to the duration of the credit relationship, but also the so-called "up front" costs, which do not depend on the duration of the loan.

As from the date of the issue by the Bank of Italy of its guidelines in question (4 December 2019), the Parent Company adjusted, for cases settled after that date, the settlement calculations with respect to the notion of the cost of credit set out by these standards, taking steps, in the event of early termination, to reimburse the full cost of the credit. In addition, a provision for risks and charges for Euro 26.9 million was set aside in the financial statements as at 31 December 2019 to cover these liabilities (detailed below). In conclusion, in this context, starting from the beginning of 2020, in order to comply with the aforementioned guidelines of the Bank of Italy, the Parent Company changed its contractual standards.

Subsequently, Italian Law no. 106 of 23 July 2021 - conversion, with amendments, of Italian Decree Law no. 73 of 25 May 2021 (so-called Sostegni bis - Support bis - Decree) - introduced from 25 July 2021, with article 11 octies, a new formulation of article 125 sexies of the Consolidated Law on Banking, amending the regulations for early repayment of consumer credit agreements. In particular, the second paragraph of the aforementioned article envisages that the provisions of article 125 sexies of the Consolidated Law on Banking and secondary regulations continue to apply to the early terminations of contracts signed before the date of entry into force of the conversion law of the aforementioned decree, contained in the transparency and supervisory provisions of the Bank of Italy in force at the date of the signing of the contracts, while for contracts signed after 25 July 2021 the restitution, in proportion to the residual life of the contract, of interest and all the costs included in the total cost of the credit, excluding taxes, according to the criteria set out in these contracts.

The Bank has therefore aligned itself with the provisions of the Decree described by applying, as from July 2021, at the time of early termination, (i) the provisions of the loan agreement and (ii) the provisions of article 125-sexies of the Consolidated Law on Banking pursuant to Italian Legislative Decree no. 385 of 1993 in force on the date of signing of the loan agreement.

Following this intervention by the legislator, the ABF Coordination Board with decision no. 21676/2021 of 15 October 2021 took note of the differentiated regulatory regime introduced by the legislator for contracts entered into up to 25 July 2021 and for those entered into thereafter, recalling the not dissimilar position expressed by other countries of the European Union of prestigious legal tradition also to protect the lender's legitimate expectations, and therefore concluded that the "up front" costs for all contracts signed before 25 July 2021 are not to be reimbursed.

By order of 2 November 2021, the Court of Turin declared relevant and not manifestly unfounded the question of the constitutional legitimacy of article 11-octies, due to contrast with articles 3, 11 and 117, first paragraph, of the Constitution, with consequent transmission of the documents of the trial to the Constitutional Court, based on the twofold finding that it was impossible to interpret the provisions of the law in conformity with the "Lexitor" judgement and, at the same time, the absence of the conditions for the direct application of the EU rule by disapplying the rule of domestic law which is incompatible with the first.

By means of Ruling no. 263 of 22 December 2022, the Constitutional Court ruled on the reduction of the total cost of credit to consumers in the event of early repayment of the loan and declared the new article of the Sostegni-bis Decree unconstitutional, limited to the following sentence "and the secondary rules contained in the transparency and supervisory provisions of the Bank of Italy". The Court held, in particular, that the reference made by the legislator, in the inter-temporal regulation, to the secondary regulations of the Bank of Italy, was in conflict with the principle of the primacy of European Union law, since in fact it prevented the application of article 16, paragraph 1 of the Consumer Credit Directive, as interpreted by the Court of Justice.

Although apparently it might seem that the Judge has definitively resolved all interpretative issues with reference to the application of article 125 sexies of the Consolidated Law on Banking in the version prior to the reform, on the contrary, several doubts remain regarding the effective scope of application of the principles established by the same.

Lastly, by means of ruling dated 9 February 2023, the Court of Justice of the European Union in case C-555/21 - questioned by the Austrian Supreme Court about whether Directive no. 2014/17 (Directive on credit agreements with consumers relating to residential properties) precludes a national regulation that envisages that the right of the consumer to reduce the total cost of the credit, in the event of early repayment of the same, includes only interest and costs that depend on the duration of the credit - expressed itself by asserting that the right to the reduction in question seeks to adjust the loan agreement according to the circumstances of the early repayment.

Therefore, this right does not include costs that, regardless of the duration of the contract, are borne by the consumer in favour of both the creditor and third parties for services that have already been fully performed at the time of early repayment.

Despite this ruling by the Court of Justice of the European Union in case C-555/21, local case law is still controversial.

Profiles of uncertainty remain also following the most recent government and legislative measures of Summer 2023 and which were then defined in the most recent legislative measure by means of Italian Decree Law no. 104 of 10 August 2023 (so-called Omnibus Decree - containing "Urgent provisions for the protection of users, regarding economic and financial activities and strategic investments"), subsequently converted into law by means of Italian Law no. 136 of 09 October 2023, which intervened on the content of article 11-octies, paragraph 2 of Italian Decree Law no. 73/2021, envisaging the following: "1. In article 11-octies, paragraph 2 of Italian Decree Law no. 73 of 25 May 2021, converted, with amendments, by Italian Law no. 106 of 23 July 2021, the second and following paragraphs are replaced by the following: "*In compliance with European Union law, as interpreted by the rulings of the Court of Justice of the European Union, in the event of early terminations of contracts signed before the date of entry into force of the law conversion of this decree, the provisions of article 125-sexies of the consolidation act of the banking and credit laws as per Italian Legislative Decree no. 385 of 1 September 1993, in force as at the date the contracts were signed, continue to apply without prejudice to the provisions of the Italian Civil Code on the subject of objective debt and unjust enrichment; in any case, taxes are not subject to reduction*", with a clear reference therefore to "*...European Union law, as interpreted by the rulings of the Court of Justice of the European Union ...* " - which would also seem to involve a reference to the ruling of EU Court of Justice issued in the "UniCredit Bank Austria" case - 555/2023 - and also to the "*...matter of objective debt and unjust enrichment*" - which would justify the objection of lack of legitimacy of the Bank in the face of the request for repetition brokerage and insurance costs.

Pending the assessments of the ABF and the decisions of the trial Courts, adopted from time to time, in relation to the aforementioned regulatory measure, and which still remain unequivocal in their conclusions, the Parent Company has therefore considered it appropriate and reasonable to maintain the approach followed up to now, together with the safeguards allocated at the time and, in part still in place, as detailed below, considered, on the basis of the information available, representative of the potential risk of repayment in the event of early repayment.

In particular, the provisions relating to the contracts outstanding as at 31 December 2019 and not yet closed is equal to Euro 8.2 million, corresponding to the residual value of the provisions made in 2019 (originally Euro 26.9 million) statistically estimated to cover the repayment of the up-front components for cases outstanding as at that date was used up to July 2021 (so-called Sostegni-bis Decree previously mentioned) and maintained unchanged from that date until today.

The provision relating to contracts already terminated as at 31 December 2019 and not yet claimed, for which provisions were made in 2015 and 2016 to cover the risk inherent in determining the components of the settlement calculation at the time in force, amounts to Euro 1.5 million. During 2023, this provision was used, for Euro 0.8 million, starting from September by virtue of the regulatory developments described above, which led to cash outflows during judicial negotiations.

As at 31 December 2023, the aforementioned provisions are deemed representative of the potential risk of repayment in consideration of the period that has now elapsed from the beginning of the matter, of the statistical trend of the complaints/disputes already received on this basis and the related payments, the uncertainty of the conduct of consumers and the non-univocal interpretation of the courts following the interventions by the legislator who also determines, consequently, different positions and views by the individual judges at the time of decision, as we have seen in recent months.

Audits in the area of transparency

In December 2022 and January 2023, the Turin Bank of Italy branch ordered an ordinary inspection regarding the regulations on the Transparency of banking and financial services for some branches of the Parent Company.

The audit process was concluded by confirming general compliance with the aspect under analysis, however revealing some areas for improvement. As no material critical issues were identified, no sanction proceedings were initiated.

Santander Consumer Bank S.p.A., in agreement with the Bank of Italy , launched a remediation plan aimed at remedying the identified gaps.

Audits and other tax aspects

Italian Internal Revenue Agency inspection on the Parent Company Santander Consumer Bank S.p.A.

On 20 July 2023, the tax inspection on the Parent Company Santander Consumer Bank S.p.A. for the 2017 tax year, which was started on 31 January 2023 by the Revenue Agency, Regional Piedmont Division, Large Taxpayers Audit Department, came to an end.

The Report on Findings reported some aspects for discussion regarding direct taxes, while nothing was highlighted with reference to indirect taxes. As at 31 December 2023, no notice of assessment was issued as the Parent Company received a request to appear from the inspection body to discuss the matter in question.

Following a careful examination of that which was received from the Italian Revenue Agency, on the basis of opinions received from tax advisors, it was not deemed necessary to make provisions pursuant to IFRIC 23 on these risks, except for probable residual amounts, equal to Euro 0.2 million.

Notice of adjustment of the Italian Internal Revenue Agency on the sale of the business unit Hyundai Capital Bank Europe GmbH - Italian branch

On 17 October 2023, the Parent Company Santander Consumer Bank and Hyundai Capital Bank Europe GmbH - Italian Branch received a notice of adjustment relating to the calculation of the stamp duty paid on the sale of the business unit carried out in 2021.

The counterparties initiated dialogue with the Italian Revenue Agency for the matters in question.

Following careful examination of the above, on a prudent basis, Santander Consumer Bank deemed it necessary to make a provision pursuant to IFRIC 23 on this risk, defining a related provision for its share, amounting to Euro 0.1 million.

Settlement with the Italian Revenue Agency on commercial campaigns by Stellantis Financial Services Italia S.p.A.

During 2022, Stellantis Financial Services Italia received disclosure requests from the Italian Revenue Agency regarding the commission paid to dealers as part of commercial campaigns managed with Stellantis. A similar disclosure request was received by the dealers and with a view to this Stellantis Financial Services Italia supported the latter.

Considering the uncertain regulatory framework with regard to the matter in question, which also affected other operators in the sector, Stellantis Financial Services Italia, although it considered its behaviour in terms of VAT treatment of the items in question to be correct, considered it appropriate to find a settlement solution with the Italian Revenue Agency.

In this context, on 22 September 2023, an agreement was entered into indicating the following details:

- deductibility of VAT deriving from invoices received from dealers by means of the issue of debit notes by the latter; this transaction generated a VAT credit position of Euro 25.6 million, the repayment/ use of which will take place in accordance with the timescales envisaged by law;
- deductibility of VAT deriving from amounts invoiced to the manufacturer by means of the issue of credit notes by Stellantis Financial Services Italia; this transaction generated a VAT debt position of Euro 11.7 million, already paid to the inland revenue;

- applicability, for the years 2017-2021, of the benefits envisaged, on the calculation of penalties and interest, by the so-called "Pace Fiscale" decree.

In view of the aforementioned agreement, Stellantis Financial Services Italia has also granted compensation in favour of the dealers who have signed up to the agreement.

Tax assessments care of Stellantis Renting Italia S.p.A.

At the beginning of February 2023, Stellantis Renting Italia received an audit from the Metropolitan City of Milan for the 2018 tax period on provincial registration tax, that the Company will appeal care of the Tax Tribunal. On the same issue, the Tax Police also concluded at the beginning of February 2023 a formal report on findings also for the following years, referring everything to the Province of Milan. In September 2023, Stellantis Renting Italia was called to a hearing by the competent authorities. In January 2024, the Judges of the Tax Court upheld Stellantis Renting Italia's appeal and cancelled the challenged notice, fully offsetting the costs of the proceedings between the parties.

As this is a first instance judgement, the company expects to maintain the related risk provision, recognised in previous years, amounting to Euro 1.9 million.

Extra-profit tax

During 2023, with the conversion of the "Asset Decree" of 8 August 2023 on 9 October 2023, extraordinary taxation was introduced to apply to the extra profits generated by Banks following the evolution of interest rates at market level.

This decree envisages the application of the tax to credit institutions registered in the Register of Banks, with the following specificities:

- the calculation basis consists of 40% to be applied to the difference in the 2023 net interest margin compared to 2021 exceeding an increase of 10%;
- determination of a maximum level of the calculation result equal to 0.26% of the 2022 RWAs;
- non-deductibility of the tax for the purposes of direct taxes;
- possibility of not paying the tax if the bank allocates an amount equal to 2.5 times the value deriving from the calculation to the provision, in the event of release of the same in the future, the tax will be due with an increase in interest.

In this case, each of the two Banks belonging to the group did not exceed the threshold for application.

Pillar 2 – Global Minimum Tax

In October 2021, the members of the OECD/G20 of the Inclusive Framework on erosion of the taxable base and profit shifting agreed on a two-pillar regulatory solution (Pillar Two) to reform the international tax framework in response to the challenges posed by the digitalisation of the economy (known as Global Anti-Base Erosion Model Rules - GloBE Model Rules).

The GloBE rules were approved and published by the OECD's Inclusive Framework on 20 December 2021. The GloBE rules consist of a coordinated system of rules designed to be implemented in the domestic law of each jurisdiction and operate to ensure that large multinational groups (with consolidated revenues exceeding Euro 750 million per annum) are subject to an effective minimum tax rate of 15% on profits produced in each jurisdiction in which they operate.

The Commentary on the GloBE Model Rules was approved and disseminated by the OECD's Inclusive Framework on 14 March 2022, together with a series of detailed examples that illustrate the de facto application of the rules and that more fully clarify the interpretation and functioning of the provisions contained in the GloBE Model Rules.

In the wake of the above, on 15 December 2022, the Council of the European Union converted the OECD recommendations into EU law with the adoption of Directive EU 2022/2523 aimed at ensuring a minimum global level of taxation for multinational corporate groups and large national groups located in the EU.

In particular, the legislation as per the EU directive applies to any large group, both national and international, including the financial sector, with consolidated revenues exceeding Euro 750 million per annum and with a parent company or a branch located in a EU member State.

Article 56 of the EU Directive also requires Member States to assimilate the Directive into national law by 31 December 2023.

The Pillar 2 rules, as implemented at EU level, require multinationals to identify jurisdictions with an ETR (Effective Tax Rate) of less than 15%. The ETR is calculated as the ratio of the taxes paid by the entity (covered taxes) and the qualified income (GloBE Income) at individual jurisdiction level (Jurisdictional blending). In order to identify both the covered taxes and the GloBE Income, steps are taken in strict derivation from the values determined for the individual entities on the basis of the accounting standards adopted for the preparation of the consolidated financial statements, adjusted by numerous specific adjustments according to common rules. Taxes in the numerator also include prepaid and deferred taxes, appropriately adjusted to avoid fluctuations due exclusively to timing differences. If the ETR for entities located in a specific jurisdiction is lower than the minimum level of 15% then, in compliance with Pillar 2 rules, the multinational group will have to proceed with the payment of the minimum top-up tax in order to bring the level of taxation back to the minimum value of 15%. This top-up tax is defined as the "Income Inclusion Rule" or IRR.

If the minimum top-up tax - IRR is not applied by a country, not belonging to the EU, in which the multinational group is based, the individual EU Member States in which the group is located will have to apply the minimum supplementary tax (called "Undertaxed Payments Rule") in order to allow a Member State to effectively pay part of the top-up tax due at entire multinational group level if some of the jurisdictions in which the group is located are subject to a lower level of taxation than the minimum envisaged and no top-up tax is applied.

Lastly, there is the option, for each national jurisdiction, to introduce a national minimum tax due in relation to the companies of a multinational or national group located in the individual country and to be paid to the same (Qualified Domestic Minimum Top-Up Tax - QDMTT).

In this regulatory framework, on 28 December 2023 Italian Legislative Decree no. 209 of 27 December 2023 assimilating EU Directive no. 2022/2523 of 15 December 2022 on global minimum taxation was published in the Italian Official Gazette. For the purposes of the implementation in Italy of the specific legislation on the minimum level of taxation, the same fully refers to the common approach agreed at international level based on the OECD rules of the GloBE Model Rules, the related Commentary and the subsequent Administrative Guides, the local implementation provisions of which are deferred to subsequent ministerial decrees, as well as the introduction of a national minimum tax (Qualified Domestic Minimum Top-Up Tax - QDMTT). The decree also envisages the application of the Transitional Safe Harbours (TSH), for the purposes of calculating compliance with the minimum level of taxation, to be adopted by means of a specific decree of the Ministry of the Economy and Finance and in compliance with OECD rules and the EU Directive.

Within this regulatory framework, the Santander Group is developing the related application analyses of the specific international legislation, starting from an analysis of the corporate organisational chart relating to the individual national territories concerned. At present, the possibility of using the transitional regime, within the sphere of the Transitional Safe Harbours, has been identified for the period 2024-2026, by means of the use of the Simplified ETR Test which relates, for each year and for each jurisdiction in which the multinational Group is present, the data of the qualified CBC Report represented by the Simplified Covered Taxes (current taxes) and the Profit before tax (profit/loss before taxes). This test is aimed at measuring, on the perimeter of each individual country, the Effective Tax Rate so that it is respectively higher than:

- 15% for 2024
- 16% for 2025
- 17% for 2026

Considering, to date, the current and prospective level of the nominal Tax Rate as well as the actual one in relation to the Group's entities located in Italy, no specific quantitative impacts in terms of minimum tax due can be inferred.

E – Result for the year

The Group has the reasonable expectation that it will continue to operate in the foreseeable future and has, therefore, prepared its consolidated financial statements on a going concern basis, in accordance with the instructions provided in Document no. 4 of 3 March 2010 issued jointly by the Bank of Italy, Consob and Isvap, regarding "Information to be provided in financial reports on impairment tests, on debt covenants, on debt restructuring and on the fair value hierarchy", which makes reference to the corresponding document no. 2, again issued jointly by these three Authorities on 6 February 2009.

E.1 – Economic performance

€/million	2023	2022	0.0	Change %
Net investment margin	**334.6**	**350.0**	**(15.4)**	**(4.4)**
Net fee and commission	90.1	77.5	12.6	16.3
Net income (loss) financial assets and liabilities held for trading and FV adjustment in hedge accounting	10.4	11.2	(0.8)	(7.1)
Gains and losses on disposal of financial assets and liabilities	6.3	8.2	(1.9)	(23.2)
Operating income	**441.4**	**447.0**	**(5.6)**	**(1.3)**
Administrative costs:	(223.3)	(165.7)	(57.6)	34.8
payroll costs	(112.0)	(67.7)	(44.3)	65.4
other administrative costs	(111.3)	(97.9)	(13.4)	13.7
Depreciation	(36.7)	(16.4)	(20.3)	123.8
other operating income (charges)	26.2	16.0	10.2	63.7
Net operating margin	**207.6**	**280.9**	**(73.3)**	**(26.1)**
Impairment losses on financial assets	(52.8)	(46.7)	(6.1)	13.1
Other provisions	1.0	0.0	1.0	--
Total profit or loss before tax	**155.7**	**234.2**	**(78.5)**	**(33.5)**
Tax	(49.1)	(74.4)	25.3	(34.0)
Net profit or loss	**106.6**	**159.8**	**(53.2)**	**(33.3)**
Minority profit (loss) of the year	**33.4**	**34.9**	**(1.5)**	**(4.3)**
Holdings income (loss) of the period	**73.3**	**124.9**	**(51.6)**	**(41.3)**

The year in question recorded a decreasing net interest margin for the Group (-4.4%) characterised by the increase in interest income (+75.3%) mainly related to the repricing strategy, caused by the performance of the interest expense (+577.8%) related to the increase in the cost of funding at market level.

Net fee and commission income increased (+16.3%), thanks to greater penetration linked to insurance products.

Net trading income (loss) and net hedging income (loss) respectively represent the effect of the fair value of hedging derivatives on the loans portfolio and of structured derivatives for securitisation transactions which were affected by the change in the interest rates.

The item Gains on disposal or repurchase of receivables represents the balance net of transfers to third parties of receivables without recourse essentially attributable to the transfer of NPL receivables in write-off under management.

The combination of the above mentioned effects led to a decrease in the net interest and other banking income (-1.3%), which went from Euro 447.0 million to Euro 441.4 million.

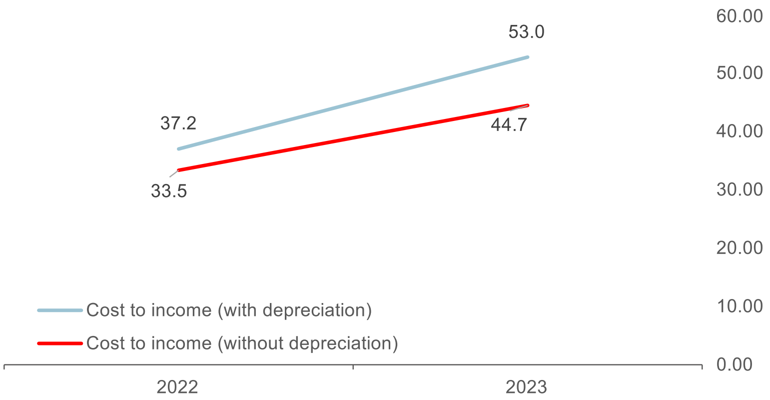
Adjustments to loans and receivables increased (+13.1%), from Euro 46.7 million to Euro 52.8 million. In general, the credit risk on the various products did not change significantly. The increase in overall portfolio exposure is mainly due to the acquisition of the Opel portfolio and the Finstock product of Stellantis Financial Services Italia. Although the aforementioned exposures are significant, the correlated credit risk is low considering the characteristics of the products. This effect was completely reabsorbed by the release of the overlays maintained by the same company (Euro 10 million). For the details, please refer to the Notes to the financial statements - Part E, which illustrate the method for determining expected losses for Group companies.

Administrative expenses increased (+34.8%) mainly due to the increase attributable to the Stellantis transaction (start-up and workforce costs), as well as reorganisation costs incurred by the Group.

Amortisation and depreciation underwent an increase (+123.8%) mainly due to the capitalisation of the rights deriving from the Stellantis transaction, the alignment of the useful life of the software and ultimately to the growth of the operating lease business.

The item Other operating income (charges) shows a significant increase of +63.7%. Within this item, the main change is attributable to the increase in servicing fees in relation to Hyundai Capital Bank Europe GmbH - Italian branch.

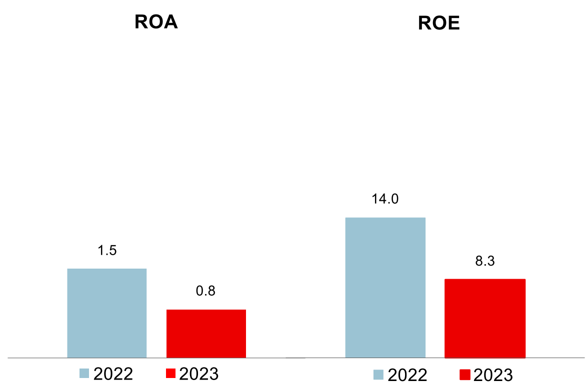
Cost to income



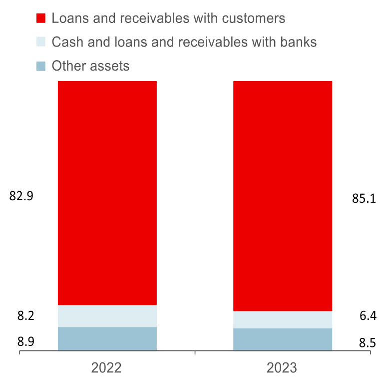
Net provisions for risks and charges recorded a slight increase.

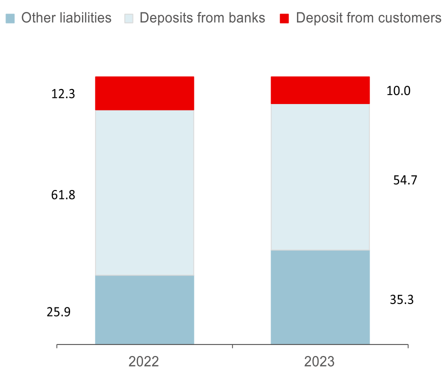
The above aspects led to a result before tax of Euro 155.7 million and a net profit of Euro 106.6 million, of which Euro 73.3 million attributable to the Parent Company.

Profitabiity (ROA – Return On Asset e ROE – Return On Equity)



E.2 – Main balance sheet aggregates





in percentage value

With regard to the breakdown of assets, loans to customers - a predominant item - increased (in relative terms) by +2.7%.

With regard to the evolution of the item loans to customers, there was a significant increase compared to the previous year of the entire portfolio. Analysing the details by product, there was an increase in the Finstock (+412.5%), car loans (+28.4%) and personal loans (+48.7%), while there was a decrease in salary assignment (-13.6%).

€/milion	Total		Change	
	2023	2022	Absolute	(%)
Car loan	6,278	4,889	1,389	28.4
Special-purpose loan	840	692	148	21.4
Personnel loan	1,709	1,149	559	48.7
Cards	3	3	0	(11.1)
Leasing	1,044	870	174	20.0
Salary assignment	896	1,037	(141)	(13.6)
Stock financing	2,671	521	2,150	412.5
Factoring	140	133	7	5.3
Other loans to customers	1	1	(1)	(37.9)
Other components of amortised cost	254	205	48	23.7
Gross loans to customers	**13,836**	**9,502**	**4,334**	**45.6**
Provision for loan losses	(230)	(216)	(14)	6.6
Net loans to customers	**13,607**	**9,287**	**4,320**	**46.5**

With regard to other assets, they mainly consist of Government securities. Receivables due from banks increased in absolute value and as a percentage of assets, mainly due to an Overnight loan at the end of 2023 for reasons linked to liquidity ratios.

Payables due to banks increased with respect to the previous year and mainly include TLTRO loans and funding from the Spanish parent company. Deposits from customers, consisting mainly of demand and time deposit accounts underwent a slight increase with respect to the previous year. Securities issued mainly consist of market-based ABS, which underwent a significant increase in line with the strategies received from the Spanish Parent Company.

E.3 – Statement of reconciliation of Consolidated and Individual Shareholders' Equity and Net Profit

	Shareholders' equity	of which: Result at 31/12/2022
Balances of the Parent Company at 31/12/2022	**967,919**	**42,864**
Effect of consolidation of subsidiaries	106,499	30,406
Minority interests	442,648	
Consolidated balances at 31/12/2022	**1,517,066**	**73,270**

F – Subsequent significant events

Pursuant to IAS 10, these financial statements were authorised for publication by the Board of Directors on 14 February 2024.

Since the end of the year and up to the date of approval of the draft financial statements by the Board of Directors, there have been no significant events or transactions that could have a significant impact on the results explained in this report. The draft financial statements therefore reflect in detail all events that affected the Group's operations in 2023.

G – Strategic and forward-looking management

Management operations are geared towards a sustainable growth of profits aimed at creating value for shareholders, to an ability to independently generate capital and to a conscious assumption and management of risks.

More specifically:

- **Customers**: offer a wider range of products, also in terms of sustainability, enriched by dedicated services, seizing the opportunities offered by digital technology;
- **Partners**: maintain and strengthen the relationship with the current partners, supporting their commercial activities and search new cooperation opportunities on different channels;
- **Shareholders**: ensure a solid, adequate and sustainable growth with value creation;
- **Active management of the funding and the capital:** increase the diversification of funding sources with a limitation of financial risks. Maintain capitalisation levels in line with current regulations, with constraints imposed by the Supervisory Authorities, or with the objectives of the Santander Group;
- **Control and optimisation of operating costs**, ensuring their growth is lower than the growth in revenue;
- **Digitalisation**: achieve full digitalisation of the sales process in order to create competitive advantages and to automate procedures, as well as improve the Group's visibility and customer experience;
- **Effective risk management**: constantly monitor the quality of the portfolio managed and the level of litigation, through an effective strategy of acceptance and recovery, and evaluating new strategies to keep the quality of the impaired portfolio stable by evaluating new market developments;
- **Internal culture:** update, develop and optimise corporate professionals, promote talent and encourage internal mobility;
- **Community and environment**: support the communities in which the Group operates with experience/internship programmes, financial education and active participation in academic events; support voluntary associations and sustain eco-sustainability initiatives.

As part of this mission and strategic orientation, 2023 will see the main points of attention listed below:

- Maintenance of adequate levels of profitability;
- Continuation of a policy that places the customer first, allowing the development of volumes and creating new business opportunities;
- Gradual increase in the loan portfolio, supported by a policy of maintaining existing agreements and developing new agreements, as a function of the rationalisation of the capital;
- Evaluation of new business opportunities by observing new trends in mobility, distribution channels also in terms of sustainability;
- Growth and consolidation of existing joint ventures with an eye open to potential new joint ventures.

The above-mentioned strategies will take into consideration the macroeconomic context described in this report both in terms of inflationary effects and the increase in the cost of money. These cases will not compromise business continuity but will play an important role in the policies that the Group will have to adopt. For more details on the impact on credit risk and liquidity risk, please refer to the relevant sections of the Notes to the Financial Statements for information on risks.

H – ESG

Pursuant to article 6, paragraph 2 of Italian Legislative Decree no. 254 of 30 December 2016, which transposes European Directive no. 2014/95/EU, concerning the reporting of non-financial information, the Santander Consumer Bank Group, while remaining within the scope of application of the Decree, as a public-interest entity in possession of the size and capital requirements, benefits from the exemption provided for by the above-mentioned article. Non-financial information is therefore not reported since it is prepared by the parent company Banco Santander, subject to the same regulatory obligations.

ESG (Environmental, Social and Governance) criteria increasingly characterise and impact the strategies and communication of companies and organisations in various sectors. Specifically, they are a series of criteria that take on the form of a set of operating standards that must inspire the operations of a company to ensure the achievement of certain environmental, social and governance results.

The reference points for the ESG logic can be identified in the 2030 Agenda for Sustainable Development, a programme endorsed in 2015 by the UN General Assembly. The Agenda concerns commitments for people, for prosperity and for the protection of the planet and is reflected in the 17 Sustainable Development Goals (SDGs).

The Group is aware of the value of its business over time and the impact it can generate on the entire community. The Bank undertakes certain ethical, social and environmental commitments to comply with the SDGs (Sustainable Development Goals). It also defines a reliable financial system that seeks consumer confidence, respect for human rights, the fight against climate change, transparency and prevention of money laundering. It is also oriented towards the creation of long-term value and the management of social and environmental risks, defining roles and responsibilities in the development of processes, in its strategy.

H.1 – Environment

- Net Zero Banking Alliance: the Net Zero Banking Alliance (NZBA) is the initiative furthered by the United Nations in which Banco Santander is one of its founding members. The initiative envisages that participating banks commit to aligning their loan and investment portfolios with the achievement of the net zero emissions target by 2050, in line with the targets set by the Paris Climate Agreement.

  Understanding its important role in the transition to a green economy, the Parent Company Santander Consumer Bank analysed different decarbonisation scenarios of its car portfolio, defining an intermediate target of 93 gCO2e/km (-39% compared to the current intensity of emissions) by 2030.

- Affordable and Clean Energy: to guarantee universal access to energy services at affordable, reliable and modern prices; considerably increase the share of renewable energies; improving international cooperation to facilitate access to energy research and technology, promoting investments in energy infrastructures and clean energy technologies.

  For example, the Parent Company Santander Consumer Bank uses 100% of energy from renewable sources (Dolomiti Energy) for the Santander Building and for the branches; in addition, it uses a geothermal plant for the Turin central headquarters.

- Responsible Consumption and Production: garantire modelli di consumo e di produzione sostenibili, ridurre in modo sostanziale la produzione di rifiuti attraverso la prevenzione, la riduzione, il riciclaggio e il riutilizzo; incoraggiare le imprese a adottare politiche sostenibili.

  A titolo di esempio, la Capogruppo Santander Consumer Bank ha ridotto l'utilizzo della plastica grazie alla messa a disposizione di erogatori di acqua e alla distribuzione di borracce ai dipendenti. Infine, oltre all'utilizzo di carta riciclata, nel Palazzo viene rispettata la raccolta differenziata incentivando il riutilizzo dei rifiuti.

- Climate Action: to adopt measures to combat climate change and its consequences, including them in company policies, strategies and plans.
- The Group is committed to various initiatives such as: incentivising green mobility by sponsoring zero-emission mobility with concessions for annual subscriptions to public transport, replacing company fleets with hybrid vehicles and disseminating practical advice in-house to reduce the impact on the environment.

H.2 – Social

La Capogruppo Santander Consumer Bank collabora con diverse associazioni e ONG supportandole tramite donazioni, conferimenti e sponsorizzazioni finalizzate allo sviluppo attività benefiche a scopo sociale:

- H4O: the non-profit organisation works in the north-west of Madagascar with the aim of improving public health and hygiene conditions, guaranteeing access to clean water and sanitation, promoting the creation of social enterprises run by women. H4O carries out local awareness-raising and education activities for global citizenship within schools.

- Ortygia Foundation: we collaborate with the foundation in the development of training activities and mentorship programmes aimed at equal gender opportunities, social inclusion, the enhancement of diversity, and the reduction of territorial divides.

- Piedmont Foundation for Cancer Research (FPRC): we support the foundation through donations and contributions for social purposes with the aim of promoting experimental oncology research and clinical oncology research, developing new diagnostic and therapeutic tools for eradicating the disease, offering activities for health care in the oncology field in the various forms of prevention, diagnosis, treatment and rehabilitation.

- FEduF: we work together with the foundation in the development of financial education courses for high school students, finalised at developing business ideas starting from basic financial concepts, increasing responsible and sustainable actions.

- No Poverty: to end poverty in all its forms by implementing social protection initiatives and measures to guarantee equal rights.

  The Group has worked with and collaborates with various associations such as Casa Santa Luisa supporting homeless people; Centro di aiuto alla vita providing support for families with young children in difficulty; UGI - Unione Genitori Italiani providing help for children with tumours; Comunità di Sant'Egidio supporting people in difficulty through donations, gift collection and voluntary work; Sermig participating in the food and basic goods collection to support the reception centres in Baia Mare, Romania, where refugees arriving from Ukraine are welcomed.

  Good Health and Well-being: to ensure a healthy life by promoting well-being for all at all ages. Ensure universal access to assistance services and essential quality healthcare services.

  The Group furthers action to ensure company welfare by providing the opportunity to take advantage of free health policies for employees and their depending family members, guaranteeing free health check-ups for employees. In addition, special attention is paid to the work-life balance in the company, guaranteeing smart working and promoting a balance between work and private life. In addition, the Parent Company organises a Be Healthy program every year, to raise the awareness of colleagues on the attention to be paid to staying healthy, with a focus on four cornerstones: balance, exercise, nutrition and prevention. In addition, it offers an anonymous and free psychological listening tool to deal with moments of personal or professional difficulty with the help of a professional.

- Quality Education: to ensure inclusive and equal quality education by promoting learning opportunities for all.

  The Group has taken it upon itself to organise meetings to bring young people closer to the financial sector by designing courses for high school children and the children of employees so as to approach the university sphere. In particular, in October of each year, initiatives are organised for young people during the month of financial education. In addition, via the Foundation for Financial Education and Savings (FEduF) the financial education course "Che impresa, ragazzi!" is organised each year, for the purpose of providing high school students with tools and skills to bring out and develop an innovative and sustainable business idea. Santander Open Week is also aimed at young people, an orientation week in which Palazzo Santander opens its doors to the children of employees in the 3rd and 4th year of high school and the first 2 years of university. Lastly, the Group provides employees with specific training tools, including a digital platform with numerous courses to cultivate and develop hard and soft skills and a digital language training project with one-to-one lessons.

H.3 – Governance

- Gender Equality: to achieve gender equality and the empowerment of all women and girls.
- The Parent Company constantly analyses and monitors the Equal Pay Gap and Gender Pay Gap in-house, defining policies and guidelines on equality. It also organises awareness-raising initiatives, including digital talks on inclusion, a cultural innovation path to enhance and include diversity, learning about and overcoming cognitive biases and stereotypes. As at 31 December 2023, 43.2% of the shareholding structure was made up of women.

- Decent Work and Economic Growth: to promote lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- The Group is committed to guaranteeing a wide range of physical goods, personal services, education and supplementary pensions. It offers deposit account products and personal loans for employees under dedicated conditions. The Group promotes an ethical and transparent corporate culture by encouraging the use of whistleblowing channels for reporting offences. The Parent Company is committed to making the workplace even better, a commitment that in the last two years has been acknowledged by obtaining the Great Place to Work certification. It also furthers the professional development of employees through dedicated initiatives: it plans with them individual professional and

training development plans based on an assessment of skills and supports those who are going through a career transition by means of Peer - Peer Master coaching.

- Peace, Justice and Strong Institutions: to promote peaceful and inclusive societies for sustainable development by providing access to justice for all and building effective, responsible and inclusive institutions at all levels.
- The Group ensures constant updating of the management, organisation and control model and the code of ethics. In addition, it defines and publishes internal policies and guidelines to combat corruption and money laundering and antitrust internal policies and guidelines.

I – Compulsory disclosure

Research and development

During 2023, no activities were performed that qualified as research and development at the time of drafting these consolidated financial statements.

Risk and related hedging policies

With regard to the main risks and uncertainties to which the Group is exposed, in accordance with the provisions of article 2428 of the Italian Civil Code, it should be noted that the operating results, balance sheet and cash flows could be influenced by the general macro-economic framework and by financial market trends and the performance of the reference sector, as described previously.

With regard to the information required by the Italian Civil Code on the Group's objectives and policies on financial risk management, as per paragraph 6-bis of article 2428 of the Italian Civil Code, as well as in relation to the use of financial instruments, for a detailed analysis reference should be made to Part E of the Notes to the Financial Statements.

Treasury shares

The Group does not possess any treasury shares (or those of its parent companies), either through a trust company or a third party.

Related parties

Related party disclosures are provided in the consolidated Notes to the Financial Statements accompanying the main balance sheet and income statement items that are affected, as well as in Part H, which is specifically on related-party transactions.

Indipendent Auditor’s Report on the Consolidated Financial Statement at 31 december 2023

Indipendent Auditors' Report on the consolidated financial statements as at 31 December 2024

Independent auditor's report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

Santander Consumer Bank SpA

Consolidated Financial Statements as of 31 December 2023

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Sole Shareholder of
Santander Consumer Bank SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Santander Consumer Bank Group (hereinafter, also, "the Group"), which comprise the consolidated balance sheet as of 31 December 2023, the consolidated income statement, statement of consolidated comprehensive income, statement of changes in consolidated shareholders' equity, consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Santander Consumer Bank SpA (hereinafter, also, "the Company"), pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluations of loans and advances to customers for loans measured at amortised cost *Notes to the consolidated financial statements:* *Part A – Accounting policies* *Part B – Information on the consolidated balance sheet, Assets - Section 4* *Part C – Information on the consolidated income statement, Section 8* *Part E – Information on risks and related hedging policies* Loans and advances to customers for loans, which at 31 December 2023 represented a considerable share of item 40 b) "*Financial assets measured at amortised cost – Loans and advances to customers*", showed a balance of Euro 13,607 million, accounting for about 85 per cent of total assets in the consolidated financial statements. The net adjustments recognised during the year amounted to Euro 53 million and represented the best estimate made by the directors in order to adjust the expected credit losses at the balance sheet date on the basis of the applicable accounting standards. The process of classification into the different risk categories and the evaluation methods are characterised by a high level of complexity and require the estimation of numerous variables. The use of significant assumptions is especially relevant to the verification of the Significant Increase in Credit Risk (SICR), to the allocation to the different risk stages (Staging), to the elaboration and determination of the risk parameters underlying the Expected Credit Loss (ECL) and, in relation to the loans subject to an individual evaluation, to the estimation of the expected future cash flows, related to the timing of recovery and value of realisation of the guarantees, if any. In the reporting period, in addition to proceeding with the ordinary recalibration process of the risk parameters, which envisaged	As part of our audit, we took into consideration the internal control system relevant to the preparation of the consolidated financial statements in order to design appropriate audit procedures in the circumstances. In order to address this key audit matter, we carried out the following main activities, also with the support of PwC network experts: • Analysing the adequacy of the IT environment and reviewing the operational effectiveness of the relevant controls overseeing the IT systems and applications used; • Understanding and evaluating the design of the relevant controls within the monitoring, classification and valuation of loans and verifying the operational effectiveness of such controls; • Understanding and verifying the appropriateness of the policies, procedures and models used to measure the SICR, for the Staging and to determine the ECL, both on a collective and individual basis; • Understanding and analysing the methods to determine the main risk parameters used to determine the ECL; in particular, attention was paid on checking the reasonableness of the recalibration process of the PD (Probability of Default) and LGD (Loss Given Default) risk parameters, as well as the estimates made in defining the expected macroeconomic scenarios, also through comparison with external sources; • Verifying the reasonableness of the assumptions and evaluations underlying the methods to manage post-model adjustments/management overlays; • Verifying the completeness and accuracy of the data bases used for ECL calculation purposes; • Verifying, on a sample basis, with reference to the significant part of the loan portfolio valued on a collective basis, the reasonableness of the classification among performing loans and non-performing loans (Staging), on the basis of available information about the debtor's status, in

the update of the time series and macroeconomic scenarios, the Group in line with the prior years, made use of the post-model adjustments/management overlays. We focused our attention on the evaluation of these loans as part of our audit work, considering the significance of their book value, as well as the complexity of the evaluation processes and methods.	addition to the correct allocation of the applicable risk parameters and the accuracy of the ECL calculation formula; on loans valued on an individual basis, specific analyses were carried out, on a sample basis, regarding the reasonableness of the assumptions about the identification and quantification of the expected future cash flows, about the evaluation of the guarantees backing these exposures and the estimate of their recovery times; • Examining the completeness and adequacy of the disclosures provided in the notes to the consolidated financial statements in accordance with the applicable international accounting standards and regulatory framework.
Recognition of business combinations *Notes to the consolidated financial statements:* *Part A – Accounting policies* *Part G – Business combinations* In 2023 Stellantis Financial Services Italia SpA, a Group's company, finalised the acquisition of the business units, as identified in the relevant Business Transfer Agreements, of the former FCA Bank SpA and of the former Opel Bank SA Succursale Italiana (the "Transactions"). The Transactions fall under the business aggregations and were therefore recognised on the basis of the provisions of the applicable accounting standards, applying the purchase method which provides, inter alia, the Purchase Price Allocation (PPA) on the basis of the fair value of the acquired assets and liabilities. The Transactions thus entailed the need to conduct special evaluations with reference to the classification and measurement of the acquired assets and liabilities. Considering the significance of the amounts deriving from the combinations, as well as the complexity of the evaluation and measurement of the acquired assets and liabilities, the recognition of the Transactions has been considered as a key audit matter.	In order to address this key audit matter, we carried out the following main activities, also with the support of the PwC network experts: • Understanding of the Transactions through the obtainment and analysis of the signed Business Transfer Agreements and of other supporting documents, as well as through discussions with management; • Verification that the applicable accounting standards were complied with through the analysis of the following aspects: - identification of the acquirer; - determination of the acquisition date; - determination of the acquisition cost; - allocation of the acquisition cost; • Understanding and critical analysis, also through discussions with management, of the valuation models adopted as part of the purchase price allocation process and the determination of the fair value of the acquired assets and liabilities, as well as verification, on a sample basis, of the mathematical accuracy of the calculations underlying such models; • Verification of the reasonableness of the main assumptions used by the directors in determining the fair value, also taking into account the specific characteristics of the assets and liabilities acquired, and in allocating the purchase price; • Verification of the completeness and adequacy of the information provided in the

	notes to the consolidated financial statements in accordance with the relevant accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/2015 and, in the terms prescribed by 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, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the parent company Santander Consumer Bank SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

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

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 30 March 2016, the shareholders of Santander Consumer Bank SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010

The directors of Santander Consumer Bank SpA are responsible for preparing a report on operations of the Santander Consumer Bank Group as of 31 December 2023, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Santander Consumer Bank Group as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Santander Consumer Bank Group as of 31 December 2023 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Exemption from the preparation of the non-financial information

As illustrated in the report on operations, the directors of Santander Consumer Bank SpA have opted to use the exemption from the preparation of the non-financial information allowed by article 6, paragraph 2, of Legislative Decree No. 254 of 30 December 2016.

Rome, 21 March 2024

PricewaterhouseCoopers SpA

Signed by

Lorenzo Bellilli
(Partner)

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

Santander Consumer Bank

Consolidated Financial Statements

Consolidated Balance Sheet

In Euro

	Balance sheets - Assets	12/31/2023	12/31/2022
10.	Cash and cash balances	1,003,747,513	895,734,688
20.	Financial assets designated at fair value through profit or loss	65,759,795	41,063,475
	a) Financial assets held for trading	65,755,997	41,059,677
	c) Financial assets mandator designed at fair value	3,798	3,798
30.	Financial assets at FV with effects on P&L	150,253,942	301,372,528
40.	Financial assets measured at amortised cost	13,930,148,161	9,457,370,379
	a) Loans and advances to banks	21,448,344	21,210,236
	b) Loans and advances to customers	13,908,699,817	9,436,160,143
50.	Hedging derivatives	93,815,404	191,979,158
60.	Changes in fair value of portfolio hedged items (+/-)	(48,399,633)	(179,460,597)
90.	Property, plant and equipment	68,156,725	37,400,028
100.	Intangible assets	137,325,432	31,813,108
110.	Tax assets	181,968,561	223,271,534
	a) current	55,837,806	81,671,584
	b) deferred	126,130,755	141,599,950
130.	Other assets	402,304,358	203,173,621
	Total Assets	**15,985,080,258**	**11,203,717,922**

	Liabilities and Shareholders' equity	12/31/2023	12/31/2022
10.	Financial liabilities valued at amortised cost	13,563,400,037	9,475,287,112
	a) Deposits from banks	8,750,945,628	6,927,232,264
	b) Deposits from customers	1,594,343,962	1,377,207,072
	c) Debt securities in issue	3,218,110,447	1,170,847,776
20.	Financial liabilities held for trading	66,801,983	41,082,927
40.	Hedging derivatives	16,166,423	-
60.	Tax liabilities	37,594,468	61,836,498
	a) current	36,375,992	61,405,179
	b) deferred	1,218,476	431,319
80.	Other liabilities	755,912,415	345,159,934
90.	Provision for employee severance pay	5,781,511	3,237,728
100.	Provisions for risks and charges	22,357,103	19,378,956
	b) pensions and other post retirement benefits obligations	1,551,524	-
	c) other	20,805,579	19,378,956
120.	Valuation reserves	(235,708)	(1,027,872)
150.	Reserves	427,751,359	302,684,192
160.	Share premium	632,586	632,586
170.	Share capital	573,000,000	573,000,000
190.	Minorities shareholders' equity (+/-)	442,648,130	257,574,253
200.	Net Profit (Loss) for the year (+/-)	73,269,951	124,871,608
	Total liabilities and Shareholders' Equity	**15,985,080,258**	**11,203,717,922**

Consolidated Income Statement

In Euro

	Items	12/31/2023	12/31/2022
10.	Interest and similar income	710,853,745	405,502,188
	of which: interest income calculated using the effective interest method	593,185,006	379,422,003
20.	Interest expenses and similar charges	(376,243,699)	(55,507,722)
30.	**Net interest margin**	**334,610,046**	**349,994,466**
40.	Fee and commission income	169,723,910	124,742,125
50.	Fee and commission expenses	(79,634,448)	(47,207,244)
60.	**Net fee and commission**	**90,089,462**	**77,534,881**
80.	Net income financial assets and liabilities held for trading	(1,148,125)	6,452
90.	Net hedging gains (losses) on hedge accounting	11,519,478	11,221,720
100.	Gains and losses on disposal of:	6,319,040	8,196,966
	a) financial assets at amortised cost	6,319,040	8,196,966
120.	**Operating income**	**441,389,901**	**446,954,485**
130.	Net losses / recoveries on credit risk relating to	(52,826,332)	(46,708,969)
	a) financial assets at amortised cost	(52,826,332)	(46,708,969)
150.	**Net profit from financial activities**	**388,563,569**	**400,245,516**
180.	**Net profit from financial and insurance activities**	**388,563,569**	**400,245,516**
190.	Administrative costs:	(223,279,838)	(165,670,514)
	a) payroll costs	(111,992,043)	(67,723,125)
	b) other administrative costs	(111,287,795)	(97,947,389)
200.	Net provisions for risks and charges	981,335	6,758
	b) other net provisions	981,335	6,758
210.	Net adjustments / writebacks on property, plant and equipment	(8,914,543)	(5,747,369)
220.	Net adjustments / writebacks on intangible assets	(27,811,178)	(10,639,998)
230.	Other operating income/expenses	26,192,348	15,992,149
240.	**Operating costs**	**(232,831,876)**	**(166,058,974)**
290.	**Total profit or loss before tax from continuing operations**	**155,731,693**	**234,186,542**
300.	Tax income of the year from continuing operations	(49,103,129)	(74,416,149)
310.	**Total profit or loss after tax from continuing operation**	**106,628,564**	**159,770,393**
330.	**Profit or loss for the year**	**106,628,564**	**159,770,393**
340.	Minority profit (loss) of the year	33,358,613	34,898,785
350.	**Parent Company's profit (loss) of the year**	**73,269,951**	**124,871,608**

Statement of Consolidated Comprehensive Income

In Euro

	Items	12/31/2023	12/31/2022
10.	**Net Profit (Loss) for the year**	**106,629**	**159,770**
	Other income components net of taxes without reversal to the income statement	**66**	**563**
70.	Defined benefit plans	66	563
	Other income components net of taxes with reversal to the income statement	**837**	**(1,113)**
150.	Financial assets (no equity securities) measured at fair value with an impact on total profitability	837	(1,113)
200.	**Total other income components after tax**	**903**	**(551)**
210.	**Overall profitability (Item 10 + 200)**	**107,532**	**159,220**
220.	**Consolidated comprehensive income attributable to minorities**	**33,469**	**35,049**
230.	**Consolidated comprehensive income attributable to Parent Company**	**74,062**	**124,171**

Statement of changes in Consolidated Shareholders' Equity

In Euro

Financial year 2023

	Balance at 12.31.2022	Changes in opening balances	Balance at 1.1.2023	Allocation of prior year results: Reserves	Allocation of prior year results: Dividends and other allocations	Changes during the year: Changes in reserves	Transactions on shareholders' equity: Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes of ownership interesrs	Comprehensive income for 2023	Group shareholders' equity at 12.31.2023	Minority interests at 12.31.2023
Share capital:	**662,754,500**		**662,754,500**				**2,000,000**								**573,000,000**	**91,754,500**
a) ordinary shares	662,754,500		662,754,500				2,000,000								573,000,000	91,754,500
b) other shares																
Share premium reserve	**12,404,771**		**12,404,771**												**632,586**	**11,772,185**
Reserves:	**423,520,293**		**423,520,293**	**159,770,393**			**149,800,000**								**427,751,359**	**305,339,329**
a) retained earnings	304,200,027		304,200,027	159,770,393											387,838,671	76,131,750
b) other	119,320,266		119,320,266.00				149,800,000								39,912,688	229,207,579
Valuation reserves	**(715,190)**		**(715,190)**											**902,986**	**(235,708)**	**423,505**
Equity instruments																
Treasury shares																
Net profit (loss) for the period	**159,770,393**		**159,770,393**	**(159,770,393)**										**106,628,564**	**73,269,951**	**33,358,613**
Shareholders' equity	**1,000,160,514**		**1,000,160,514**				**195,558**							**74,062,114**	**1,074,418,188**	
Minorities interests	**257,574,253**		**257,574,253**				**151,604,442**							**33,469,436**		**442,648,132**

Financial year 2022

	Balance at 12.31.2021	Changes in opening balances	Balance at 1.1.2022	Allocation of prior year results: Reserves	Allocation of prior year results: Dividends and other allocations	Changes during the year: Changes in reserves	Transactions on shareholders' equity: Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes of ownership interesrs	Comprehensive income for 2021	Group shareholders' equity at 12.31.2022	Minority interests at 12.31.2022
Share capital:	**662,754,500**		**662,754,500**												**573,000,000**	**89,754,500**
a) ordinary shares	662,754,500		662,754,500												573,000,000	89,754,500
b) other shares																
Share premium reserve	**12,404,771**		**12,404,771**												**632,586**	**11,772,185**
Reserves:	**435,799,788**		**435,799,788**	**(10,860,110)**		(1,419,385)	-	-							**302,684,192**	**120,836,101**
a) retained earnings	316,479,522		316,479,522	(10,860,110)		(1,419,385)	-	-							262,771,505	41,428,522
b) other	119,320,266		119,320,266			-	-	-							39,912,687	79,407,579
Valuation reserves	**(164,490)**		**(164,490)**			-	-	-						(550,699)	**(1,027,872)**	**312,682**
Equity instruments						-	-	-								
Treasury shares						-	-	-	-							
Net profit (loss) for the period	**159,139,890**		**159,139,890**	**10,860,110**	**(170,000,000)**	-	-	-	-					**159,770,393**	**124,871,608**	**34,898,785**
Shareholders' equity	**1,047,409,882**		**1,047,409,882**		**(170,000,000)**	(1,420,086)	-	-	-					**124,170,718**	**1,000,160,514**	
Minorities interests	**222,524,577**		**222,524,577**			701	-	-	-					**35,048,975**		**257,574,253**

Consolidated Cash Flow Statement (indirect method)

In Euro

A. OPERATING ACTIVITIES	Amount 12/31/2023	Amount 12/31/2022
1. Liquidity generated from operations	**282,297,631**	**108,248,052**
- net profit for the year (+/-)	106,628,563	159,770,395
- net gains/losses on financial assets held for trading and financial assets designated at fair value through profit or loss (+/-)	309,791	(40,620)
- gains (losses) from hedging activities (+/-)	9,307,518	(909,866)
- net adjustments for credit risk (+/-)	11,980,410	27,856,173
- impairment/recoveries to property and equipment and intangible assets (+/-)	36,778,877	16,612,631
- net provisions for risks and charges and other costs/income (+/-)	77,193,711	(2,179,694)
- net premiums not collected (-)		
- other income insurance income/expense not collected (-/+)		
- unsettled taxes and tax credit (+/-)	5,987,328	15,527,464
- impairment/recoveries to disposal groups net of tax effect (-/+)	(797)	
- other adjustments (+/-)	34,908,807	(108,388,430)
2. Liquidity generated/absorbed by financial assets	**(4,647,491,076)**	**(193,022,184)**
- financial assets held for trading	(18,974,943)	8,035
- financial assets designated at fair value through profit and loss		(3,798)
- financial assets mandatorily designated at fair value		
- financial assets measured at fair value with an impact on total profitability	155,014,988	332,449,066
- financial assets measured at amortized cost	(4,669,178,119)	(532,491,387)
- other assets	(114,353,002)	7,015,900
3. Liquidity generated/absorbed by financial liabilities	**4,492,171,670**	**432,582,750**
- financial liabilities measured at amortized cost	4,105,638,124	350,018,232
- financial liabilities held for trading	19,334,702	
- financial liabilities designated at fair value through profit and loss		
- other liabilities	367,198,844	82,564,518
Net Liquidity generated/absorbed by operating activities	**126,978,226**	**347,808,618**
B. INVESTING ACTIVITIES		
1. Liquidity generated by	653	7,665
- sale of equity investments		
- dividends collected on equity investments		
- sale of property and equipment	653	7,665
- sale of intangible assets		
- sale of lines of business		
2. Liquidity absorbed by	**(170,766,052)**	**(26,052,864)**
- purchase of equity investments		
- purchase of property and equipment	(37,556,451)	(17,098,364)
- purchase of intangible assets	(133,209,601)	(8,954,500)
- purchase of lines of business		
Net Liquidity generated/absorbed by investing activities	**(170,765,399)**	**(26,045,199)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	2,000,000	
- issue/purchase of equity instruments	149,800,000	
- dividends distributed and other allocations		(170,000,000)
- sale/purchase of minority control		
Net cash generated/absorbed by financing activities	**151,800,000**	**(170,000,000)**
NET CASH GENERATED/ABSORBED IN THE YEAR	**108,012,826**	**151,763,418**

Key:

(+) generated

(-) absorbed

Reconciliation

Items	Amount	
	12/31/2023	12/31/2022
Cash and cash equivalents at beginning of year	**895,734,687**	**743,971,269**
Net increase (decrease) in cash and cash equivalents	**108,012,826**	**151,763,418**
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at end of year	**1,003,747,514**	**895,734,687**

Santander Consumer Bank

Notes to the Consolidated Financial Statements

Part A – Accounting policies

A.1 – General information

Section 1 – Declaration of compliance with International Financial Reporting Standards

Pursuant to Italian Legislative Decree no. 38 of 28 February 2005, the Financial Statements have been prepared in compliance with the IAS/IFRS issued by the IASB (International Accounting Standards Board) and the interpretations of the IFRIC (International Financial Reporting Interpretations Committee), endorsed by the European Commission, as established by EU Regulation no. 1606 of 19 July 2002.

The Financial Statements have been prepared in accordance with Circular no. 262/05 (hereinafter also the Circular) as subsequently amended by the 8th update of 17 November 2022 (applied as from the financial statements relating to the year ended or underway as at 31 December 2023), "Banks financial statements: layouts and preparation" issued by the Bank of Italy, in the exercise of the powers established by article 9 of Italian Legislative Decree no. 38/2005 and with the Regulation of 22 December 2005. These Instructions establish binding rules governing the financial statements and how they are to be prepared, including the contents of the Notes to the Financial Statements.

On 21 December 2021, the Bank of Italy published the Communication "Amendment of the additions to the provisions of Circular no. 262, Bank financial statements: layout and preparation" concerning the impacts of COVID-19 and measures to support the economy. In March 2023, this provision was updated, eliminating the request for information relating to loans assisted by a grace period, while information on loans subject to public guarantee continues to be requested. This integration to Circular no. 262 is not applicable as the Group, at the reporting date, does not have loans assisted by a grace period subject to public guarantee.

In preparing the Financial Statements the IAS/IFRS in force as of the reference date of this dossier have been applied (including the SIC and IFRIC interpretations), as endorsed by the European Commission.

Listed below are changes to international accounting standards or related interpretations, approved by the European Commission, in force as of the balance sheet date:

- the new accounting standard IFRS 17 "Insurance contracts" published by the IASB in May 2017 and subject to subsequent amendments published on 25 June 2020, was endorsed by means of EU Regulation no. 2021/2036 of 19 November 2021. On a mandatory basis, the standard requires the presentation of the comparative period, i.e. the year 2022, restated
- amendments to IFRS 17 "Insurance contracts: initial application of IFRS 17 and IFRS 9 - Comparative information" published by the IASB in December 2021, was endorsed with EU Regulation no. 2022/1491 of 8 September 2022. These amendments aim to provide insurers with a transition option relating to the comparative information on financial assets presented at the time of first-time application of IFRS 17, helping insurance companies to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts. and therefore improving the usefulness of comparative information for users;
- amendments to IAS 8 "Accounting standards, changes in accounting estimates and errors" published by the IASB in February 2021, which were endorsed by means of EU Regulation no. 2022/357 of 2 March 2022. These amendments are intended to resolve the interpretation difficulties, encountered in practice, relating to the distinction between a change in accounting estimates and a change in accounting standards;
- amendments to IAS 1 "Presentation of the financial statements" published by the IASB in February 2021, which were endorsed by means of EU Regulation no. 2022/357 of 2 March 2022. These amendments aim to improve disclosure on accounting standards in order to provide more useful information to investors and other primary users of financial statements;
- amendments to IAS 12 "Income taxes" published by the IASB in May 2021, which were endorsed by means of EU Regulation no. 2022/1392 of 11 August. These amendments are intended to specify how companies should account for deferred taxes on transactions such as leases and decommissioning obligations. The document published by the IASB includes amendments to the document "IFRS Practice Statements 2 - Making Materiality Judgments" that have not been endorsed by the European Union as they do not relate to an accounting standard or an interpretation;
- amendments to IAS 12 "Income Taxes: International tax reform - Pillar II Rules" published by the IASB in May 2023. These amendments introduce a temporary exception for entities to the recognition and disclosure of deferred tax assets

and liabilities relating to the Pillar II rules. The amendments also envisage additional supplementary provisions in relation to the entity's exposure to Pillar II income taxes. The amendments are effective immediately and retroactively as at 1 January 2023, endorsed regulation (EU 2023/2468) on 8 November 2023. For further information, please refer to the report on operations.

Listed below are the relevant amendments issued by the IASB that will become effective after the balance sheet date:

- amendments to IFRS 16 "Leases: Lease liabilities in a Sale and Leaseback transaction" published by the IASB on 22 September 2022. These amendments envisage that, in the application of the requirements for the measurement of lease liabilities in a sale and leaseback transaction, the seller- lessee determines the leasing charges or revised leasing charges in such a way as not to recognise any amount of profit or loss referring to the right of use retained by said seller-lessee. The amendments will apply from 1 January 2024, but early application is permitted;

Listed below are the relevant amendments issued by the IASB but not yet endorsed, that will become effective after the balance sheet date and therefore are not applicable:

- amendments to IAS 1 "Presentation of the Financial Statements":
  - "Classification of liabilities as current or non-current" published on 23 January 2020 and "Classification of liabilities as current or non-current - deferral of the date of entry into force" published on 15 July 2023. These amendments clarify how an entity should classify liabilities as current or non-current. The amendments initially had 1 January 2022 as the effective date, however, in July 2020 this was postponed until 1 January 2023 as a result of the COVID-19 pandemic and then to 1 January 2024. Early application is permitted;
  - "Non-current liabilities with covenants" published on 31 October 2022. These amendments aim to clarify the classification in the financial statements of long-term payables subject to compliance with covenants. The amendments will apply from 1 January 2024; early application is permitted;
- amendments to IAS 7 and IFRS 9 "Cash flow statement" and IFRS 7 "Financial instruments: supplementary information: loan agreements with suppliers" published by the IASB on 25 May 2023. These amendments aim to improve the disclosure on loan exposures to suppliers , supplementing the qualitative and quantitative reporting and disclosure obligations of the company's loan transactions and exposures to suppliers. The objective is the transparency of the disclosure in order to be able to assess the sustainability of the debt more reliably;
- amendments to IAS 21 "Effects of the changes in foreign exchange rates": lack of convertibility published by the IASB on 15 August 2023. The Amendments arose following a request submitted to the IFRS Interpretations Committee regarding the determination of the exchange rate in the event that a currency is not convertible into another currency, which has led to differences in practice. The Amendments introduce requirements to establish when a currency is convertible into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it determines that a currency is not convertible into another currency. The amendments will apply from 1 January 2025; early application is permitted;
- amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture". The Exposure Draft (ED) addresses the recognised inconsistency between the requirements of IFRS 10 Consolidated Financial Statements and IAS 28 investments in associates and joint ventures, in dealing with the loss of control of a subsidiary that is transferred to an associate or joint venture. IFRS 10 requires that any equity investment held by the parent company in the former subsidiary after the loss of control must be measured at fair value and that any resulting gain or loss must be recognised in the income statement (full recognition of the profit or loss). IAS 28 requires that profits and losses resulting from upstream and downstream transactions between an investor and its associate or joint venture must be recognised only within the limits of the share of interest attributable to the other holders of capital of the associate or joint venture (partial recognition of the profit or loss).

Considering the scope of the amendments in question, there are no significant impacts for the Group.

Section 2 – Basis of preparation

The Financial statements consist of the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated cash flow statement and the consolidated notes to the financial statements and are also accompanied by the directors' report on operations, results and financial position.

In compliance with the matters laid down by article 5 of Italian Legislative Decree no. 38/2005, the Financial statements have been drawn up using the Euro as the reporting currency, and the amounts in the accounting schedules are expressed in Euro, whereas unless otherwise specified, those in the Notes to the financial statements and the Report on operations are expressed in thousands of Euro.

The Financial Statements are prepared in accordance with the general principles laid down in IAS 1 and the specific accounting standards endorsed by the European Commission, as described in Part A.2 of these Notes to the financial statements, as well as in compliance with the general assumptions envisaged in the Framework for the preparation and presentation of Financial statements as prepared by the IASB.

No exceptions have been made to the application of IAS/IFRS.

The consolidated Report on Operations and the consolidated Notes to the financial statements provide the information required by International Accounting Standards, by Italian law and by the Bank of Italy, as well as other non-mandatory information considered necessary to give a true and fair view of the Group's situation.

In addition to the figures for the reporting period, the consolidated Financial statements and consolidated Notes to the financial statements also provide comparative figures referring to the previous year.

Contents of the consolidated financial statements

Consolidated balance sheet and consolidated income statement

The formats used for the consolidated balance sheet and consolidated income statement are made up of items, sub-items and other disclosure details (the "of which" of the items and sub-items).

For the sake of completeness, you are hereby informed that with reference to the formats laid down by the Bank of Italy, the items which do not present amounts both for the year under review and for the previous one are not shown. In the income statement, revenues are shown without a sign, whereas costs are shown in brackets.

Statement of consolidated comprehensive income

The statement of consolidated comprehensive income, starting from the profit (loss) for the year, shows the income components recognised against the valuation reserves, net of the related tax effect, in compliance with international accounting standards.

Comprehensive income is represented by providing separate evidence of the income components that will not be reversed to the income statement in the future and those that, by contrast, may be subsequently reclassified under profit (loss) for the year if certain conditions are met.

As with the consolidated balance sheet and consolidated income statement, with respect to the formats laid down by the Bank of Italy, the items which do not present amounts both for the year under review and for the previous one are not shown. In the statement of comprehensive income, revenues are shown without a sign, whereas costs are shown in brackets.

Statement of changes in consolidated Shareholders' Equity

The statement of changes in consolidated shareholders' equity shows the composition and changes in shareholders' equity accounts during the year under review and the previous one, divided into share capital, capital reserves, profit reserves and reserves from the measurement of balance sheet assets and liabilities and the result for the year.

Consolidated cash flow statement

The cash flow statement for the current year under review and the previous year has been prepared using the indirect method, whereby cash flows from operating activities are represented by the result for the year adjusted for effects of non-monetary transactions. Cash flows are broken down into those generated by operating activities, investing activities and funding activities.

In this statement, the cash flows generated during the year are shown without a sign, whereas those absorbed are shown in brackets.

Notes to the consolidated financial statements

The Notes to the consolidated financial statements include the information envisaged by the international accounting standards and Circular no. 262 of the Bank of Italy issued on 22 December 2005 and subsequent amendments applicable to the preparation of these Financial statements.

To reflect in full the formats laid down by the Bank of Italy, we also show the headings of sections on Financial statements items with zero balances in the year of reference and in the previous one.

Section 3 – Scope of consolidation and consolidation method

1. Equity investments in subsidiaries

	Head office	Registered Office	Type of relationship (1)	Nature of holding		% of votes (2)
				Parent company	% held	
A. Company						
A.1 Fully Consolidated						
1. Stellantis Financial Services Italia S.p.A.	0	0	3	Santander Consumer Bank S.p.A.	50%	
2. Stellantis Renting Italia S.p.A.	Trento	0	3	Stellantis Financial Services Italia S.p.A.	50%	
3. TIMFin S.p.A.	0	0	1	Santander Consumer Bank S.p.A.	51%	
4. Santander Consumer Renting S.r.l.		Bolzano	1	Santander Consumer Bank S.p.A.	100%	
5. Drive S.r.l		Bolzano	1	Santander Consumer Bank S.p.A.	75%	

Key
(1) Type of relationship:
1 = majority of voting rights at ordinary shareholders' meeting
2 = significant influence at ordinary shareholders' meetings
3 = agreements with other shareholders
4 = other forms of control
5 = joint management pursuant to art. 26, paragraph 1, of Legislative Decree 87/92
6 = joint management pursuant to art. 26, paragraph 2, of Legislative Decree 87/92
(2) Voting rights at ordinary shareholders' meeting, distinguishing, if applicable, between actual and potential.

2. Main considerations and assumptions for the determination of the scope of consolidation

The consolidated Financial statements include Santander Consumer Bank S.p.A. and the companies it directly or indirectly controls.

Companies in which Santander Consumer Bank S.p.A. is exposed to variable returns, or holds rights to these returns, deriving from its relationship with them and at the same time has the ability to affect returns by exercising its power over said entities are considered subsidiaries.

Control can only take place with the simultaneous presence of the following elements:

- the power to direct the significant activities of the investee;
- exposure or rights to variable returns deriving from the relationship with the investee;

- the ability to exercise its power over the investee to affect the amount of its returns.

Specifically, the Group considers the following factors in order to assess the existence of control:

- the purpose and structure of the investee, in order to identify the entity's objectives, its significant activities, or those that most affect its returns, and how these activities are governed;
- the power, in order to understand whether the Group has contractual rights that grant the ability to direct the significant activities;
- exposure to the variability of returns of the investee, in order to assess whether the return received by the Group may vary depending on the results achieved by the investee.

Furthermore, in order to assess the existence of control, potential principal-agent relationships are taken into consideration; to assess whether it operates as a principal or as an agent, the Group takes into consideration the following factors:

- decision-making power over the significant activities of the investee;
- rights held by other parties;
- the remuneration to which the Group is entitled;
- the exposure of the Group to the variability of returns deriving from any investment held in the investee.

IFRS 10 identifies as "significant activities" only those activities that significantly affect the returns of the investee.

In general terms, when the significant activities are managed through voting rights, the following factors provide evidence of control:

- ownership, directly or indirectly through its subsidiaries, of more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control;
- ownership of half, or less, of the votes that can be exercised at the shareholders' meeting and practical ability to unilaterally govern the significant activities through:
  - control of more than half of the voting rights by virtue of an agreement with other investors;
  - the power to determine the financial and operating policies of the entity by virtue of statutory clauses or a contract;
  - the power to appoint or remove the majority of the members of the board of directors or of the equivalent corporate governance body;
  - the power to exercise the majority of voting rights at meetings of the board of directors or the equivalent corporate governance body.

In order to exercise power, the Group's rights over the investee must be substantial; to be substantive, these rights must be practically enforceable when decisions on the significant activities must be made. The existence and effect of potential voting rights, where substantial, are taken into consideration when assessing whether or not there is the power to direct the financial and operating policies of another entity.

It may sometimes happen that the Group exercises "de facto control" over certain entities when, even in the absence of the majority of voting rights, it possesses rights that allow it to direct the significant activities of the investee in a unidirectional manner.

There were no changes in control and consequently in the scope of consolidation, despite the entry of minority shareholders in the subsidiary Drive S.r.l..

Subsidiaries may also include any "structured entities" in which the voting rights do not represent the decisive elements for the assessment of control, including SPEs/SPVs and investment funds. Structured entities are considered subsidiaries when:

- the Group has power through contractual rights that allow the governance of the significant activities;
- the Group is exposed to variable returns from these activities.

It should be noted that, for the year under review, there is control over the segregated funds underlying the securitisation transactions issued, but not for the associated special purpose vehicles.

3. Equity investments in subsidiaries with significant minority interests

3.1 Minority interests, minority voting rights and dividends distributed to holders of minority interests

Company name	Minorities interests %	Minorities votes availability % (1)	Dividends paid to minorities
Stellantis Financial Services Italia S.p.A.	50%	50%	-
Stellantis Renting Italia S.p.A.	50%	50%	5,500
TIMFin S.p.A.	49%	49%	-
Drive S.r.l.	25%	25%	-

Key
(1) Available votes during the ordinary meeting

3.2 Equity investments with significant minority interests: accounting information

Company Name	Total Assets	Cash and cash equivalents	Financial assets	Tangible and intangible assets	Financial liabilities	Equity	Interest margin	Net interest and other banking income	Operating expenses	Profit (loss) from continuing operations before tax	Profit (loss) from continuing operations after tax	Profit (loss) from dismissing assets activity after tax	Prof (loss) for the period (1)	Other income elements after tax (2)	Consolidated comprehensive income (3) = (1) + (2)
Stellantis Financial Services Italia S.p.A.	7,767,624	662,596	6,661,547	114,116	6,381,061	802,154	120,840	169,676	-85,722	87,220	60,756		60,756	222	60,978
Stellantis Renting Italia S.p.A.	371,188	7,429	327,494	456	304,558	25,160	17,024	39,906	-15,618	24,078	17,180		17,180		17,180
TIMFin S.p.a	556,179	2,183	541,133	1,193	482,391	61,936	22,054	24,139	-13,734	62	11		11	0	11
Drive S.r.l.	54,023	913		35,658	43,967	6,065	-1,445	-1,461	-58	-1,519	-1,152		-1,152		-1,152

4. Significant restrictions

There are no legal, contractual or regulatory restrictions that can significantly limit the ability of the Parent Company to access or use assets and settle liabilities of the Group.

5. Other information

There are no financial statements of subsidiaries referring to a date other than that of the Parent Company.

Consolidation method

Full consolidation method

Full consolidation involves "line-by-line" inclusion of the subsidiaries' balance sheet and income statement aggregates. After showing separately the minority interests' share of equity and the result for the year, the value of the equity investment is eliminated against the residual value of the subsidiary's shareholders' equity. The differences resulting from this transaction, if positive, are recognised, after possible allocation to elements of the assets or liabilities of the subsidiary, in the item Intangible assets such as goodwill or other intangible assets. Negative differences are booked to the income statement.

Assets, liabilities, income and charges between consolidated companies are eliminated in full.

Where necessary, the financial statements of consolidated companies, prepared on the basis of different accounting criteria, are brought into line with the Group's standards.

Section 4 – Subsequent events

Pursuant to IAS 10, these Financial statements were authorised for publication by the Board of Directors on 14 February 2024.

Since the end of the year and up to the date of approval of the draft Financial statements by the Board of Directors, there have been no significant events or transactions that could have a significant impact on the results explained in this report. The draft financial statements therefore reflect in detail all events that affected the Group's operations in 2023.

Business continuity disclosure

With regard to the information provided in Document no. 4 of 3 March 2010 issued jointly by the Bank of Italy, Consob and ISVAP, regarding "Information to be provided in financial reports on impairment tests, on debt covenants, on debt restructuring and on the fair value hierarchy", which makes reference to the corresponding document no. 2, again issued jointly by these three Authorities, the Group has the reasonable expectation that it will continue to operate in the foreseeable future, and, therefore, has prepared the report on a going concern basis.

More detailed information regarding the main issues and variables existing on the market is contained in the consolidated Report on Operations.

Section 5 – Other aspects

The Financial Statements are audited by PricewaterhouseCoopers S.p.A., pursuant to the resolution of the Shareholders' Meeting of 30 March 2016, which appointed this firm to perform the audit for the nine years from 2016 to 2024.

A.2 – Main items in the financial statements

In order to ensure the uniformity of the criteria for the preparation of the financial statements, the Group has adopted an internal set of rules and policies relating to the various operating and organisational areas.

1 – Financial assets measured at fair value through profit and loss

Classification

The financial assets other than those classified under financial assets measured at fair value through other comprehensive income and under financial assets measured at amortised cost are classified in this category.

In particular, this item includes: the positive value of derivative contracts held for trading purposes and equity instruments.

According to the general rules provided for by IFRS 9 in relation to reclassification of financial assets, no reclassifications to other categories of financial assets are permitted except in the event that the entity changes its business model for the management of financial assets. In these cases, which are expected to be highly infrequent, financial assets may be reclassified from the 'measured at fair value through profit and loss' category to one of the other two categories provided for by IFRS 9 (Financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income). The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification operate prospectively from the date of reclassification. In this case, the effective interest rate of the reclassified financial asset is determined on the basis of its fair value at the date of reclassification and that date will be considered the date of initial recognition for the assignment to the various stages of credit risk for the purposes of the impairment test.

Recognition

The initial recognition of financial assets takes place on the subscription date for derivative contracts and on the settlement date for equity instruments. Upon initial recognition, financial assets measured at fair value through profit and loss are recognised at fair value, without considering the transaction costs and income directly attributable to said instrument.

Measurement

Subsequent to initial recognition, financial assets measured at fair value through profit and loss are measured at fair value. The effects of the application of this measurement approach are recognised in the income statement. In the absence of an active market, to determine the fair value, commonly adopted estimation methods and measurement models are used, which take into account all the risk factors related to the instruments and which are based on data which can be taken from the market.

Derecognition

Financial assets are only derecognised from the financial statements if their disposal involved the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a significant portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised in the financial statements, even if legally ownership of the assets has effectively been transferred.

When the transfer of essentially all the risks and benefits cannot be demonstrated, financial assets are derecognised if no form of control over them has been retained. Otherwise, even if only part of this control has been retained, the assets have to be kept in the balance sheet at an amount that reflects the residual involvement, measured by the exposure to changes in the value of assets sold and to variations in their cash flows.

Lastly, financial assets that have been sold are derecognised if the company retains the contractual rights to receive the related cash flows, with a simultaneous obligation to pay such cash flows, and only them, without a significant delay to third parties.

2 – Financial assets measured at fair value through other comprehensive income

Classification

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

- the financial asset is held according to a business model whose objective is achieved both through the collection of contractually envisaged cash flows and through sale ("Hold to Collect and Sell" business model), and
- the contractual terms of the financial asset envisage, on certain dates, cash flows represented solely by payments of principal and interest on the amount of principal to be repaid (known as the so-called "SPPI test" passed).

In particular, this item includes debt securities that are attributable to a Hold to Collect and Sell business model and that have passed the SPPI test.

According to the general rules provided for by IFRS 9 in relation to reclassification of financial assets, no reclassifications to other categories of financial assets are permitted except in the event that the entity changes its business model for the management of financial assets. In these cases, which are expected to be highly infrequent, financial assets may be reclassified from the "measured at fair value through other comprehensive income" category to one of the other two categories envisaged by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit and loss). The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification operate prospectively from the date of reclassification. In the event of reclassification from the category in question to the amortised cost category, the accumulated profit (loss) recognised in the valuation reserve adjusts the fair value of the financial asset at the date of reclassification. On the other hand, in the case of reclassification in the fair value category through profit and loss, the accumulated profit (loss) previously recognised in the valuation reserve is reclassified from shareholders' equity to profit (loss) for the year.

Recognition

The initial recognition of financial assets takes place on the settlement date for debt securities. Upon initial recognition, financial assets are measured at fair value, including transaction costs and income directly attributable to the instrument.

Measurement

Subsequent to initial recognition, the Assets classified at fair value through other comprehensive income, are measured at fair value, with recognition in the income statement of the impacts deriving from the application of the amortised cost, of the effects of the impairment and any exchange effect, while other gains or losses arising from changes in fair value are recorded in a specific equity reserve until the financial asset is derecognised. Upon disposal, total or partial, the gain or loss accumulated in the valuation reserve is reversed, in full or in part, to the income statement.

The fair value is determined on the basis of the criteria already illustrated for financial assets measured at fair value through profit and loss.

Financial assets measured at fair value through other comprehensive income are subject to the verification of the significant increase in credit risk (impairment) envisaged by IFRS 9, in the same way as assets measured at amortised cost, with the consequent recognition in the income statement of a value adjustment to cover expected losses. More specifically, on instruments classified in stage 1 (i.e. on financial assets at the time of origination, if not impaired, and on instruments for which there has not been a significant increase in credit risk compared to the initial recognition date) as at the initial recognition date and as at each subsequent reporting date, an expected loss for one year is recognised. On the other hand, for instruments classified in stage 2 (performing for which there was a significant increase in credit risk compared to the initial recognition date) and in stage 3 (non-performing exposures), an expected loss is recorded for the entire residual life of the financial instrument. It is specified that the debt securities issued by the government are not subject to the impairment process.

Derecognition

Financial assets are only derecognised from the financial statements if their disposal involved the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a significant portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised in the financial statements, even if legally ownership of the assets has effectively been transferred.

When the transfer of essentially all the risks and benefits cannot be demonstrated, financial assets are derecognised if no form of control over them has been retained. Otherwise, even if only part of this control has been retained, the assets have to be kept in the balance sheet at an amount that reflects the residual involvement, measured by the exposure to changes in the value of assets sold and to variations in their cash flows.

Lastly, financial assets that have been sold are derecognised if the company retains the contractual rights to receive the related cash flows, with a simultaneous obligation to pay such cash flows, and only them, without a significant delay to third parties.

3 – Financial assets measured at amortised cost

Classification

Financial assets (in particular loans and debt securities) that meet both of the following conditions are included in this category:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractually envisaged cash flows ("Hold to Collect" business model), and
- the contractual terms of the financial asset envisage, on certain dates, cash flows represented solely by payments of principal and interest on the amount of principal to be repaid (known as the so-called "SPPI test" passed).

More specifically, this item includes:

- loans with banks (not classified under "Cash and cash equivalents") in the various technical forms that meet the above requirements;

- loans to customers in the various technical forms that meet the above requirements;
- debt securities that meet the above requirements.

According to the general rules provided for by IFRS 9 in relation to reclassification of financial assets, no reclassifications to other categories of financial assets are permitted except in the event that the entity changes its business model for the management of financial assets. In these cases, which are expected to be highly infrequent, financial assets may be reclassified from the "measured at amortised cost" category to one of the other two categories envisaged by IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit and loss). The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification operate prospectively from the date of reclassification. Gains or losses arising from the difference between the amortised cost of a financial asset and its fair value are recognised in the income statement in the event of reclassification to Financial assets measured at fair value through profit and loss and to Shareholders' Equity, in the appropriate valuation reserve, in the event of reclassification to Financial assets measured at fair value through other comprehensive income.

Recognition

The initial recognition of financial assets takes place on the settlement date for debt securities, and on the payout date for loans. Upon initial recognition, financial assets are measured at fair value, including transaction costs and income directly attributable to the instrument.

In particular, with regard to loans, the payout date normally coincides with the date of signing of the contract. Loans are recognised with reference to the fair value of the same. This is represented by the amount disbursed or the subscription cost, including costs/revenues that are both directly attributable to the individual loan and identifiable from the start of the transaction, even if they are settled at a later time. Costs which, despite having the above characteristics, are subject to reimbursement by the debtor counterparty are excluded.

Repurchase agreements with forward repurchase or resale obligation are recognised in the financial statements as funding or lending transactions. In particular, spot sales and forward repurchases are recognised in the financial statements as payables for the spot amount received, while spot purchases and forward resales are recognised as receivables for the amount paid forward.

Measurement

After initial recognition, the financial assets under review are measured at amortised cost, using the effective interest rate method. In these terms, the asset is recognised in the financial statements for an amount equal to the initial recognition value less capital repayments, plus or minus the accumulated amortisation (calculated using the effective interest rate method) of the difference between said initial amount and the amount at maturity (typically attributable to costs/income charged directly to the individual asset) and adjusted by any provision to cover losses. The effective interest rate is calculated as the rate that equates the current value of the future cash flows of the asset, for principal and interest, to the amount disbursed, including costs/income attributable to the same financial asset. This accounting method, using a financial logic, makes it possible to distribute the economic effect of costs/income directly attributable to a financial asset over its estimated residual life.

The amortised cost method is not used for assets - measured at historical cost - whose short duration makes the effect of the application of the discounting logic negligible, and for those without a defined maturity. These instruments are in any case measured according to the 3-stage model envisaged by IFRS 9, like the remaining part of the assets measured at amortised cost.

With reference to the accounting representation of the aforementioned measurement effects, the value adjustments referring to this type of assets are recognised in the income statement:

- upon initial recognition, for an amount equal to the expected loss at twelve months;
- at the time of the subsequent measurement of the asset, if the credit risk has not increased significantly compared to the initial recognition, in relation to the changes in the amount of value adjustments for expected losses for the following twelve months;

- at the time of the subsequent measurement of the asset, if the credit risk has increased significantly compared to the initial recognition, in relation to the recognition of value adjustments for expected losses referring to the entire residual life envisaged contractually for the asset;
- at the time of the subsequent measurement of the asset, if - after a significant increase in credit risk with respect to the initial recognition - the "significance" of this increase is then no longer valid, in relation to the adjustment of the cumulative value adjustments so as to take into account the transition from an expected loss over the entire residual life of the instrument ("lifetime") to a twelve month one.

The financial assets in question, if they are performing, are subject to measurement, aimed at defining the value adjustments to be recognised in the financial statements, at individual credit relationship level, based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD) envisaged by IFRS 9.

If, in addition to a significant increase in credit risk, there is also objective evidence of impairment loss, the amount of the loss is measured as the difference between the book value of the asset - classified as "impaired", on a par with all the other relationships with the same counterparty - and the current value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the loss, to be recognised in the income statement, is defined on the basis of an analytical measurement process or determined by standard categories and, therefore, assigned to each position and takes into account forward-looking information and possible alternative recovery scenarios. The category of impaired assets includes financial instruments that have been assigned the status of non-performing, unlikely to pay or past due/past due by more than ninety days according to the rules of the Bank of Italy, consistent with IAS/IFRS and European supervisory regulations. Expected cash flows take account of the likely recovery period and the estimated realisable value of any guarantees. The original effective rate of each asset remains unchanged over time even if a restructuring of the relationship has taken place, which has led to a change in the contractual rate and even if the relationship becomes, in practice, contractually interest-free.

If the reasons for impairment loss cease to exist due to an event occurring after recognition of the impairment, write-backs are made and booked to the income statement. The write-back cannot exceed the amortised cost that the financial instrument would have had in the absence of previous adjustments. Write-backs associated with the passing of time are recognised in the interest margin.

In some cases, during the life of the financial assets in question and, in particular, of the loans, the original contractual conditions are subsequently modified by will of the parties to the contract. When, during the life of an instrument, the contractual clauses are subject to change, it is necessary to verify whether the original asset must continue to be recognised in the financial statements or if, on the contrary, the original instrument must be derecognised from the financial statements and a new financial instrument must be recognised. In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial". The assessment of the "substantiality" of the change must be carried out considering both qualitative and quantitative elements. In some cases, in fact, it may be clear, without recourse to complex analysis, that the changes introduced substantially change the characteristics and/or contractual flows of a given asset while, in other cases, further analysis (including quantitative) will have to be carried out to appreciate the effects of the same and check the need to proceed or otherwise with the derecognition of the asset and the recognition of a new financial instrument. The (quali-quantitative) analysis aimed at defining the "substantiality" of the contractual changes made to a financial asset must therefore consider:

- the purposes for which the changes were made: for example, renegotiations for commercial reasons and concessions due to financial difficulties of the counterparty:
  - the former, aimed at "retaining" the customer, involve a borrower who is not in a situation of financial difficulty. This case includes all the renegotiation transactions aimed at adjusting the debt burden to market conditions. These transactions involve a change in the original conditions of the agreement, usually requested by the borrower, which concerns aspects related to the debt burden, with a consequent economic benefit for the same borrower. In general, it is believed that, whenever the bank carries out a renegotiation in order to avoid losing its customer, this renegotiation must be considered substantial since, if it were not carried out, the customer could obtain financing from another intermediary and the bank would suffer a decrease in expected future revenues;
  - the latter, carried out for "credit risk reasons" (forbearance measures), are attributable to the bank's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and benefits, subsequent to the amendments, are not generally essentially transferred and, consequently, the accounting representation that offers

the most relevant information for the reader of the financial statements (except for that which will be indicated later on objective elements), is that carried out through "modification accounting", which implies the recognition in the income statement of the difference between the book value and the current value of the modified cash flows discounted at the original interest rate and not through derecognition;

- the presence of specific objective elements that affect the characteristics and/or contractual flows of the financial instrument that are considered to involve derecognition in consideration of their impact (expected as significant) on the original contractual flows.

For greater details on the methods for determining expected losses, in application of IFRS 9, as well as the determination and management of the post model adjustments/management overlays to the model, please refer to the Notes to the consolidated financial statements, Part E Credit risk.

Derecognition

Financial assets are only derecognised from the financial statements if their disposal involved the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a significant portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised in the financial statements, even if legally ownership of the assets has effectively been transferred.

When the transfer of essentially all the risks and benefits cannot be demonstrated, financial assets are derecognised if no form of control over them has been retained. Otherwise, even if only part of this control has been retained, the assets have to be kept in the balance sheet at an amount that reflects the residual involvement, measured by the exposure to changes in the value of assets sold and to variations in their cash flows.

Lastly, financial assets that have been sold are derecognised if the company retains the contractual rights to receive the related cash flows, with a simultaneous obligation to pay such cash flows, and only them, without a significant delay to third parties.

Purchase or Originated Credit Impaired

Pursuant to IFRS 9, a financial asset is considered impaired at the time of initial recognition if the credit risk is very high and, in the case of a purchase, it is purchased with significant discounts with respect to the residual contractual debt. If the financial assets in question, based on the application of the classification drivers (SPPI test and Business Model), are classified under assets measured at amortised cost or at fair value with impact on the comprehensive income, they are classified as "Purchased or Originated Credit Impaired Assets" (in short "POCI") and are subject to specific treatment with regard to the impairment process. With regard to these exposures, IFRS 9 envisages that:

- initial recognition is at fair value;
- the estimate of the expected credit loss is always quantified on the basis of the expected loss over the entire life of the financial instrument;
- the interest recognised in the accounts is determined by applying the "effective interest rate adjusted for credit risk" (so-called "EIR Credit Adjusted") or the rate that, at the time of initial recognition, discounts all future estimated cash inflows at the amortised cost of the asset, also taking into account expected credit losses in the estimate.

4 – Hedging transactions

The Group avails itself of the possibility, envisaged at the time of introduction of IFRS 9, to continue to fully apply the provisions of IAS 39 on hedge accounting.

Classification

Risk hedging transactions are arranged to neutralise potential losses, attributable to a determinate risk, and detectable on a particular element or group of elements, should that particular risk actually arise.

The types of hedges used are attributable to fair value hedging, which aims to hedge the exposure to changes in the fair value (attributable to different types of risk) of assets and liabilities recognised in the financial statements or portions of them, of groups of assets/liabilities, as permitted by IAS 39 endorsed by the European Commission. Macro hedges aim to reduce fluctuations in fair value, attributable to interest rate risk, of a monetary amount deriving from a portfolio of financial assets or liabilities.

Recognition

Derivative hedging instruments, like all derivatives, are initially recognised and subsequently measured at fair value.

A relationship qualifies as a hedge, and is consistently represented in the accounts, only if all the following conditions are met:

- at the start of the hedge, there is formal designation and documentation of the hedging relationship, the company's risk management objectives and the hedging strategy. This documentation includes the identification of the hedging instrument, the element or transaction hedged, the nature of the risk hedged and how the company assesses the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the element hedged or of the cash flows attributable to the hedged risk;
- the hedge is expected to be highly effective;
- the planned transaction subject to hedging, for cash flow hedges, is highly probable and presents an exposure to changes in cash flows that could affect the income statement;
- the effectiveness of the hedge can be reliably measured;
- the hedge is measured on the basis of a continuity criterion and is considered highly effective for all the reference years for which the hedge was designated.

Measurement

Hedging derivatives are measured at their fair value.

In the case of macro hedges, fair value changes with reference to the hedged risk of the assets and liabilities subject to hedging are recognised in the balance sheet, respectively, under item 60. "Value adjustment of financial assets subject to macro hedge" or 50. "Value adjustment of financial liabilities subject to macro hedge";

The effectiveness of the hedge depends on the extent to which the changes in fair value of the hedged instrument or the related expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is appreciated by comparing the aforementioned changes, taking into account the intent pursued by the company at the time the hedge was put in place. Effectiveness is achieved when the changes in fair value (or cash flows) of the hedging financial instrument neutralise almost entirely, i.e. within the limits established by the 80-125% range, the changes in the hedged instrument, for the risk element subject to hedging.

The assessment of effectiveness is carried out at the end of each financial year or interim period using:

- prospective tests, that justify the application of hedge accounting, by demonstrating its expected effectiveness;
- retrospective tests, which highlight the degree of effectiveness of the hedge reached in the period to which they refer, or measure the extent to which the actual results differed from the perfect hedge.

Derecognition

The recognition of fair value hedges is discontinued prospectively in the following cases:

- the hedging instrument expires, is sold, disposed of or exercised;
- the hedge no longer meets the hedge accounting criteria referred to above;
- the company revokes the designation.

If the tests do not confirm the effectiveness of the hedge, from that moment the recognition of the hedging transactions, according to the above, is interrupted, the hedging derivative contract is reclassified among the trading instruments and the hedged financial instrument reacquires the measurement criterion corresponding to its classification in the financial statements. In the event of termination of a fair value macro hedge, the accumulated revaluations/write-downs recorded in item 60. "Value adjustment of financial assets subject to macro hedge" or 50. "Value adjustment of financial liabilities subject to macro hedge" are recognised in the income statement under interest income or expense over the residual duration of the original hedging relationships, without prejudice to verification that the conditions are met.

5 – Equity investments

No equity investments remain in the balance sheet at the end of the consolidation process. The value of the equity investments in subsidiaries was eliminated and replaced by their assets, liabilities and shareholders' equity on a line-by-line basis, in accordance with the full consolidation method.

6 – Property, plant and equipment

Classification

Property, plant and equipment include properties used for business purposes, technical systems, furniture and fixtures as well as equipment of any type that is expected to be used for more than one period. Property, plant and equipment held for use in the production or supply of goods and services are classified as "assets used for business purposes" in accordance with IAS 16.

The item also includes property, plant and equipment classified according to IAS 2 - Inventories, which refer to assets deriving from the enforcement of guarantees or from the conclusion of operating leases disbursed, which the company intends to sell in the near future, without carrying out significant restructuring work, and which do not have the prerequisites to be classified in other categories.

Rights of use acquired through the lease and relating to the use of property, plant and equipment (for the lessee companies) and assets granted under operating leases (for the lessor companies) are included.

Recognition

Property, plant and equipment are initially recognised at purchase price, including any ancillary costs directly attributable to the purchase and commissioning of the asset.

Extraordinary maintenance costs that involve an increase in future economic benefits are booked to increase the value of the assets, while other ordinary maintenance costs are recognised in the income statement.

Measurement

Property, plant and equipment are measured at cost less depreciation and any impairment losses.

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life. The depreciable value is represented by the cost of the assets net of the residual value at the end of the depreciation process, if significant.

If there is any indication that property, plant and equipment measured at cost may have suffered an impairment loss, a comparison is made between the book value of the asset and its recoverable value. Any adjustments are recorded in the income statement. If the reasons that led to the recognition of the loss no longer apply, a write-back is recorded, which cannot exceed the value that the asset would have had, net of the calculated depreciation, in the absence of previous impairment losses.

With regard to property, plant and equipment recognised pursuant to IAS 2, they are measured at cost or net realisable value, whichever is the lower, it being understood that the book value of the asset is compared with its recoverable value if there is any indication that the asset may have suffered an impairment loss. Any adjustments are recorded in the income statement.

Property, plant and equipment represented by the right of use of assets under lease agreements

Pursuant to IFRS 16, a "lease" is a contract, or part of a contract, which, in exchange for a consideration, transfers the right of use of an asset (the underlying asset) for a period of time. According to IFRS 16, leases are accounted for on the basis of the right-of-use model, for which, at the initial date, the lessee has a financial obligation to make payments due to the lessor to offset its right to use the underlying asset during the lease period. When the asset is made available to the lessee for its use (initial date), the lessee recognises both the liability and the asset consisting of the right of use.

In particular, the right of use acquired through the lease is recognised as the sum of the current value of the future instalments to be paid for the contractual duration modified by the estimate of the renewal and termination options, the payments for leases paid on or before the date of commencement of the lease, any incentives received, the initial direct costs and any estimated costs for the decommissioning or restoration of the asset underlying the lease.

The financial liability recognised corresponds to the current value of the lease payments due.

With regard to the discount rate, on the basis of IFRS 16 requirements, the Group uses the implicit interest rate for each lease agreement, where available. With regard to lease agreements from the lessee's point of view, in some cases, for example with reference to rental agreements, the implicit interest rate cannot always be readily determined without recourse to estimates and assumptions (the lessee does not have enough information on the unsecured residual value of the leased asset). In such cases, the Group has developed a method to define the incremental interest rate as an alternative to the implicit interest rate and has decided to adopt the internal funding transfer rate. This is an unsecured and amortising rate curve, as the lease agreement provides for equal lease payments typically fixed for the duration of the contract, and not a single payment on maturity. This rate takes into account the duration of the lease, as well as the economic environment in which the transaction takes place and therefore is in line with the requirements of the standard.

The lease term is determined taking into account:

- periods covered by an option to extend the lease, if the exercise of said option is reasonably certain;
- periods covered by an option to terminate the lease, if the exercise of said option is reasonably certain.

During the term of the lease agreement, the lessee must:

- measure the right of use at cost, net of accumulated amortisation and cumulative value adjustments determined and accounted for on the basis of the provisions of IAS 36 "Impairment of assets", adjusted to take into account any restatements of lease liabilities;
- increase the liability deriving from the lease transaction as a result of the accrual of interest expense calculated at the implicit interest rate of the lease, or, alternatively, at the marginal borrowing rate and reduce it for payments of principal and interest.

In the event of changes in the payments due for the lease, the liability must be restated; the impact of the restatement of the liability is recognised against the asset consisting of the right of use.

Lastly, note that the Group avails itself of the exemptions permitted by IFRS 16 for short-term leases (i.e. duration of less than or equal to 12 months) or leases of modest value assets (i.e. value less than or equal to Euro 5,000).

Derecognition

Property, plant and equipment are derecognised from the balance sheet on disposal, or when the asset concerned is permanently taken out of use and no further economic benefits are expected from its disposal.

7 – Intangible asset

Classification

Intangible assets include other intangible assets, consisting in particular of rights with a defined useful life such as purchased trademarks and software.

Intangible assets are recognised if they are identifiable and reflect legal or contractual rights.

Recognition

Intangible assets are recognised at cost, adjusted for any ancillary charges only if it is probable that the future economic benefits attributable to the asset will be realised and if the cost of the asset can be measured reliably. Otherwise, the cost of the intangible asset is recognised in the income statement in the period when the cost is incurred.

Measurement

For assets with a defined useful life, the cost is amortised on a straight-line basis according to the flow of economic benefits expected from the asset.

If there is any indication that an asset may have suffered an impairment loss, the recovery value of the asset is estimated. The impairment loss, expensed to income, is the difference between the carrying amount of an asset and its recoverable amount.

Derecognition

Intangible assets are derecognised from the balance sheet on disposal and when no more further economic benefits are expected.

8 – Non-current assets held for sale and discontinued operations

The Group does not have any non-current assets held for sale and discontinued operations.

9 – Current and deferred taxes

Income taxes, calculated in accordance with national tax legislation, are accounted for as a cost on an accrual basis, consistent with the methods under which the costs and revenues that generated them are recognised in the financial statements. Therefore, they represent the balance of current and deferred taxes relating to the income for the year.

Current tax assets and liabilities include the net balance of the positions of the Group companies vis-à-vis the Italian tax authorities attributable to direct taxes. In particular, these items include the net balance between the tax liabilities of previous years and current ones for the year, calculated on the basis of a prudent forecast of the tax liability due for the year, determined on the basis of the tax regulations in force, and the current tax assets represented by payments on account, withholding taxes or other tax credits. The risk inherent in such procedures - in the same way as the risks inherent in procedures that did not require interim payments - is assessed according to the logic of IAS 37, in relation to the likelihood of using economic resources for their fulfilment.

Taking into account the adoption of the national tax consolidation scheme by the Group, the tax positions referable to the Group companies are managed separately from an administrative point of view.

Deferred taxes are determined on the basis of the so-called balance sheet liability method, taking into account the tax effect associated with the timing differences between the book value of assets and liabilities and their tax value, which will determine taxable or deductible amounts in future periods. For such purposes, "taxable timing differences" are those that in future periods will determine taxable amounts and "deductible timing differences" are those that in future years will determine deductible amounts.

Deferred taxes are calculated by applying the tax rates established by the legal provisions in force to the taxable timing differences for which there is the probability of an actual incurring of taxes and to the deductible timing differences for which there is reasonable certainty that there will be future taxable amounts at the moment in which the related tax deductibility will occur (probability test). Deferred tax assets and liabilities relating to the same tax and falling due in the same period are offset.

If deferred tax assets and liabilities refer to items which have affected the income statement, they are booked against income taxes.

In cases where the deferred tax assets and liabilities relate to transactions that were booked directly to equity without affecting the income statement (such as adjustment on first time application of the IAS/IFRS, the valuations of financial instruments recognised at fair value through other comprehensive income), they too are booked through shareholders' equity, affecting the specific reserves when this is foreseen (e.g. valuation reserves). Deferred taxes referring to companies included in the tax consolidation scheme are recognised in their financial statements, in application of the accruals criterion and in consideration of the value of the tax consolidation limited to the settlement obligations of current tax positions. Latent taxes on the shareholders' equity components of the consolidated companies is not recognised in the financial statements if it is not considered probable that the conditions for the related taxes will occur, and thus also in relation to the long-term nature of the investment.

10 – Provisions for risks and charges

Provisions for risks and charges in the presence of commitments and guarantees given

The sub-item of provisions for risks and charges in question includes provisions for credit risk recognised in the presence of commitments to disburse funds and guarantees given that fall within the scope of application of the rules on impairment pursuant to IFRS 9. For these cases, in principle, the same methods are adopted for allocation between the three stages (credit risk stages) and calculation of the expected loss shown with reference to financial assets measured at amortised cost or fair value through other comprehensive income

Other provisions

The other provisions for risks and charges include the provisions relating to legal obligations or associated with employment relationships or disputes, including tax-related, originating from a past event for which it is probable that economic resources will be disbursed to fulfil said obligations, provided that a reliable estimate of the related amount can be made.

Consequently, a provision is recognised if and only if:

- there is a pending obligation (legal or implicit) as a result of a past event;
- it is probable that the use of resources suitable for producing economic benefits will be necessary to fulfil the obligation; and
- a reliable estimate can be made of the amount deriving from the fulfilment of the obligation.

The amount recognised as a provision represents the best estimate of the expense required to fulfil the obligation existing at the reporting date and reflects risks and uncertainties that inevitably characterise a number of facts and circumstances.

Provisions are charged to the income statement. The provision is reversed when the use of resources suitable for producing economic benefits to fulfil the obligation becomes unlikely or when the obligation is extinguished.

11 – Financial liabilities measured at amortised cost

Classification

Deposits from banks, Deposits from customers and Debt securities issued represent the various forms of interbank and customer funding. Also included are payables recognised by the company as lessee in the context of lease operations.

Recognition

The initial recognition of these financial liabilities takes place on the date the agreement is signed, which normally coincides with the moment of receipt of the amounts collected or on issue of the debt securities.

These liabilities are initially recognised at their fair value, usually corresponding to the amount collected or the issue price, plus any additional costs/proceeds directly attributable to the individual funding or issue transaction. Internal administrative costs are excluded.

Lease payables are recognised at the current value of future lease payments, discounted using the rate mentioned in the related section on leases.

Measurement

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

As an exception, short-term liabilities are measured at the amount collected, as the effect of the time factor is insignificant.

Lease payables are restated when there is a lease modification (e.g. a change in the agreement that is not accounted for/considered as a separate contract); the effect of the restatement will be recorded through the right-of-use asset.

Derecognition

Financial liabilities are derecognised when they expire or are settled.

12 – Financial liabilities held for trading

Recognition and classification

The financial instruments in question are recognised on the subscription date or the issue date at a value equal to the fair value of the instrument, without considering possible transaction costs or income directly attributable to the instrument concerned.

This category of liabilities includes, in particular, trading derivative contracts with negative fair value.

Measurement

All liabilities held for trading are measured at fair value with the result of the measurement recognised in the income statement.

Derecognition

These liabilities are derecognised when the contractual rights to the cash flows cease or when a financial liability is sold and substantially all of the risks and benefits associated with it are transferred.

13 – Financial liabilities designated at fair value

The Group does not have any financial liabilities designated at fair value.

14 – Foreign currency transactions

The Group does not have any transactions in foreign currency.

15 – Insurance assets and liabilities

The Group does not have any insurance assets and liabilities.

16 - Other information

Cash and cash equivalents

The item "Cash and cash equivalents" includes the recognition mainly of current accounts and “on demand” deposits with central banks, with the exception of the compulsory reserve, as well as “on demand” receivables (current accounts and on demand deposits) vis-à-vis banks. Cash receivables that can be withdrawn by the creditor at any time without notice or with 24 hours or one working day's notice are considered “on demand” receivables. Receivables with a contractual obligation of expiry equal to 24 hours or one working day are also included among the “on demand” receivables. These components are valued according to the general principle of the estimated realisable value, which normally coincides with the nominal value. These assets are derecognised from the financial statements at the natural end of the contractual rights, if any, on the related cash flows.

Treasury shares

There are no treasury shares to be deducted from shareholders’ equity.

Share-based payments

The Group has no share-based payments.

All liabilities held for trading are measured at fair value with the result of the measurement recognised in the income statement.

Accruals and deferrals

Accruals and deferrals that include charges and income pertaining to the period accrued on assets and liabilities are recognised in the financial statements as an adjustment to the assets and liabilities to which they refer.

Leasehold improvement expediture

The restructuring costs for properties not owned are capitalised in consideration of the fact that for the duration of the lease agreement the user company has control of the assets and can derive future economic benefits from them. The aforementioned costs, classified under Other assets and under property, plant and equipment (if the regulatory requirements are met), are depreciated for a period not exceeding the duration of the lease agreement.

Provision for employee severance pay

Employee severance pay is considered a "post-employment benefit" and was limited by the entry into force of the reform envisaged by Italian Law no. 296/2006 (2007 Finance Act) on supplementary pensions.

For discounting purposes, the rate used is determined with reference to the market return taking into account the average residual duration of the liability, weighted on the basis of the percentage of the amount paid and advanced, for each maturity, with respect to the total to be paid and advanced until the final settlement of the entire obligation. Costs for the service of the plan are accounted for under personnel costs, while actuarial gains and losses are recognised in the statement of comprehensive income.

Revenue and cost recognition

Revenues are gross flows of economic benefits arising in the ordinary course of business and are recognised at the time control of the goods or services is transferred to the customer, at an amount representing the amount of consideration to which one is deemed to be entitled. In particular, revenue is recognised by means of the application of a model that must meet the following criteria:

- identification of the contract, defined as an agreement in which the parties have undertaken to fulfil their respective obligations;
- identification of the individual performance obligations contained in the contract;
- determination of the transaction price, i.e. the consideration expected for the transfer of goods or services to the customer;
- allocation of the transaction price to each "performance obligation", based on the sale prices of the individual obligation;
- recognition of revenues when (or gradually as) the performance obligation is fulfilled by transferring the promised good or service to the customer.

The transaction price represents the amount of consideration to which the entity deems it is entitled to in exchange for transferring the promised goods and services to the customer. It may include fixed or variable amounts or both. Revenues configured as variable consideration are recognised in the income statement if they can be reliably estimated and only if it is highly probable that this consideration will not be reversed from the income statement in subsequent periods, in full or to a significant extent. In the event of a high prevalence of factors of uncertainty linked to the nature of the consideration, the same will be recognised only when said uncertainty is resolved.

Revenues can be recognised:

- at a precise moment, when the entity fulfils the performance obligation transferring the promised good or service to the customer, or
- over time, as the entity gradually fulfils the performance obligation transferring the promised good or service to the customer.

The asset is transferred when, or during the period in which, the customer acquires control of it.

Specifically:

- interest is recognised on a pro-rata basis with regard to the contractual interest rate or the effective interest rate if the amortised cost is applied. Interest income (or interest expense) also includes positive (or negative) spreads or margins accrued up to the reporting date, relating to financial derivative contracts:
  - hedging assets and liabilities that generate interest;
  - operationally related to assets and liabilities classified in the trading book and which envisage the settlement of spreads or margins with multiple maturities;
- interest on arrears, possibly envisaged contractually, is recorded in the income statement only at the time of its actual collection;
- dividends are recognised in the income statement at the time their distribution is resolved, unless this date is unknown or the information is not immediately available, in which case recognition at the time of collection is permitted;
- commission for revenues from services are recognised, on the basis of the existence of contractual agreements, in the period in which the services were provided. Commission considered in the amortised cost for the purposes of determining the effective interest rate is recognised under interest;
- gains and losses deriving from the trading of financial instruments are recognised in the income statement at the time of finalisation of the sale, on the basis of the difference between the amount paid or collected and the book value of the instruments themselves;
- revenues from the sale of non-financial assets are recognised at the time the sale is completed, or when the performance obligation vis-à-vis the customer is fulfilled.

Costs are recognised in the income statement on an accruals basis; the costs relating to obtaining and fulfilling contracts with customers are recognised in the income statement in the periods in which the related revenues are recorded.

Method of determining the amortised cost

The amortised cost of a financial asset or liability is the amount at which it was measured on initial recognition, net of repayments of principal, plus or minus accumulated amortisation (calculated using the effective interest method) of the differences between the initial value and its value on maturity, less any impairment loss.

The effective interest rate is the rate that equates the present value of a financial asset or liability to the contractual flow of future cash payments, either received up to the expected maturity or to the next date when the price is recalculated. To calculate the present value, the effective interest rate is applied to the future cash flows received or paid through the entire life of the financial asset or liability, or for a shorter period under certain conditions (for example, if there is a review in market rates).

After initial recognition, the amortised cost permits the allocation of revenues and costs to decrease or increase the instrument over its entire expected life through the amortisation process. The calculation of the amortised cost differs depending on whether the financial assets/liabilities subject to valuation are at a fixed or variable rate and - in the latter case - depending on whether the variability of the rate is known or not in advance. For instruments with a fixed rate or fixed rate by time brackets, future cash flows are quantified on the basis of the known interest rate (single or floating) during the life of the loan. For financial assets/liabilities with a floating rate, whose variability is not known in advance (for example because it is linked to an index), the calculation of the cash flows is carried out on the basis of the last known rate. At each rate review date, the amortisation plan and the effective rate of return are recalculated over the entire useful life of the instrument, i.e. until the maturity date. The adjustment is recognised as a cost or income in the income statement.

The measurement at amortised cost is carried out for financial assets measured at amortised cost and for those measured at fair value through other comprehensive income, as well as for financial liabilities measured at amortised cost.

Financial assets and liabilities traded under market conditions are initially recognised at their fair value, which normally corresponds to the amount disbursed or paid including, for instruments measured at amortised cost, transaction costs and commission that is directly attributable. Transaction costs include internal or external marginal costs and income attributable to the issue, acquisition or disposal of a financial instrument that cannot be recharged to the customer. These fees, which must be directly attributable to the individual financial asset or liability, affect the original effective return and make the effective interest rate associated with the transaction different from the contractual interest rate. Costs/income relating to several transactions without distinction and components related to events that may occur during the life of the financial instrument, but which are not certain at the time of the initial definition, are excluded, such as for example: commission for retrocession, for failure to use, for early repayment. In addition, the amortised cost calculation does not include the costs that the company should incur regardless of the transaction, those which, although specifically attributable to the transaction, fall within the normal practice of managing the loan. With particular reference to receivables, commission paid to distribution channels and direct insurance policies are considered costs attributable to the financial instrument; while the revenues considered in the calculation of the amortised cost are the up-front commission.

For the securities issued, the placement commission of the bond loans paid to third parties and the structuring activities are considered in the calculation of the amortised cost, while the recurring maintenance commission is not considered in the amortised cost.

Acquisition of business units

Acquisitions of business units are represented according to the provisions of IFRS 3, in compliance with the purchase method, which envisages the following phases:

- identification of the purchaser and determination of the purchase date;
- determination of the purchase cost (or consideration transferred);
- allocation of the purchase cost (so-called Purchase Price Allocation - PPA) and recognition of the gain or bargain purchase (so-called badwill or negative goodwill).

For greater details please refer to "Part G – Business combinations".

TLTRO III financing transactions

TLTRO III (Targeted Longer Term Refinancing Operations) aim to preserve favourable conditions of bank credit and to support the accommodating stance of monetary policy. Some of the parameters defined by the ECB on 6 June 2019 were subsequently revised for the purpose of improvement, most recently on 10 December 2020, in light of the economic repercussions deriving from the continuation of the COVID-19 emergency. The funding that can be obtained from each banking institution depends on the amount of loans granted to non-financial companies and households (eligible loans) on certain recognition dates. The transactions are carried out on a quarterly basis, starting from September 2019 and each transaction has a duration of three years.

The interest rate for each transaction is set at a level equal to the average level of the main refinancing operations of the Eurosystem (MRO), with the exception of:

- for the period between 24 June 2020 and 23 June 2022 ("special interest rate period"), in which a lower rate of 50 basis points will be applied. Banks that grant net eligible loans above a reference value ("benchmark net lending") may benefit from a reduction in the interest rate. In detail, the preferential rate applied will be equal to the average rate on deposits at the central bank (Deposit Facility), currently equal to -0.5%, for the entire duration of the respective transaction, with the exception of the "special interest rate period", in addition to a further reduction of 50 basis points (and in any case no higher than 1%);
- for the period from 23 November 2022, the interest rate on TLTRO-III transactions still outstanding is index-linked to the reference interest rate applicable during this period.

In this context, the rate applied at Group level followed the following method:

- for the period between 24 June 2020 and 23 June 2022, -1% was applied;
- for the period between 24 June 2022 and 22 November 2022, the average rate (Deposit Facility) was applied, calculated as the average from the granting of the loan until 22 November 2022;
- for the period from 23 November 2022, the interest rate on TLTRO-III transactions still outstanding is index-linked to the reference interest rate applicable during this period.

With regard to the accounting at amortised cost, note the application of the standard taking into account the variable cost described above and the expected early repayments. As a result of the decisions adopted by the ECB in 2022 and 2023 regarding interest rates, compared to the previous year, the TLTRO lines generated interest expense for the Group.

Use of estimates and assumptions in preparing financial information

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts recognised in the balance sheet and income statement, and on the disclosure of contingent assets and liabilities reported in the financial statements. The development of such estimates involves the use of available information and the adoption of subjective judgements based on past experience, which are used to formulate reasonable assumptions for recording corporate events. By their nature, the estimates and assumptions used can vary from year to year, which means that it cannot be excluded that in future years the figures in the financial statements may differ significantly due to changes in the subjective judgements used.

The main situations in which management has to make subjective judgements include the following:

- the quantification of impairment losses on receivables and other financial assets;
- the use of valuation models for determining the fair value of financial instruments not listed in active markets;
- assessing whether the value of other intangible assets is fair;
- quantifying personnel provisions and provisions for risks and charges;
- making estimates and assumptions regarding the recoverability of deferred tax assets.

A.3 – Information on transfers between portfolios of financial assets

A.3.1 Reclassified financial assets: change in business model, carrying amount, fair value and interest income

The Group has not reclassified any financial assets during the year.

A.3.2 Reclassified financial assets: change in business model, fair value and effects on comprehensive income

The Group has not reclassified any financial assets during the year.

A.3.3 Reclassified financial assets: change in business model and effective interest rate

The Group has not made transfers of portfolios between the different categories of financial assets during the year.

A.4 – Information on fair value

Qualitative information

The Group regulates and formalises the measurement of fair value through internal policies, overseen by the Market Risk unit.

IFRS 13 defines fair value 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.

Underlying the definition of fair value is the presumption that the Group finds itself in the normal course of business with no intention of liquidating its assets, of significantly reducing the level of its assets or of proceeding with the definition of transactions at unfavourable conditions. For this reason, the fair value of an asset or liability is based on the assumption that participants act to best satisfy their economic interests, consequently favouring the main active markets, or in the absence thereof, the most advantageous secondary active market.

The Group can therefore use the following valuation models:

- market valuation method (use of market prices of assets, liabilities or similar equity instruments held as assets by other market participants);
- cost method (i.e. the replacement cost that would be required at the time to replace the service capacity of an asset);
- income method (discounted value technique based on expected future cash flows from a market counterparty that holds a liability or an equity instrument as an asset).

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

The measurement techniques adopted by the Group are as follows:

Items	Assessment	Level*
ASSET		
Debt securities	**Market price**	**1**
Equities	**Cost**	**3**
Loans**		
- on demand (< 3 Month)	Cost	2-3
- to maturity (>3 Month)	Discounted valute at tax risk free + risk spread	2-3
- impaired	Discounted valute at tax risk free + risk spread according to historical recovery curves	3
LIABILITIES		
Debt securities issued	**Discounted valute at tax risk free + risk spread**	**2-3**
Deposit **		
- on demand (< 3 Month)	Cost	2-3
- to maturity (>3 Month)	Discounted valute at tax risk free + risk spread	2-3
OTHER ASSET AND LIABILITIES		
- on demand (< 3 Month)	Cost	2-3
- to maturity (>3 Month)	Discounted valute at tax risk free + risk spread	2-3

Key:
* For further clarifications on fair value levels, please refer to "A.4.3 Fair value hierarchy".
** Relationships are generally classified as level 3, except for central banks and credit institutions classified as level 2.

The inputs used are the assumptions that market participants would use in determining the price of the asset or liability and can be classified as:

- observable inputs: processed using market data, such as publicly available information on actual transactions or events, and which reflect the assumptions that market participants would use in determining the price of the asset or liability.
- non-observable inputs: no market information is available and they are processed using the best information available regarding assumptions that market participants would use in determining the price of the asset or liability. The majority of these inputs come from sources within the Santander Group.

A volatility corrective factor known as FVA - fair value adjustment (divided into CVA - Credit Value Adjustment and DVA - Debit Value Adjustment respectively for assets and liabilities) is also used. The main aggregates affected by the FVA are the loan portfolio, for which the corrective factor is included in the impairment, while for derivative contracts, the daily settlements of the positions allow an implicit reabsorption of the corrective element.

A.4.2 Valuation processes and sensitivity

The risk-free and risk-spread parameters are updated on a quarterly basis and are intended to incorporate fluctuations deriving from market risk. These values are periodically monitored by the Market Risk unit in order to continuously assess the adequacy of the models used, subject to review at least once a year.

A.4.3 Fair value hierarchy

IFRS 13 establishes a fair value hierarchy that classifies the inputs of the valuation techniques adopted to measure the fair value into three levels. This hierarchy assigns the highest priority to (unadjusted) listed prices in active markets for identical assets or liabilities (Level 1) and minimum priority to non-observable inputs (Level 3).

Specifically:

- Level 1: when the measurement of the instrument is obtained directly from (unadjusted) listed prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: if an active market price has not been found and the measurement is carried out using a valuation technique, on the basis of parameters observable on the market, or on the use of parameters that are not observable but supported and confirmed by market evidence, such as prices, spreads or other inputs;
- Level 3: when the measurements are carried out using different inputs, not all derived directly from parameters observable on the market and therefore involve estimates and assumptions by the appraiser.

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

A.4.4 Other information

There are no cases referred to in IFRS 13, paragraphs 48, 93 letter (i), and 96.

Quantitative information

A.4.5 Fair value hierarchy

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

	12/31/2023			12/31/2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets valued at fair value with impact on income statement	4	65,756	-	-	41,060	4
a) financial assets held for trading	-	65,756	-	-	41,060	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) o+ther financial assets compulsorily assessed at fair value	4	-	-	-	-	4
2. Financial assets valued at fair value with impact on overall profitability	150,254	-	-	301,373	-	-
3. Cover derivatives	-	93,815	-	-	191,979	-
4. Tangible assets	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**150,258**	**159,571**	**-**	**301,373**	**233,039**	**4**
1. Financial liabilities held for trading	-	66,802	-	-	41,083	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Cover derivatives	-	16,166	-	-	-	-
Total	**-**	**82,968**	**-**	**-**	**41,083**	**-**

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

At the reporting date, there were no transfers of assets and liabilities between level 1 and level 2 to be disclosed.

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

	Financial assets measured at fair value with impact on the income statement				Financial assets measured at fair value with an impact on total profitability	Hedging derivatives	Tangible assets	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets that are necessarily measured at fair value				
1. Initial Existences	**4**	**-**	**-**	**4**	**-**	**-**	**-**	**-**
2. Increases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits charged to:	-	-	-	-	-	-	-	-
2.2.1. Income statement	-	-	-	-	-	-	-	-
- of which capital gains	-	-	-	-	-	-	-	-
2.2.2. Net assets	-	X	X	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increasing variations	-	-	-	-	-	-	-	-
3. Decreases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Refunds	-	-	-	-	-	-	-	-
3.3. Losses charged to:	-	-	-	-	-	-	-	-
3.3.1. Income statement	-	-	-	-	-	-	-	-
- of which capital losses	-	-	-	-	-	-	-	-
3.3.2. Net assets	-	X	X	-	-	-	-	-
3.4. Transfers from other levels	-	-	-	-	-	-	-	-
3.5. Other decreasing variations	-	-	-	-	-	-	-	-
4. Final stocks	**4**	**-**	**-**	**4**	**-**	**-**	**-**	**-**

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

The Group does not hold any financial liabilities measured at fair value on a recurring basis (level 3).

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

Assets / Liabilities not measured at fair value or measured at fair value on a non-recurring basis	12/31/2023				12/31/2022			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets valued at amortized cost	13,930,148	302,796	-	12,547,322	9,457,370	147,472	-	8,791,267
2. Available for sale financial assets	-	-	-	-	-	-	-	-
3. Non current assets classified as held for sale	-	-	-	-	-	-	-	-
Total	**13,930,148**	**302,796**	**-**	**12,547,322**	**9,457,370**	**147,472**	**-**	**8,791,267**
1. Financial liabilities measured at amortized cost	13,563,400	-	1,621,561	11,937,736	9,475,287	-	3,666,657	5,799,646
2. Liabilites included in disposal group classified as hfs	-	-	-	-	-	-	-	-
Total	**13,563,400**	**-**	**1,621,561**	**11,937,736**	**9,475,287**	**-**	**3,666,657**	**5,799,646**

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

A.5 – Information on "Day One Profit/Loss"

The Group does not hold any financial instruments that meet the conditions referred to in paragraph 28 of IFRS 7.

Part B – Information on the consolidated balance sheet

ASSET

Section 1 – Cash and cash equivalent – Item 10

1.1 Cash and cash equivalent: breakdown

	Total 12/31/2023	Total 12/31/2022
a) Cash	11	7
b) Current account and demand deposits with Central banks	651,207	49,889
c) Current accounts and demand deposits with banks	352,530	845,839
Total	**1,003,748**	**895,735**

The item "Current accounts and on demand deposits with Central Banks" in 2023 was affected by the presence of an overnight position with the Bank of Italy.

Section 2 – Financial assets measured at fair value through profit and loss - Item 20

2.1 Financial assets held for trading: breakdown by type

Voci/Valori	Total 12/31/2023			Total 12/31/2022		
	L1	L2	L3	L1	L2	L3
A. Balance-sheet assets						
1. Debt securities		-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other securietes	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. Investment funds unit	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 REPOs	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments	-	-	-	-	-	-
1. Financial derivates	-	65,756	-	-	41,060	-
1.1 trading	-	65,756	-	-	41,060	-
1.2 fair value hedges	-	-	-	-	-	-
1.3 others	-	-	-	-	-	-
2. Credit derivates	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 fair value hedges	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
Total (B)	**-**	**65,756**	**-**	**-**	**41,060**	**-**
Total (A+B)	**-**	**65,756**	**-**	**-**	**41,060**	**-**

Legenda:
L1= livello 1
L2= livello 2
L3= livello 3

The financial derivatives item includes the positive fair value of the derivatives entered into as part of the proprietary securitisation transactions, without cancellation.

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

Items/Values	Total 12/31/2023	Total 12/31/2022
A. Financial assets		
1. Debt securities	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
2. Equity instruments	**-**	**-**
a) Banks	-	-
b) Other finanzial companies	-	-
of which: Insurance companies	-	-
c) Non financial companies	-	-
d) Other issuers	-	-
3. Units investment funds	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
f) Families	-	-
Total (A)	**-**	**-**
B. Derivative instruments		
a) Central Counterparties	-	-
b) Others	65,756	41,060
Total (B)	**65,756**	**41,060**
Total (A+B)	**65,756**	**41,060**

2.3 Financial assets designated at fair value: breakdown by type

The Group does not have any financial assets designated at fair value.

2.4 Financial assets designated at fair value: breakdown by borrower/issuer

The Group does not have any financial assets designated at fair value.

2.5 2.5 Financial assets mandatorily measured at fair value: breakdown by type

Items/Values	Total 12/31/2023			Total 12/31/2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Others	-	-	-	-	-	-
2. Equity instruments	**4**	**-**	**-**	**-**	**-**	**4**
3. Units investment funds	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 REPO	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total	**4**	**-**	**-**	**-**	**-**	**4**

2.6 Other financial assets mandatorily measured at fair value: breakdown by borrower/issuer

	Total 12/31/2023	Total 12/31/2022
1. Equity instruments	**4**	**4**
of which: banks	-	-
of which: other financial companies	-	-
of which: other non financial companies	4	4
2. Debts securities	**-**	**-**
a) Central Banks	-	-
b) Public sector entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
3. Units investment funds	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public sector entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
f) Households	-	-
Total	**4**	**4**

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

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

Item/Values	Total 12/31/2023			Total 12/31/2022		
	L1	L2	L3	L1	L2	L3
1. Debts securities	150,254	-	-	301,373	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	150,254	-	-	301,373	-	-
2. Equity instruments	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-
Total	**150,254**	**-**	**-**	**301,373**	**-**	**-**

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

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

Items/Values	Total 12/31/2023	Total 12/31/2022
1. Debt securities	**150,254**	**301,373**
a) Central Banks	-	-
b) Public entities	150,254	301,373
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
2. Equity securities	**-**	**-**
a) Banks	-	-
b) Other issuers:	-	-
- other financial companies	-	-
of which: insurance companies	-	-
- non financial companies	-	-
- others	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
f) Households	-	-
Total	**150,254**	**301,373**

3.3. Financial assets measured at fair value through other comprehensive income: gross value and total write-downs

		Gross amount					Writedowns				
		First stage	of which: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	Write-off parziali complessivi
Debt securities		150,254	-	-	-	-	-	-	-	-	-
Loans		-	-	-	-	-	-	-	-	-	-
Total	**12/31/2023**	**150,254**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**12/31/2022**	**301,373**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Section 4 – Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: loans to banks, breakdown by type

Type of transaction/Values	Total 12/31/2023						Total 12/31/2022					
	Balance value			Fair value			Balance value			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
A. Receivables to Central Banks	**13,468**	**-**	**-**	**-**	**-**	**13,468**	**12,374**	**-**	**-**	**-**	**-**	**12,374**
1. Deposits to Maturity	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserves	12,892	-	-	X	X	X	12,374	-	-	X	X	X
3. Repos	-	-	-	X	X	X	-	-	-	X	X	X
4. Others	576	-	-	X	X	X	-	-	-	X	X	X
B. Receivables to banks	**7,980**	**-**	**-**	**-**	**-**	**7,980**	**8,836**	**-**	**-**	**-**	**-**	**8,836**
1. Loans	7,980	-	-	-	-	7,980	8,836	-	-	-	-	8,836
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Other loans:	7,980	-	-	X	X	X	8,836	-	-	X	X	X
- Repos	-	-	-	X	X	X	-	-	-	X	X	X
- Finance leases	2,356	-	-	X	X	X	-	-	-	X	X	X
- Others	5,624	-	-	X	X	X	8,836	-	-	X	X	X
2. Debts securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	**21,448**	**-**	**-**	**-**	**-**	**21,448**	**21,210**	**-**	**-**	**-**	**-**	**21,210**

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

The item "Other loans - Other", mainly refers to the guarantee deposit, linked to the derivative contracts.

4.2 Financial assets measured at amortised cost: loans to customers, breakdown by type

Type of transaction/Values	Total 12/31/2023 Balance value First and second stage	Third stage	Purchased or originated impaired	Fair value L1	L2	L3	Total 12/31/2022 Balance value First and second stage	Third stage	Purchased or originated impaired	Fair value L1	L2	L3
1. Loans	**13,523,471**	**81,327**	**1,943**	**-**	**-**	**12,525,873**	**9,227,464**	**59,317**	**-**	**-**	**-**	**8,770,057**
1. Deposits from customers	52,123	556	-	X	X	X	20,572	323	-	X	X	X
2. REPOs	-	-	-	X	X	X	-	-	-	X	X	X
3. Mortgages	-	-	-	X	X	X	-	-	-	X	X	X
4. Credit cards, personal loans and wage assignment losses	5,717,205	39,582	1,063	X	X	X	3,981,678	28,666	-	X	X	X
5. Lease loans	1,021,062	7,848	800	X	X	X	847,826	4,380	-	X	X	X
6. Factoring	218,063	2,640	-	X	X	X	187,931	1,551	-	X	X	X
7. Other loans	6,515,018	30,700	80	X	X	X	4,189,457	24,398	-	X	X	X
2. Debt securities	**301,958**	**-**	**-**	**302,796**	**-**	**-**	**149,378**	**-**	**-**	**147,472**	**-**	**-**
1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2. Other debt securities	301,958	-	-	302,796	-	-	149,378	-	-	147,472	-	-
Total	**13,825,429**	**81,327**	**1,943**	**302,796**	**-**	**12,525,873**	**9,376,843**	**59,317**	**-**	**147,472**	**-**	**8,770,057**

The item "Other loans" includes car loans and special-purpose loans.

4.3 Financial assets measured at amortised cost: loans to customers, breakdown by borrower/issuer

Type of transaction / Values	Total 12/31/2023 First and second stage	Third stage	Purchased or originated impaired assets	Total 12/31/2022 First and second stage	Third stage	Purchased or originated impaired assets
1. Debt securities	**301,958**	**-**	**-**	**149,378**	**-**	**-**
a) Public Administration	301,958	-	-	149,378	-	-
b) Other financial company	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non financial companies	-	-	-	-	-	-
2. Loans to:	**13,523,471**	**81,327**	**1,943**	**9,227,464**	**59,317**	**-**
a) Public Administration	1,459	3,630	-	1,659	4,095	-
b) Other financial company	13,582	77	-	12,434	113	-
of which: insurance companies	3	2	-	30	3	-
c) Non financial companies	3,882,669	11,186	681	1,412,288	8,934	-
d) Households	9,625,762	66,434	1,262	7,801,085	46,175	-
Total	**13,825,429**	**81,327**	**1,943**	**9,376,843**	**59,317**	**-**

4.4 Financial assets measured at amortised cost: gross value and total writedowns

		Gross amount					Writedowns				
		First stage	of which: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	Write-off parziali complessivi
Debt securities		301,958	-	-	-	-	-	-	-	-	-
Loans		13,249,775	-	360,095	201,965	3,610	45,856	19,094	120,638	1,666	-
Total	**12/31/2023**	**13,551,733**	**-**	**360,095**	**201,965**	**3,610**	**45,856**	**19,094**	**120,638**	**1,666**	**-**
Total	**12/31/2022**	**9,270,018**	**-**	**206,447**	**196,527**	**-**	**53,460**	**24,952**	**137,210**	**-**	**-**

Section 5 – Hedging derivatives – Item 50

5.1 Hedging derivatives: breakdown by type of hedge and levels

	Fair Value 12/31/2023			NV	Fair Value 12/31/2022			NV
	L1	L2	L3	12/31/2023	L1	L2	L3	12/31/2022
A. Financial derivatives								
1) Fair value	-	93,815	-	2,934,817	-	191,979	-	4,100,074
2) Cash flows	-	-	-	-	-	-	-	-
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**93,815**	**-**	**2,934,817**	**-**	**191,979**	**-**	**4,100,074**

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

As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 2 - Market risk, Subsection 2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

5.2 Hedging derivatives: breakdown by hedged portfolios and type of hedge

Transaction / Type of hedging	Fair Value						Cash-flow hedges		Net Investments on foreign subsidiaries
	Micro					Macro	Micro	Macro	
	debt securities and interest rates	equity securities and stock indexes	currencies and gold	commodities	others				
1. Available for sale financial assets	-	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Portfolio	X	X	X	X	X	93,815	X	-	X
5. Others	-	-	-	-	-	X	-	X	-
Total assets	**-**	**-**	**-**	**-**	**-**	**93,815**	**-**	**-**	**-**
1. Financial Liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**X**
1. Highly probable transactions (CFH)	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

6.1 Value adjustment of hedged assets: breakdown by hedged portfolios

Fair value of hedged assets / Values	Total 12/31/2023	Total 12/31/2022
1. Positive adjustment	**1,881**	**-**
1.1 of specific portfolios:	01/01/0881	-
a) financial assets at amortized cost	1,881	-
b) financial assets measured at fair value with an impact on overall profitability	-	-
1.2 overall	-	-
2. Negative adjustment	**50,281**	**179,461**
2.1 of specific portfolios:	50,281	179,461
a) financial assets at amortized cost	50,281	179,461
b) financial assets measured at fair value with an impact on overall profitability	-	-
2.2 overall	-	-
Total	**(48,400)**	**(179,461)**

Section 7 – Equity investments – Item 70

The Group has no equity investments.

Section 8 – Insurance assets – Item 80

The Group has no insurance companies.

Section 9 – Property, plant and equipment – Item 90

9.1 Property, plant and equipment used for business purposes: breakdown of assets measured at cost

Activities/Values	Total 12/31/2023	Total 12/31/2022
1. Owened assets	**54,909**	**21,268**
a) lands	-	-
b) buildings	-	-
c) furniture	614	778
d) electronic system	2,508	3,569
e) other	51,787	16,922
2. Leased assets	**13,248**	**16,132**
a) lands	-	-
b) buildings	12,442	13,663
c) furniture	-	-
d) electronic system	-	-
e) other	806	2,468
Total	**68,157**	**37,400**
of which: obtained by the enforcement of collateral	-	-

The item "owned assets - other" mainly includes cars purchased for operating leases.

For further details on the item "property, plant and equipment purchased under finance leases", please refer to Part M Report on leases.

9.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

The Group does not have any property, plant or equipment held for investment.

9.3 Property, plant and equipment used for business purposes: breakdown of revalued assets

The Group does not have any property, plant and equipment used for business purposes that have been revalued.

9.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

The Group has property, plant and equipment held for investment.

9.5 Inventories of property, plant and equipment covered by IAS 2: breakdown

The Group does not have any property, plant and equipment obtained through the enforcement of the guarantees received or other inventories of property, plant and equipment.

9.6 Property, plant and equipment used for business purposes: change in the year

	Lands	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	**-**	**20,541**	**4,451**	**16,264**	**28,249**	**69,505**
A.1 Total net reduction value	-	6,877	3,674	12,695	8,859	32,105
A.2 Net opening balance	**-**	**13,663**	**778**	**3,569**	**19,390**	**37,400**
B. Increase:	**-**	**3,716**	**170**	**183**	**53,440**	**57,509**
B.1 Purchasing	-	1,052	170	183	50,822	52,228
- of which business combinations	-	-	-	-	506	506
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value allocated to	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer from investment properties	-	-	X	X	X	-
B.7 Other adjustment	-	2,665	-	-	2,617	5,282
C. Decrease:	**-**	**4,937**	**334**	1,244	**20,237**	**26,753**
C.1 Sales	-	-	-	29	12,202	12,231
- of which business combinations	-	-	-	29	-	29
C.2 Amorization	-	2,133	334	1,211	5,075	8,753
C.3 Impairment losses allocated to	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
C.4 Negative chages in fair value allocated to	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
C.5 Negative exchange difference	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) held for sale investment	-	-	X	X	X	-
b) non-current assets and group of assets held for sale	-	-	-	-	-	-
C.7 Other adjustment	-	2,805	-	4	2,961	5,769
D. Net closing balance	**-**	**12,442**	**614**	**2,508**	**52,593**	**68,157**
D.1 Total net write-down	-	5,242	4,049	13,935	13,022	36,248
D.2 Final gross balance	**-**	**17,684**	**4,662**	**16,443**	**65,615**	**104,405**
E. Carried at cost	-	-	-	-	-	-

Sub-item E (Carried at cost) shows a zero balance because, in accordance with Bank of Italy's Circular no. 262/2005, it is only for property, plant and equipment that are measured at fair value.

Items B.7 "Other increases" and C.7 "Other decreases" include the increases and decreases in the value of assets subject to IFRS 16, respectively.

The details of the annual changes in property, plant and equipment used for business purposes relating to assets acquired through finance leases are reported below:

	Lands	Buildings	Furniture	Electronic System	Others	Total
A. Gross opening balance		**20,541**			**2,765**	**23,305**
A.1 Total net reduction value		5,485			296	5,782
A.2 Opening net balance		**13,663**			**2,468**	**16,132**
B. Increase:		**3,716**			**1,438**	**5,155**
B.1 Purchasing		703				**703**
- of which business combinations		512				**512**
B.2 Capitalised expenditure on improvements						
B.3 Write-backs						
B.4 Increases in fair value						
a) in equity						
b) through profit & loss						
B.5 Positive exchange differences						
B.6 Transfer from properties held for investment						
B.7 Other adjustment		3,014			1,438	4,452
C. Decreases:		**4,937**			**3,101**	**8,039**
C.1 Disposal						
- of which business combinations						
C.2 Depreciation		2,133			**525**	**2,657**
C.3 Impairment losses						
a) in equity						
b) through profit & loss						
C.4 Negative chages in fair value						
a) net equity						
b) through profit & loss						
C.5 Negative exchange difference						
C.6 Transfer to::						
a) Property, plant and equipment held for investment						
b) non-current assets and disposal groups classified as held for sale						
C.7 Other adjustment		2,805			**2,577**	**5,381**
D. Net final balance		**12,442**			**806**	**13,248**
D.1 Total net reduction in value		5,242			**633**	**5,875**
D.2 Gross closing balance		**17,684**			**1,438**	**19,123**
E. Carried at cost						

The details of the annual changes in property, plant and equipment used for business purposes relating to assets acquired for operating leases are reported below:

	Lands	Buildings	Furniture	Electronic System	Others	Total
A. Gross opening balance					**16,852**	**16,852**
A.1 Total net reduction value					233	233
A.2 Opening net balance					**16,619**	**16,619**
B. Increase:					**50,033**	**50,033**
B.1 Purchasing					50,033	50,033
- of which business combinations						
B.2 Capitalised expenditure on improvements						
B.3 Write-backs						
B.4 Increases in fair value						
a) in equity						
b) through profit & loss						
B.5 Positive exchange differences						
B.6 Transfer from properties held for investment						
B.7 Other adjustment						
C. Decreases:					**16,096**	**16,096**
C.1 Disposal					12,201	12,201
- of which business combinations						
C.2 Depreciation					3,644	3,644
C.3 Impairment losses						
a) in equity						
b) through profit & loss						
C.4 Negative chages in fair value						
a) net equity						
b) through profit & loss						
C.5 Negative exchange difference						
C.6 Transfer to::						
a) Property, plant and equipment held for investment						
b) non-current assets and disposal groups classified as held for sale						
C.7 Other adjustment					251	251
D. Net final balance					**50,555**	**50,555**
D.1 Total net reduction in value					3,270	3,270
D.2 Gross closing balance					**53,825**	**53,825**
E. Carried at cost						

9.7 Property, plant and equipment held for investment: change in the year

The Group does not have any property, plant or equipment held for investment.

9.8 Inventories of property, plant and equipment covered by IAS 2: change in the year

	Inventories of tangible assets arising from the recovery of guarantees received					Other inventories of tangible assets	Total
	Lands	Buildings	Furniture	Electronic systems	Other		
A. Opening balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Increase	**-**	**-**	**-**	**-**	**-**	**83**	**83**
B.1 Purchasing	-	-	-	-	-	-	-
B.2 Write-backs	-	-	-	-	-	-	-
B.3 Positive exchange differences	-	-	-	-	-	-	-
B.4 Other adjustment	-	-	-	-	-	83	83
C. Decrease	**-**	**-**	**-**	**-**	**-**	**83**	**83**
C.1 Sales	-	-	-	-	-	-	-
C.2 Impairment losses	-	-	-	-	-	-	-
C.3 Negative exchange difference	-	-	-	-	-	-	-
C.4 Other changes	-	-	-	-	-	83	83
D. Closing balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**

9.9 Commitments to purchase property, plant and equipment

The Group does not have any commitments to purchase property, plant and equipment.

Section 10 – Intangible assets – Item 100

10.1 Intangible assets: breakdown by type

Activities/Values	Total 12/31/2023		Total 12/31/2022	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**-**	**X**	**-**
A.1.1 attributable to the group	X	-	X	-
A.1.2 attributable minorities	X	-	X	-
A.2 Other intangible asset	**137,325**	**-**	**31,813**	**-**
of which: software	25,011	-	31,813	-
A.2.1 Assets valued at cost:	**137,325**	**-**	**31,813**	**-**
a) Intangible assets generated internally	-	-	-	-
b) Other assets	137,325	-	31,813	-
A.2.2 Assets valued at fair value:	**-**	**-**	**-**	**-**
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**137,325**	**-**	**31,813**	**-**

The item "intangible assets", in addition to the software investments shown, contains the rights relating to the Stellantis transaction. For more information, please refer to the consolidated report on operations and the notes to the consolidated financial statements - part G.

10.2 Intangible assets: change in the year

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**-**	**-**	**-**	**53,614**	**-**	**53,614**
A.1 Reductions of total net value	-	-	-	21,800	-	21,800
A.2 Net opening balance	-	-	-	31,813	-	31,813
B. Increases	**-**	**-**	**-**	**133,324**	**-**	**133,324**
B.1 Purchases	-	-	-	133,324	-	133,324
- of which business combinations	-	-	-	123,074	-	123,074
B.2 Increments of internal intagible assets	X	-	-	-	-	-
B.3 Value recoveries	X	-	-	-	-	-
B.4 Positive variations of fair value	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- to P&L statement	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other variations	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**27,811**	**-**	**27,811**
C.1 Sales	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Value adjustment	-	-	-	27,811	-	27,811
- Amortisations	X	-	-	27,811	-	27,811
- Depreciations	-	-	-	-	-	-
+ equity	X	-	-	-	-	-
+ P&L statement	-	-	-	-	-	-
C.3 Negative variations of fair value	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- to P&L statement	X	-	-	-	-	-
C.4 Transfer to non-current assets	-	-	-	-	-	-
C.5 Negative exchange differrences	-	-	-	-	-	-
C.6 Other variations	-	-	-	-	-	-
D. Net final surplus	**-**	**-**	**-**	**137,325**	**-**	**137,325**
D.1 Adjustment of net total values	-	-	-	49,612	-	49,612
E. Gross final surplus	**-**	**-**	**-**	**186,937**	**-**	**186,937**
F. Evaluation to cost	-	-	-	-	-	-

Key:
DEF: finite life
INDEF: indefinite life

Sub-item F (Carried at cost) shows a zero balance because, in accordance with Bank of Italy's Circular no. 262/2005, it is only for intangible assets that are measured at fair value.

10.3 Other information

During the year, all software with a useful life of more than 3 years was subject to a review of the residual life to align with the policies of the Spanish Parent Company. For further details on the Lexitor ruling, please refer to the consolidated report on operations.

Section 11 – Tax assets and liabilities – Assets item 110 and Liabilities and shareholders' equity item 60

11.1 Deferred tax assets: breakdown

	12/31/2023	12/31/2022
- Balancing the income statement	125,837	140,901
- Balancing net equity	294	699
Total	**126,131**	**141,600**

Deferred tax assets through the income statement are mainly attributable to write-downs on receivables as per Italian Decree Law no. 214/2011 and losses deriving from the same (see paragraph 11.4) and to temporary changes generated by provisions for risks.

Deferred tax assets through shareholders' equity refer to the tax effect of financial assets measured at fair value through other comprehensive income and the actuarial gains and losses pertaining to the provision for employee severance pay.

With regard to the recoverability of deferred tax assets, in consideration of their nature and future development prospects in terms of the ability to generate taxable income, there are no particular aspects that could impact their recoverability over a foreseeable time period of three years.

11.2 Deferred tax liabilities: breakdown

	12/31/2023	12/31/2022
- P&L Exchange	1,212	424
- Patrimony exchange	6	8
Total	**1,218**	**431**

Deferred taxes with a balancing entry in the income statement are attributable to charges on seconded personnel, as well as to the accounting restatement of Stellantis Renting Italia according to the international accounting standards applied by the Group, with respect to the national accounting standards adopted by the latter.

11.3 Changes in deferred tax assets (through the income statement)

	Total 12/31/2023	Total 12/31/2022
1. Opening balance	**140,901**	**157,880**
2. Increase	**35,026**	**5,367**
2.1 Deferred tax assets of the year	35,026	5,367
a) related to previous fiscal year	940	191
b) due to changes in accountable parameters	-	-
c) write-backs	-	-
d) others	34,086	5,176
2.2 New levies or increases in fiscal rates	-	-
2.3 Other increases	-	-
3. Decreases	**50,090**	**22,346**
3.1 Anticipated levies cancelled in fiscal year	50,090	22,223
a) reversals of temporary differences	49,738	22,147
b) write-downs of non-recoverable items	-	-
c) changes in accountable parameters	-	-
d) others	352	76
3.2 Decreases in fiscal rates	-	-
3.3 Other decreases:	-	124
a) conversion into tax credit under L. 214/2011	-	124
b) others	-	-
4. Closing balance	**125,837**	**140,901**

The increase in deferred tax assets is mainly due to the recognition of tax losses that can be monetised for Euro 16,605 thousand (deriving from the group parent), non-monetisable tax losses of Euro 2,315 thousand (deriving from the subsidiaries), from ACE that can be carried forward for Euro 2,445 thousand and for the remainder for increases relating to other provisions.

The reduction in reversals of deferred tax assets is mainly due to the legislative change made in 2022 on the deductibility relating to Italian Decree Law no. 214/2011 for Euro 37,730 thousand, and for the remaining part to decreases inherent to other provisions.

11.4 Changes in deferred tax assets as per Italian Law no. 214/2011

	Total 12/31/2023	Total 12/31/2022
1. Opening balance	**114,657**	**132,055**
2. Increases	**16,605**	**124**
3. Decreases	**37,730**	**17,521**
3.1 Reversals of temporary differences	37,730	17,398
3.2 Transformation into tax credits	-	124
a) Due to loss positions arisen from P&L	-	-
b) Due to tax losses	-	124
3.3 Other decreases	-	-
4. Closing balance	**93,532**	**114,657**

With regard to deferred tax assets recorded in the financial statements, it should be stressed that they are fully convertible into tax credits, if they have the requisites envisaged by the regulations, as a result of the exercise of the option referred to in article 11 of Italian Decree Law no. 59/2016 and subsequent amendments.

The increase relates to the recognition of deferred tax assets on monetisable losses deriving from Italian Law No. 214/2011.

11.5 Changes in deferred tax liabilities (through the income statement)

	Total 12/31/2023	Total 12/31/2022
1. Initial amount	**424**	**972**
2. Increase	**894**	**153**
2.1 Defered levies observed in the fiscal year	**894**	**153**
a) related to precedent fiscal year	-	-
b) due to change in accountability parameters	-	-
c) others	894	153
2.2 New levies or increments of fiscal rates	**-**	**-**
2.3 Other increases	**-**	**-**
3. Decreases	**105**	**702**
3.1 Defered levies cancelled in the fiscal year	105	702
a) reversals of temporary differences	84	702
b) due to changes in accountable parameters	-	-
c) others	21	-
3.2 Decreases in fiscal rates	-	-
3.3 Other decreases:	-	-
4. Final amount	**1,212**	**424**

11.6 Changes in deferred tax assets (through shareholders' equity)

	Total 12/31/2023	Total 12/31/2022
1. Opening balance	**699**	**386**
2. Increases	**8**	**443**
2.1 Deferred tax assets during the year	8	443
b) related to previous fiscal years	-	-
b) due to changes in accountable parameters	-	-
c) others	8	443
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**414**	**130**
3.1 Deferred tax assets derecognised during the year	414	130
a) reversals of temporary differences	-	130
b) devaluation for appeared irrecoverability	-	-
c) due to changes in accountable parameters	-	-
d) others	414	-
3.2 Decreases in fiscal rates	-	-
3.3 Other decreases:	-	-
4. Closing balance	**294**	**699**

11.7 Changes in deferred tax liabilities (through shareholders' equity)

	Total 12/31/2023	Total 12/31/2022
1. Initial amount	**8**	**114**
2. Increases	**-**	**1**
2.1 Defered levies observed in fiscal year	-	1
a) related to previous fiscal year	-	-
b) due to changes in accountable parameters	-	-
c) others	-	1
2.2 New levies or increases in fiscal rates	-	-
2.3 Other increases	-	-
3. Decreases	1	107
3.1 Anticipated levies cancelled in fiscal year	**1**	**107**
a) reversals of temporary differences	-	107
b) due to changes in accountable parameters	-	-
c) others	1	-
3.2 Decreases in fiscal rates	-	-
3.3 Other decreases:	-	-
4. Final amount	**6**	**8**

11.8 Other information

Current tax assets amounted to Euro 55,838 thousand (Euro 81,672 thousand in 2022), down considering the increase in legal deductions pursuant to Italian Decree Law no. 214/2011, and consist mainly of IRES and IRAP advances.

Current tax liabilities amounted to Euro 36,376 thousand (Euro 61,405 thousand in 2022), down considering the increase in legal deductions pursuant to Italian Decree Law no. 214/2011, and consist mainly of the estimate of the current IRES and IRAP taxes whose financial manifestation will occur in 2024.

Section 12 – Non-current assets held for sale and discontinued operations and associated liabilities – Assets item 120 and Liabilities and Shareholders' equity item 70

The Group does not have any non-current assets held for sale and discontinued operations and associated liabilities.

Section 13 – Other assets – Item 130

13.1 Other assets: breakdown

	12/31/2023	12/31/2022
Other Assets in transit	**113,434**	**21,800**
Insurance	**49,590**	**36,931**
Receivables deriving from the supply of non-financial goods and services	**98,044**	**33,569**
Operation leases	12,898	327
Other intercompany assets	-	331
Due from dealers	9,875	11,872
Advances to suppliers and different customers	75,271	21,039
Tax accounts	**85,610**	**50,824**
VAT	71,051	36,935
Stamp duties	10,041	9,605
Other tax receivables	4,518	4,284
Leasehold improvements	**1,297**	**1,942**
Accruals and prepaid expenses	**35,530**	**37,219**
Operating lease	3,690	3,660
Others	31,840	33,560
Other assets	**18,801**	**20,887**
Frauds	-	-
Security deposits	181	79
Grant	12,109	1,431
Pending costs	3,848	2,331
Warehouse inventories	-	-
Others	2,664	17,046
Total	**402,304**	**203,174**

Disclosure on the breakdown of the items is provided below:

- "Items being processed" include items being processed relating to instalment collection;
- "Insurance companies" mainly relates to commission receivables linked to insurance brokerage activities.
- "Affiliates" refers to amounts due from dealers and agents due to the issue of invoices receivable at the turn of the year, duly collected in 2024;
- "Suppliers and other customers" mainly includes items pertaining to service activities with companies belonging to the Banco Santander Group, which are not part of the Italian legal group, such as Hyundai Capital Bank Europe GmbH - Italian branch, and with minority shareholders.
- "VAT" includes the surplus that can be carried forward, up compared to the previous year for purchases made by companies operating in the operating lease sector and for the transaction carried out by Stellantis Financial Services Italia with the Italian Revenue Agency. For more information on the second aspect, please refer to the section of the consolidated report on operations;
- "Accrued income and prepaid expenses" mainly includes prepaid commission and the like on instalment products and finance leases and that cannot be traced back to a specific item;
- "Contributions" mainly includes rate contributions from existing agreements with industrial partners.

LIABILITIES AND SHAREHOLDERS' EQUITY

Section 1 – Financial liabilities measured at amortised cost – Item 10

1.1 Financial liabilities measured at amortised cost: deposits from banks, breakdown by type

Type of transaction/Values	Total 12/31/2023				Total 12/31/2022			
	B V	Fair Value			B V	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Deposits from central banks	**1,619,368**	X	X	X	**3,663,674**	X	X	X
2. Deposits from banks	**7,131,577**	X	X	X	**3,263,558**	X	X	X
2.1 Current accounts and demand deposits	34,846	X	X	X	38,768	X	X	X
2.2 Time deposits	-	X	X	X	-	X	X	X
2.3 Loans	7,004,825	X	X	X	3,071,579	X	X	X
2.3.1 Repos	-	X	X	X	-	X	X	X
2.3.2 Other	7,004,825	X	X	X	3,071,579	X	X	X
2.4 Liabilities relating to commitments	-	X	X	X	-	X	X	X
2.5 Lease payables	-	X	X	X	-	X	X	X
2.6 Other liabilities	91,907	X	X	X	153,211	X	X	X
Total	**8,750,946**	**-**	**1,621,561**	**7,146,119**	**6,927,232**	**-**	**3,666,657**	**3,261,903**

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

The item "deposits from central banks" includes TLTRO loans.

"Deposits from banks" consists of:

- mainly loan transactions with the Parent Company;
- other payables, relating to cash collateral connected to derivative positions.

1.2 Financial liabilities measured at amortised cost: deposits from customers, breakdown by type

Type of transaction/Value	Total 12/31/2023				Total 12/31/2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	820,447	X	X	X	744,462	X	X	X
2. Time deposits	683,127	X	X	X	588,511	X	X	X
3. Loans	68,175	X	X	X	22,550	X	X	X
3.1 Reverse repos	-	X	X	X	-	X	X	X
3.2 Other	68,175	X	X	X	22,550	X	X	X
4. Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
5. Lease payables	13,886	X	X	X	16,995	X	X	X
6. Other liabilities	8,709	X	X	X	4,689	X	X	X
Total	**1,594,344**	**-**	**-**	**1,552,370**	**1,377,207**	**-**	**-**	**1,352,400**

Legenda:
VB=Valore di bilancio
L1=Livello 1
L2=Livello 2
L3=Livello 3

The item “loans - others” includes the funding granted by Stellantis Financial Services Nederlands to Stellantis Financial Services Italia.

1.3 Financial liabilities measured at amortised cost: debt securities issued, breakdown by type

Type of securities/Values	Total 12/31/2023				Total 12/31/2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Debts securities including bonds								
1. bonds	3,218,110	-	-	3,239,246	1,170,848	-	-	1,185,343
1.1 structured	-	-	-	-	-	-	-	-
1,2 other	3,218,110	-	-	3,239,246	1,170,848	-	-	1,185,343
2. other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**3,218,110**	**-**	**-**	**3,239,246**	**1,170,848**	**-**	**-**	**1,185,343**

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

The item “Debt securities issued” includes:

- not-preferred senior bonds (Euro 577,257 thousand), including issues made in the year; all securities were fully subscribed by the Parent Company;
- the securities of the securitisation transactions sold on the market (Euro 2,631,932).

1.4 Details of subordinated securities/debts

Type	12/31/2023	12/31/2022
Debito subordinato TIER II verso SCF - Santander Consumer Finance – maturing to 2029	10,000	10,000
Debito subordinato TIER II verso SCF - Santander Consumer Finance – maturing to 2031	55,000	35,000
Debito subordinato TIER II verso SCF - Santander Consumer Finance – maturing to 2033	80,000	55,000
Debito Subordinato Tier II verso Stellantis Finance Nederlands B.V. – maturing to 2027	11,000	22,500
Debito Subordinato Tier II verso Stellantis Finance Service Europe – maturing to 2029	45,000	11,000
Debito Subordinato Tier II verso Stellantis Finance Nederlands B.V. – maturing to 2033	223,500	
Total	**223,500**	**133,500**

This item includes loans granted by companies belonging to the Santander Group and by minority shareholders, classified under the item Deposits from banks and Deposits from customers.

1.5 Details of structured debts

The Group has no structured debts.

1.6 Lease payables

The composition of financial outflows for leases (IFRS 16 paragraph 53) and the analysis of maturity of the relative liabilities (IFRS 16 paragraph 58) is given below.

	Capital	Interest	Variable payments	Total cash flow leasing
	a	b	c	d=a+b+c
cash outflows	**3,901**	**436**	**-**	**4,337**

	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Unspecified maturity
Lease payables	**-**	**202**	**-**	**-**	**455**	**561**	**835**	**4,466**	**7,369**	**-**

Section 2 – Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by type

Operation type / Values	Total 12/31/2023					Total 12/31/2022				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
		L1	L2	L3			L1	L2	L3	
A. Financial liabilities										
1. Deposits from banks	-	-	-	-	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	X	-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives	-	-	66,802	-	X	-	-	41,083	-	-
1.1 Trading	X	-	66,802	-	X	X	-	41,083	-	X
1.2 Related with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credits derivatives	X	-	-	-	X	X	-	-	-	X
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Related with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**66,802**	**-**	**X**	**X**	**-**	**41,083**	**-**	**X**
Total (A+B)	**X**	**-**	**66,802**	**-**	**X**	**X**	**-**	**41,083**	**-**	**X**

Key:
NV = Nominal or notional value
L1 = Level 1
L2 = Level 2
L3 = Level 3
Fair Value* = Fair value calculated by excluding changes due to issuer's creditworthiness variation from the issuance date

The financial derivatives item includes the negative fair value of the derivatives entered into as part of the proprietary securitisation transactions, without cancellation.

2.2 Details of "Financial liabilities held for trading": subordinated liabilities

The Group does not have any subordinated financial liabilities held for trading.

2.3 Details of "Financial liabilities held for trading": structured debts

The Group does not have any structured financial liabilities held for trading.

Section 3 – Financial liabilities designated at fair value – Item 30

The Group does not have any financial liabilities measured at fair value.

Section 4 – Hedging derivatives – Item 40

4.1 Hedging derivatives: breakdown by type of hedge and levels

	NV	Fair value	12/31/2023		NV	Fair value	12/31/2022	
	12/31/2023	L1	L2	L3	12/31/2022	L1	L2	L3
A) Financial derivatives	**1,487,370**	**-**	**16,166**	**-**	**-**	**-**	**-**	**-**
1) Fair value	1,487,370	-	16,166	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**1,487,370**	**-**	**16,166**	**-**	**-**	**-**	**-**	**-**

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

The amount shown in the above table refers to the negative fair value of interest rate swaps derivative contracts entered into by the Bank with the Spanish parent company Banco Santander. The derivatives portfolio consists of contracts taken out to hedge changes in the fair value of fixed-rate underlying assets. With regard to hedging derivatives receivable, please refer to the Notes to the financial statements "Assets, Section 5 Hedging derivatives, item 50".

As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 2 - Market risk, Subsection 2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

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

Transactions/Type of hedge	Fair Value							Cash flow		Foreign invest.
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equities and equity index	currencies and gold	credit	commodities	others				
1. Financial assets at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets valued to amortised cost	-	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	16,166	X	-	X
4. Other operations	-	-	-	-	-	-	X	-	X	-
Total assets	-	-	-	-	-	-	**16,166**	-	-	-
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	-	-	-	-	-	-	-	-	-	-
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	-	-

Section 5 – Value adjustment of financial liabilities subject to macro hedge – Item 50

The Group does not have any value adjustment of financial liabilities subject to macro hedge.

Section 6 – Tax liabilities – Item 60

Please refer to Section 11 of the Assets.

Section 7 – Liabilities associated with assets held for sale – Item 70

The Group does not have any liabilities associated with assets held for sale and discontinued operations.

Section 8 – Other liabilities – Item 80

8.1 Other liabilities: breakdown

	12/31/2023	12/31/2022
Assets in transit	**95,156**	**55,967**
Insurance	**68,876**	**34,206**
Payables deriving from the supply of non-financial goods and services	**445,049**	**182,348**
Operating lease	129	-
Factoring	49,496	-
Other intercompany assets	1	-
Due from dealers	28,035	43,172
Advances to suppliers	367,389	139,176
Tax accounts	**17,389**	**11,255**
Payables relating to customers	**15,916**	**15,710**
Payables relating to personnel and social security institutions	**26,741**	**11,180**
Accruals and prepaid expenses	**74,399**	**24,788**
Operating lease	923	1,345
Other	73,476	23,443
Other liabilities	**12,387**	**9,429**
Security deposits	2,455	3,162
Revenues pending allocation	3,790	2,652
Others	6,142	3,893
Total	**755,912**	**345,160**

Disclosure on the breakdown of the items is provided below:

- “Items being processed” mainly includes items being processed relating to instalment collection and the settlement of loans;
- “Insurance” mainly includes premiums to be paid to insurance companies and provisions on potential redemptions for reimbursement of premiums not availed of by the customer;
- “Factoring” includes items relating to factoring with industrial partners;
- “Affiliates” mainly consists of the commission payable to dealers and agents and the provision for agents’ leaving indemnities;
- “Suppliers” includes payables due to suppliers of goods and services, as well as the exposure for the transfer without recourse of the finstock. For more details on the second aspect, please refer to the consolidated report on operations;
- “Payables to customers” include temporary debt balances with customers for early repayments and the temporary debt balances for instalment payments received in advance of the contractual expiry date;
- “Payables to employees and social security institutions” includes, in addition to the ordinary items, the obligations undertaken in compliance with the provisions of the leaving incentives plans. For more details please refer to the consolidated report on operations;
- “Accrued liabilities and deferred income” mainly includes prepayments on commission linked to accessory services offered in the past to customers in combination with loans not attributable to a specific item.

Section 9 – Provision for employee severance pay – Item 90

9.1 Provision for employee severance pay: change in the year

	Total 12/31/2023	Total 12/31/2022
A. Opening balance	**3,238**	**4,113**
B. Increases	**4,485**	**114**
B.1 Provision of the year	278	57
B.2 Other increases	4,207	58
- of which business aggregation operations	3,953	-
C. Reductions	**1,941**	**990**
C.1 Liquidations performed	668	251
C.2 C.2 Other reductions	1,273	739
- of which business aggregation operations	944	-
D. Closing balance	**5,782**	**3,238**
Total	**5,782**	**3,238**

9.2 Other information

There is no further information to be provided.

Section 10 – Provisions for risks and charges – Item 100

10.1 Provisions for risks and charges: breakdown

Items/Components	Total 12/31/2023	Total 12/31/2022
1. Funds for credit risk related to financial obligations and warranties	-	-
2. Funds on other obligations and warranties release	-	-
3. Funds of business retirement	1,552	-
4. Other funds for risks and obligations	20,806	19,379
4.1 legal and fiscal controversies	3,362	4,291
4.2 obligations for employees	2,402	-
4.3 others	15,041	15,088
Total	**22,357**	**19,379**

10.2 Provisions for risks and charges: change in the year

		Pensions and post retirement benefit obligations	Other risk and obligation funds	Total
A. Initial existence	**-**	**-**	**19,379**	**19,379**
B. Increases	**-**	**2,411**	**7,528**	**9,939**
B.1 Reserve of the fiscal year	-	62	6,133	6,195
B.2 Variation due to pass of time	-	-	-	-
B.3 Variation due to modifies of discount rate	-	-	-	-
B.4 Other variations	-	2,349	1,395	3,744
- of which business aggregation operations	-	2,349	1,395	3,744
C. Decreases	**-**	**859**	**6,101**	**6,961**
C.1 Use in the exercise	-	85	5,982	6,067
C.2 Variations due to modifies of discount rate	-	-	22	22
C.3 Other variations	-	774	97	871
- of which business aggregation operations	-	-	-	-
D. Final surplus	**-**	**1,552**	**20,806**	**22,357**

10.3 Provisions for credit risk on commitments and financial guarantees given

The Group does not have any provisions for credit risk on commitments and financial guarantees given.

10.4 Provisions on other commitments and other guarantees given

The Group does not have provisions on other commitments and other guarantees given.

10.5 Defined-benefit pension plans

Provisions for pensions and similar obligations amount to Euro 1,552 thousand and refer:

- to the special indemnity provision for the loyalty bonus, on the basis of which the employees transferred with the sale of the business unit of former FCA Bank S.p.A., whereby the employee who ceases activities and has accrued a minimum length of service predefined by the plan, are paid an amount equivalent to the loyalty bonus accrued pro rata as at 2 April 2023;
- to the provision for length of service bonuses, on the basis of which, for employees transferred with the sale of the business unit of former FCA Bank S.p.A., the disbursement of a double monthly salary is envisaged at the time of the completion of the first working anniversary of 25, 30, 35 and 40 years of work.

10.6 Provisions for risks and charges – other provisions

The Other provisions are divided into:

- Legal disputes, the provision is essentially set up to deal with the expected disbursements on lawsuits with customers detailed as follows:
  - the provisions made on the basis of external legal opinions for Euro 2,846 thousand, over a forecast period of four years.
  - the provisions made on the basis of internal estimates for that which concerns the salary assignment product for Euro 1,521 thousand, over a forecast period of one year.
- Payroll costs: the provision consists of leaving incentives of a certain nature with regard to amount (for this reason not recognised under Other liabilities) as they are awaiting confirmation from the Social Security Institutions and for ongoing interaction relating to leavers expected in 2024;
- Other risks and charges refer to allocations to cover:

- charges related to the application of the Lexitor for Euro 8,223 thousand; for more details, please refer to the consolidated report on operations;
- restoration costs relating to assets underlying the application of IFRS 16 for Euro 553 thousand, over a forecast period of one year;
- other presumed reimbursements to customers for Euro 2,427 thousand, over a forecast period of three years;
- other presumed reimbursements to insurance companies from the Opel portfolio for Euro 1,395 thousand.

Section 11 – Insurance liabilities - Item 110

The Group has no insurance companies.

Section 12 – Redeemable shares – Item 130

The Group does not have any share redemption plans.

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

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

The Group's share capital consists of 573,000 ordinary shares fully paid up and freed up.

There are no treasury shares in the portfolio.

For further information, please refer to point 13.3 below.

13.2 Share capital – Number of shares of the Parent Company: change in the year

Items/Types	Ordinaries	Others
A. Shares existing at the start of the fiscal year	**573,000**	**-**
-fully paid-up	573,000	-
- not fully paid-up	-	-
A.1 treasury shares (-)	-	-
A.2 Shares outstanding: Opening balance	**573,000**	**-**
B. Increases	**-**	**-**
B.1 New issues	-	-
- against payment:	-	-
- business combination transaction	-	-
- bonds conversions	-	-
- warrants executions	-	-
- others	-	-
- free:	-	-
- to employees	-	-
- to directors	-	-
- others	-	-
B.2 Sales of treasury shares	-	-
B.3 Other adjustments	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Business sale operations	-	-
C.4 Other adjustments	-	-
D. Shares in circulation: final surplus	**573,000**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares existing at the end of the fiscal year	573,000	-
-fully paid-up	573,000	-
- not fully paid-up	-	-

13.3 Share capital: other information

The share capital amounts to Euro 573,000 thousand, and is made up of ordinary shares with a par value of Euro 1,000 each.

The share premium reserve amounts to Euro 632 thousand and was not subject to changes during the year.

13.4 Profit reserves: other information

The profit reserves are mainly composed of:

- legal reserve for Euro 34,629 thousand;
- extraordinary reserve for Euro 227,540 thousand;
- capital reserve for Euro 39,913 thousand;
- consolidation reserve for Euro 75,669 thousand.

13.5 Equity instruments: breakdown and change in the year

The Group does not have any equity instruments.

13.6 Other information

There is no other information.

Section 14 – Minority interests – Item 190

14.1 Details of item 190 "Minority interests"

Company name	Total	
	12/31/2023	12/31/2022
Investments in consolidated companies with significant minority interests		
1. Stellantis Financial Services Italia S.p.A.	401,077	230,588
2. Stellantis Renting Italia S.p.A.	9,533	6,443
3. TIMFin S.p.A.	30,348	20,543
4. Drive S.r.l	1,689	-
Total	**442,648**	**257,574**

14.2 Equity instruments: breakdown and change in the year

The Group does not have any equity instruments attributable to minority interests.

OTHER INFORMATION

1. Commitments and financial guarantees given

	Nominal value on financial release obligations and guarantees				Total	Total
	First stage	Second stage	Third stage	Purchased or originated impaired	12/31/2023	12/31/2022
1. Commitment to supply funds	**100,717**	**-**	**30**	**-**	**100,746**	**231,980**
a) Central Banks	-	-	-	-	-	-
b) Public Administration	-	-	-	-	-	-
c) Banks	200	-	-	-	200	200
d) Other financial companies	-	-	-	-	-	-
e) Non-financial companies	98,588	-	29	-	98,617	229,529
f) Families	1,929	-	1	-	1,929	2,251
2. Financial guarantees issued	**-**	**-**	**-**	**-**	**-**	**-**
a) Central Banks	-	-	-	-	-	-
b) Public Administration	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial companies	-	-	-	-	-	-
e) Non-financial companies	-	-	-	-	-	-
f) Families	-	-	-	-	-	-

The item "Loan commitments given" includes the amount of the irrevocable commitments relating to factoring transactions and the margins available on credit lines granted to customers.

2. Other commitments and other guarantees given

	Nominal value	
	Total	Total
	12/31/2023	12/31/2022
Other guarantees issued		
of which: impaired	-	-
a) Central banks	-	-
b) Public Administration	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Other commitment		
of which: impaired	230	49
a) Central banks	-	-
b) Public Administration	861	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	97,511	20,085
f) Households	-	-

3. Assets used to guarantee own liabilities and commitments

Portfolios	Amounts 12/31/2023	Amounts 12/31/2022
1. Financial assets designated at fair value through profit or loss	-	-
2. Financial assets at fair value through other comprehensive income	33,660	268,383
3. Financial assets valued to amortised cost	4,881,944	5,171,054
4. Property, plant and equipment	-	-
of which: inventories of property, plant and equipment	-	-

The assets used to guarantee own liabilities include:

- government securities;
- bank deposits;
- the loan pool (ABACO);
- the portfolio of loans subject to the securitisation transaction, referred to below in Part C, Section 2 of Part E of the Notes to the Financial Statements;

4. Breakdown of investments relating to unit-linked and index-linked insurance policies

The Group does not have any investments relating to unit-linked and index-linked insurance policies.

5. Administration and brokerage on behalf of third parties

The Group does not carry out brokerage on behalf of third parties.

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

Instrument type		Gross amount of financial assets (a)	Amount of financial liabilities compensated in balance sheet (b)	Net amount of financial assets reported in balance sheet (c=a-b)	Related amounts not recognised in Balance Sheet		Net amounts (f=c-d-e)	Net amounts
					Financial instruments (d)	Cash deposit received in guarantee (e)	12/31/2023	12/31/2022
1. Derivatives		104,890	-	104,890	-	111,092	(6,202)	1,271
2. Repo's		-	-	-	-	-	-	-
3. Stocks loan		-	-	-	-	-	-	-
4. Others		-	-	-	-	-	-	-
Total	**12/31/2023**	**104,890**	**-**	**104,890**	**-**	**111,092**	**(6,202)**	**X**
Total	**12/31/2022**	**154,216**	**-**	**154,216**	**-**	**152,944**	**X**	**1,271**

As required by IFRS 7, it is hereby disclosed that the derivative contracts in place as at the balance sheet date are derivative instruments mainly with Banco Santander with a positive fair value, subject to an ISDA-based framework agreement and are thus subject to net settlement arrangements. There are no arrangements in place for the offsetting of derivatives with negative balance of the same type, where present.

Column e) "Cash collateral received" shows the effect of the potential offsetting of exposures for which cash collateral has been provided.

7. Financial liabilities subject to offsetting in the financial statements, or subject to framework netting or similar agreements

Instrument type		Gross amount of the financial liabilities (a)	Amount of the financial assets compensed in BS (b)	Net amount of the financial liabilities reportes in BS (c=a-b)	Related amounts not recognised in Balance Sheet		Net amount (f=c-d-e)	Net amount
					Financial instruments (d)	Cash deposit placed to warrant (e)	12/31/2023	12/31/2022
1. Derivatives		36,957	-	36,957	-	39,142	(2,185)	339
2. Repos		-	-	-	-	-	-	-
3. Stocks loan		-	-	-	-	-	-	-
4. Other operations		-	-	-	-	-	-	-
Total	**12/31/2023**	**36,957**	**-**	**36,957**	**-**	**39,142**	**(2,185)**	**X**
Total	**12/31/2022**	**41,083**	**-**	**41,083**	**-**	**40,744**	**X**	**339**

As required by IFRS 7, it is hereby disclosed that the derivatives in place as at the balance sheet date are derivative instruments mainly with Banco Santander with a negative fair value, subject to an ISDA-based framework agreement and are thus subject to net settlement arrangements. There are no arrangements in place for the offsetting of derivatives with positive balance of the same type, where present.

Column e) "Cash collateral received" shows the effect of the potential offsetting of exposures for which cash collateral has been provided.

8. Securities lending transactions

The Group does not have any securities lending transactions.

9. Information on joint arrangements

The Group does not have any joint arrangements.

Part C – Information on the consolidated income statement

Section 1 – Interest – Item 10 e 20

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other operations	Total 12/31/2023	Total 12/31/2022
1. Financial assets valued to fv with impact to Profit and Loss:	**-**	**-**	**-**	**-**	**-**
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated to fv	-	-	-	-	-
1.3 Other financial assets mandatorly valued to fair value	-	-	-	-	-
2. Financial assets valued to fv with impact on overall profitability	**7,279**	**-**	**X**	**7,279**	**569**
3. Financial assets valued to amortize cost:	**6,584**	**576,944**	**-**	**583,527**	**379,059**
3.1 Credits to banks	-	1,538	X	1,538	291
3.2 Credits to clients	6,584	575,406	X	581,989	378,768
4. Hedging derivatives	**X**	**X**	**93,497**	**93,497**	**6,532**
5. Other assets	**X**	**X**	**26,551**	**26,551**	**2,699**
6. Financial liabilities	**X**	**X**	**X**	**-**	**16,643**
Total	**13,862**	**576,944**	**120,048**	**710,854**	**405,502**
of which: income interests on deteriorated financial assets	-	-	-	-	-
of which: interest income on financial lease	X	24,078	X	24,078	18,907

Interest income deriving from the item:

- "Other assets" comprises income originating from cash and cash and cash equivalents;
- "Financial liabilities" in the previous year consisting of income from TLTRO loans.

1.2 Interest and similar income: other information

1.2.1 Interest income on foreign currency financial assets

The Group does not have any financial assets in foreign currency.

1.3 Interest and similar expense: breakdown

Items/Technical forms	Debts	Securities	Other operations	Total 12/31/2023	Total 12/31/2022
1. Financial liabilities valued at amortized cost	305,063	68,004	X	373,067	37,792
1.1 Debts to central banks	90,046	X	X	90,046	-
1.2 Debts to banks	171,359	X	X	171,359	16,747
1.3 Debts to customers	43,658	X	X	43,658	11,503
1.4 Securities in circulation	X	68,004	X	68,004	9,542
2. Financial trading liabilities	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and funds	X	X	4	4	3
5. Hedging derivatives	X	X	2,094	2,094	14,664
6. Financial assets	X	X	X	1,080	3,049
Total	**305,063**	**68,004**	**2,098**	**376,244**	**55,508**
of which: interest expense on lease payables	397	X	X	397	553

Interest expense deriving from the item:

- “deposits from central banks” mainly consists of TLTRO loans;
- “deposits from banks” and “securities issued” mainly consists of funding provided by Santander Group companies, as well as market securitisation transactions;
- “payables due to customers” mainly consists of the cost of funding through deposit accounts;
- “financial assets” consists of charges deriving from government securities.

1.4 Interest expenses and similar charges: other information

1.4.1 Interest expenses on foreign currency financial liabilities

The Group does not have any financial liabilities in foreign currency.

1.5 Differentials on hedging operations

Items	Total 12/31/2023	Total 12/31/2022
A. Positive differentials related to hedging operations:	93,497	6,532
B. Negative differentials related to hedging operations:	(2,094)	(14,664)
C. Balance (A-B)	**91,403**	**(8,132)**

Section 2 – Fees and commission – Item 40 e 50

2.1 Fee and commission income: breakdown

Type of service/Values	Total 12/31/2023	Total 12/31/2022
	-	-
1. Securities placement	-	-
1.1 Under firm assumption and/or on the basis of an irrevocable commitment	-	-
1.2 Without firm commitment	-	-
2. Receipt and transmission of orders and execution for customers	-	-
2.1 Receipt and transmission of orders for one or more financial instruments	-	-
2.2 Execution of orders on behalf of customers	-	-
3. Other fees connected with activities related to financial instruments	-	-
of which: trading on own account	-	-
of which: management of individual portfolios	-	-
b) Corporate Finance	-	-
1. Merger and Acquisition Advice	-	-
2. Treasury services	-	-
3. Other fees associated with corporate finance services	-	-
c) Investment advisory activities	-	-
d) Clearing and settlement	-	-
e) Collective Portfolio Management	-	-
f) Custody and administration	-	-
1. Custodian bank	-	-
2. Other fees related to custody and administration	-	-
g) Central administrative services for collective portfolio management	-	-
h) Trust business	-	-
i) Payment services	185	72
1. Current accounts	-	-
2. Credit cards	185	72
3. Debit and other payment cards	-	-
4. Wire transfers and other payment orders	-	-
5. Other fees related to payment services	-	-
j) Distribution of third party services	138,013	96,969
1. Collective portfolio management	-	-
2. Insurance products	106,933	66,071
3. Other products	31,080	30,898
of which: individual portfolio management	-	-
k) Structured Finance	-	-
l) Servicing for securitization transactions	-	-
m) Commitments to disburse funds	-	-
n) Financial guarantees issued	-	-
of which: credit derivatives	-	-
o) Financing operations	28,428	24,818
of which: for factoring transactions	-	-
p) Currency trading	-	-
q) Goods	-	-
r) Other commission income	3,098	2,883
of which: for management activities of multilateral trading systems	-	-
of which: for management activities of organized trading systems	-	-
Total	**169,724**	**124,742**

Item "Distribution of third party services - Other products" mainly includes commission income for the placement of additional service packages offered under subscription to financed customers.

The item "Financing transactions" includes commission generated during the year from collection and payment services provided to customers on products provided.

The item "Other commission receivable" mainly contains the income recognised for compensation due to late payment.

2.2 Fee and commission expense: breakdown

Services/Amounts typology	Total 12/31/2023	Total 12/31/2022
a) Financial instruments	-	-
of which: trading of financial instruments	-	-
of which: placement of financial instruments	-	-
of which: management of individual portfolios	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Clearing and settlement	-	-
c) Management of collective portfolios	-	-
1. Own	-	-
2. Delegated to third parties	-	-
d) Custody and administration	75	45
e) Payment and collection services	6,169	4,529
of which: credit cards, debit cards and other payment cards	582	453
f) Servicing activities for securitization transactions	-	-
g) Commitments to receive funds	-	-
h) Financial guarantees received	48	31
of which: credit derivatives	-	-
i) Off-site offering of financial instruments, products and services	58,892	29,412
j) Currency trading	-	-
k) Other commission expenses	14,451	13,190
Total	**79,634**	**47,207**

The item "Off-site distribution of financial instruments, products and services" mainly includes commission paid for the placement of insurance products and the contributions and indemnities accrued by the network of agents.

Section 3 – Dividends and similar revenues – Item 70

3.1 Dividends and similar revenues: breakdown

The Group has no dividends.

Section 4 – Net trading income (loss) – Item 80

4.1 Net trading income (loss): breakdown

Transactions / Income	Capital gain (A)	Income from negotiation (B)	Capital loss (C)	Loss from negotiation (D)	Net result [(A+B) - (C+D)]
1. Financial trading assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equity stocks	-	-	-	-	-
1.3 O.I.C.R. shares	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Others	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Derivatives	**65,519**	**20,616**	**(66,535)**	**(20,748)**	**(1,148)**
4.1 Financial derivatives:	65,519	20,616	(66,535)	(20,748)	(1,148)
- On debt securities and interest rates	65,519	20,616	(66,535)	(20,748)	(1,148)
- On capital stocks and stock indexes	-	-	-	-	-
- On currency and gold	X	X	X	X	-
- Others	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges connected to fv option	X	X	X	X	-
Total	**65,519**	**20,616**	**(66,535)**	**(20,748)**	**(1,148)**

The item includes the net result arising from financial derivatives held to hedge interest rate risk associated with securitisation transactions that do not meet the requirements for classification as hedging derivatives.

Section 5 – Net gains (losses) on hedge accounting – Item 90

5.1 Net gains (losses) on hedge accounting: breakdown

P&L item/Values	Total 12/31/2023	Total 12/31/2022
A. Income from:		
A.1 Fair value hedging instruments	-	184,228
A.2 Financial assets hedged (fair value)	136,522	14,029
A.3 Financial liabilities hedged (fair value)	-	-
A.4 Cash-flow hedging derivatives	-	-
A.5 Foreign currency assets and liabilities	-	-
Total income in hedge accounting (A)	**136,522**	**198,257**
B. Charges on		
B.1 Fair value hedging instruments	(96,697)	-
B.2 Financial assets hedged (fair value)	(28,306)	(187,035)
B.3 Financial liabilities hedged (fair value)	-	-
B.4 Cash-flow hedging derivatives	-	-
B.5 Foreign currency assets and liabilities	-	-
Total charges from hedging activity (B)	**(125,003)**	**(187,035)**
C. C. Net hedging activity (A-B)	**11,519**	**11,222**
of which: net gains (losses) of hedge accounting on net positions	-	-

Section 6 – Gains (losses) on disposal or repurchase – Item 100

6.1 Gains (losses) on disposal or repurchase: breakdown

Items / Income	Total 12/31/2023			Total 12/31/2022		
	Gain	Losses	Net profit	Gain	Losses	Net profit
A. Financial assets						
1. Financial assets valued at amortised cost	6,319	-	6,319	8,238	(41)	8,197
1.1 Loans to banks	-	-	-	-	-	-
1.2 Loans and customers	6,319	-	6,319	8,238	(41)	8,197
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-	-
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**6,319**	**-**	**6,319**	**8,238**	**(41)**	**8,197**
B. Financial liabilities valued at amortised cost	-	-	-	-	-	-
1. Deposits with banks	-	-	-	-	-	-
2. Deposits with customers	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities (B)	**-**	**-**	**-**	**-**	**-**	**-**

The item "Loans to customers" is represented by the balance

- from the assignment to third parties of without recourse NPL receivables in write-offs under management for a consideration of Euro 6,309 thousand;
- from the one-off assignment without recourse to third parties of Finstock receivables for the residual part.

Section 7 – Net result on other financial assets and liabilities measured at fair value through profit and loss - Item 110

The Group does not have any financial assets or liabilities measured at fair value.

Section 8 – Net adjustments/recoveries for credit risk – Item 130

8.1 Net adjustments for credit risk associated with financial assets measured at amortised cost: breakdown

Transactions/Income	Adjustments (1)						Write - backs (2)				Total	Total
	First stage	Second stage	Third stage		Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired	12/31/2023	12/31/2022
			Write-off	Others	Write-off	Others						
A. Credit to banks	-	-	-	-	-	-	-	-	-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Credit to clients	**(33,945)**	**(13,627)**	**(8,519)**	**(68,277)**	**-**	**-**	**40,039**	**15,838**	**15,664**	**-**	**(52,826)**	**(46,709)**
- Loans	(33,945)	(13,627)	(8,519)	(68,277)	-	-	40,039	15,838	15,664	-	(52,826)	(46,709)
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(33,945)**	**(13,627)**	**(8,519)**	**(68,277)**	**-**	**-**	**40,039**	**15,838**	**15,664**	**-**	**(52,826)**	**(46,709)**

The item increased compared to the previous year and is characterised by the following events:

- Significant increase in Finstock exposure, which at the same time presents a limited credit risk considering the characteristics of the product;
- Significant increase in the Car loan exposure including the Opel Bank acquisition transaction guaranteed by the related funds transferred;
- Diversification of the portfolio breakdown of the Parent Company, aimed at an increase in personal loan exposures;
- Annual review of IFRS 9 metrics and management of prudential post model adjustments/management overlay defined in previous years. For more details, see part E.

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

The Group does not have any net value adjustments for credit risk associated with financial assets measured at fair value through other comprehensive income.

Section 9 – Gains/losses on contractual changes without cancellations – Item 140

The Group does not have any profits/losses from contractual changes without cancellations.

Section 10 – Result of insurance services - Item 160

The Group has no insurance companies.

Section 11 – Balance of financial revenues and costs relating to insurance operations - Item 170

The Group has no insurance companies.

Section 12 – Administrative costs – Item 190

12.1 Payroll costs: breakdown

Type of expense/Amounts	Total 12/31/2023	Total 12/31/2022
1) Dependent staffs	**(107,873)**	**(64,132)**
a) wages and salaries	(61,251)	(46,089)
b) social obligation	(18,163)	(12,219)
c) Severance pay	(12)	(286)
d) Social security costs	(4)	(4)
e) reserve to staff severance indemnity	(289)	(58)
f) reserve to retirement fund and similar obligations	(62)	-
- defined contribution	-	-
- defined benefit	(62)	-
g) deposit to external complementary welfare funds:	(4,165)	(3,197)
- defined contribution	(4,165)	(3,197)
- defined benefit	-	-
h) Expenses resulting from share based payments	-	-
i) other benefits in favour of dependents	(23,928)	(2,278)
2) Other staffs in activity	**(3,294)**	**(2,830)**
3) Managers and statutory auditors	**(825)**	**(758)**
4) Staffs collocated to retirement	**-**	**(3)**
Total	**(111,992)**	**(67,723)**

The item "Other employee benefits" increased due to leaving incentives relating to the company reorganisation. For more information, please refer to the consolidated Report on operations.

12.2 Average number of employees, by category

	12/31/2023	12/31/2022
Employees:		
a) Senior managers	36	29
b) Managers	327	240
of which 3rd and 4th level	*64*	*67*
c) Remaining employees staff	852	634
Total	**1,215**	**902**
Other personnel	**20**	**51**

12.3 Defined-benefit pension plans: costs and revenues

The Bank has not recognised costs and revenues relating to defined benefits company pension funds, as these were transferred from former FCA Bank S.p.A. following the transfer of the business unit carried out on 3 April 2023. These funds refer to the special indemnity provision for the loyalty bonus, on the basis of which, the employee who ceases to work and has accrued a minimum length of service predefined by the plan, is paid an amount equivalent to the loyalty bonus accrued on a pro rata at the date of 2 April 2023, and the length of service bonus fund, which envisages the disbursement of a double monthly salary at the time of the first working anniversary of 25, 30, 35 and 40 years of work. The funds being transferred will not generate future provisions, since these are a matter envisaged by former FCA Bank S.p.A. and since these funds have been transferred in relation to the Bank's employees entitled to them for the portion accrued up to the date of the business unit transfer transaction.

12.4 Other employee benefits

	12/31/2023	12/31/2022
Ancillary staff expenses (health insurance, luncheon vouchers and other minor benefits)	8,084	3,746
Incentive plan reserved for managers and middle managers	19,593	
Cost of allocation of share by the parent company to employees		
Total	**27,677**	**3,746**

12.5 Other administrative costs: breakdown

Type of service/Amounts	Total 12/31/2023	Total 12/31/2022
IT expenses	**15,955**	**15,415**
Hardware	445	12
Software	12,239	12,284
Outsourcing	1,469	1,520
Telephone and data transmission	1,802	1,598
Taxes and duties	**12,044**	**11,426**
Professional services	**36,761**	**30,814**
Legal and notary advice	3,295	2,871
Outsourcing	28,497	21,287
Other professional services	4,970	6,657
Advertising, marketing and communication	**7,011**	**6,267**
Expenses related to credit risk	**16,217**	**14,834**
Information and certificates	3,741	3,197
Credit recovery	12,476	11,637
Litigation expenses not covered by provisions	**1,284**	**1,390**
Real estate expenses	**2,570**	**2,066**
Passive rent	576	424
Other real estate expenses	1,994	1,642
Leasing expenses	**505**	**480**
Other admininstrative expenses	**18,543**	**15,256**
Postal and archiving	3,157	2,560
Other non-professional goods and services	3,604	2,974
Insurance premiums	2,185	1,698
Resolution Fund contribution	2,970	4,772
FITD contribution	1,887	1,835
Other expenses	4,740	1,417
Total	**110,892**	**97,947**

The "contributions to the resolution fund" disclose a decrease as a result of the Bank joining the optional cash guarantee scheme part of the bond.

Section 13 – Net provisions for risks and charges – Item 200

13.1 Net provisions for credit risk on loan collateral and financial guarantees given: breakdown

The Group does not have any commitments to disburse funds and financial guarantees given.

13.2 Net provisions relating to other commitments and other guarantees given: breakdown

The Group does not have other commitments and other guarantees given.

13.3 Net provisions for other risks and charges: breakdown

	Additions	Uses	Net provision 12/31/2023	Net provision 12/31/2022
Net personnel expense provision	-	-	-	-
Net provision for legal disputes	(2,667)	2,695	28	628
Other provisions	(557)	1,510	953	(621)
Total	**(3,223)**	**4,205**	**981**	**7**

For further details, please refer to the "Notes to the financial statements - Part B - Other provisions for risks and charges".

Section 14 – Net adjustments to/recoveries on property, plant and equipment – Item 210

14.1 Net adjustments to property, plant and equipment: breakdown

Activities	Depriciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Property, equipment and investment property				
1. For operational use	(8,832)	(83)	-	(8,915)
- Owned	(6,175)	(83)	-	(6,257)
- Licenses acquired through lease	(2,657)	-	-	(2,657)
2. Held for investment	-	-	-	-
- Owned	-	-	-	-
- Licenses acquired through lease	-	-	-	-
3. Inventories	X	-	-	-
Total	**(8,832)**	**(83)**	**-**	**(8,915)**

"Depreciation" on property, plant and equipment for business use was influenced by the corporate reorganisation process connected with the closure of the branches. For more information, please refer to the consolidated Report on operations.

Section 15 – Net adjustments to/recoveries on intangible assets – Item 220

15.1 Net adjustments to intangible assets: breakdown

Asset/Income	Amortization (a)	Impairment losses (b)	Write-backs (c)	Net profit (a + b - c)
A. Intangible assets				
of which: software	(16,938)	-	-	(16,938)
A.1 Owned	(27,811)	-	-	(27,811)
- Generated internally by the company	-	-	-	-
- Other	(27,811)	-	-	(27,811)
A.2 Licenses acquired through lease	-	-	-	-
Total	**(27,811)**	**-**	**-**	**(27,811)**

The "amortisation" of intangible assets was affected by the review process of the useful life to 3 years and the progressive amortisation of the rights deriving from the Stellantis transaction. For more information, please refer to the consolidated Report on operations.

Section 16 – Other operating expenses/income – Item 230

16.1 Other operating expenses: breakdown

	Total 12/31/2023	Total 12/31/2022
Amortization on improvements (not separable) on real estates	**641**	**456**
Expenses related to leasing transactions	**43,428**	**41,478**
Operating	26,974	23,943
Finance	16,453	17,535
Other	**9,706**	**12,168**
Fraud	1,376	630
Expenses on claims	2,631	2,802
Other	5,700	8,737
Total	**53,775**	**54,102**

The item “other expenses” mainly contains non-pertinent costs, write-down of other assets and disposals of assets (please refer to the consolidated report on operations for information on the transformation plan).

16.2 Other operating income: breakdown

	Total 12/31/2023	Total 12/31/2022
Recovery of expenses	**24,637**	**19,073**
Tax	10,558	10,408
Deposits and Current accounts	316	260
Operating leases	11,829	5,785
Other	1,934	2,621
Rental assets	**13**	**17**
Other	**55,253**	**51,004**
Operating leases	395	-
Finance leases	26,221	26,642
Other	28,637	24,362
Total	**79,903**	**70,095**

The item “other” by contrast includes the servicing fees and reimbursements of expenses of Hyundai Capital Bank Europe GmbH - Italian branch, classified in this sub-item as it is not part of the Santander Consumer Bank Italy Group (Euro 10,865 thousand, compared to Euro 6,923 thousand in 2022). In addition, this item includes the indemnity of Euro 8.5 million received from Stellantis Renting Italia; for more details, please refer to the consolidated report on operations.

Section 17 – Gains (Losses) of equity investments – Item 250

The Group does not hold any equity investments other than those that fall within the consolidation scope.

Section 18 – Net result from fair value measurement of property, plant and equipment and intangible assets – Item 260

The Group does not have any property, plant and equipment and intangible assets measured at fair value.

Section 19 – Value adjustments to goodwill – Item 270

The Group has no goodwill.

Section 20 – Gains (losses) on disposal of investments – Item 280

The Group has gains or losses on disposal of investments.

Section 21 – Income taxes for the year on continuing operations – Item 300

21.1 Income taxes for the year on continuing operations: breakdown

Income components/Sectors	Total 12/31/2023	Total 12/31/2022
1. Current tax expense (-)	(35,867)	(57,595)
2. Change of current taxes of previous years (+/-)	2,616	311
3. Reduction in current tax for the period (+)	-	-
3. bis Reductions in current tax expense for the period due tax credit related to L. 214/2011 (+)	-	-
4. Change of deferred tax assets (+/-)	(15,064)	(16,980)
5. Change of deferred tax liabilities (+/-)	(789)	(153)
6. Tax espense for the year (-)	**(49,103)**	**(74,416)**

The change in current and deferred tax assets is mainly due to the amendment of Italian Decree Law no. 214/2011.

21.2 Reconciliation between theoretical and effective tax charge

	12/31/2023	12/31/2022
Profit (loss) from continuing operations before tax	155,732	234,187
Profit before tax on discontinuing operations		
Theoretical taxable income	155,732	**234,187**
IRES - Theoretical tax charge	(45,151)	(65,788)
- effect of income and expenses that do not contribute to the tax base	7,549	6,482
- effect of expenses that are wholly or partially non-deductible	(250)	(1,001)
- Reduction in tax for the period	459	193
IRES - Effective tax burden	**(37,394)**	**(60,113)**
IRAP - Theoretical tax charge	(9,118)	(13,280)
- portion of non-deductible administrative expenses, depreciation and amortisation	(1,459)	(665)
- portion of non-deductible interest expense	(56)	
- effect of income and expenses that do not contribute to the tax base	2,211	4,280
- effect of expenses that are wholly or partially non-deductible	(3,383)	(4,707)
- Reduction in tax for the period	97	70
IRAP - Effective tax burden	**(11,709)**	**(14,303)**
Effective tax burden as shown in the financial statements	**(49,103)**	**(74,416)**

Section 22 – Profit (loss) after tax from discontinued operations – Item 320

The Group does not have any profit or loss associated with assets held for sale and discontinued operations.

Section 23 – Net profit (loss) pertaining to minority interests – Item 340

23.1 Analysis of item 340 "Net profit (loss) pertaining to minority interests"

Company name	Total 12/31/2023	Total 12/31/2022
Investments in consolidated companies with significant minority interests		
1. Stellantis Financial Services Italia S.p.A.	24,878	30,922
2. Stellantis Renting Italia S.p.A.	8,590	5,706
3. TIMFin S.p.A.	5	(1,729)
4. Drive S.r.l	(115)	-
Other investments	-	-
Total	**33,359**	**34,899**

Section 24 – Other information

Information on public funds pursuant to article 1, paragraph 125 of Italian Law no. 124 of 4 August 2017 ("Annual law for the market and the competition")

Article 35 of Italian Decree Law no. 34/2019 (Crescita - Growth - Decree"), converted by Italian Law no. 58/2019, introduced a reformulation of the rules on transparency of public disbursements contained in article 1, paragraphs 125-129 of Italian Law no. 124/2017. The reformulation indicated as the subject matter of the transparency obligations the information relating to grants, subsidies, benefits, contributions or aid, in cash or in kind, "not of a general nature and not representing consideration, remuneration or compensation", effectively disbursed by the public administration authorities as well as by the entities referred to in article 2 bis of Italian Legislative Decree no. 33/2013.

In light of this reformulation, further interpretative clarifications made with Assonime circular no. 32 of 23 December 2019 confirmed that the subject matter of the transparency obligation is the attribution of economic benefits deriving from a bilateral relationship between a public entity and a specific beneficiary. Sums received by the company by way of consideration for a service performed or by way of remuneration for an assignment received or due for compensation are expressly excluded. Economic benefits received in application of a general regime are also excluded, such as for example tax breaks or contributions accessible to all parties who meet certain conditions.

In consideration of the above, in 2023:

- Santander Consumer Bank received training grants for a total of Euro 12 thousand;
- Stellantis Financial Services Italia did not receive any grants;
- Stellantis Renting Italia received COVID grants on IRAP for a total of Euro 86 thousand;
- TimFin did not receive any grants;
- Santander Consumer Renting did not receive any grants;
- Drive did not receive any grants.

For completeness of information, please also refer to the National Register of State Aid, publicly available on the relevant website, in which the Aid measures and the related individual Aid granted and registered in the system by the Managers are published, even if for the Group companies the cases indicated therein for 2021 do not represent, in light of the above, the subject matter of the transparency obligations in the financial statements referred to in paragraphs 125 and 125-bis.

Section 25 – Earnings per share

25.1 Average number of ordinary shares (fully diluted)

		Number	Days	Weighted number
Opening balance		573,000	365	573,000
Issue of new shares		-	-	-
Total	**0**			**573,000**

25.2 Other information

Profit (loss) for the year	106,628,563
Basic earnings per share	**160.40**

Profit (loss) for the period pertaining to the Parent Company	73,269,950
Basic earnings per share	**127.87**

There are no instruments that could potentially dilute the future basic result per share.

Part D – Consolidated comprehensive income

Statement of consolidated comprehensive income

	Items	Total	
		12/31/2023	12/31/2022
10.	**Net Profit (Loss) for the year**	**106,629**	**159,770**
	Other comprehensive income after tax not to be recycled to income statement	65977.0	562562.0
20.	Equity securities designated at fair value with an impact on total income:	-	-
	a) changes in fair value	-	-
	b) transfers to other components of equity	-	-
30.	Financial liabilities designated at fair value with impact on the income statement (changes in creditworthiness):	-	-
	a) changes in fair value	-	-
	b) transfers to other components of equity	-	-
40.	Hedges of equity securities designated at fair value with an impact on total profitability:	-	-
	a) change in fair value (hedged instrument)	-	-
	b) change in fair value (hedging instrument)	-	-
50.	Tangible assets	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	57	693
80	Non current assets classified as held for sale	-	-
90.	Valuation reserves from investments accounted for using the equity method	-	-
100.		-	-
110.	Income taxes relating to other income components without reversal to the income statement	9	(131)
	Other comprehensive income after tax to be recycled to income statement	837	(1,113)
120.	Hedge of foreign investments:	-	-
	a) changes in fair value	-	-
	b) transfer to the income statement	-	-
	c) other changes	-	-
130.	Exchange differences:	-	-
	a) value changes	-	-
	b) transfer to the income statement	-	-
	c) other changes	-	-
140.	Cash flow hedges:	-	-
	a) changes in fair value	-	-
	b) transfer to the income statement	-	-
	c) other changes	-	-
	of which: result of net positions	-	-
150.	Hedging instruments:	-	-
	a) value changes	-	-
	b) transfer to the income statement	-	-
	c) other changes	-	-
160.	Financial assets (no equity securities) measured at fair value with an impact on total profitability:	1,251	(1,663)
	a) changes in fair value	1,251	(1,663)
	b) transfer to the income statement	-	-
	- adjustments to credit risk	-	-
	- gains / losses from realization	-	-
	c) other changes	-	-
170.	Non current assets classified as held for sale:	-	-
	a) changes in fair value	-	-
	b) transfer to the income statement	-	-
	c) other changes	-	-
180.	Valutation reserves from investments accounted for using the equity method;	-	-
	a) changes in fair value	-	-
	b) transfer to the income statement	-	-
	- impairment adjustments	-	-
	- gains / losses from realization	-	-
	c) other changes	-	-
190.		-	-
	a) changes in fair value	-	-
	b) transfer to the income statement	-	-
	c) other changes	-	-
200.		-	-
	a) changes in fair value	-	-
	b) transfer to the income statement	-	-
	c) other changes	-	-
210.	Income taxes relating to other income components with reversal to the income statement	(414)	550
220.	**Total of other comprehensive income after tax**	**903**	**(551)**
230.	**Comprehensive income (Items 10 + 220)**	**107,532**	**159,220**
240.	Consolidated comprehensive income attributable to minorities	33,469	35,049
250.	**Consolidated comprehensive income attributable to Parent Company**	**74,062**	**124,171**

Part E – Information on risks and related hedging policies

Introduction

During 2023 the Governance of Risks within Santander Consumer Bank Group (hereinafter the Group) was of great significance, consistent with the macroeconomic context and with the requirements of the prudential supervision regulations through their management and control, as a means of ensuring reliable and sustainable value creation in a context of controlled risk.

The risk management strategy for all companies falling within the scope of control, which includes the JVs Stellantis Financial Services Italia, Stellantis Renting Italia, TIMFin, Drive and Santander Consumer Renting (the latter two not part of the prudential consolidation), focuses on a complete and consistent overview of risks. It takes account of both the macro-economic scenario and the risk profile, stimulating the growth of the risk culture and encouraging a transparent and accurate presentation of the risks associated with the portfolios held, ensuring adequate organisational and methodological procedures consistent with the regulatory and operational context.

The policies that guide the assumption and management of risks are approved by the respective Boards of Directors (BoD), while the Board of Directors of the parent SCB, in addition to the Risk Appetite Framework (RAF) thresholds specified by the Parent Company, approves the thresholds relative to capital metrics. The BoD of the Parent SCB is supported in the carrying out of its functions by the specialist committees established, which include the board Risk Committee, which is entrusted with the task of supporting the Board of Directors in relation to risk, so allowing it to take correct decisions with regard to risk governance. In addition to these, managerial committees have been established. These include the Executive Risk Committee, whose Chairman is the Chief Executive Officer (CEO) with the Chief Risk Officer (CRO), the Head of Administration and Control Department and the Head of Finance Department as permanent members.

The organisational structure adopted by both the Parent Company and by the subsidiaries allows adequate coordination of activities at Group level and effective risk management in all key areas, starting with the definition of tools for the analysis and measurement of risks (in collaboration with the Spanish parent company's methodology functions) and the definition of policies and strategies for the acceptance and control of existing risks, ensuring a correct balance between long-term strategic objectives and short-term earnings objectives. In addition, the presence within the subsidiaries of a hierarchical line of reporting to the Board of Directors (BoD) guarantees the independence of the function.

The risk appetite of the parent SCB and, more generally, of the Group, is shown in the RAF, a strategically important tool, organised and structured to present to the governance bodies the main risks to which a company is exposed and the level of such risks that it is willing to assume under normal and stressed conditions. The document outlines and thus applies the Target Risk framework defined for the Bank and for the Group (for the latter only as regards capital metrics).

The overall risk profile stems from the general principles defined by the risk policies and consists of a structure of limits suitable to ensure that, even under stressed conditions, minimum levels of solvency, liquidity and earnings are met.

The general principles that guide the risk assumption strategy are based on the optimisation and protection of financial results, by pursuing revenue generation without affecting the achievement of adequate levels of capitalisation and a conscious assumption of risks and measurement thereof.

The risk appetite of the parent SCB and the subsidiaries is based on the following requisites and features:

- it reflects an aggregated view and applies to all business units (functional areas);
- it considers the main types of risk that impact the group's business development;
- it takes a prospective view of the group's risk profile in certain circumstances, with the use of stress tests and scenario analysis;
- it is not static and adapts to the changing business environment;
- it combines quantitative and qualitative standards;
- it is concise and easy to communicate to Senior Management and external stakeholders;
- it enables a structured comparison of risk profile against risk appetite;
- it is connected to the overall corporate strategy and to other instruments or business processes that help with planning, evaluating and monitoring risks, including those aimed at defining the budget, liquidity/financing and capital;

- it is integrated with risk management of the Bank's ordinary activities, given that it was designed to take account of existing policies and limits.

In summary, the expectations are:

- keeping expected profitability within the parameters laid down;
- prudent management of risk through the continuous monitoring of the portfolios managed;
- management of funding aimed at increasing the diversification of funding sources;
- control/optimisation of operating costs, to be implemented by means of more stringent monitoring of the planning/assessment/authorisation process and by streamlining business processes;
- achievement of levels of capitalisation in line with current regulations and with constraints imposed by the Supervisory Authorities, as well as with the objectives agreed with the Spanish parent company;
- development and updating of professional skills in the light of continuous changes in regulations, in the increasingly competitive market context and in the strategies of the Santander Group.

Risk culture

In line with that already accomplished in previous years, the Group gives utmost attention to the transmission and sharing of a risk culture, by means of regular updates to relevant documents and by initiatives implemented to address specific issues as they arise, also in agreement with the Spanish parent company. In this regard, the parent company SCB via the corporate "SCORE" (Santander Consumer Risk Excellence) programme developed with the support of the Spanish parent company, implemented measures aimed at spreading awareness of the risks to which the Bank is exposed, the conduct required to mitigate them and finally the instruments necessary to monitor and improve them. The measures, which are spread over various areas and have impacts across the entire Bank, have seen the involvement of both Top Management and other areas of the Bank.

As a result of the annually up-dated programme being carried out, significant improvements have been made both in terms of processes and the checks performed. Following the programme confirming its importance is an integral part of the objectives assigned to Top Management. The risk management approach adopted is orientated towards an increasingly integrated and consistent management of risks, by taking account of the macro-economic scenario and the Group's risk profile, by stimulating a growing risk culture by means of an extensive and transparent presentation of the risks associated with portfolios.

Organisation and risk governance

Credit risk is the main type of risk to which the Group is exposed and is associated with the probability that a borrower may be unable to meet its contractual obligations thereby resulting in possible future losses.

In this business environment and in compliance with the applicable provisions relating to the Internal Control System (Circular of Bank of Italy no. 285 of 17 December 2013 and subsequent updates) the Group is provided with an organisational and operational structure adequate to the assigned objectives. This structure has also been consolidated and modified in the individual units also in consideration of the entry into force of the IFRS 9 accounting standard and was further enhanced by the entry into force of the New Default Definition pursuant to article 178 of EU Regulation no. 575/2013 and with the up-dating of the definitions of non-performing credit exposures in order to guarantee an adequate risk management, with particular reference to the definition of the policies for the valuation and classification of loans, the development of second level controls and the monitoring of positions in the assigned stages.

Starting from January 2021 in compliance with the requirements of the regulations (EBA/GL/2016/07 "Guidelines on the application of the definition of default under article 178 of EU Regulation no. 575/2013" and EBA/RTS/2016/06 "New regulatory technical standards on materiality threshold of credit obligations past due" that supplement the EU Delegated Regulation no. 171/2018 of the European Commission dated 19 October 2017), the new European rules on classification of borrowers "in default" came into force, i.e. borrowers who are no longer able to fulfil their commitments with the Bank and are therefore "defaulting".

The above regulation has established more restrictive criteria and methods for default classification than those adopted so far, with the aim of harmonising the regulations among the various countries of the European Union. The legislation involved both companies and individuals who have access to credit and requires each institution to automatically classify the exposure as "in default" when a materiality threshold is exceeded, expressed in absolute and relative terms, taking into account the total amount of the exposures that the borrower has with the Bank.

The materiality threshold is considered exceeded when the customer has an amount past due by more than 90 consecutive days:

- in the case of Individuals and Small and Medium Enterprises, more than Euro 100 (as an absolute component) and more than 1% of total exposures to the Bank (as a relative component);
- in the case of Large Enterprises, more than Euro 500 (as an absolute component) and more than 1% of total exposures to the Bank (as a relative component).
- In addition to the above, the new provision that came into force also introduced:
- the possibility that the classification as “in default” of a position spreads to all the joint obligations with other borrowers (e.g. joint names, guarantors of partnerships, etc.);
- for customers in financial difficulty, the possibility that any suspension of payment of the instalments, the renegotiation of the loan or the consolidation of the position entail its classification as a Non-Performing Loan (NPL);
- the prohibition on offsetting between credit facilities for the customer with overdue credit facilities.

The customer who has settled the arrears, after at least 90 days from these settlements without any further situations of arrears or further prejudicial events occurring, will exit the default status.

The Group continued to up-date the PD/LGD/EAD parameters through the implementation of the points for improvement identified during the validation activities as included in the review and recalibration carried out annually and aimed at maintaining the expected quality levels for the models in use. These activities were developed directly by the parent company's methodological study team with the IT support of the local team. The updated and validated models were subjected to monitoring and backtesting activities in order to ensure an adequate calculation of the economic impacts.

The organisational standards applied to ensure that the Group has an effective risk governance system are aimed at:

- ensuring the separation of operational functions from control functions;
- ensuring the identification, measurement and monitoring of risks inherent, or that may be assumed, in the various operational areas;
- guaranteeing that any anomalies, which result from checks performed by the monitoring functions, are rapidly brought to the attention of the appropriate level of management, dealt with promptly and recorded for subsequent checks.

To this end, the risk management and governance process adopted within the Group is based on an organisational structure that ensures there is an internal control system that operates on three levels, in line with banking supervisory regulations, consisting of:

- line controls (first-level controls): these are performed by the operating units to verify that the processes and tasks within their competence have been carried out in accordance with internal procedures. Where possible, these types of controls are incorporated in automated IT procedures;
- risk management controls (second-level controls): these are performed by the Risk Control Unit to ensure the correct functioning of the risk management process by means of the measurement and assessment of the level of risks assumed as well as compliance with any limits assigned to operational areas;
- compliance controls (second-level controls): these are performed by Compliance and AML and Customer Protection units, which verify compliance with internal and external regulations to which each unit of the Group is subject;
- internal audit controls (third-level controls): these are carried out by the Internal Audit Department, which has the task of verifying the ordered performance of processes (management/production, business/commercial, support/functional) and their compliance with corporate standards, the substantial correctness of the conduct of operations and the suitability, from the standpoint of its framework and rules governing how it should function, of the internal control system and the adequacy and effectiveness of the monitoring systems, in relation to the various types of risk.

Every unit of the Group has adopted an organisational structure in accordance with the principles listed. To support the structures adopted, the internal inter-departmental committees put in place, in each component of the group, have carried out the support and advice activities provided for by the respective local regulations.

Main Risks

The Group's risk profile is defined through the risk assessment carried out in accordance with the methodologies issued by the Spanish parent company, applied according to a principle of proportionality to the individual Group units and shared also by the Cooperation[1], Risk Identification Assessment (RIA). The assessment sees the direct involvement of the first line of defence and the supervision and support of the second line of defence, and is carried out at the beginning of the year and updated in the second half. Specifically, the updating carried out in the second part of the year is aimed at verifying the improvements achieved as a result of the implementation of the remedial actions identified during the first assessment. Through the RIA methodology, the risk profile of each individual group unit is identified and assessed and a specific score is given, taking into account:

- the current level of risk;
- the level of risk deriving from the macroeconomic situation;
- exposure to potential specific risks.

The method also makes it possible to:

- identify possible "emerging risks" to enable the effective management and mitigation of risks;
- obtain a quantitative representation of the risks assumed at the date of the analysis, on the basis of current activities in the companies that make up the Group and the development strategies put in place.

The result of the exercise performed confirmed the overall risk profile of the Group and the individual companies to be "low-medium", thus continuing to improve.

Section 1 – Accounting consolidation risks

Quantitative information

A. Credit quality

A.1 Performing and non-performing credit exposures: amounts, value adjustments, trends and economic distribution

A.1.1 Distribution of financial assets by portfolio and credit quality (book values)

Portfolios/quality		Non-performing loans	Unlikely to pay	Non-performing past due	Performing past due exposures	Performing exposures	Total
1. Financial assets valued to amortised cost		4,058	20,393	58,820	115,185	13,731,693	13,930,148
2. Financial assets at fair value through other comprehensive income		-	-	-	-	150,254	150,254
3. Financial assets designated to fair value		-	-	-	-	-	-
4. Other financial assets mandatorily valuated to fair value		-	-	-	-	4	4
5. Financial instruments classified as held for sale		-	-	-	-	-	-
Total	**12/31/2023**	**4,058**	**20,393**	**58,820**	**115,185**	**13,881,951**	**14,080,406**
Total	**12/31/2022**	**3,428**	**21,756**	**34,133**	**84,072**	**9,615,358**	**9,758,747**

For details on the credit quality relating to the exposures subject to forbearance included in the portfolio of financial assets measured at amortised cost, see table A.1.5 below.

[1] Coordination group established between the Santander Group and the Stellantis Group for the governance of the JVs.

A.1.2 Distribution of financial assets by portfolio and credit quality (gross and net values)

Portfolio/quality		Impaired				Not impaired			
		Gross exposure	Overall writedowns of value	Net exposure	Overall partial write-off*	Gross exposure	Overall writedowns of value	Net exposure	Total (net exposition)
1. Financial assets valued to amortized cost		205,575	(122,304)	83,270	-	13,911,828	(64,950)	13,846,878	13,930,148
2. Financial assets valued to fair value with impact on overall profitability		-	-	-	-	150,254	-	150,254	150,254
3. Financial assets designated to fair value		-	-	-	-	X	X	-	-
4. Other financial assets mandatorily valuated to fair value		-	-	-	-	X	X	4	4
5. Financial assets as held for sale		-	-	-	-	-	-	-	-
Total	**12/31/2023**	**205,575**	**(122,304)**	**83,270**	**-**	**14,062,081**	**(64,950)**	**13,997,135**	**14,080,406**
Total	**12/31/2022**	**196,527**	**(137,210)**	**59,317**	**-**	**9,777,837**	**(78,411)**	**9,699,429**	**9,758,747**

Portfolio/quality		Assets of obvious poor credit quality		Other assets
		Cumulated losses	Net exposure	Net exposure
1. Financial assets held for trading		-	-	65,756
2. Hedging Derivatives		-	-	93,815
Total	**12/31/2023**	**-**	**-**	**159,571**
Total	**12/31/2022**	**-**	**-**	**233,039**

B. Information on structured entities (other than special purpose entities created for securitisations)

The Group does not have any positions with structured entities.

Section 2 – Prudential consolidation risks

1.1 Credit risk

Qualitative information

1. General aspects

The credit risk is associated with the probability that a borrower may be unable to meet its contractual obligations, thus exposing the company to possible future losses, or that it may experience a deterioration in creditworthiness that could compromise its future ability to fulfil its obligations.

The Group's strategies are focused on:

- the achievement of a sustainable objective consistent with the Group's risk appetite and value creation, guaranteeing the quality of lending activities;
- diversification of the portfolio, limiting the concentration of exposures on counterparties/groups, on economic sectors or geographical areas;
- an efficient selection of economic groups and individual borrowers, through a careful analysis of creditworthiness aimed at limiting the risk of insolvency and mitigating the losses potentially connected to them;

- the constant monitoring of relationships and related exposures, carried out both with IT procedures and by means of systematic monitoring of positions presenting irregularities, in order to promptly identify any signs of impairment.

The Group's operations in Italy are characterised by a very high average number of customers, with average/low exposure and a limited average residual duration. Specifically, it is possible to discern the following clientele:

1) *end users (*consisting of both retail and corporate), who are offered products in the technical forms of:

- consumer credit:
  - car loans, special-purpose loans for the purchase of vehicles, including motorcycles and motorbikes, to persons who apply for loans offered by dealers affiliated with the Bank. The loan amount is granted directly by the affiliated dealer. The customer undertakes to repay the loan in accordance with a fixed rate repayment plan in equal instalments. The customer may take out insurance cover for the loan or the object financed;
  - special-purpose loans, loans granted solely by the agency channel to persons for the purchase of goods other than cars and/or for the provision of services. These have the same repayment/contractual features of car loans;
  - personal loans, loans granted directly to the customer that have the same repayment/contractual features of car loans and special-purpose loans. It is possible to take out insurance cover for the loan;
  - End-of-service indemnity, the product consists of the financing of an advance of the end-of-service indemnity, which, for public employees, is not disbursed when they retire, but only subsequently. In fact, at the end of the work activities, employees of public companies, who have accrued pension requirements, are entitled to an End-of-service indemnity indeed, but this is disbursed by INPS in a maximum of 3 annual instalments (based on the amount to be disbursed). With the new product, the bank immediately advances the full amount to the customer, net of interest and stamp duty, collecting the payment directly from INPS according to the scheduled instalments.
- consumer leases: finance and operating leases, financing transactions offered by the Bank (lessor) consisting of granting the use for an agreed period of time, upon payment of periodic lease charges (lease payment), of motor vehicles, motorcycles, camper vans, commercial vehicles purchased or constructed by a third party supplier, as requested by the lessor and chosen and indicated by the customer (user with a VAT number); the latter assumes all the risks and retains the right, at the end of the agreed contractual term, to purchase the goods for a predetermined price and to extend possibly the use thereof under predetermined or pre-determinable financial conditions. For leasing products, the typical risks of finance leases, apart from those arising from a contractual breach by the customer, are of a contractual and economic-financial nature;
- salary assignment loans, a particular type of personal loan that is settled through the assignment of a portion of salary or pension up to one fifth of the amount thereof net of withholdings. This product has a set maximum duration and a minimum duration that is not normally less than twenty-four months;
- credit cards, a line of credit for an unlimited period made available to a customer, who may make use thereof in one or more lots. The user undertakes to repay the amounts utilised and interest accrued thereon, complying with the payment of monthly minimum instalments, but with the right to make larger repayments if desired. The repayment of the capital element ensures the availability once again of the full credit facility, which may be reutilised by the customer. Interest rates are generally fixed, but Santander Consumer Bank has the right to modify the financial conditions during the relationship, in compliance with regulations in force. The loan may be guaranteed;
- factoring without recourse*;*
- insurance products that can be associated with loans;

2) wholesale (consisting of corporate), instrumental to the end-user segment, who are offered products in the technical forms of:

- financing of warehouse stock*;*
- financing of working capital and/or cash advances.

The distribution structures, adopted in line with the specific objectives of each company of the group, are:

- affiliates: through this channel, only special-purpose loans, car loans and leases;
- agents: through this channel, only personal loans, special-purpose loans (cars, furniture, etc.) and car leases are granted;
- special agreements: this category includes business from third-party companies towards SCB according to the terms of the agreements concluded at national level;
- internet: through the Bank's website and some selected specialised sites.

2. Credit risk management policies

2.1 Organisational aspects

The Risk Departments, established care of the individual Group companies, are dedicated to the management and control of credit risk, through:

- the identification of suitable tools;
- the identification of strategic guidelines and consequent management policies, verifying their efficiency and effectiveness on an ongoing basis;
- the definition of duties and responsibilities of the company functions and structures involved in the processes, through adequate levels of segregation (in order to avoid possible conflicts of interest).

These are subject to oversight activities by the Italian parent company (SCB), which is in turn monitored by the Spanish parent company (SCF). Furthermore, in order to ensure independence, a manager is appointed for each Department who reports directly to their Board of Directors and to the Chief Risk Officer of SCF.

Lastly, the Internal Audit department carries out internal audit activities, aimed at identifying violations of procedures and regulations as well as periodically assessing the completeness, adequacy, functionality and reliability of the internal control system and the information system, with a fixed frequency in relation to the nature and intensity of the risks.

2.2 Systems for managing, measuring and monitoring risk

Credit risk is measured and monitored by the RAF (Risk Appetite Framework) both at Group level and at individual entity level.

The document is approved by the Board of Directors upon the proposal of the Risk Department.

The areas that undertake the risks are also directly involved in the risk management process, in particular in order to:

- correctly identify new business opportunities, commensurate with an adequate risk profile, through the drafting of business plans, profitability and portfolio analysis;
- monitor specific concentration indicators both with respect to exposures classified as "high risk" or with a below threshold rating, and major commercial agreements managed.

The Group essentially manages two types of credit risk, namely end-user and wholesale.

Taking into account the different nature of customers, specific procedures are adopted as part of the main phases of development of the process, broken down into:

- acceptance of a loan application;
- monitoring and reporting;
- credit collection.

The process is organised according to a model aimed at ensuring the clear separation between disbursement responsibilities and those of risk management and control, in order to avoid possible conflicts of interest; including between the functions responsible for the analysis stage and the commercial functions. The various functions are also given powers to grant loans according to graduated criteria, scaled according to the different responsibility levels along the hierarchical line.

Both categories mentioned are measured using a standardised method pursuant to the CRR (EU Regulation no. 575/2013 of the European Parliament and the Council of 26 June 2013).

As a last resort, every six months, in compliance with its own policies, the Group carries out stress tests in order to verify:

- the adequacy of the capital;
- the adequacy of cumulative value adjustments;
- the sustainability of the business in scenarios of plausible difficulties.

2.3 Methods for the measurement of expected losses

The Group uses two different approaches for assessing Expected Credit Losses (ECL):

- individual assessment: mainly used for non-end-user products (Wholesale and Fleet) of the subsidiaries Stellantis Financial Services Italia and Stellantis Renting Italia classified in Stage 2 and Stage 3, where the assessment depends on the SCAN (Santander Customer Assessment Note) classifications assigned to each position.
- collective assessment: for end-user products where the assessment depends on a statistical approach given by the exposure product (EAD - Exposure At Default), probability of default (PD - Probability of Default) and expected loss (LGD - Loss Given Default).

The EAD is determined on the basis of the gross accounting exposure of the financial asset/residual financial commitment, net of value adjustments on interest of defaulted positions, and possibly corrected by credit risk mitigation techniques (CRM - Credit Risk Mitigation) recognised for regulatory purposes. Note that for the subsidiaries Stellantis Financial Services and Stellantis Renting Italia, a "customer" exposure is used (i.e. utilisation at the reference date).

The PD is measured by classifying loans in three different stages depending on the deterioration of the credit quality observed with respect to the initial recognition (SICR - Significant Increase in Credit Risk).

The assessment of the significant increase in risk is carried out by the Group on the basis of the observation of qualitative aspects, such as the forborne status for consumer customers or positions under monitoring for wholesale products and the past due status.

Stage	Description	PD Type
1	Regular exposures, for which no SICR is shown	Statistical calculation at 12 months
2	Regular and non-regular exposures (with continuous past due exceeding 30 days but less than what is required for classification in Stage 3), for which a SICR is highlighted.	Statistical calculation that covers the entire life of the credit (Lifetime).
3	Irregular exposures (with continuous overdue exposures over 90 days and exceeding the materiality thresholds) for which a SICR is highlighted. This category includes non-performing past due loans, probable defaults and non-performing loans.	1

To carry out these assessments, the portfolios are aggregated in risk classes on the basis of the days of delay and on the basis of other qualitative information (e.g. forborne measures and SCAN).

In this context, the PD calculation is based on the probability of transition between risk classes using the Markov transition matrices method, which utilises:

- 10-year time series, restated to take into account the introduction in 2021 of the New Default Definition (NDD);
- RTOB (Remaining Times On Book) variables/Scheduled times on book/amount to take into account the financial characteristics of the exposures;
- forward looking information variables (e.g. future GDP trends) of plausible scenarios (which can be broken down into: extra positive/positive/neutral/negative/extra negative).

Lastly, the LGD calculation takes into account the following variables, in order to determine an LGD for the Non-Defaulted, Defaulted Reversible and Defaulted Irreversible portfolio:

- maximum time in default: the bank assesses the maximum time horizon within which a loan is managed by collection processes and defines the maximum time spent in default, on the basis of the evolution of the direct recoveries and the disposal policies;

- type of Default: +90 days of continuous past due/write-off;
- nature of Default: reversible/irreversible;
- cure Rate: which determines the percentage of loans that, after a default event, return to regular;
- recovery Rate: which is based on recovery from "irreversible default" starting from the date of the first relevant default;
- ELBE (Expected Loss Best Estimate): which estimates the current Loss for a loan classified as in default on the basis of the historical data;

In order to segment exposures in a more accurate manner, clustering into homogeneous products by characteristics/performances is considered for some categories.

During the year, although the methodology for determining the ECL was not changed, the risk parameters were recalibrated, including the updating of the time series and, in particular, of the macroeconomic scenarios, in addition to the post model adjustments indicated below. The tool used for the application of the principles described was developed and reviewed, periodically, by the Spanish parent company for all the Group units. The peculiarities of the Italian market were considered by making minimal changes to the instrument and were subject to a specific assessment by the independent Validation unit.

The changes in post model adjustments and management overlays made in order to reflect potential impacts, in terms of riskiness on some specific types of customers/portfolios, macroeconomic factors, and to cover risks not directly "captured" by the ECL calculation model, are represented below.

Figures in Euro millions

	Remaining amount 31/12/2022	Release 2023	Provisions 2023	Remaining amount 31/12/2023
Post model adjustments	**(14.7)**	**13.8**	**(1.7)**	**(2.6)**
of which:				
- generation 2021	(5.7)	5.7		0.0
- generation 2022	(9.0)	8.1		(0.9)
- generation 2023	0.0		(1.7)	(1.7)
Overlay adjustment	**(1.7)**	**1.7**		**0.0**
of which:				
- generation 2020	(1.7)	1.7		0.0
Total	**(16.4)**	**15.5**	**(1.7)**	**(2.6)**
of which Parent Company	(5.8)	4.9	(1.1)	(2.0)

Assessment of the significant increase in credit risk (SICR)

The group did not change the SICR assessment process. The assessment of the significant increase in risk is carried out by the Group on the basis of the observation of qualitative aspects, such as the forborne status for consumer customers or positions under monitoring for wholesale products and the past due status.

Measurement of expected losses

The Group has not changed the calculation methodology for the measurement of the expected loss, previously indicated.

2.4 Credit risk mitigation techniques

Risk mitigation techniques include those instruments that contribute to reducing the loss (LGD) that would be incurred in the event of default of the counterparty.

With regard to the mitigation of counterparty risk for derivatives not regulated OTC (Over The Counter) and for SFT (Securities Financing Transactions) type transactions, the Group uses bilateral netting agreements that allow, in the case of counterparty default, the offsetting of credit and debit positions.

This takes place through the signing of ISDA (International Swap Derivatives Association) and ISMA (International Securities Market Association) agreements, which, in compliance with supervisory regulations, also allow the reduction of regulatory capital absorptions.

In addition, the Group has collateral exchange agreements in place, mainly on a daily basis, to hedge transactions in OTC derivatives, also by virtue of the obligation to margin trade on derivatives that cannot be centrally offset, envisaged by the EMIR regulations; also for SFT operations, the Bank enters into agreements (GMRA - Global Master Repurchase Agreements) for daily margining.

With regard to the mitigation of risk on loans, the types of guarantees allowed by the credit policies in force are summarised below:

- collateral: mortgages;
- endorsement guarantees: bank, insurance, sureties;
- other forms: retention of ownership and buy back obligations.

The Group's portfolio is characterised by a low incidence of guarantees, as shown in table "A.3 Distribution of secured credit exposures by type of guarantee".

They mainly focus on the part of the wholesale portfolio characterised by agreements with parent companies and dealers.

The collateral acquired, albeit to a limited extent, allows coverage of the default risk of granular portfolios and the release of economic and regulatory capital, as required by current supervisory regulations on the matter (among other things, EU Regulation no. 575/2013 and Bank of Italy Circular no. 285/2013).

With regard to the technical-organisational procedures adopted, detailed processes govern the acquisition of individual guarantees, identifying the structures responsible as well as the methods for their correct finalisation, for the archiving of the documentation, for the complete and timely recognition in the applications of the pertinent information.

The set of internal regulations, organisational and procedural controls, is aimed at ensuring that:

- all formalities for the validity and effectiveness of the credit protection are envisaged;
- for general and current use guarantees, standard contracts are defined, accompanied by complete instructions for their use;
- the methods for approving the texts of guarantees differing from the standards by structures other than those in charge of managing the business relationship with the customer are identified.

On a continuous basis, the valuation of guarantees is based on the market value of the financial instruments listed on a regulated market, or otherwise, as the estimated realisable value. It is based on external databases and where necessary carried out by specialised technicians.

Any compulsory enforcement of the guarantee is handled by specialised structures responsible for credit collection.

3. Non-performing credit exposures

3.1 Management strategies and policies

Non-performing credit exposures are monitored within the RAF through summary indicators monitored continuously by the second-level units:

- Cost of credit: measures the weight of net adjustments with respect to the Group's average portfolio;
- NPL (Non-Performing Loans) Ratio: measures the weight of non-performing loans on the total loan portfolio of the Group;
- Single Name: measures the level of individual exposures with respect to the Group's shareholders' equity.

The instruments presented express the creditworthiness of the portfolio and allow traceability with the strategic plan/budget, the risk policies and the contingency plan indicators.

If significant misalignments with respect to expectations arise, both due to internal and external factors, the Group will promptly update its strategic guidelines.

During the year, the figures recorded were positive with respect to the pre-established strategic objectives.

In addition, non-performing credit exposures are classified according to their degree of criticality:

- bad loans: exposures to a borrower in a state of insolvency (even if not established by a court) or in substantially comparable situations.
- unlikely to pay loans: exposures (other than those classified as bad loans) for which full settlement is unlikely without considering recourse to actions such as enforcement of guarantees.
- non-performing past-due exposures: exposures other than those defined as bad loans or unlikely to pay, which, at the reference date, are past due or continuously past due by more than 90 days and that exceed both the relevance thresholds set out below:
  - absolute: equal to Euro 100 for retail exposures and Euro 500 for exposures other than retail exposures;
  - relative: more than 1% of the borrower's exposure.

3.2 Write-off

The group makes use of write-offs (i.e. write-off/derecognition of non-collectable accounting items) in the following cases:

- non-recoverability of the loan, resulting from certain and precise elements (such as, for example, unavailability and lack of property of the borrower, non-recoveries from executions, negative foreclosures, closed bankruptcy proceedings, if there are no other usefully enforceable guarantees, etc.);
- assignment of receivables;
- waiver of receivables, in connection with settlement contracts;
- without waiver of receivables. In order to avoid the maintenance in the financial statements of receivables that, despite continuing to be managed by the collection structures, have very marginal possibilities of recovery, the receivable is written off due to impossibility of recovery even without closing the legal procedure.

For quantifying details of the write-offs recognised during the year reference is made to the table "A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: dynamics of total write-downs and total provisions".

3.3 Purchased or originated credit-impaired financial assets

Based on IFRS 9, receivables considered non-performing from the time of initial recognition in the financial statements, due to the associated high credit risk, are defined as POCI (Purchased or Originated Credit Impaired Asset).

If these receivables fall within the scope of application of impairment pursuant to IFRS 9, they are measured by recognising - from the date of initial recognition - provisions to cover losses that cover the entire residual life of the receivable (Expected Credit Loss lifetime). Since these are non-performing loans, they are initially recognised as part of Stage 3, without prejudice to the possibility of being moved, over the course of their duration, to Stage 2 if, on the basis of the credit risk analysis, they are no longer impaired.

With regard to these exposures, IFRS 9 envisages that:

- initial recognition is at fair value;
- the estimate of the expected credit loss is always quantified on the basis of the expected loss over the entire life of the financial instrument;
- the interest recognised in the accounts is determined by applying the "effective interest rate adjusted for credit risk" (so-called "EIR Credit Adjusted") or the rate that, at the time of initial recognition, discounts all future estimated cash inflows at the amortised cost of the asset, also taking into account expected credit losses in the estimate.

4. Financial assets subject to commercial renegotiation and forborne exposures

Forbearance measures represent concessions vis-à-vis a borrower who faces, or could be faced with, situations of difficulty in complying with their contractual commitments such as to prevent them from meeting the original payment commitments.

The term "concessions" indicates both the contractual changes granted to the borrower in financial difficulty, and the disbursement of a new loan to allow the fulfilment of the pre-existing obligation. Renegotiations carried out for commercial reasons/practices, regardless of the borrower's financial difficulties, are excluded from the concept of concessions.

The identification of the exposures subject to forbearance measures, in line with the provisions of the EBA (European Banking Authority) regulations and unlike the "per borrower" approach adopted by the Group, necessarily takes place according to a "per transaction" approach.

The Group policy envisages elements for the "transversal" identification of financial difficulties which, in the presence of renegotiation/refinancing, to an extent greater than 1%, entails the classification among those subject to forbearance measures in the case of:

- performing exposures: delays in payments and a simultaneous significant deterioration of trend data originating from external databases (CRIF Credit Bureau and the Bank of Italy's Central Credit Register), resulting in Stage 2 classification;
- non-performing exposures: the state of financial difficulty is implicit.

The forbearance measures granted are monitored for minimum periods, differentiated on the basis of the risk status assigned to the counterparty:

- performing exposures: a 24-month probation period;
- non-performing exposures: 36 months, represented by 12 months of cure period and a further 24 months of probation period.

For the quantification of forbearance measures in the year, please refer to table "A 1.7bis - Cash credit exposures to customers: trends in gross forborne exposures, breakdown by credit quality".

Quantitative information

A. Credit quality

A.1 Performing and non-performing credit exposures: amounts, value adjustments, trends and economic distribution

A.1.1 Prudential consolidation - Distribution of financial assets by past due time bands (book values)

Portfolios / stages of risk		First step			Second step			Third step			Purchased or originated impaired		
		From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days
1. Financial assets valued at amortized cost		64,221	7,039	4,406	12,765	24,193	1,949	3,656	4,852	47,016	152	364	934
2. Financial assets valued at fair value with impact on overall profitability		-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale		-	-	-	-	-	-	-	-	-	-	-	-
Total	**12/31/2023**	**64,221**	**7,039**	**4,406**	**12,765**	**24,193**	**1,949**	**3,656**	**4,852**	**47,016**	**152**	**364**	**934**
Total	**12/31/2022**	**46,237**	**6,501**	**4,196**	**10,081**	**15,365**	**1,691**	**2,181**	**2,827**	**29,088**	**-**	**-**	**-**

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: dynamics of total write-downs and total provisions

Causal / risk stages	Total value adjustments											
	First stage activities						Second stage activities					
	Credit to banks and Central Banks on demands	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact on total profitability	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Credit to banks and Central Banks on demands	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact on total profitability	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns
Total opening adjustments	**-**	**53,460**	**-**	**-**	**153**	**53,307**	**-**	**24,952**	**-**	**-**	**365**	**24,587**
Changes in increase from financial assets acquired or originated	-	38,843	-	-	-	38,843	-	593	-	-	-	593
Cancellations other than write-offs	-	(9,279)	-	-	-	(9,279)	-	(2,138)	-	-	-	(2,138)
Net value adjustments / write-backs for credit risk (+/-)	-	(31,542)	-	-	-	(31,542)	-	(3,042)	-	-	(205)	(2,837)
Contractual changes without cancellations	-	(5,562)	-	-	-	(5,562)	-	(960)	-	-	-	(960)
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs non recorded directly in the income statement	-	(64)	-	-	-	(64)	-	(310)	-	-	-	(310)
Other variations	-	-	-	-	(153)	153	-	-	-	-	-	-
Total closing adjustments	**-**	**45,856**	**-**	**-**	**-**	**45,856**	**-**	**19,094**	**-**	**-**	**160**	**18,935**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recorded directly in the income statement	-	(1,225)	-	-	-	(1,225)	-	(197)	-	-	-	(197)

Causal / risk stages	Total value adjustments											Total provisions on commitments to disburse funds and financial guarantees issued				
	Activities included in the third stage						Attività fin. impaired acquisite o originate									
	Credit to banks and Central Banks on demands	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact on total profitability	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact on total profitability	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	First stage	Second stage	Third stage	Commitments to provide funds and financial guarantees issued impaired acquired or originated	Tot.
Total opening adjustments	**-**	**137,210**	**-**	**-**	**12,820**	**124,390**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**215,621**
Changes in increase from financial assets acquired or originated	-	143	-	-	-	143	X	X	X	X	X	-	-	-	-	39,579
Cancellations other than write-offs	-	(8,484)	-	-	(3,144)	(5,340)	-	-	-	-	-	-	-	-	-	(19,902)
Net value adjustments / write-backs for credit risk (+/-)	-	70,959	-	-	(8,939)	79,898	-	-	-	-	-	-	-	-	-	36,375
Contractual changes without cancellations	-	(423)	-	-	(419)	(3)	-	-	-	-	-	-	-	-	-	(6,945)
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs non recorded directly in the income statement	-	(78,767)	-	-	(30)	(78,737)	-	-	-	-	-	-	-	-	-	(79,141)
Other variations	-	-	-	-	-	-	1,666	-	-	1,666	-	-	-	-	-	1,667
Total closing adjustments	**-**	**120,638**	**-**	**-**	**288**	**120,350**	**1,666**	**-**	**-**	**1,666**	**-**	**-**	**-**	**-**	**-**	**187,254**
Recoveries from financial assets subject to write-off	-	6,307	-	-	-	6,307	-	-	-	-	-	-	-	-	-	6,307
Write-offs recorded directly in the income statement	-	(5,302)	-	-	(373)	(4,929)	-	-	-	-	-	-	-	-	-	(6,724)

A.1.3 Prudential consolidation – Financial assets, commitments to disburse funds and financial guarantees given: transfers between the various stages of credit risk (gross and nominal values)

Portofolios/risk stages		Gross exposure/nominal value					
		Transfers between first stage and second stage		Transfers between second stage to thirth stage		Transfer between first stage and thirth stage	
		From first to second stage	From second stage to first stage	From second to third stage	From thirth to second stage	From first to thirth stage	From thirth to first stage
1. Financial assets valued at amortized cost		75,306	56,805	20,880	3,508	80,336	5,921
2. Financial assets valued at fair value with an impact on overall profitability		-	-	-	-	-	-
3. Financial assets held for sale		-	-	-	-	-	-
4. Commitments to provide funds and financial guarantees issued		-	-	-	-	-	-
Total	**12/31/2023**	**75,306**	**56,805**	**20,880**	**3,508**	**80,336**	**5,921**
Total	**12/31/2022**	**66,489**	**27,682**	**19,504**	**5,332**	**49,897**	**8,419**

A.1.4 Prudential consolidation – On- and off-balance sheet credit exposures to banks: gross and net values

Type of exposure/amounts	Gross exposures					otal value adjustments and total credit risk provisions					Net Exposure	Total Write-off*
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
A. On-balance sheet credit exposures												
A.1 On demand	1,002,446	1,002,446	-	-	-	-	-	-	-	-	1,002,446	-
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	1,002,446	1,002,446	-	X	-	-	-	-	X	-	1,002,446	-
A.2 Others	21,448	100,703	-	-	-	-	-	-	-	-	21,448	-
a) Bad exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non performing past due	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	21,448	100,703	-	X	-	-	-	-	X	-	21,448	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	**1,023,894**	**1,103,149**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,023,894**	**-**
B. Off-balance sheet credit exposures												
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	34,153	34,153	-	X	-	-	-	-	X	-	34,153	-
Total (B)	**34,153**	**34,153**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34,153**	**-**
Total (A+B)	**1,058,047**	**1,137,302**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,058,047**	**-**

A.1.5 Prudential consolidation – On- and off-balance sheet credit exposures to customers: gross and net values

Type of exposure/Amounts	Gross exposures					otal value adjustments and total credit risk provisions						
0		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired	Net Exposure	Total Write-off*
A. On-balance sheet credit exposures												
a) Bad exposures	28,738	X	-	28,680	58	24,681	X	-	24,633	48	4,058	-
- of which: forborne exposures	3,773	X	-	3,773	-	3,382	X	-	3,382	-	391	-
b) Unlikely to pay	41,631	X	-	41,025	606	21,238	X	-	20,863	375	20,393	-
- of which: forborne exposures	8,771	X	-	8,619	153	5,743	X	-	5,690	53	3,028	-
c) Non performing past due	135,205	X	-	132,260	2,945	76,386	X	-	75,142	1,243	58,820	-
- of which: forborne exposures	9,559	X	-	8,730	829	6,816	X	-	6,357	460	2,742	-
d) Performing past due exposures	135,318	84,260	51,058	X	-	20,133	7,983	12,150	X	-	115,185	-
- of which: forborne exposures	3,404	-	3,404	X	-	813	-	813	X	-	2,591	-
e) Other performing exposures	13,962,175	13,653,137	309,037	X	-	44,816	37,873	6,944	X	-	13,917,359	-
- of which: forborne exposures	22,375	-	22,375	X	-	2,345	-	2,345	X	-	20,030	-
Total (A)	**14,303,068**	**13,737,397**	**360,095**	**201,965**	**3,610**	**187,254**	**45,856**	**19,094**	**120,638**	**1,666**	**14,115,814**	**-**
B. Off-balance sheet credit exposures												
a) Non performing	260	X	-	30	-	-	X	-	-	-	260	-
b) Performing	198,028	197,765	263	X	-	-	-	-	X	-	198,028	-
Total (B)	**198,288**	**197,765**	**263**	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**198,288**	**-**
Total (A+B)	**14,501,357**	**13,935,162**	**360,358**	**201,995**	**3,610**	**187,254**	**45,856**	**19,094**	**120,638**	**1,666**	**14,314,102**	**-**

The item "Off-balance sheet credit exposures" includes the amount relating to factoring transactions and the margins available on credit lines granted to customers.

A.1.6 Prudential consolidation – Cash credit exposures to banks: dynamics of gross non-performing loans

The Group does not have any exposures to banks that are subject to impairment.

A.1.6bis Prudential consolidation – Cash credit exposures to banks: dynamics of gross forborne exposures, breakdown by credit quality

The Group does not have any forborne exposures to banks.

A.1.7 Prudential consolidation – Cash credit exposures to customers: dynamics of gross non-performing loans

Causals/ category	Bad Exposures	Unlikely to pay	Impaired past due exposures
A. Opening balance (gross amount)	**57,267**	**51,481**	**87,779**
- of which sold non-cancelled exposures	4,986	2,504	6,615
B. Increases	**19,921**	**28,224**	**128,334**
B.1 transfers from performing loans	4,199	16,984	94,329
B.2 entry from impaired financial assets acquired or originated	-	-	-
B.3 transfers from other impaired exposures	14,683	8,863	2,376
B.4 contractual changes without cancellations	-	-	-
B.5 other increases	1,039	2,376	31,629
C. Decreases	**48,449**	**38,074**	**80,908**
C.1 transfers to perfomorming loans	90	5,672	4,248
C.2 write-offs	44,223	17,016	24,053
C.3 recoveries	2,742	7,817	22,928
C.4 sales proceeds	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other impaired exposures	33	3,158	22,731
C.7 contractual changes without cancellations	-	-	-
C.8 other decreases	1,361	4,411	6,946
D. Closing balance (gross amounts)	**28,738**	**41,631**	**135,205**
- Sold but not derecognised	1,330	2,255	12,997

A.1.7bis Prudential consolidation – Cash credit exposures to customers: dynamics of gross forborne exposures by credit quality

Description/Quality	Forborne exposures impaired	Forborne exposures not impaired
A. Opening balance (gross amount)	**34,750**	**74,290**
- Sold but not derecognised	3,378	3,810
B. Increases	**14,780**	**24,368**
B.1 Transfers from performing not forborne exposures	4,966	11,155
B.2. Transfers from performing forborne exposures	2,916	X
B.3. Transfers from impaired forborne exposures	X	2,882
B.4 Transfers from impaired not forborne exposure	6,275	2,370
B.5 other increases	623	7,961
C. Decreases	**27,428**	**72,878**
C.1 Transfers to performing not forborne exposures	X	35,966
C.2 Transfers to performing forborne exposures	2,882	X
C.3 transfers to impaired exposures not forborne	X	2,916
C.4 write-offs	19,972	92
C.5 recoveries	3,855	19,106
C.6 sales proceeds	-	-
C.7 losses on disposals	-	-
C.8 other decreases	718	14,798
D. Closing balance (gross amounts)	**22,103**	**25,779**
- Sold but not derecognised	2,122	3,160

A.1.8 Prudential consolidation – Cash non-performing credit exposures to banks: dynamics of total write-downs

Exposures to banks are not subject to write-downs.

A.1.9 Prudential consolidation – Cash non-performing credit exposures to customers: dynamics of total write-downs

Description/Category	Bad Exposures		Unlikely to pay		Impaired Past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening balance overall amount of writedowns	**53,839**	**12,054**	**29,725**	**9,065**	**53,646**	**7,922**
- Sold but not derecognised	4,831	1,173	1,999	746	4,731	988
B. Increases	**17,550**	**2,298**	**15,792**	**4,369**	**68,585**	**6,140**
B.1 impairment losses on acquired or originated assets	-	X	-	X	-	X
B. 2 other value adjustments	7,087	1,128	9,959	3,470	66,566	5,519
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfer from other impaired exposure	10,210	1,108	5,545	680	1,127	582
B. 5 contractual changes without cancellations	-	-	-	-	-	-
B.6 other increases	253	62	289	219	891	39
C. Reductions	**46,708**	**10,971**	**24,279**	**7,691**	**45,845**	**7,246**
C.1 write-backs from assessments	418	37	2,958	1,756	2,473	320
C.2 write-backs from recoveries	1,683	361	1,562	492	2,700	412
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-offs	44,187	10,533	17,045	4,415	23,855	4,992
C.5 transfers to other impaired exposures	16	3	1,767	898	15,100	1,469
C. 6 contractual changes without cancellations	-	-	-	-	-	-
C.7 other decreases	404	37	948	130	1,716	53
D. Closing overall amount of writedowns	**24,681**	**3,382**	**21,238**	**5,743**	**76,386**	**6,816**
- Sold but not derecognised	1,136	266	1,224	506	8,171	676

A.2 Classification of exposures based on external and internal ratings

A.2.1 Prudential consolidation – Distribution of financial assets, commitments to disburse funds and financial guarantees given by external rating class (gross values)

The risk classes for external ratings indicated in this table refer to the credit rating classes of debtors/guarantors pursuant to prudent regulations. The Group uses the standardised approach according to the risk mapping provided by the rating company S&P Global Ratings for exposures to companies and by Fitch Ratings for exposures to central administrations and central banks.

Exposures	External rating classes						Without rating	Total
	Class 1	class 2	class 3	class 4	class 5	class 6		
A. Financial assets valued at amortized cost	**-**	**-**	**692**	**-**	**-**	**-**	**14,173,567**	**14,174,259**
- First stage	-	-	692	-	-	-	13,607,897	13,608,590
- Second stage	-	-	-	-	-	-	360,095	360,095
- Third stage	-	-	-	-	-	-	201,965	201,965
- Purchased or originated impaired	-	-	-	-	-	-	3,610	3,610
B. Financial assets valued at fair value with impact on overall profitability	**-**	**-**	**-**	**-**	**-**	**-**	**150,254**	**150,254**
- First stage	-	-	-	-	-	-	150,254	150,254
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	**-**	**-**	**692**	**-**	**-**	**-**	**14,323,821**	**14,324,513**
D. Commitments and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**100,746**	**100,746**
- First stage	-	-	-	-	-	-	100,717	100,717
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	30	30
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**100,746**	**100,746**
Total (A+B+C+D)	**-**	**-**	**692**	**-**	**-**	**-**	**14,424,567**	**14,425,259**

The related ECAI tables for reconciliation between ratings and creditworthiness classes for the respective durations are provided below:

	Long-term ECAI	
	Fitch Ratings	S&P Global Ratings
Credit rating	and central banks	Company and other entities
1	from AAA to AA-	from AAA to AA-
2	from A+ to A-	from A+ to A-
3	from BBB+ to BBB-	from BBB+ to BBB-
4	from BB+ to BB-	from BB+ to BB-
5	from B+ to B-	from B+ to B-
6	CCC+ and lower	CCC+ and lower

	Short-term ECAI	
	Fitch Ratings	S&P Global Ratings
Credit rating	and central banks	Company and other entities
1	N/a	A-1+, A-1
2	N/a	A-2
3	N/a	A-3
from 4 to 6	N/a	lower A-3

A.2.2 Prudential consolidation – Distribution of financial assets, commitments to disburse funds and financial guarantees given by internal rating class (gross values)

This table has not been prepared because the internal ratings are not currently used in the calculation of capital requirements for the management of credit risk.

A.3 Distribution of guaranteed credit exposures by type of guarantee

A.3.1 Prudential consolidation – On- and off-balance sheet guaranteed credit exposures to banks

The Group has no guaranteed credit exposures to banks.

A.3.2 Prudential consolidation – On- and off-balance sheet guaranteed credit exposures to customers

	Gross exposure	Net exposures	Collaterals (1)				Guarantees (2)	
							Credit derivatives	
			Property, Mortgages	Property - Lease loans	Securities	Other assets	CLN	Other derivatives – Central counterparties
1. Guaranteed cash loans:	**2,289,159**	**2,272,406**	**-**	**-**	**-**	**1,032,116**	**-**	**-**
1.1 totally secured	1,500,962	1,485,045	-	-	-	1,014,280	-	-
- of which: impaired	18,605	9,331	-	-	-	8,606	-	-
1.2 partially secured	788,196	787,361	-	-	-	17,836	-	-
- of which: impaired	910	538	-	-	-	43	-	-
2. Off-balance-sheet credit exposures guaranteed:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 totally secured	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-

	Guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	public administrations	Banks	Other financial companies	Other entities	
1. Guaranteed cash loans:	**-**	**-**	**-**	**1,985**	**354,295**	**167,120**	**112,107**	**1,667,624**
1.1 totally secured	-	-	-	30	206,307	163,716	100,558	1,484,892
- of which: impaired	-	-	-	20	81	-	625	9,331
1.2 partially secured	-	-	-	1,955	147,988	3,404	11,549	182,732
- of which: impaired	-	-	-	-	-	-	171	213
2. Off-balance-sheet credit exposures guaranteed:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 totally secured	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-

A.4 Prudential consolidation – Financial and non-financial assets obtained through the enforcement of guarantees received

The Group does not have any financial assets obtained through the enforcement of guarantees.

B. Distribution and concentration of credit exposures

B.1 Prudential consolidation – Distribution by sector of on- and off-balance sheet credit exposures to customers

Exposures/Counterparts		Public administration		Financial companies		Financial companies(of which: insurance companies)		Non-financial companies		Families	
		Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. Balance sheet credit exposures											
A.1 Bad Exposures		-	-	3	22	-	-	856	5,423	3,198	19,236
- of wich: forborne exposures		-	-	3	22	-	-	107	1,277	281	2,083
A.2 Unlikely to pay		522	38	7	23	-	-	1,642	2,340	18,222	18,836
- of wich: forborne exposures		-	-	7	23	-	-	318	724	2,703	4,997
A.3 Impaired past due exposures		3,108	452	67	117	2	-	9,369	6,803	46,276	69,014
- of wich: forborne exposures		-	-	11	36	-	-	322	319	2,409	6,461
A.4 Not impaired exposures		453,671	1	13,582	51	3	-	3,939,529	8,304	9,625,762	56,594
- of wich: forborne exposures		-	-	48	2	-	-	4,617	289	17,956	2,867
Total (A)		**457,301**	**491**	**13,658**	**213**	**5**	**-**	**3,951,396**	**22,871**	**9,693,458**	
B. Off-balance sheet credit exposures											
B.1 Deteriorated exposures		-	-	-	-	-	-	259	-	1	-
B.2 Non-deteriored exposures		-	-	-	-	-	-	196,100	-	1,929	-
Total (B)		**-**	**-**	**-**	**-**	**-**	**-**	**196,359**	**-**	**1,929**	
Total (A+B)	**12/31/2023**	**457,301**	**491**	**13,658**	**213**	**5**	**-**	**4,147,755**	**22,871**	**9,695,388**	**163,680**
Total (A+B)	**12/31/2022**	**456,505**	**484**	**12,547**	**390**	**33**	**4**	**1,681,752**	**35,069**	**7,849,511**	**179,678**

The above table shows the cash positions with customers by sector. It shows the distinct prevalence of exposures to retail customers.

B.2 Prudential consolidation – Territorial distribution of on- and off-balance sheet credit exposures to customers

Exposures / Geographic area		North West Italy		North East Italy		Italian Centre		South Italy and Islands	
		Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. Balance sheet credit exposures									
A.1 Bad Exposures		688	3,693	375	1,638	442	2,347	1,463	6,686
A.2 Unlikely to pay		3,038	3,178	1,385	1,560	2,849	2,524	11,326	5,554
A.3 Impaired past due exposures		12,350	18,208	6,157	9,441	9,199	12,491	20,410	28,419
A.4 Not impaired exposures		2,156,725	15,833	1,156,793	8,427	1,853,040	11,016	2,246,539	17,481
Total (A)		**2,172,800**	**40,912**	**1,164,710**	**21,066**	**1,865,531**	**28,378**	**2,279,738**	**58,141**
B. Off-balance sheet credit exposures									
B. 1 Non-performing exposures		-	-	-	-	-	-	29	-
B. 2 Performing exposures		93,289	-	3,298	-	1,865	-	2,064	-
Total (B)		**93,289**	**-**	**3,298**	**-**	**1,865**	**-**	**2,094**	**-**
Total (A+B)	**12/31/2023**	**2,266,089**	**40,912**	**1,168,008**	**21,066**	**1,867,396**	**28,378**	**2,281,832**	**58,141**
Total (A+B)	**12/31/2022**	**2,854,801**	**52,570**	**1,649,837**	**26,629**	**2,545,106**	**42,400**	**2,950,572**	**94,019**

The Group has exposures almost exclusively to Italian customers; the geographical breakdown used in the table is taken from the instructions issued by the Bank of Italy and is consistent with the allocation used for regulatory reporting.

B.3 Prudential consolidation – Territorial distribution of on- and off-balance sheet credit exposures to banks

Exposures / Geographical Area		Italy		Other european countries		United States		Asia		Rest of the world	
		Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures	Total write-downs
A. Balance sheet credit exposures											
A.1 Bad Exposures		-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay		-	-	-	-	-	-	-	-	-	-
A.3 Impaired past due exposures		-	-	-	-	-	-	-	-	-	-
A.4 Not impaired exposures		895,390	-	128,504	-	-	-	-	-	-	-
Total (A)			**895,390**	**-**	**128,504**	**-**	**-**	**-**	**-**	**-**	**-**
B. Off-balance sheet credit exposures											
B.1 Deteriored exposures		-	-	-	-	-	-	-	-	-	-
B.2 Non-deteriored exposures		259	-	33,894	-	-	-	-	-	-	-
Total (B)			**259**	**-**	**33,894**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**12/31/2023**	**895,650**	**-**	**162,398**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**12/31/2022**	**208,066**	**-**	**742,587**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

This table contains, for cash exposures to residents, the positive balance of current accounts with credit institutions, while for exposures to foreigners, the balance is made up primarily of transactions with the parent company.

B.4 Large exposures

	12/31/2023
Number	4
Weighted value	594,681
Book value	1,964,491

At the balance sheet date there were four counterparties that could be classified as large exposures:

- Banco Santander S.A.;
- Ministry of the Economy and Finance (MEF);
- Bank of Italy and SAIC Motor Italy S.r.l.

C. Securitisation transactions

Qualitative information

Strategy and characteristics of securitisation transactions

The Group uses securitisation transactions in order to broaden the diversification of funds collected by optimising its cost.

In this context, the roles covered are usually the following:

- Santander Consumer Bank/Stellantis Financial Services Italia: Originator, Seller and Servicer;
- Golden Bar (Securitisation) S.r.l./ Auto ABS Italian Stella Loans 2023-1 S.r.l.: Issuer.

The transactions may have a "revolving" structure, if the possibility of transferring additional portfolios is provided for, or an "amortising" structure, if this option has not been contractually provided for. Consequently, the collections deriving from the securitised loans are used to finance the purchase of additional loans during the revolving period or to repay the securities in the amortising period.

The senior classes usually have a dual rating in order to be eligible for refinancing transactions at the Central Bank.

Securitisation transactions

In addition to the existing transaction, in 2023, two securitisation transactions with the placement of securities with third-party investors were finalised.

Golden Bar 2023-1 VFN

The Golden Bar 2023-1 VFN transaction, with a value of Euro 608 million and legal maturity in 2042, was concluded through the sale at par value of a portfolio of performing loans, made up of Personal Loans and Special-purpose Loans, to the special purpose vehicle Golden Bar (Securitisation) S.r.l.

The purchase of the receivables by the vehicle company was financed through the issue of two classes of securities, summarised below:

- Class A senior securities for Euro 450 million, without rating and fully subscribed by institutional investors through a private placement;
- Class Z junior securities of Euro 158 million, without rating and fully subscribed by the originator.

The Variable Funding structure envisaged a first sale of receivables for an amount of Euro 272 million in March 2023 and a subsequent sale of Euro 366 million in June 2023. The second sale involved an additional subscription amount of Euro 336 million.

The interest rate of the Senior securities was fixed at a level equal to the Euribor 3 month plus a spread (with a zero-coupon floor).

Within the scope of the same transaction, the special purpose entity concluded an Interest Rate Swap to hedge the interest rate risk of the Senior class.

The Golden Bar 2023-1 securitisation, which has a revolving 24-month structure, was structured in compliance with the requirements for STS (Simple Transparent Standardised) securitisations on the basis of the provisions of the Securitisation Regulation which came into effect on 1 January 2019.

Golden Bar 2023-2

The Golden Bar 2023-2 transaction, with a value of Euro 1,014 million and legal maturity in 2043, was concluded through the sale at par value of a portfolio of performing loans, made up of car loans, to the special purpose vehicle Golden Bar (Securitisation) S.r.l.

The purchase of the receivables by the vehicle company was financed through the issue of seven classes of securities, summarised below:

- Class A senior securities for Euro 830 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class B mezzanine securities for Euro 65 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class C mezzanine securities for Euro 32 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class D mezzanine securities for Euro 34 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class E mezzanine securities for Euro 39 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class F mezzanine securities for Euro 14 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class Z junior securities of Euro 100 million, without rating and fully subscribed by the Originator.

The interest rate of the Senior securities was fixed at a level equal to the Euribor 3 month plus a spread of 105 bps (with a zero-coupon floor).

Within the scope of the same transaction, the special purpose vehicle concluded an Interest Rate Swap to hedge the interest rate risk of the Senior class and of the B, C, D and E classes.

The Golden Bar 2023-2 securitisation, which has a revolving 15-month structure, was structured in compliance with the requirements for STS securitisations on the basis of the provisions of the Securitisation Regulation which came into effect on 1 January 2019. Class A also obtained eligibility with the ECB.

Auto Abs Italian Stella Loans 2023-1

During 2023, a new securitisation was carried out by Stellantis Financial Services Italia on the Retail portfolio, finalised in October, the project of which was called "Stella".

The transaction had two main objectives, the first that of obtaining a source of funding at competitive costs and the second that of optimisation of the use of capital by reducing the level of credit risk of the underlying portfolio freeing up regulatory and economic capital, transferring the risk to a third party.

The reference legislation for transactions for which the significant risk transfer (SRT) to third parties is satisfied by means of secured or unsecured credit protection is EU Regulation no. 575/2013, as amended by EU Regulation no. 2017/2401 and EU Regulation no. 2017/2402.

In particular, the Significant Risk transfer must be constantly monitored also during the duration of the transaction, in order to verify that the criteria envisaged by the regulations are observed, including the maintenance on a continuous basis of a significant net economic interest (risk retention) in the securitisation of no less than 5%. In the structure perfected by the bank, the risk retention obligation is satisfied by the originator by maintaining randomly selected exposures, equivalent to a percentage of no less than 5% of the face value of the securitised exposures, when such non-securitised exposures would have otherwise been securitised in the securitisation transaction, pursuant to article 6.3 (c) of EU Regulation no. 2402/2017 (Random selection).

The transaction involved the transfer of receivables to the special purpose vehicle Auto Abs Italian Stella Loans 2023-1 Srl ("ABS Stella") for an amount of approximately Euro 750 million, the purchase of which was financed through the issue of six notes, of which 5 notes (A-E) listed on the Luxembourg market, netted by two rating agencies (Fitch and DBRS) and subscribes by third-party counterparties and the last one (class Z) retained in full by Stellantis Financial Services Italia. The issue, which took place on 25 October 2023 "at par", obtained STS certification. The income of Class E was used to establish a Cash Reserve of the same amount envisaged contractually.

In the first 15 months after the issue, Stellantis Financial Services Italia may transfer subsequent portfolios, consistent with the eligibility criteria envisaged, to the vehicle in order to maintain the amount of the portfolio totalling Euro 750 million. At the end of the revolving period, the pro rata amortisation of the A-D classes is envisaged, unless specific triggers are exceeded for which the amortisation becomes sequential.

Class A has also achieved eligibility as collateral for the Eurosystem.

Below is a summary of the main characteristics of the notes issued by the special purpose vehicle ABS Stella:

- Class A senior securities for Euro 660 million, listed on the Luxembourg Stock Exchange and fully subscribed by third parties;
- Class B mezzanine securities for Euro 42 million, listed on the Luxembourg Stock Exchange and fully subscribed by third parties;
- Class C mezzanine securities for Euro 17 million, listed on the Luxembourg Stock Exchange and fully subscribed by third parties;
- Class D mezzanine securities for Euro 31 million, listed on the Luxembourg Stock Exchange and fully subscribed by third parties;
- Class E mezzanine securities for Euro 11 million, listed on the Luxembourg Stock Exchange and fully subscribed by third parties;
- Class Z junior securities of Euro 1 million, without rating and fully subscribed by the Originator.

The interest rate of the Senior securities was fixed at a level equal to the Euribor 1 month plus a spread of 103 bps.

Through the sale of the A-E notes to third parties, the company was able to obtain the Significant Risk Transfer (SRT) of the securitised portfolio, benefiting from a saving of RWAs per issue for an amount of approximately Euro 550 million. However, it should be noted that, despite the transfer of the portfolio risk, the Company has assessed the non-derecognition of the assets and, therefore, the assets are maintained in the financial statements of the Originator.

<u>Transactions closed during the year</u>

In addition, during 2023, the Golden Bar 2018-1 transaction was ended as a result of the Originator Company exercising its right to repurchase (so-called "clean-up call") the portfolio.

<u>Transactions outstanding as at the reporting date</u>

With regard to securitised financial assets, as of the end of 2023, the Bank has five performing transactions (Golden Bar 2019-1, Golden Bar 2021-1, Golden Bar 2023-1, and Golden Bar 2023-2, Auto Abs Italian Stella Loans 2023-1 S.r.l.) outstanding as a result of the above.

	Assets held by the SPE	Senior and Mezzanine Securities subscribed	Junior Securities subscribed	Cash Reserve	Assets held by the Group	Type of collateral	Distribution of collateral by geographical area	Average maturity of the collateral	Rating of the collateral
Golden Bar 2019-1	69,818	86,155	12,000	5,434		n.a.	n.a.	n.a.	n.a.
Golden Bar 2021-1	321,881	331,632	100	5,000		n.a.	n.a.	n.a.	n.a.
Golden Bar 2023-1	584,680	450,000	158,109	7,619	-	n.a.	n.a.	n.a.	n.a.
Golden Bar 2023-2	971,789	1,011,340	100	14,032		n.a.	n.a.	n.a.	n.a.
Auto ABS Italian Stella Loans 2023	741,558	668,921	89,000	23,997		n.a.	n.a.	n.a.	n.a.

Consequently, in accordance with international accounting standards, these securitised portfolios have not been derecognised as there were not the requisites for derecognition.

The 2019-1 and 2021-1 Golden Bar transactions continued to repay the non-Junior classes.

To enhance the transparency of disclosures, below is a breakdown of the excess spread accrued within the scope of the transaction in place, into the various components that generated it.

Breakdown of the excess spread accrued during the year	Golden Bar 2018-1	Golden Bar 2019-1	Golden Bar 2021-1	Golden Bar 2023-1	Golden Bar 2023-2	Auto ABS Italian Stella Loans 2023
Interest expense on securities issued	(906)	(12,478)	(36,181)	(14,025)	(16)	(8)
Commisions and fees for the operation	(75)	(270)	(597)	(433)	0	0
- for servicing	(57)	(248)	(556)	(395)	0	0
- for other services	(18)	(22)	(41)	(38)	0	0
Other charges	(2,120)	(4,592)	(17,696)	(12,739)	(4)	(20)
Interest generated by the securitised assets	1,406	6,515	24,157	32,572	21	14
Other revenues	5,543	10,005	18,020	4,022	4	1
Total	**3,848**	**(820)**	**(12,297)**	**9,397**	**5**	**(13)**

Synthetic securitisation transactions

During 2023, Stellantis Financial Services Italia carried out a new transaction and, as part of the management of those already in place, in March of the current year it completed the previous transaction known as Brera.

In particular, the Bank carried out a synthetic securitisation transaction in 2023 on the wholesale portfolio, completed in November, the project of which was named "Aurora".

The transaction has the main objective of optimising the use of capital by reducing the level of credit risk of the underlying portfolio and freeing up regulatory and economic capital, thanks to the transfer of part of the risk to a third party (Investor).

In particular, in the case of a so-called "synthetic" transaction, the purchase of protection of the credit risk underlying a loan portfolio does not entail the derecognition of the assets and, therefore, the assets are maintained in the balance sheet of the Originator.

The reference legislation for transactions for which the significant risk transfer to third parties is satisfied by means of secured or unsecured credit protection is EU Regulation no. 575/2013, as amended by EU Regulation no. 2017/2401.

In particular, the Significant Risk transfer must be constantly monitored also during the duration of the transaction, in order to verify that the criteria envisaged by the regulations are observed, including the maintenance on a continuous basis of a significant net economic interest (risk retention) in the securitisation of no less than 5%. In the structure finalised by the bank, the risk retention obligation is satisfied by the originator by maintaining at least 5% of the nominal value of each of the securitised exposures pursuant to article 5 (1) (a) of EU Regulation no. 625/2014 and article 6 (3) (a) of EU Regulation no. 2402/2017 (Vertical slice or Vertical retention).

The transaction is structured with a tranching in four sections (junior, mezzanine junior, mezzanine senior and senior tranches) where the risk of the junior and mezzanine tranche has been totally transferred to four international insurance companies via an insurance policy agreement. Since the protection provided by the insurance companies is not backed by any collateral (so-called unfunded unsecured guarantee), the insurance counterparties present a credit rating that complies with the requirements set out in the relevant legislation (article 249 (3) of EU Regulation no. 2402/2017). The risk of the senior tranche was maintained by the bank.

The Aurora securitisation has a magnitude of Euro 812.5 million and has resulted in RWA savings of approximately Euro 500 million. The transaction involves a 36-month replenishment period in which the repaid reference portfolio of the guarantee can be continuously replaced by new underlying elements in line with the eligibility criteria envisaged by the insurance policy.

Quantitative information

C.1 Prudential consolidation – Exposures arising from the main "proprietary" securitisation transactions broken down by type of securitised asset and by type of exposure

Type of securitized assets / Exposures	Cash exposure						Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/Recoveries	Book value	Adjustments/Recoveries	Book value	Adjustments/Recoveries	Book value	Adjustments/Recoveries	Book value	Adjustments/Recoveries	Book value	Adjustments/Recoveries	Book value	Adjustments/Recoveries	Book value	Adjustments/Recoveries	Book value	Adjustments/Recoveries
A. Derecognised in full	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Derecognised in part	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised	-	-	-	-	**140,663**	**(1,584)**	-	-	-	-	-	-	-	-	-	-	-	-
Golden Bar 2023-1	0	0			134,680	(1,592)												
Auto ABS Italian Loans 2018-1 S.r.L	0	0			5,983	8												

C.2 Prudential consolidation – Exposures arising from the main "third-party" securitisation transactions broken down by type of securitised asset and by type of exposure

The Group does not have any "third-party" securitisation transactions.

C.3 Prudential consolidation – Interests in special purpose vehicles (SPVs) created for securitisation

Securitization name - Company name	Head office	Consolidation	Assets			Liabilities		
			Credits	Debt securities	Others	Senior	Mezzanine	Junior
Golden Bar 2019-1	Torino (TO)	NO	69,818	-	29,612	35,092	51,063	12,000
Golden Bar 2021-1	Torino (TO)	NO	321,881	-	59,763	299,012	32,620	100
Golden Bar 2023-1	Torino (TO)	NO	584,680	-	34,067	450,000	-	158,109
Golden Bar 2023-2	Torino (TO)	NO	971,789	-	51,364	830,000	181,340	100
Auto ABS Italian Stella Loans 2023	Torino (TO)	NO	741,558	-	25,759	660,000	8,921	91,000

C.4 Prudential consolidation – Non-consolidated special purpose vehicles (SPVs) created for securitisation

Please refer to the matters described in these notes, Part A, Section 3 "Scope of consolidation and consolidation method".

C.5 Prudential consolidation – Servicer activities – proprietary securitisations: collections of securitised loans and repayments of securities issued by the special purpose vehicle for securitisation

The Group does not carry out servicer activities on securitisation transactions relating to the divested business removed from the financial statements.

C.6 Prudential consolidation – Consolidated special purpose vehicles (SPVs) created for securitisation

Name society vehicle and head office	Golden Bar 2018-1	Golden Bar 2019-1	Golden Bar 2021-1	Golden Bar 2023-1	Golden Bar 2023-2	Auto ABS Italian Stella Loans 2023
A. Securitized assets	**-**	**69,818**	**321,881**	**584,680**	**971,789**	**741,558**
A.1 Credits	-	69,818	321,881	584,680	971,789	741,558
A.2 Securities	-	-	-	-	-	-
A.3 Others	-	-	-	-	-	-
B. Investments of deriving from the credit management	**-**	**23,698**	**39,284**	**33,252**	**50,663**	**23,997**
B.1 Debt securities	-	-	-	-	-	-
B.2 Equity securities	-	-	-	-	-	-
B.3 Availability current account	-	23,698	39,284	33,252	50,663	23,997
C. Other assets	**-**	**5,915**	**20,480**	**815**	**701**	**1,762**
C.1 Transitory receipts	-	52	201	493	408	-
C.2 Other assets	-	5,862	20,279	322	294	1,762
D. Securities issued	**-**	**98,155**	**331,732**	**608,109**	**1,011,440**	**759,921**
D.1 Senior	-	35,092	299,012	450,000	830,000	660,000
D.2 Mezzanine	-	51,063	32,620	-	181,340	8,921
D.3 Junior	-	12,000	100	158,109	100	91,000
E. Loans received	**-**	**-**	**-**	**-**	**730**	**-**
F. Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
G. Other liabilities	**-**	**1,275**	**49,912**	**10,638**	**10,983**	**7,396**
G.1 Accrued interest on securities	-	1,111	9	9,895	5,499	555
G.2 Other liabilities	-	164	49,903	743	5,484	6,842
H. Interest expenses on securities issued	**4,754**	**11,658**	**23,884**	**23,422**	**20,449**	**7,615**
I. Fees and commissions related to the transaction	**76**	**271**	**598**	**433**	**442**	**113**
I.1 Servicing Service	57	248	556	395	411	112
I.2 Other Servicing	18	22	41	38	31	1
L. Other charges	**2,120**	**4,592**	**17,695**	**12,739**	**3,507**	**20,073**
L.1 Other interest expenses	-	5	-	115	14	-
L.2 Other charges	2,120	4,587	17,064	62	107	19,044
L.3 Value adjustments on loans	-	-	631	12,562	3,387	1,029
M. Interest income on securitized assets	**1,406**	**6,515**	**24,157**	**32,572**	**20,643**	**27,264**
N. Other revenues	**5,543**	**10,005**	**18,020**	**4,022**	**3,756**	**538**
N.1 Additional returns	5,543	4,541	18,020	4,022	3,756	538

D. Disposal transactions

A. Financial assets sold but not fully derecognised

Qualitative information

With reference to the assets sold and not fully derecognised, please refer to the disclosure illustrated in Point C "Securitisation transactions".

Quantitative information

D.1 Prudential consolidation – Financial assets sold and fully booked, and associated financial liabilities: book values

		Financial assets sold as a whole				Associated financial liabilities		
		Book value	of which: subject to securitization transactions	of which: subject to sale contracts with repurchase agreement	of which Non-performing	Book value	of which: subject to securitization transactions	of which: subject to sale contracts with repurchase agreement
A. Financial assets held for trading		-	-	-	X	-	-	-
1. Debt securities		-	-	-	X	-	-	-
2. Equities		-	-	-	X	-	-	-
3. Loans		-	-	-	X	-	-	-
4. Derivatives		-	-	-	X	-	-	-
B. Other financial assets mandatorily at fair value		-	-	-	-	-	-	-
1. Debt securities		-	-	-	-	-	-	-
2. Equities		-	-	-	X	-	-	-
3. Loans		-	-	-	-	-	-	-
C. Financial assets designated at fair value		-	-	-	-	-	-	-
1. Debt securities		-	-	-	-	-	-	-
2. Loans		-	-	-	-	-	-	-
D. Financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-
1. Debt securities		-	-	-	-	-	-	-
2. Equities		-	-	-	X	-	-	-
3. Loans		-	-	-	-	-	-	-
E. Financial assets measured at amortised cost		2,713,072	2,713,072	-	6,051	2,640,853	2,640,853	-
1. Debt securities		-	-	-	-	-	-	-
2. Loans		2,713,072	2,713,072	-	6,051	2,640,853	2,640,853	-
Total	12/31/2023	2,713,072	2,713,072	-	6,051	2,640,853	2,640,853	-
Total	12/31/2022	727,405	727,405	-	2,543	693,769	693,769	-

Financial assets measured at amortised cost pertain to securitisation transactions with securities subscribed by traditional third-party investors (Golden Bar 2023-1) and with derecognition for solely prudent purposes (Golden Bar 2019-1, Golden Bar 2021-1, Golden Bar 2023-2).

D.2 Prudential consolidation – Financial assets sold and partially booked, and associated financial liabilities: book values

The Group does not have any financial assets sold partially booked.

D.3 Prudential consolidation – Transfers with liabilities that have recourse only against the assets sold and not fully derecognised: fair value

	Fully booked	Partially booked	Total	
			12/31/2023	12/31/2022
A. Financial assets held for trading	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
B. Other financial assets that are duly measured at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets measured at fair value with an impact on overall profitability	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets measured at amortized cost (fair value)	**2,597,823**	**-**	**2,597,823**	**695,031**
1. Debt securities	-	-	-	-
2. Loans	2,597,823	-	2,597,823	695,031
Total financial assets	**2,597,823**	**-**	**2,597,823**	**695,031**
Total associated financial liabilities	**2,674,037**	**-**	**X**	**X**
31,122,023.00	**(76,214)**	**-**	**(76,214)**	**X**
31,122,022.00	**(1,262)**	**-**	**X**	**1,262**

B. Financial assets sold and fully derecognised with recognition of the continued involvement

The Group has not been party to any sale transactions with recognition of continued involvement.

C. Financial assets sold and fully derecognised

The Group has not carried out any full derecognition transactions.

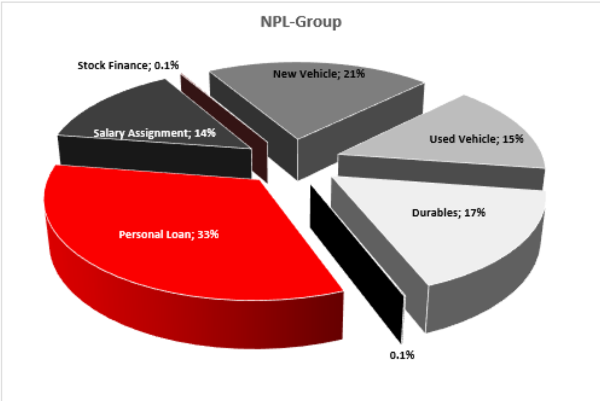
D. Covered bond transactions

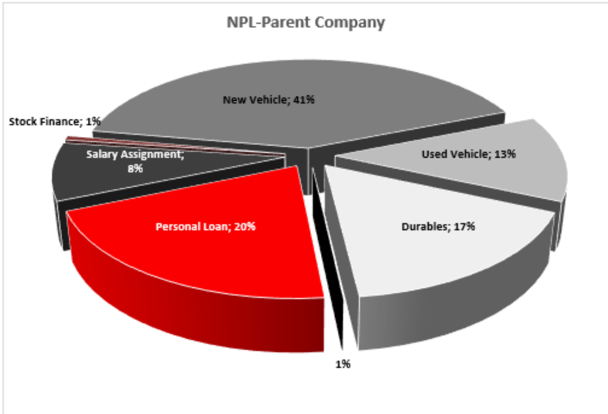
The Group has not carried out any covered bond transactions.

E. Prudential consolidation – models for the measurement of credit risk

The balance at risk by product of the "dossiers in delinquency" (i.e. that have amounts past due by more than ninety days) is monitored on a monthly basis. The following chart summarises the breakdown of the variable just described at December 2023.

NPL (Consolidated Account)

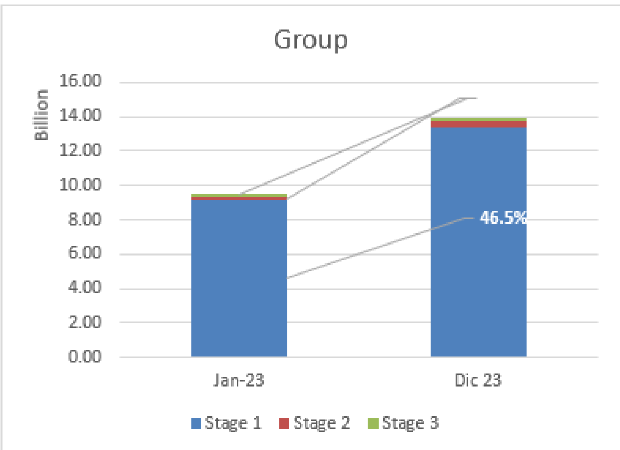


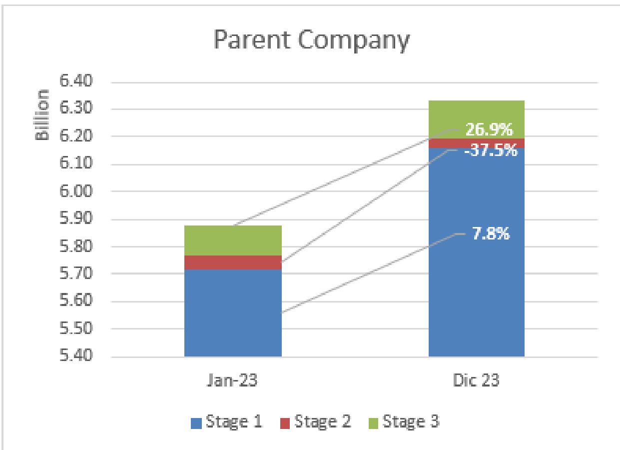


The stress tests carried out for ICAAP purposes, calculated on the basis of the PD and LGD parameters, both in the baseline and stress scenario, confirmed the soundness of the strategies adopted within the Group.

Credit risk is assessed, among other things, by:

- Vintage analysis. This indicator is the ratio of a generation of loans that in any month have been classified as "bad" to the total of the same loan generation. This is a tool that allows you to make comparisons between different production performances (over the life of the product), according to their segmentation. The comparison is between products with a similar production date, so you can identify any deviations from past performances. Usually, graphic representations are used to keep track of the trend, such as the one that shows the relationship between age and the loss rate;
- Roll rate (trend analysis). It represents the trend of loans observed over a period of time between T0 and T1, with the determination of any status change at T1 of the loans, which at the start of the observation were included in a certain past due band. This indicator is used for roll rate (trend analysis). It represents the trend of loans observed over a period of time between T0 and T1, with the determination of any status change at T1 of the loans, which at the start of the observation were included in a certain past due band. This indicator is used to identify the roll rate of the loan portfolio;





- Polynomial models are used (confidence/R2 ~ 95%) for stress test purposes, also to take account of the trend in default rates with a non-linear trend at the same date of the first instalment. In particular, this tool is used to define the migration of dossiers from one late payment category to another, reflecting a deterioration/improvement in the quality of the asset portfolio;

- The portfolio analysis includes a set of metrics used to carry out a monthly assessment of performance of the portfolio, the stock of dossiers in default and the degree of coverage;
- Assessment of the PD and LGD supports the analysis of the performance of the portfolio and the degree of recovery in the event of default.

1.2 Market risk

1.2.1 Interest rate risk and price risk – trading portfolio reported for supervisory purposes

This is not applicable to the Group.

1.2.2 Interest rate risk and price risk – banking book

Qualitative information

A. General aspects, management and measurement of interest rate risk and price risk

The Group is exposed to fair value interest rate risk (risk that the value of assets and liabilities issued at fixed rates changes as a consequence of a fluctuation in the interest rate curve) and cash flow risk (risk that interest-related cash flow changes as a consequence of a fluctuation in the interest rate curve).

The sources of interest rate risk are mainly related to loans to customers, which are generated by the placement of consumer credit products and services (asset items) and their means of funding (liabilities and shareholders' equity items). In fact, the sector in which the Group operates is characterised by the asset mix, which is typically composed of loans granted mainly at fixed rates, whereas the funding sources are both fixed rate and floating rate. Accordingly, the main interest rate categories to which the Bank is exposed lead to repricing risk.

Interest rate risk is managed by macro-strategies shared at Group level within well defined, formalised exposure limits. Within the Parent Company and the units, according to the local structures adopted, the Finance Division manages interest rate risk in accordance with the current documentation approved by the Board of Directors. Through the Market Risk unit, the Risk Control Department has the task of monitoring market risks through the application of appropriate analysis and assessment methods.

Internal processes for the management and monitoring of interest rate risk prescribe the processing of information each month at operating level by the responsible organisational units and a critical assessment by the ALCO Committee.

Monitoring involves comparing the results of stress tests performed on sensitive assets and liabilities with the limits established by the Bank of Italy and by the related documentation.

Specific ratios are managed by the Finance Division and measured and monitored by the Risk Division within the Group units. Specific quantitative limits are set for the following risk metrics:

- Market Value of Equity Sensitivity (MVE Sens.);
- Net interest margin Sensitivity (NIM Sens.).

To mitigate the risk of fluctuations in interest rates, the Group units implement two main forms of mitigation:

- use of financial instruments;
  - derivatives: used to hedge interest rate risk (usually Interest Rate Swaps);
  - medium-term fixed rate financing: used as an alternative to derivatives, to mitigate the exposure to interest rate risk;
- operating limits consistent with the risk objectives established by the Group.

Of the various types of risk hedges that are acceptable, the units have chosen to adopt derivatives instruments according to the following methods.

Quantitative information

1. Banking book: distribution by residual term (by repricing date) of financial assets and liabilities

This table is not prepared as the next section gives an analysis of the sensitivity to interest rate risk based on internal models and this analysis covers the whole of the banking book.

2. Banking book: internal models and other methodologies for analysing sensitivity

The measurement/quantification of financial risks, especially the interest rate risk, is carried out by analysing the specific synthetic indicators described below. These indicators are calculated on a monthly basis, which involves calculating a final figure on the report at the end of each month, as well as a forecast figure for the next reporting period. The Finance Department of the Parent Company is responsible for the management of interest rate risk in order to keep exposure to the risk in line with the desired positioning from month to month and in any case within the appetite thresholds defined. It carries out a second level control on the Finance operations and on the exposure to risk measured from month to month.

Sensitivity indicator "Market Value of Equity" (MVE)

This indicator is aimed at quantifying the sensitivity of the interest rate risk so that it can be monitored; in particular, it quantifies the effect of a change in the interest rate curve under various scenarios on shareholders' equity. With the implementation of the corporate tool, in addition to the standard management scenarios at +/-100bps of parallel shocks of the curve, all the scenarios required by the EBA were implemented. The following paragraph shows the results obtained by applying the scenario +/-100 basis points (parallel and intermediate shock) on which the monthly analysis and the decisions on interest rate risk are based. The measurement of interest rate risk is then carried out by assessing the impact of changes in interest rates on the value of interest-bearing assets/liabilities inclusive of derivatives (Interest Rate Swap); the sensitivity of the market value of equity is computed as the difference between the present value of all future cash flows discounted using market interest rate curves and the present value of future cash flows discounted using stressed interest rate curves.

Sensitivity indicator "Net Interest Margin" (NIM)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it quantifies the effect of a parallel and symmetric change in the interest rate curve under various scenarios on net interest income (analysis period: 12 months). As regards interest rate shift scenarios, please see the information provided in the paragraph above.

The indicators as at 31 December 2023 are shown below:

+100 bps MM	MVE	NIM
Sensitivity	-32,5	-4,01
Limite	82,4	46,9

-100 bps MM	MVE	NIM
Sensitivity	34,6	-0,15
Limite	82,4	46,9

1.2.3 Exchange rate risk

The Group is not exposed to exchange rate risk.

1.3 Derivative instruments and hedging policies

1.3.1 Derivatives held for trading

A. Financial derivatives

A.1 Financial derivatives held for trading: period-end notional amounts

Underlying assets / Type of derivatives	Totale 31/12/2023				Totale 31/12/2022			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparts	without central counterparties			Central Counterparts	without central counterparties		
		with clearing arrangements	without clearing arrangements			with clearing arrangements	without clearing arrangements	
1. Debt securities and interest rate	-	-	4,488,321	-	-	-	1,280,590	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	4,488,321	-	-	-	1,280,590	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equities and stock indexes	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**4,488,321**	**-**	**-**	**-**	**1,280,590**	**-**

A.2 Financial derivatives held for trading: positive and negative gross fair value – breakdown by product

Types of derivatives	Total 12/31/2023				Total 12/31/2022			
	Over the counter			Mercati organizzati	Over the counter			Mercati organizzati
	Central Counterparts	Without central counterparties			Central Counterparts	Without central counterparties		
		With clearing arrangements	Without clearing arrangements			With clearing arrangements	Without clearing arrangements	
1. Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	65,756	-	-	-	41,060	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	**-**	**-**	**65,756**	**-**	**-**	**-**	**41,060**	**-**
2. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	66,802	-	-	-	41,083	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	**-**	**-**	**66,802**	**-**	**-**	**-**	**41,083**	**-**

A.3 OTC financial derivatives held for trading: notional amounts, positive and negative gross fair value by counterparty

Underlyings	Central Counterparts	Banks	Other financial companies	Other entities
Contracts not included in clearing agreement				
1) Debt securities and interest rate				
- notional value	X	4,488,321	-	-
- positive fair value	X	65,756	-	-
- negative fair value	X	66,802	-	-
2) Equities and stock indexes				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in clearing arrangements				
1) Debt securities and interest rate				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equities and stock indexes				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial derivatives: notional amounts

Underlying / residual		Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A.1 Financial derivative contracts on debt securities and interest rates		527,340	3,198,362	762,618	4,488,321
A.2 Financial derivative contracts on equity securities and stock indexes		-	-	-	-
A.3 Financial derivatives on currencies and gold		-	-	-	-
A.4 Financial derivatives on goods		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
Total	**12/31/2023**	**527,340**	**3,198,362**	**762,618**	**4,488,321**
Total	**12/31/2022**	**454,832**	**752,928**	**72,831**	**1,280,590**

B. Credit derivatives

The Group does not have any credit derivatives at the date of the financial statements.

1.3.2 Accounting hedges

On first-time adoption of IFRS 9, the Group exercised the option envisaged by the Standard to continue to fully apply the rules of IAS 39 for all types of hedging.

Qualitative information

A. Fair value hedges

The purpose of the hedging activity is to protect the banking portfolio from changes in the fair value of loans to customers caused by changes in the interest rate curve (interest rate risk).

The Group adopts macro-fair value hedges.

As part of the macro-fair value hedge, macro-hedging is applied to a portion of fixed-rate loans to customers; for this type, in line with the "Carve-out" version of IAS 39, an open-portfolio macro-hedge model was adopted.

The main types of derivatives used are represented by plain interest rate swaps (IRS) and options on interest rates.

The derivatives are not listed on regulated markets, but traded within over the counter (OTC) circuits.

The effectiveness of the hedges is periodically measured and formalised, based on monthly predefined tests:

- Retrospective test: this is designed to assess the difference between changes in the fair value of the hedged item and those of the hedging instrument, quantifying it by means of a specific percentage (efficiency percentage).
- Forward-looking test: this is based on expectations of the future trend of the hedging relationship by identifying different scenarios for the trend in interest rate curves. In order to assess the effectiveness of the hedge, the difference between changes in the fair value of the hedged item and those of the hedging instrument have to be considered jointly for each scenario (quantifying them by means of a percentage).

The observation/effectiveness range is the one provided by IAS-IFRS for this purpose. Metrics are defined/maintained in accordance with the Spanish Parent Company's instructions.

B. Cash flow hedges

As at 31 December 2023, there were no cash flow hedging derivatives.

C. Foreign investment hedging

The Group did not carry out any foreign investment hedging during the year.

D. Hedging instruments

The main causes of ineffectiveness of the model for verifying the effectiveness of the hedges are attributable to the following phenomena:

- misalignment between the notional value of the derivative and the hedged underlying element recognised at the time of initial designation or generated subsequently, as in the case of partial repayments of loans;
- application of different curves on the hedging derivative and the hedged item in order to test the effectiveness of fair value hedges.
- inclusion in the effectiveness test of the value of the variable leg of the hedging derivative.

The ineffectiveness of the hedge is promptly recognised for the purposes of:

- the determination of the effect on the income statement;
- the assessment of the possibility of continuing to apply hedge accounting rules.

E. Hedged items

The hedged items are a portion of fixed-rate loans to customers.

In relation to the hedged item used by the Group in the hedging strategy, the following is taken into consideration:

- the hedging relationship is defined as macro fair value hedging, i.e. valuation of the hedge taking into consideration the entire hedged item in the face of all the risks to which it is exposed and not part of it;
- the hedging instruments used are the performing loans present in the portfolio, divided into time buckets depending on the agreement maturities;
- for the purposes of evaluating the effectiveness, the economic relationship is that described in section D. Hedging instruments;
- the interest rate risk determinants, and consequent possible sources of ineffectiveness, with reference to the hedged items, are linked to changes in the fair value of loans to customers, generated by the disbursement of consumer credit products/services.

Quantitative information

A. Hedging financial derivatives

A.1 Hedging derivatives: period-end notional amounts

Underlying assets / Type of derivatives	Total 31/12/2023				Total 31/12/2022			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparts	without central counterparties: with clearing arrangements	without central counterparties: without clearing arrangements		Central Counterparts	without central counterparties: with clearing arrangements	without central counterparties: without clearing arrangements	
1. Debt securities and interest rate	-	783,000	3,639,187	-	-	901,000	3,199,074	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	783,000	3,639,187	-	-	901,000	3,199,074	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equities and stock indexes	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Goods	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	**-**	**783,000**	**3,639,187**	**-**	**-**	**901,000**	**3,199,074**	**-**

A.2 Hedging derivatives: positive and negative gross fair value – breakdown by product

Types of derivatives	Positive and negative fair value								Changes in value used to calculate hedge ineffectiveness	
	Total 12/31/2023				Total 12/31/2022				Total	Total
	Over the counter			Organized markets	Over the counter			Organized markets	12/31/2023	12/31/2022
	Central Counterparts	Without central counterparties			Central Counterparts	Without central counterparties				
		With clearing arrangement	Without clearing arrangement			With clearing arrangement	Without clearing arrangement			
Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swap	-	14,919	78,897	-	-	37,764	154,216	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	**-**	**14,919**	**78,897**	**-**	**-**	**37,764**	**154,216**	**-**	**-**	**-**
Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	16,166	-	-	-	-	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**16,166**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

A.3 OTC financial hedging derivatives: notional amounts, positive and negative gross fair value by counterparty

Underlyings	Central Counterparts	Banks	Other financial companies	Other entities
Contracts not included in clearing agreement				
1) Debt securities and interest rate				
- notional value	X	3,639,187	-	-
- positive fair value	X	78,897	-	-
- negative fair value	X	16,166	-	-
2) Equities and stock indexes				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in clearing arrangements				
1) Debt securities and interest rate				
- notional value	-	783,000	-	-
- positive fair value	-	14,919	-	-
- negative fair value	-	-	-	-
2) Equities and stock indexes				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others	-	-	-	-
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging derivatives: notional amounts

Underlying / residual		Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A.1 Financial derivative contracts on debt securities and interest rates		1,680,139	2,569,228	172,820	4,422,187
A.2 Financial derivative contracts on equity securities and stock indexes		-	-	-	-
A.3 Financial derivative contracts on currency and gold		-	-	-	-
A.3 Financial derivative on goods		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
Total	**12/31/2023**	**1,680,139**	**2,569,228**	**172,820**	**4,422,187**
Total	**12/31/2022**	**844,356**	**3,043,104**	**212,614**	**4,100,074**

B. Hedging credit derivatives

The Group does not have any hedging credit derivatives at the date of the financial statements.

C. Non-derivative hedging instruments

The Group does not have any non-derivative hedging instruments at the date of the financial statements.

D. Hedged instruments

D.1 Fair value hedges

The Group has not applied the new accounting rules provided for hedge accounting in accordance with IFRS 9.

D.2 Cash flow and foreign investment hedges

The Group does not have any cash flow and foreign investment hedges.

E. Effects of hedging transactions recognised in shareholders' equity

The Group does not use hedging transactions recognised in shareholders' equity.

1.3.3 Other information on (trading and hedging) derivatives

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparty

	Central counterparty	Banks	Other financial companies	Other entities
A. Financial derivatives				
1) Debt securities and interest rates				
- notional amount	-	8,910,508	-	-
- positive fair value	-	159,571	-	-
- negative fair value	-	82,968	-	-
2) Equity instrument and stock index				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currency and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Hedge purchase				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Hedge sale				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

1.4 Liquidity risk

Qualitative information

A. General aspects, management and measurement of liquidity risk

The liquidity risk is the risk that the Group will be unable to meet its payment commitments due to the inability to raise funds on the market (funding liquidity risk) or the inability to sell its assets (market liquidity risk).

The preparation of an adequate system of governance and management of this risk plays a fundamental role in maintaining the stability of the Group and the market, as the imbalances of an individual financial institution can have systemic repercussions. This system must be integrated into the overall system for risk management and envisage incisive controls consistent with the evolution of the reference context.

The internal liquidity risk control and management system of Santander Consumer Bank is developed within the Group's Risk Appetite Framework and in compliance with the maximum liquidity risk tolerance thresholds approved therein, which establish that the Group must maintain an adequate liquidity position in order to deal with periods of tension, including prolonged periods, on the various funding procurement markets, also through the establishment of adequate liquidity reserves represented by marketable securities that can be refinanced with Central Banks. Accordingly, it is necessary to maintain a balanced ratio between incoming sources and outgoing flows, both over the short and medium-long term. This objective is developed in the Group's document tree represented by Frameworks, Models and Policies regarding liquidity risk and approved by the Corporate Bodies.

The provisions on liquidity introduced by the European Union in June 2013 and subsequently updated, establish that banks must comply with:

- the minimum requirement for coverage of short-term liquidity (Liquidity Coverage Ratio - LCR), as set forth in article 38 of Delegated Regulation (EU) no. 2015/61 and its additions/amendments (minimum level of 100% from 1 January 2018);
- the minimum structural liquidity requirement (Net Stable Funding Ratio - NSFR), whose minimum level of 100% came into force in June 2021, following the final approval and subsequent publication in the Official Journal, which took place in May 2019, of the banking reform package containing EU Directive no. 2019/878 (so-called CRD V) and Regulation no. 2019/876 (so-called CRR II).

The internal regulations illustrate the tasks of the various company units, the rules and the series of control and management processes aimed at ensuring prudent monitoring of liquidity risk, preventing the emergence of crisis situations. Accordingly, they include procedures for identifying risk factors, measuring risk exposure and verifying compliance with limits, as well as the rules for carrying out stress tests and identifying appropriate risk-mitigation initiatives, in addition to the preparation of emergency plans and disclosure reporting to corporate bodies.

The essential principles underlying the internal liquidity risk control and management system defined by these Guidelines are:

- presence of a liquidity management policy approved by top management and clearly communicated within the institution;
- existence of an operating structure that operates within assigned limits and a control structure independent of the former;
- constant availability of adequate liquidity reserves in relation to the liquidity risk tolerance threshold chosen;
- assessment of the impact of different scenarios, including stress scenarios, on incoming and outgoing temporary flows and on the quantitative and qualitative adequacy of liquidity reserves;
- management of liquidity in a stressful situation that takes into consideration the guidelines on the governance of crisis management processes within the Liquidity Contingency Plan.

The Group's internal regulations define in detail the tasks assigned to the Corporate Bodies and delegate to senior management some important obligations such as the approval of the measurement indicators, the definition of the main assumptions underlying the stress scenarios and the composition of the warning thresholds used for the activation of contingency plans.

The Risk Department is directly responsible for second-level controls and, as an active participant in the Managerial Committees (ALCO - Asset Liability Committee), plays a primary role in the management and dissemination of information on liquidity risk, contributing to the overall improvement of awareness of the Group on the existing position. In particular, it ensures the measurement, both exact and forecast, under normal and stress conditions, of the Group's exposure to liquidity risks, verifying compliance with the limits and activating, if they are exceeded, the reporting procedures with respect to the competent Corporate Bodies and monitoring the agreed repayment actions in the event of overruns.

The Internal Audit unit assesses the functionality of the overall structure of the control system overseeing the process of measuring, managing and controlling the Group's exposure to liquidity risk and verifies the adequacy and compliance of the process with the requirements established by the regulations. The results of the audits carried out are submitted to the Corporate Bodies at least once a year.

The measurement metrics and liquidity risk mitigation tools are formalised in the internal documentation that defines the methodological structure of both short-term and structural liquidity indicators.

In line with the above, the liquidity indicators focus on short-term and long-term metrics.

With regard to the short term, the LCR aims to measure the short-term liquidity risk profile, ensuring the holding of sufficient unencumbered High Quality Liquid Assets (HQLA) that can easily and immediately be converted into liquidity in private markets to meet 30-day cash requirements in a stress scenario. To this end, the Liquidity Coverage Ratio measures the ratio between:

- the value of the stock of HQLA;
- the total net cash outflows calculated according to the scenario parameters defined by Delegated Regulation (EU) no. 2015/61.

From a medium/long-term perspective, on the other hand, the Net Stable Funding Ratio (NSFR) aims to further greater recourse to stable funding, avoiding financial imbalances related to durations. Accordingly, it establishes an "acceptable" minimum amount of funding greater than one year in relation to the needs arising from the liquidity and residual duration characteristics of assets and off-balance sheet exposures.

Main strategic guidelines

The Group follows the following strategic guidelines in terms of liquidity risk management:

- diversify its forms of funding both in terms of stabilisation of the same and the timing of the related commitments;
- rationalise the cost of funding;
- manage liquidity risk as a whole in a prudent and balanced manner.

Quantitative information

1. Distribution of financial assets and liabilities by residual maturity

Items/Time	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Unspecified maturity
A. On-balance sheet assets	**1,166,158**	**109,328**	**402,560**	**273,232**	**1,244,518**	**1,910,392**	**2,805,820**	**6,418,269**	**1,115,754**	**13,083**
A.1 Government securities	-	-	100,000	-	152,875	100,438	905	103,490	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	1,166,158	109,328	302,560	273,232	1,091,643	1,809,954	2,804,915	6,314,779	1,115,754	13,083
- Banks	1,005,321	206	10	44	358	474	635	703	-	13,083
- Customers	160,838	109,123	302,550	273,188	1,091,286	1,809,480	2,804,279	6,314,076	1,115,754	-
B. On-balance sheet liabilities	**981,809**	**9,975**	**15,894**	**272,606**	**1,235,113**	**1,179,953**	**2,669,512**	**6,319,543**	**968,567**	**-**
B.1 Deposits and current accounts	870,066	9,693	10,290	21,671	61,757	124,582	151,482	293,233	8,091	-
- Banks	34,846	-	-	-	-	-	-	-	-	-
- Customers	835,221	9,693	10,290	21,671	61,757	124,582	151,482	293,233	8,091	-
B.2 Debt securities	-	-	-	20,276	67,286	81,384	284,672	2,094,788	759,475	-
B.3 Other liabilities	111,743	282	5,604	230,659	1,106,070	973,987	2,233,357	3,931,521	201,000	-
C. Off-balance sheet transactions										
C.1 Physically settled financial derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.2 Cash settled financial derivatives										
- Long positions	18,927	-	-	7,629	43,059	19,832	34,090	-	-	-
- Short positions	19,280	-	-	565	30,955	1,276	3,386	-	-	-
C.3 Deposit to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	15,000	-	-
- Short positions	15,000	-	-	-	-	-	-	-	-	-
C.5 Written guarantees	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

With reference to the financial assets subject to "self-securitisation", at the end of 2023, the Group had five performing transactions in place.

Transaction	12/31/2023				
	Class	ISIN Code	Rating Moody's / DBRS	Activities	Outstanding al 31/12
Golden Bar 2020-1	A	IT0005402570	AAA/A+	Car loan and Personnel loan	174,018,124
	B	IT0005402588	AA/A+		50,000,000
	Z	IT0005402604	NR / NR		67,498,000
Golden Bar 2022-1	A	IT0005495921	Aa3/A	Salary assignment, retirement assignment and delegation of payment.	587,574,780
	B	IT0005495939	Baa2/AL		32,643,043
	Z	IT0005495947	NR / NR		32,643,043
Auto ABS Italian Balloon 2019-1 S.r.l	A	IT0005379463	AAsf / AAAsf	Car loan	99,094,953
	B	IT0005379471	NR / NR		105,600,000
Auto ABS Italian Rainbow Loans 2020-1 S.r.l	A	IT0005416174	AAsf / AAAsf	Car loan	377,980,951
	Z	IT0005416182	NR / NR		97,750,000
Auto ABS Italian Rainbow Loans S.r.l (series 2022-1)	A	IT0005491086	AAsf/AA(high)sf	Car loan	288,000,000
	Z	IT0005491094	NR / NR		32,000,000

Consequently, in accordance with international accounting standards, these securitised portfolios have not been derecognised as there were not the requisites for derecognition.

During 2023, the group did not finalise further self-securitisations, limiting itself to the management of existing transactions.

In June 2023, the Golden Bar 2020-2 transaction was ended through the buyback of the portfolio by the Originator Company.

1.5 Operational risk

Qualitative information

A. General aspects, management and measurement of operational risk

Operational risk is defined as the risk of incurring losses due to inadequate or dysfunctional procedures, human resources or internal systems, or to exogenous events. For the economic loss component, the operational risk also includes the following risks: legal, conduct-related, non-compliance, financial crime, IT and cyber, physical security, business continuity, financial reporting, third parties and model risks. Strategic and reputational risks are excluded.

The Group adopts a strategy for the undertaking and management of operational risks oriented towards prudent management criteria and aimed at guaranteeing solidity and business continuity over the long term. In addition, particular attention is paid to achieving an optimal balance between growth and profitability objectives and consequent risks.

On a consistent basis with these purposes, some time ago, the Group defined the overall framework for the management of operational risks, establishing rules and organisational processes for their measurement, management and control.

For supervisory purposes, the Group adopts the Standardised Approach to determine the capital requirement, including in the calculation of the consolidated capital requirement on operational risks the results deriving from the use of the Basic Method (BIA) of the subsidiaries Stellantis Financial Services Italia, Stellantis Renting Italia and TimFin.

Governance model

An effective and efficient operational risk management framework presupposes that it is closely integrated in the decision-making processes and in the management of company operations. For this reason, the Group has chosen to directly involve in the operational risk management process (so-called Operational Risk Management) the Organisational Units (business units, central/support structures).

The operational risk governance model is developed with a view to:

- optimisation and enhancement of organisational safeguards, interrelationships and information flows between existing Organisational Units and integration of the operational risk management approach with other business models developed for specific risks (e.g. Business Continuity, IT Security, etc.);
- transparency and dissemination of the models, methods and criteria for analysis, evaluation and measurement used, in order to facilitate the process of cultural dissemination and the understanding of the logics underlying the choices made.

ICT (Information Communication Technology) risk

The ICT risk is the risk of incurring economic, reputational and market share losses in relation to the use of information and communication technology. In the integrated representation of corporate risks for prudential purposes, this type of risk is considered, according to the specific aspects, under operational, reputational and strategic risks.

The Group considers the IT system to be a tool of primary importance for the achievement of its strategic, business and social responsibility objectives, also in consideration of the critical nature of the business processes that depend on it. Consequently, it is committed to creating a resilient environment and investing in activities and infrastructures aimed at minimising the potential impact of ICT events and protecting its business, its image, its customers and its employees.

Therefore, the Group has adopted a system of principles and rules aimed at identifying and measuring the ICT risk to which company assets are exposed, assessing the existing controls and identifying the appropriate methods for managing these risks, on a consistent basis with the operational risk management process.

In line with the methodological framework defined for the governance of operational risks, the ICT risk governance model is developed with a view to integrating and coordinating the specific skills of the structures involved.

ICT risk includes:

- the cyber risk (including IT security risk): the risk of incurring economic, reputational and market share losses due to:
    - any unauthorised access of or attempt to access the Group's information system or the data and digital information contained therein;
    - any event (intentional or involuntary) favoured or caused by the use of technology or related to it that has or could have a negative impact on the integrity, availability, confidentiality and/or authenticity of the company data and information, or on the continuity of business processes;
    - improper use and/or divulgation of digital data and information, even if not directly produced and managed by the Group;
- IT or technological risk: the risk of incurring economic, reputational and market share losses in relation to the use of the company information system and connected to hardware, software and network malfunctions.

Following the new provisions contained in the 40th update of Circular 285 relating to the "Bank Supervisory Provisions" which implement the "Guidelines on the management of risks relating to information technology (ICT) and security" issued by EBA in September 2019, a 2nd level control unit was created for the management and control of ICT and security risks, which will have the main responsibility of managing and supervising ICT and security risks.

Legal risk

As of the reporting date, there were approximately 3,146 disputes pending at Group level, other than tax disputes, with a total petitum of approximately Euro 24,512,369 million (of which Euro 24,198,981 million related to the Parent Company). This amount is for the most part determined by a number of pending disputes for which the risk of disbursement of economic resources deriving from a potential position of loss was assessed as possible.

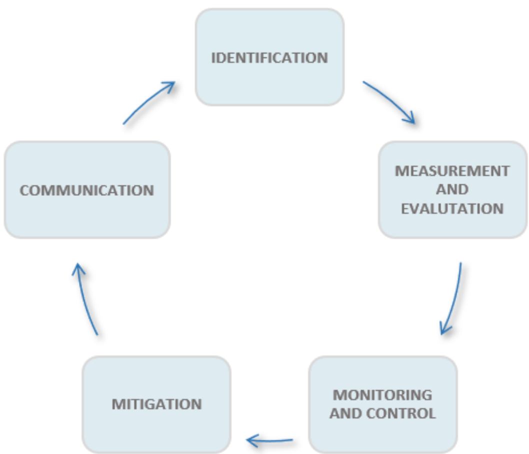
The risk associated with these positions has been the subject of specific and careful analysis, also with the support of leading external law firms. In the presence of disputes for which it is estimated that there is a probability of a disbursement of more than 50% and if it is possible to make a reliable estimate of the related amount (so-called disputes with probable risk), specific and appropriate allocations have been made to the Provision for Risks and Charges. Without prejudice to the risk of uncertainty that characterises all disputes, the estimate of obligations that could emerge from disputes - and therefore the entity of the provisions that may be made - derives from the forecast assessments regarding the outcome of the legal proceedings. These estimates are in any case made on the basis of all information available at the time of the estimate.

Net of the issue deriving from the ruling of the EU Court of Justice No. 383 of 11 September 2019, the so-called “Lexitor”, the disputes as at the date indicated above and with probable risk amounted to approximately 7 with a petitum of Euro 48,800 and provisions of Euro 77,377. The breakdown by main categories of disputes with probable risk shows the prevalence of particular cases related to the ordinary banking and lending activities of the Group. With regard to the "Lexitor" issue, relating in particular to salary assignment loans, please refer to section “D - Other facts worth mentioning” in the consolidated Report on Operations.

For further quantitative information, please refer to the Notes to the financial statements - Part B - Provisions for risks and charges.

Group Operational Risk Management Process

The Group’s operational risk management process is divided into the following phases:



Identification

The identification phase includes the collection and classification of qualitative and quantitative information that makes it possible to identify and describe the Group’s potential operational risk areas. In particular, it envisages:

- the collection and updating of data on operational events (Loss Data Collection), decentralised to the Organisational Units;
- the identification of business processes and components of the information system at greatest potential risk;
- the determination of the applicability and relevance of the defined operational risk factors;
- the identification of projects that will involve significant changes to the information system;

- the identification of significant risk scenarios, also based on the external context (e.g. external loss data, regulatory developments, emerging trends, strategic and threat intelligence);
- the identification and analysis of critical issues affecting the Group's areas of operation.

Measurement and evaluation

The measurement and evaluation phase includes the quali-quantitative determination of the Group's exposure to operational risks. It envisages:

- the self-assessment process of operational and ICT risk exposure (Self-diagnosis) at least once a year;
- the execution of preventive analyses of operational and ICT risks deriving from agreements with third parties (e.g. outsourcing of activities), business operations or project initiatives, introduction or review of new products and services, launch of new activities and entry into new markets;
- the definition of the relevance of the critical issues identified;
- the transformation of the assessments collected (e.g. internal and external data on operating loss, levels of monitoring of risk factors, probability and impact in the event of implementation of risk scenarios) into summary risk measures;
- the determination of the economic and regulatory capital through the internal model and the simplified methods defined by the regulations in force.

Monitoring and control

The objective of the monitoring phase is to analyse and control the continuous evolution of the exposure to operational risks, based on the structured organisation of the results obtained from the identification and assessment and measurement activities and on the observation of indicators that represent a good proxy for exposure to operational risks (e.g. limits, early warnings and indicators defined in the RAF).

Mitigation

The mitigation phase includes activities aimed at limiting exposure to operational risks, defined on the basis of that which emerged at the time of identification, measurement, assessment and monitoring. It envisages:

- the identification, definition and implementation of the corrective actions (so-called mitigation actions) necessary to remedy the monitoring shortfalls identified or bring the relevance of the critical issues identified within the defined tolerance;
- the promotion of initiatives aimed at spreading the culture of operational risk within the Group;
- the definition of operational risk transfer strategies, in terms of optimisation of insurance coverage and any other forms of risk transfer adopted by the Group as and when necessary.

In this regard, in addition to taking advantage of a traditional insurance programme (to protect against offences such as employee disloyalty, theft and damage, transport of valuables, computer fraud, forgery, cyber, fire and earthquake as well as third-party liability), in compliance with the requirements established by legislation and in order to benefit from the equity benefits envisaged by the same, the Group has taken out an insurance policy entitled Operational Risk Insurance Programme that offers ad hoc coverage, significantly raising the limits of liability covered, with transfer to the insurance market of the risk deriving from significant operating losses.

In addition, with regard to the risks related to property and infrastructures and in order to limit the impacts of phenomena such as catastrophic environmental events, international crises, social protests, the Group can activate its own business continuity solutions.

Communication

The communication phase includes the preparation of suitable information flows related to the management of operational risks, aimed at providing useful information, for example, for:

- the analysis and understanding of any dynamics underlying the evolution of the level of exposure to operational risks;
- the analysis and understanding of the main critical issues identified;
- the definition of mitigation actions and intervention priorities.

Self-diagnosis

Self-diagnosis is the annual process via which the Organisational Units identify their level of exposure to operational and ICT risk. It includes the Operational Risk Assessment and the ICT Risk Assessment, in turn consisting of:

- Assessment of the Operating Context (VCO): activities through which the significant Risk Factors are identified and the relative level of control is assessed;
- Scenario Analysis (AS): prospective analysis methodology that is expressed in a systematic process, typically repeated at a predefined frequency but which can also be carried out ad hoc, and which involves hypothesising the occurrence of particular situations (or scenarios) and forecasting their consequences. Once identified and appropriately characterised, the scenarios must be assessed: i.e., the probability of occurrence (frequency) and potential impact (average and worst case impact), in the event of occurrence of the situation described by the scenario itself, must be determined.

Quantitative information

Theoretical unexpected losses, determined by applying the standard method (STA) for the parent company and the basic method (BIA) for the subsidiaries, amount to Euro 54 million.

Losses recorded during the year (Source: EDB-Events Database), on the other hand, are shown as follows:

Risk Type	Net Losses	Net Provisions	Addition, uses and recoveries	Net Op. Risk Impact
Internal Fraud				
External Fraud	1,730	26	-5	1,751
Employment, pratises & Workplace Safety				
Clients, Products & Business Practices	3,324	2,543	-3,550	2,317
Damage to physical Assets				
Business Disruption & System Failures	55			55
Execution, Delivery & Process Management	30			30
TOTAL	**5,140**	**2,569**	**-3,555**	**4,154**

Section 3 – Risks of insurance companies

There are no insurance companies in the consolidation scope.

Section 4 – Risks of other companies

There are no insurance companies in the consolidation scope.

Part F – Information on consolidated shareholders' equity

Section 1 – Consolidated shareholders' equity

A. Qualitative information

The monitoring of capital adequacy at consolidated and individual investee level is ensured by the capital management activities within the sphere of which, in compliance with regulatory restrictions and in line with the risk profile adopted by the Group, the size and optimal combination of the different capitalisation instruments are defined.

Santander Consumer Bank assigns a priority role to the management and allocation of capital resources, both as a strategic lever and as a tool to ensure the consistency of the operating plans of the business units. In this context, the Group uses the Return on Risk Weighted Assets (RORWA) indicator, which summarises the return on risk-weighted assets, as the primary tool for strategic decisions.

Once the strategic objectives of profitability, capital solidity and liquidity that the Group intends to pursue have been defined, the capital and financial resources are allocated to the business units through a process that assesses their growth potential, value creation capacity and financial autonomy.

The risk capital considered is twofold:

- regulatory capital in the presence of Pillar 1 risks;
- total internal capital in the presence of Pillar 2 risks, for the purposes of the ICAAP process.

Regulatory capital and total internal capital differ in terms of definition and coverage of the risk categories. The first derives from schemes defined in the supervisory regulations, the second from management measurements.

Capital management activities and the RAF (Risk Appetite Framework) are therefore substantiated in the governance of current and future capital adequacy by means of a careful monitoring of both Pillar 1 regulatory restrictions (from 1 January 2014 according to Basel III rules), as well as the Pillar 2 management restrictions. The projections are produced also in stress situations in order to ensure that the available resources are adequate to cover all risks, even in adverse economic conditions.

Each year, as part of the process of assigning budget objectives, a compatibility check of the projections at consolidated and individual investee level is carried out. Based on the expected trends in the balance sheet and income statement aggregates, if necessary, appropriate capital management action is already identified at this stage to ensure the necessary financial resources for the individual business units. On a quarterly basis, compliance with capitalisation levels is monitored, taking appropriate action when necessary.

Compliance with capital adequacy is pursued through various levers, such as the dividend distribution policy, the definition of strategic finance transactions (share capital increases, issue of subordinated bonds, disposal of non-strategic assets, etc.) and the management of investments, in particular lending, in relation to the risk of the counterparties.

Further analyses for the purposes of preventive control of capital adequacy are carried out at the time of extraordinary transactions (mergers, acquisitions, disposals, etc.) both within the Group and those amending its boundaries.

Following the Supervisory Review and Evaluation Process (SREP), the Regulator annually provides the final decision on the capital requirement that the Group must comply with at consolidated level. For 2023, the SREP is broken down into the application of minimum regulatory requirements and an additional Capital Conservation Buffer of 2.50%, determining the following ratios:

- Common Equity Tier 1 equal to 7.00%;
- Tier 1 equal to 8.5%;
- Total Capital equal to 10.50%,

Own funds, Risk Weighted Assets (RWA) and solvency ratios are determined on the basis of the harmonised rules for banks and investment firms contained in Directive no. 2013/36/EU (CRD IV) and in the Regulation (EU) no. 575/2013 (CRR) of 26 June 2013, amended respectively by Directive no. 2019/878/EU (CRD V) and by Regulation (EU) no. 2019/876 (CRR II), which transpose the standards in the European Union as defined by the Basel Committee for Banking Supervision (so-called Basel 3 framework), and on the basis of Bank of Italy Circular no. 285. The CRR mentioned above was then supplemented by Delegated Regulation (EU) no. 241/2014 of the Commission containing the regulatory technical standards on own fund requirements for institutions, in turn amended first by Delegated Regulation (EU) no. 2015/923 which governs the issue of indirect and synthetic holdings and subsequently by the Delegated Regulation (EU) no. 2020/2176 on the prudent treatment of software, illustrated below.

In 2017, the transitional phase of the "Basel 3" framework was completed, which envisaged the partial inclusion or deductibility from Own Funds of certain elements in accordance with the provisions of the CRD IV and the CRR, and 2018 also saw the end of the period of departure referring to the amendments to be applied to IAS 19 with the filter on reserves for actuarial gains and losses.

As from 1 January 2018, the transition period (2018-2022) aimed at mitigating the capital impacts linked to the introduction of the new accounting standard IFRS 9 began. The Group, in this context, availing itself of the option envisaged by EU Regulation no. 2395/2017, opted not to apply transitional regimes considering its level of capitalisation.

Regulation (EU) no. 2019/630 of 17 April 2019, amending the CRR, has been in force since 26 April 2019, introducing the deduction to be made to CET1 in the event of insufficient minimum coverage of losses on non-performing exposures (minimum loss coverage), the latter determined on the basis of differentiated provisioning percentages, between secured and unsecured exposures, as well as a predetermined time-frame in which to achieve this coverage target (so-called calendar provisioning).

In addition, on 22 December 2020, Delegated Regulation (EU) no. 2020/2176 was introduced, which amends Delegated Regulation (EU) no. 241/2014, with regard to the deduction of assets in the form of software from Common Equity Tier 1 elements, as the purpose of the Regulator is to support the transition towards a more digitalised banking sector by introducing the concept of prudent amortisation applied to all assets in the form of software over a period of 3 years, regardless of the estimated useful life for accounting purposes. In this context, the Group, availing itself of the option envisaged by the Regulation, opted to apply this regime.

In terms of regulatory development, the Group is paying particular attention to the drafting of Basel 4 regulations and the consequent amendment of the CRR. The entry into force of this regulation is scheduled for 2025 and the related quantitative impacts will be defined as soon as the regulatory framework becomes certain. From the preliminary analyses developed so far, the main focus is on the first pillar risk: credit and operational, in a generic direction of market standardisation.

B. Quantitative information

B.1 Consolidated shareholders' equity: breakdown by type of business

The prudential scope of consolidation does not correspond to that of the financial statements, as the companies that exercise operating leases (Santander Consumer Renting S.r.l. and Drive S.r.l.) are to be considered as non-financial and non-instrumental companies pursuant to the current EBA clarifications.

Equity items	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Capital	755,309	-	-	(100,555)	654,755
2. Emission Fees	24,177	-	-	(11,772)	12,405
3. Reserves	956,684	-	-	(228,457)	728,227
4. Capital Instruments	-	-	-	-	-
5. (Own shares)	-	-	-	-	-
6. Valuation reserves:	188	-	-	-	188
- Equity instruments designated at fair value through other comprehensive income	-	-	-	-	-
- Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (different from equity instruments) at fair value through other comprehensive income	(59)	-	-	-	(59)
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Foreign investment coverage	-	-	-	-	-
- Cash flow hedges	-	-	-	-	-
- Hedging instruments [Unspecified Elements]	-	-	-	-	-
- Exchange differences	-	-	-	-	-
- Non-current assets and groups of assets held for sale	-	-	-	-	-
- Financial liabilities designated at fair value with impact on the income statement (changes in their creditworthiness)	-	-	-	-	-
- Actuarial gains (losses) on defined benefit plans	246	-	-	-	246
- Provisions for valuation reserves related to equity investments valued at shareholders' equity	-	-	-	-	-
- Special revaluation laws	-	-	-	-	-
7. Net (Loss) (+/-) of Group and minorities	120,811	-	-	(11,000)	109,811
Shareholders' equity	**1,857,169**	**-**	**-**	**(351,784)**	**1,505,385**

B.2 Valuation reserves for financial assets measured at fair value through other comprehensive income: breakdown

Assets/values	Prudential consolidation		Insurance companies		Other companies		Consalidation adjustments and eliminations		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	59	-	-	-	-	-	-	-	59
2. Equity securities	-	-	-	-	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 12/31/2023	**-**	**59**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**59**
Total 12/31/2022	**-**	**896**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**896**

B.3 Valuation reserves for financial assets measured at fair value through other comprehensive income: change in the year

	Debt securities	Equity securities	Loans
1. Opening balance	(896)	-	-
2. Positive changes	896	-	-
2.1 Fair value increases	896	-	-
2.2 Value adjustments for credit risk	-	-	-
2.3 Transfer to the income statement of negative reserves to be realized	-	-	-
2.4 Transfers to other equity (capital securities)	-	-	-
2.5 Other changes	-	-	-
3. Negative changes	(59)	-	-
3.1 Fair value reductions	(59)	-	-
3.2 Write-backs for credit risk			
3.3 Transfer to the income statement of negative reserves to be realized			
3.4 Transfers to other equity (capital securities)			
3.5 Other changes	-	-	-
4 Closing balance	**(59)**	**-**	**-**

B.4 Valuation reserves related to defined-benefit pension plans: change in the year

The valuation reserves relating to defined-benefit plans, net of the corresponding tax effect, amount to Euro 177 thousand and disclose a positive change with respect to the previous year for Euro 59 thousand.

Section 2 – Own funds and capital adequacy ratios

The entity is not required to prepare the disclosure to the public (Third Pillar) as this is the responsibility of the Spanish parent company.

In light of this peculiarity, the related disclosure is provided in the following tables.

Own funds

Common Equity Tier 1 is composed of the book value of shareholders' equity, including the Group profit as at 30 June 2023, certified by the competent authorities (Euro 44,544 thousand) and minority interests to the extent of the only part that can be calculated (Euro 170,747 thousand), with the following adjustments:

- application of prudential filters pertaining to positions measured at fair value (AVA) (Euro 42 thousand);
- deduction of intangible assets exceeding the weighting rules (Euro 5,207 thousand);
- deduction of positions towards STS securitisations (Euro 507 thousand);
- deduction of minor accounting write-downs compared to the Calendar Provisioning forecasts (Euro 897 thousand);
- deduction of deferred tax assets that are based on future profitability and do not derive from timing differences net of associated tax liabilities (Euro 3,723 thousand).

Additional Tier 1 capital and Tier 2 capital consists of the instruments issued and considered eligible. These instruments are calculated on the basis of the time criterion envisaged by regulations.

Gruppo Santander Consumer Bank Own Funds	Total	
	12/31/2023	12/31/2022
A. Capital primary Class 1 (Common Equity Tier 1 - CET1) before application of prudential filters	**1,211,927**	**1,089,780**
of which CET1 instruments subject to transitional provisions		
B. Prudential filters CET1 (+/-)	**(42)**	**(88)**
C. CET1 before items to be deducted and the effects of the transitional arrangements (A +/- B)	**1,211,885**	**1,089,693**
D. Deductions from CET1	**118,517**	**7,640**
E. Transitional regime - Impact on CET1 (+/-)		
F. Total Capital primary Class 1 (Common Equity Tier 1 - CET1) (C - D +/- E)	**1,093,368**	**1,082,053**
G. Additional Tier 1 Capital (Additional Tier 1 - AT1) before items to be deducted and the effects of the transitional arrangements	**34,363**	**17,032**
of which AT1 instruments subject to transitional provisions		
H. Deductions from AT1		
I. Transitional regime - Impact on AT1 (+/-),		
L. Total Capital Additional Tier 1 (Additional Tier 1 - AT1) (G - H +/- I)	**34,363**	**17,032**
M. Capital Class 2 (Tier 2 -T2) before items to be deducted and the effects of the transitional arrangements	**194,185**	**125,203**
of which T2 instruments subject to transitional provisions		
N. Deductions from T2		
O. Transitional regime - Impact on T2 (+/-)		
P. Total Share of Class 2 (Tier 2 -T2) (M - N +/- O)	**194,185**	**125,203**
Q. Total own funds (F + L + P)	**1,321,916**	**1,224,288**

Supervisory ratios

The following table shows the amount of risk assets and the related prudent ratios.

Value	Non weighted assets		Weighted assets	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
A. RISK ASSETS				
A.1 Credit and counterparty risk	13,120,992	10,477,781	8,531,021	6,487,510
1. Standardized approach	13,120,992	10,477,781	8,531,021	6,487,510
2. IRB approach				
2.1 Foundation				
2.2 Advanced				
3. Securitizations				
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			691,142	520,653
B.2 Risk valuation adjustment credit				
B.3 Regulation Risk				
B.4 Market Risk				
1. Standardized approach				
2. Internal models				
3. Concentration risk				
B.5 Operational risk			53,813	57,224
1. Basic indicator approach (BIA)			30,788	28,730
2. Traditional standardized approach (TSA)			23,025	28,495
3. Advanced measurement approach (AMA)				
B.6 Other calculation elements				
B.7 Total capital requirements			744,955	577,877
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Weighted risk assets			9,311,944	7,223,465
C.2 Capital primary class1 / Risk			11.74%	14.98%
C.3 Capital Class 1 / Risk-weighted assets (Total capital ratio)			12.11%	15.22%
C.4 Total own funds / Risk-weighted assets (Total capital ratio)			14.20%	16.95%

Part G – Business combinations

Section 1 – Transactions carried out during the year

1.1 Business combinations

During 2023, the projects involving top management and all the structures of Stellantis Financial Services Italia were completed:

- Omega: integration of human resources, structures, processes and procedures of the three joint ventures of the Stellantis group, currently active, in a single new captive bank that will provide financial services, on an exclusive basis, to all the Group's brands;
- Libra: acquisition of part of the asset portfolio of the current Opel Bank SA Italian Branch.

The transactions are part of the overall European project, launched by Stellantis, for reorganising existing contractual relationships with its European banking partners relating to the supply of a wide range of financial and insurance products and services in relation to the production and sale of vehicles under the Stellantis brand. The objective of this reorganisation is, inter alia, to reshape the current structure of the European market among the various partner banks, moving from a distribution model "by brand" to one "by geographical area".

The offer of financial brokerage services (including leasing) and insurance relating to the vehicles of the brands merged into Stellantis N.V. ("Stellantis"), following the merger in January 2021 between the group headed up by Fiat Chrysler Automobiles N.V. ("FCA Group") and the group headed up by Peugeot S.A. ("PSA Group"), is currently based on partnership agreements entered into between Stellantis and various banking partners. Following the merger, Stellantis revised its cooperation agreements and established new strategic partnerships in several European countries.

In particular, two Framework Agreements were entered into: one between Stellantis, Stellantis Financial Services Europe and SCF and another between Stellantis, Stellantis Financial Services Europe and BNP Paribas. In addition, the terms and conditions of the strategic partnership between Stellantis, FCA Italy, CASA and CACF have been revised through a specific agreement called the "CACF Agreement". This has enabled the Bank to become the only banking partner responsible for providing financing and leasing services, excluding B2B operating leases, and insurance distribution for all Stellantis brands in Italy.

An analysis of the structure of the transaction carried out shows that this is not a business combination under common control.

The transaction described was accounted for in accordance with the provisions of IFRS 3 "Business combinations". More specifically, the acquisition of the business unit must be represented as a business combination carried out and to be accounted for in application of the purchase method envisaged by IFRS 3, which envisages the following phases:

- identification of the purchaser and determination of the purchase date;
- determination of the purchase cost (or consideration transferred);
- allocation of the purchase cost (so-called Purchase Price Allocation - PPA) and possible recognition of a goodwill or gain or bargain purchase (known as badwill or negative goodwill).

The effects of these two combinations are summarised below.

Business combination of the former FCA Bank S.p.A.

Company name	Amount of operation
FCA Bank S.p.A.	83,517

Identification of the purchaser and determination of the purchase date;

IFRS 3 envisages that for each business combination carried out, one of the entities participating in the combination must be identified as the "purchaser". In a business combination carried out essentially through the transfer of cash and cash equivalents (or other assets or through the undertaking of liabilities), the purchaser is generally the entity that transfers the cash and cash equivalents (or other assets or that undertakes the liabilities).

The transaction entailed the transfer of non-current assets (including intangible assets), intellectual property, the ability to have access to the necessary material or rights and the employees by the transferor FCA Bank SpA to the purchaser Stellantis Financial Services Italia.

Another fundamental aspect for the recognition of a business combination is the determination of the acquisition date, i.e. the date on which the purchaser obtains the business unit of the acquired party. The determination of the acquisition date is also important because it is only from that date that the results of the acquired business are included line by line in the balance sheet of the purchaser. In addition, it is also the date on which the fair values of the assets and liabilities subject to acquisition are measured.

On 13 July 2022, authorisation was obtained from the Italian Prime Minister's Office to implement the transfer of the Business Unit pursuant to the regulations on direct foreign investments in Italy (Italian Decree Law no. 21 of 15 March 2012, and subsequent amendments and additions); and (ii) on 14 December 2022, the communication envisaged pursuant to article 58 of the Consolidated Law on Banking was filed with the Bank of Italy and the European Central Bank; by means of provision no. ECB-SSM-2023_ESSAN-20 issued on 14 March 2023, the European Central Bank noted that the completion of the transfer of the Business Unit is not subject to prior authorisations.

Following the attainment of the authorisation for the business combination, on 3 April 2023 the deed of sale of the FCA Bank S.p.A. business unit was finalised.

Determination of the acquisition cost or consideration transferred

Description	Amount
Right of use	89,754
Net effect of other assets and liabilities acquired	-6,237
Total amount paid	**83,517**

Stellantis Financial Services Italia, due to the acquisition of the business unit of former FCA Bank S.p.A., incurred a total cost of Euro 83,517 thousand, represented by:

- all rights, receivables, obligations and liabilities of former FCA Bank S.p.A. deriving from contracts previously entered into by the latter;
- Intangible Asset relating to the business unit, represented by the rights previously held by the transferor, relating to the use of trademarks granted under licence by FCA Italy S.p.A.;
- all obligations and liabilities deriving from the employment relationship with 204 employees previously employed by former FCA Bank S.p.A., including liabilities relating to the Provision for employee severance pay, the CCSL bonus ("efficiency remuneration element" contractual bonus), the annual performance bonus, the deferred remuneration accruals and the provision set aside by the transferor for the payment of the loyalty bonus and the length of service bonus.

Allocation of the purchase cost (so-called Purchase Price Allocation - PPA)

The purpose was to sell the business unit at the actual price of the assets at the date of transfer.

The component recognised under intangible assets was valued as described above, thus calculating the so-called "fair value" expressed in accordance with IFRS 3. All the other components (assets and liabilities) were transferred at book value or the approximate fair value at the date of transfer. This aspect confirms the absence of recognition by Stellantis Financial Services Italia, at the reporting date, of goodwill or a bargain.

The table below shows the aggregate book values (assets and liabilities), as at the acquisition date of 3 April 2023, of the business combination, as well as their expression at fair value pursuant to IFRS 3:

	Fair value at detection's date
Asset	
Material asset	
Intangible asset	92,262
Other asset	220
Liabilities	
Other liabilities	1,120
Severance pay	2,988
Provisions for risk and charges	2,349

The main categories of assets, liabilities and potential liabilities identified as part of the PPA process and the related valuation method adopted are shown below. The assets, liabilities and potential liabilities acquired are measured at fair value at the acquisition date. In certain circumstances, the book value at the acquisition date approximates the fair value.

Item 90. Intangible assets

Intangible Asset relating to the business unit, represented by the rights previously held by former FCA Bank S.p.A., relating to the use of the loan of the former FCA Italy S.p.A. brands. This value was determined with the support of an independent expert, who assessed the fair value and the stability of the fixed asset with a definite useful life at the date of transfer.

Within the sphere of the appointment granted to the independent expert for the calculation of the fair value of the intangibles, the valuation methodology of the Dividend Discount Model ("DDM") was adopted. Specifically, this method, in the "Excess Capital" variant, establishes that the economic value of a holding company is given by the discounting of a flow of dividends determined on the basis of compliance with the minimum capital constraints imposed by the Supervisory Authority. The application of the DDM in the "Excess Capital" variant was divided into the following phases:

- identification of future economic flows and the reference time frame;
- determination of the long-term growth rate and the discounting rate identified in Ke;
- calculation of the Terminal Value, which represents the current value of flows theoretically distributable to shareholders over the long term.

Item 120. Other assets

The other assets, at the time of recognition, were not subject to adjustments as the net book value at which they were transferred approximates the fair value.

Item 80. Other liabilities

The other liabilities, at the time of recognition, were not subject to adjustments as the net book value at which they were transferred approximates the fair value.

Item 90. Provision for employee severance pay

The net book value of the employee severance pay transferred approximates the fair value.

Item 100. Provisions for risks and charges

The main types of risk provisions for which allocations were made in the financial statements by former FCA Bank S.p.A. were analysed. The net book value transferred approximates the fair value.

Tax effects

The sale of former FCA Bank S.p.A., as a whole, is a tax- neutral transaction as envisaged by article 176, paragraph 1 of the Consolidated Law on Income Tax (TUIR). Furthermore, the sale of a business or business unit is excluded from the scope of application of VAT pursuant to article 2, paragraph 3, letter b of Italian Presidential Decree no. 633/1972 and is subject to a proportional registration tax pursuant to the combined provisions of article 2 of Italian Presidential Decree no. 131 of 26 April 1986 and article 2, paragraph 1 of the Tariff, Part I (to the extent, in this case, of 3%, thus Euro 2.5 million)

Business combination of former Opel Bank S.A. Italian branch

Company name	Amount of operation
Opel Bank S.A. Succursale Italiana	151,625

Identification of the purchaser and determination of the purchase date;

The transaction entailed the transfer of financial assets, non-current assets (including intangible assets), intellectual property, the ability to have access to the necessary material or rights and the employees by the transferor former Opel Bank S.A. Italian branch to the purchaser Stellantis Financial Services Italia.

As part of the transaction for the transfer of the business unit of former Opel Bank S.A. Italian Branch, signed on 3 April 2023, Stellantis Financial Services Italia mainly acquires the following elements in the two planned tranches.

First tranche:

- the lease concerning the premises located in Rome;
- endowment assets such as laptops and other assets in the offices;
- employment contracts with 66 employees previously employed by former Opel Bank S.A. Italian Branch and all commitments and liabilities of the Bank vis-à-vis employees, including those relating to the provision for employee severance pay and the provisions for risks.
- the intangible asset of the business unit represented by intangible assets consisting of the rights related to the origination activity or the disbursement of credit, for the provision of loan services in relation to Opel-branded vehicles in Italy;
- the other receivables of former Opel Bank S.A. Italian Branch relating to the business unit.

Second tranche (so-called “Libra Transaction”):

- the consumer portfolio pertaining to the Business Unit relating to loan agreements and financial lease agreements, including the related data and information.
- receivables and payables relating to the origination of the Portfolio;

the loans taken out by Opel with BNP Paribas S.A. in relation to the Loan and financial lease agreements of the portfolio subsequently transferred on the second effective date.

Description	Amount	
Net accounting portfolio		924,977
Adjustment fair value*	-	28,671
Total portfolio acquired		**896,306**
Asset and Liabilities	-	4,138
Sources of financing	-	770,417
Total portfolio of credit		**121,751**

(*) The components measured at the Second Effective Date include the Theoretical Swap agreement between the two parties. The main purpose of this Derivative instrument is to maintain the initially expected return of the Portfolio over time (portfolio Pricing - Cost of Funding).

In addition, the BTA signed on 31 March 2022 establishes the transfer of the “going concern” as a single business unit that includes that which was transferred on the first effective date (3 April 2023) and that which was on the second effective date (3 July 2023). The effective date was divided into two periods of time for operational reasons and this does not affect the fact that the transferred asset is a single business.

Determination of the acquisition cost or consideration transferred

Stellantis Financial Services Italia due to the acquisition of the business unit of former Opel Bank S.A. Italian Branch incurred a total cost of Euro 151,625 thousand.

Allocation of the purchase cost (so-called Purchase Price Allocation - PPA)

The value of the intangible assets and the loan portfolio was calculated by determining the so-called "fair value" expressed in accordance with IFRS 3. All the other components (assets and liabilities) were transferred at book value or the approximate fair value at the date of transfer. This aspect confirms the absence of recognition by Stellantis Financial Services Italia, at the reporting date, of goodwill or a bargain.

The table below shows the aggregate book values (assets and liabilities) of the business combination, as well as their expression at fair value pursuant to IFRS 3:

	Fair value at detection's date
Asset	
Financial assets measured at amortized cost - loans to customers	896,306
Material asset	416
Intangible asset	30,182
Other asset	116
Liabilities	
Other liabilities	775,116
Severance pay	412

The main categories of assets, liabilities and potential liabilities identified as part of the PPA process and the related valuation method adopted are shown below. The assets, liabilities and potential liabilities acquired are measured at fair value at the acquisition date. In certain circumstances, the book value at the acquisition date approximates the fair value.

Item A40b. Financial assets measured at amortised cost - Receivables due from customers

The purchase price of the portfolio (equal to its fair value) is equal to:

- the net book value of the gross balances and other assets, less
- the net book value of other liabilities and insurance prepayments (relating to the unearned amount of all insurance income from the guarantee of asset-based protection and collateral protection received in advance from former Opel Bank S.A. Italian Branch in relation to the Portfolio) more or less
- the value of a given theoretical swap hedging the portfolio, less
- loans taken out by former Opel Bank S.A. Italian branch with BNP Paribas in relation to the loan of the portfolio agreements.

The value of the derivative instrument is calculated as the difference between the Discounted Cash Flow generated by the loan portfolio at the origination date of each loan with the Eur Mid-Swap rate assigned to the individual loan and the Discounted Cash Flow generated by the same portfolio calculated with the Eur Mid-Swap rate on the second effective date (3 July 2023).

Item 80. Property, plant and equipment

The value of property, plant and equipment refers to the right of use acquired following the transfer of the lease concerning the property in Rome (headquarters of former Opel Bank S.A. Italian Branch). The net value of the right of use was determined on the basis of the residual value of the contract as at 3 April 2023.

Item 90. Intangible assets

The Intangible Asset relating to the business unit is represented by the rights previously held by former Opel Bank S.A. Italian Branch, relating to the use of the loan of the former Opel Bank brands. This value was determined with the support of an independent expert, who assessed the fair value and the stability of the fixed asset with a definite useful life at the date of transfer.

Within the sphere of the appointment granted to the independent expert for the calculation of the fair value of the intangibles, the valuation methodology of the Dividend Discount Model ("DDM") was adopted. Specifically, this method, in the "Excess Capital" variant, establishes that the economic value of a holding company is given by the discounting of a flow of dividends determined on the basis of compliance with the minimum capital constraints imposed by the Supervisory Authority. The application of the DDM in the "Excess Capital" variant was divided into the following phases:

- identification of future economic flows and the reference time frame;
- determination of the long-term growth rate and the discounting rate identified in Ke;
- calculation of the Terminal Value, which represents the current value of flows theoretically distributable to shareholders over the long term.

Item 120. Other assets

The other assets, at the time of recognition, were not subject to adjustments as the net book value at which they were transferred approximates the fair value.

Item 80. Other liabilities

The other liabilities, at the time of recognition, were not subject to adjustments as the net book value at which they were transferred approximates the fair value.

Item 90. Provision for employee severance pay

The net book value of the employee severance pay transferred approximates the fair value.

Tax effects

The transaction of former Opel Bank S.A. Italian Branch, as a whole, is fiscally neutral as set forth in article 176, paragraph 1 of the Consolidated Law on Income Tax. Furthermore, the sale of a business or business unit is excluded from the scope of application of VAT pursuant to article 2, paragraph 3, letter b of Italian Presidential Decree no. 633/1972 and is subject to a proportional registration tax pursuant to the combined provisions of article 2 of Italian Presidential Decree no. 131 of 26 April 1986 and article 2, paragraph 1 of the Tariff, Part I (to the extent, in this case, of 3%, thus Euro 0.9 million).

Section 2 – Transactions subsequent to the year end

No business combinations were carried out regarding companies or business units after the end of the year.

Section 3 – Retrospective adjustments

No retrospective adjustments were made.

Part H – Related-party transactions

As laid down by EU Regulation no. 632/2010 of the Commission dated 19 July 2010, the text of IAS 24 defines the concept of related party and identifies the relationship between this one and the entity that draws up the financial statements.

Pursuant to these notions, related parties include:

- the significant shareholders as well as their subsidiaries, including those jointly controlled, and their associates;
- the executives with strategic responsibilities;
- close family members of shareholders and executives with strategic responsibilities and subsidiaries, including those jointly controlled, by the latter or their close relatives.

For the purposes of the management of transactions with related parties, reference is made to the rules defined by CONSOB Regulation no. 17221/2010 (deriving from the provisions of article 2391-bis of the Italian Civil Code) and the matters introduced in 2011 by Title V, Chapter 5 of the Bank's Circular no. 263/2006, as well as the provisions pursuant to article 136 of Italian Legislative Decree no. 385/1993. In this context, Santander Consumer Bank adopted the "Regulation for transactions with related parties" for the management of transactions with parties in conflict of interest, aimed at establishing preliminary and decision-making rules with regard to transactions carried out with related parties and to regulate the procedures for fulfilling the disclosure obligations vis-à-vis stakeholders.

1. Information on the remuneration of managers with strategic responsibilities

	Management and Control bodies	Other Manager	Total
Short-term benefits	883	6,844	7,726
Post-employment benefits	-	-	-
Other long-term benefits	-	-	-
Termination indemnities	-	-	-
Share-based payments	-	200	200
Total	**883**	**7,044**	**7,926**

2. Related party disclosures

	Banco Santander	Santander Consumer Finance	Peugeot SA Group companies	Other Santander Group companies	Stellantis Group companies	Tim S.p.A.
A10. Cash and cas balances	217,852					-
A20. Financial assets designated at fair value through profit or loss	-					-
A20a). Financial assets held for trading	65,756					-
A20c) Financial assets mandator designed at fair value			4			-
A40. Financial assets measured at amortised cost	-		27,665	-		-
A40a) Loans and advances to banks	3,079					-
A40b) Loans and advances to costumers			27,665			-
A50. Hedging derivatives	78,897					-
A100. Intangible assets			485	-		-
A130. Other assets	150		58,937	6,556	7,346	-
	-			-	-	-
L10. Financial liabilities valued at amortised cost						-
L10) Deposits from banks	(126,694)	(6,511,376)	(11,079)			-
L10b) Deposits from costumers		(482,368)	(68,529)	(11,979)		-
L10c) Debt securities in issue		(577,257)				-
L20. Financial liabilities held for trading	(66,802)					-
L80. Other liabilities	(2,879)	(668)	(249,834)	(4,343)	(397)	-
L90. Provision for employee severance pay				(16)		-
L100. Provisions for risks and charges						-
L100c) others			(7)			-
	-			-	-	-
PL10. Interest and similar income	79,193	26	25,685		52,986	(15,963)
PL20. Interest expenses and similar charges	(5,942)	(181,874)	(3,280)	(87)		-
PL40. Fee and commission income			1,079	9,834		-
PL50. Fee and commission expenses	(326)		(531)			(7,739)
PL80. Net income financial assets and liabilities held for trading	(391)					-
PL90. Net hedging gains (losses) on hedge accounting	(96,697)					-
PL190. Administrative costs:						-
PL190a) payroll costs			(2,959)	354	(734)	-
PL190b) other administrative costs	(2,756)	(69)	(15,781)	(3,752)	(1,169)	-
PL220. Net adjustments / writebacks on intangible assets				(20)		-
PL230.Other operating income/expenses						
	-			-	-	
Derivatives - notional	4,479,664				-	-

Transactions carried out by the Group with related parties generally fall within the sphere of ordinary operations of the Group and are normally carried out under market conditions and in any case on the basis of assessments of mutual cost effectiveness, in compliance with the internal procedures referred to above.

Dealings with the parent company refer to:

- derivative transactions;
- funding transactions;
- consulting services received.

Dealings with the other companies of the Santander Group mainly refer to:

- consulting services received;
- management services granted, with related recharges of out-of-pocket expenses.

With regard to the positions with the companies of the Stellantis Group and Tim S.p.A., the amounts shown are mainly attributable to the commercial activities in progress carried out by the related business lines.

With regard to the residual item Other commercial partners, it consists of dealers in the automotive market that have corporate partnerships with the Group. For presentation purposes only in the above table, the commission amounts shown in the income statement are by turnover, without application of the amortised cost criterion.

Other information

As required by article 2427, paragraph 16 bis), of the Italian Civil Code, the total amount of the fees due to the independent auditors for the year 2023 is shown below. The amounts are shown net of the ISTAT revaluation, expense allowance, supervisory contribution and VAT.

Type of services	Supplier	Recipient	Description	Total (euro) 31/12/2022
Audit	PricewaterhouseCoopers S.p.A.	Parent Company	Audit services	184,400
	PricewaterhouseCoopers S.p.A.	Subsidiaries	Audit services	293,000
	PricewaterhouseCoopers S.p.A.	SPV	Audit services	100,000
Other services	PricewaterhouseCoopers S.p.A.	Parent Company	Verification SRF (AUP)	16,000
	PricewaterhouseCoopers S.p.A.	Subsidiaries	Verification TLTRO, SRF, VAT endorsement of conformity	21,500
Total				**614,900**

Part I – Share-based payments

The Group has not entered into any payment agreements based on its own equity instruments.

Part L – Segment reporting

Based on the analyses carried out to verify whether the quantitative thresholds laid down in IFRS 8 had been exceeded, the predominant operating segment of the Group is "consumer credit". It is therefore not necessary to provide separate information for the various operating segments of the Group.

Part M – Report on leases

This part provides the information required by IFRS 16 that is not present in the other parts of the financial statements, distinguishing between lessee and lessor.

Section 1 – Lessee

Qualitative information

Real estate leases

The real estate lease agreements have a value in use of Euro 17,684 thousand (Euro 20,540 thousand in 2022), and include the headquarters and the branches. Considering the transformation plan process, extensively mentioned in the consolidated report on operations, to which reference is made for further details, the value in use of the branches was adjusted in relation to the notice of withdrawal sent to the lessors (April 2024). In addition, a restoration provision was established associated with the lease in order to restore the premises to the original conditions at the end of the related contracts.

The contracts, as a rule, have a duration of more than 12 months and typically have renewal and termination options that can be exercised by the lessor and the lessee according to the law or specific contractual provisions. These contracts do not usually include the purchase option at the end of the lease or significant restoration costs. Based on the characteristics of the lease contracts and the provisions of Italian Law no. 392/1978, in the event of signing a new lease agreement with a contractual duration of six years and the option of tacitly renewing the six-year contract in six years, the total duration of the lease is set at twelve years. This general indication is superseded if there are new elements or specific situations within the contract.

Motor vehicle leases

The lease agreements relating to motor vehicles have a value in use of Euro 1,438 thousand (Euro 2,764 thousand in 2022), and consist of long-term rentals referring to the company fleet made available to employees (mixed use). In addition, a restoration provision was established associated with extraordinary events (by way of example but not limited to: extra-mileage and early termination penalties).

Generally, these contracts envisage monthly payments, with no renewal option and do not include the option to purchase the asset

Residual leases

As already indicated in the accounting policies, the Group avails itself of the exemptions permitted by IFRS 16 for short-term leases (i.e. duration of less than or equal to 12 months) or leases of modest value assets (i.e. value less than or equal to Euro 5,000), such as hardware and sub-leases.

It is also specified that no sales or retro-leasing transactions were carried out.

Quantitative information

Please refer to the Notes to the financial statements:

- Part B - Assets, which provides information on rights of use acquired through leasing (Table 9.1 - Property, plant and equipment used for business purposes: breakdown of assets measured at cost);
- Part B - Liabilities and shareholders' equity, which shows the lease payables (Table 1.2 - Financial liabilities measured at amortised cost: deposits from customers, breakdown by type) and the relative breakdown by maturity (Table 1.6 - Finance lease payables);
- Part C contains information on interest expense on lease payables and other charges associated with rights of use acquired through leases and income from sub-lease transactions.

Please refer to the specific sections for further details.

The following table shows the quantitative information not present in the above references:

	Leasing low-value	Short term leasing	Proceeds sub-leasing
Total	**445**	**-**	**4**

Section 2 – Lessor

Qualitative information

The entity provides financial and operating leases consisting of the concession to use motor vehicles, motorcycles, campers and commercial vehicles.

As lessor, the management of the risk associated with the rights that Santander Consumer Bank retains on the underlying assets takes place through:

- buy-back agreements;
- collateral: security deposits;
- endorsement guarantees: bank, insurance and sureties.

In the case of contracts in which the entity directly bears the risk on the residual value of the contract, as there is no buyback agreement with the dealer or the manufacturer, quarterly monitoring is carried out, aimed at the allocation of a provision for residual values.

Quantitative information

1. Balance sheet and Income statement information

Please refer to the Notes to the financial statements:

- Part B - Assets, which shows the lease financing (Table 4.2 - Financial assets measured at amortised cost: loans to customers, breakdown by type);
- Part C contains the information on interest income on lease financing and on other revenues from finance leases.

2. Finance leases

2.1 Classification by time bands of payments to be received and reconciliation with lease financing recognised under assets

Maturity ranges	Total 12/31/2023 Lease payments receivables	Total 12/31/2022 Lease payments receivables
Up to one year	58,992	315,976
Over one year up to 2 years	50,732	393,496
Over 2 years up to 3 years	45,747	120,160
Over 3 years up to 4 years	30,907	45,948
Over 4 years up to 5 years	11,449	14,478
For over 5 years	-	-
Amount of the lease payments receivables	**197,826**	**890,057**
RECONCILIATION OF THE UNDISCOUNTED LEASE PAYMENTS	(25,980)	(24,397)
Not accrued gains (-)	(25,980)	(24,397)
Not guarantee residual value (-)	-	-
Lease payments	**171,846**	**865,660**

2.2 Other information

In order to manage the residual values deriving from un-opted or withdrawn assets following resolution, the entity structured a sale procedure through dedicated platforms, in order to manage the disposal of the assets in the shortest space of time possible at market conditions.

3. Operating leases

3.1 Classification by time bands of payments to be received

Maturity ranges	Total 12/31/2023 Lease payments receivables	Total 12/31/2022 Pagamenti da ricevere per il leasing
Up to one year	7,268	880
Over one year up to 2 years	5,901	135
Over 2 years up to 3 years	4,014	128
Over 3 years up to 4 years	1,517	70
Over 4 years up to 5 years	251	17
For over 5 years	-	-
Total	**18,952**	**1,229**

3.2 Other information

There is no further information to be disclosed in this section.

Santander Consumer Bank

Report on operation of Santander Consumer Bank S.p.a.

Report on operations

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A – The reference market

A.1 – The macroeconomic scenario

See the consolidated Report on operations, section A.1 - Macroeconomic scenario.

A.2 – Industry trends

See the consolidated Report on operations, section A.2 - Industry trends.

B – Performance of interest-bearing assets and liabilities

B.1 – New Business

Santander Consumer Bank recorded an increase in new business volumes compared to the previous year (+ 11.6%), with the exclusion of the salary assignment product.

Santander Consumer Bank	**dec '23**	**dec '22**	**% 23/22**
(Milion euros)			
New Business Total*	2,618.7	2,346.2	11.6%
Total Vehicle	*1,195.1*	*1,106.2*	*8.0%*
New Vehicle	*734.4*	*650.0*	*13.0%*
Used Vehicle	*460.7*	*456.2*	*1.0%*
Special Purpose Loan	331.3	284.0	16.7%
Credit Card	3.9	3.7	4.6%
Personal Loan	*986.4*	*770.0*	28.1%
Salary Assignment	*102.2*	*182.3*	-44.0%

* Excluding Top Up and Refinancing

Automotive loans show an overall increase of +8.0%, determined mainly by an increase in financing on new vehicles (+13.0%) and with stability in second-hand car loans (+1.0%). The trends recorded on new vehicles are mainly attributable to the satisfactory performance of motor vehicles also thanks to the agreement with Piaggio launched in January 2023.

Special-purpose loans recorded an increase of +16.7% thanks to the consolidation of existing commercial agreements.

Personal loans recorded an increase of +28.1% thanks mainly to the agreement with Poste Italiane launched at the end of 2021.

Salary assignment recorded a decrease of -44.0%, due to the termination of some partnerships.

The main products managed with customers are shown below.

Automotive loans and automotive leases

Captive agreements are handled in coordination with the Parent Company, Santander Consumer Finance, as part of agreements at European level, both in terms of governance and strategic approach.

Agreements pertaining to the automotive sector, together with specialisation by the dedicated sales structure and loyalty programmes (TCM and lease products, CRM activities) make it possible, on one hand, to improve performance in terms of retention of market shares and volumes and, on the other hand, to further strengthen the loyalty of dealers and customers.

During the 11 months of 2023, the performance of the new car market was positive compared to the same period of 2022, recording a performance of + 20.3%, while the "Two-wheel vehicles" market (over 50 cc) recorded a positive performance of +18.2%.

During 2023, new negotiations and new agreements were carried out with an important diversification of purchase channels and a particular focus on digitalisation (E2E), which favoured an expansion of the offer by the Bank.

In the first 11 months, with regard to the "Two-wheel vehicle" sector, Santander Consumer Bank performed positively, recording +7% compared to the budget in terms of volumes financed, with different performances on the individual brands.

On the other hand, with regard to the "New Car" sector, Santander Consumer Bank performed positively, recording +10% compared to the budget for the volumes financed, with different performances on the individual brands.

Personal loans

The growth of the Personal Loan product continues thanks to the synergy achieved between the various sales channels of the Bank and the consolidation of important partnerships.

2023 marked an important step towards the digitalisation of processes with the emergence of projects oriented towards new solutions to support both direct sales on the bank's channels and remote sales, also introducing a hybrid mode with the addition of digital onboarding solutions within the physical points.

With a view to increasing loyalty retention, the Bank is committed to developing new solutions aimed at increasing the involvement and perception of the services offered by acquired customers.

New business volumes on the product line recorded a positive sign of 29.7% compared to the previous year.

Salary assignment loans

The performance of the salary assignment market in 2023 recorded a drop compared to 2022 both in terms of volumes and in terms of number of transactions, as a result of the market uncertainty mainly due to the evolution of interest rates. This uncertainty also concerned Santander Consumer Bank, which recorded a reduction compared to 2022 and which during the year favoured product profitability over volumes.

During the year, the Bank activated new forms of collaboration with Insurance Partners and made those already active more efficient in order to make the product increasingly competitive. In addition, it began a process of reviewing the processes aimed at optimising operations and simplifying the acquisition and disbursement phase of the loan, from an increasingly digital perspective.

Credit cards

A credit facility for an unlimited period made available to a customer, who may make use thereof in one or more lots. The user undertakes to repay the amounts utilised and interest accrued thereon, complying with the payment of monthly minimum instalments, but with the right to make larger repayments if desired. The repayment of the capital element ensures the availability once again of the full credit facility, which may be reutilised by the customer. Interest rates are generally fixed, but one has the right to modify the financial conditions during the relationship, in compliance with regulations in force. The facility may be backed by possible guarantees.

In the course of 2023, the product remained almost stable considering the current commercial positioning of Santander Consumer Bank.

Other non-consumer loans

Santander Consumer Bank's portfolio also includes the following non-consumer products:

- Stock finance: credit facility made available to the Affiliated Party, which can be used as a deposit for advances against presentation of European Type-approval Certificates or Certificates of Conformity (i.e. the documents necessary for the registration of Motor vehicles or Motorcycles) in the case of new motor vehicles or motorcycles or against presentation of Ownership Certificates and Vehicle Registration Certificates in the case of second-hand motor vehicles or motorcycles.
- Revolving dealer credit facility consisting in the advance payment to the Affiliated Party of a predefined amount.

Brokered products: Insurance

With regard to insurance products in the automotive channel, 2023 recorded an increase in the placement of insurance services. There was an increase linked above all else to the products protecting the asset covered by the loan and in particular to the Land Vehicle Hulls (CVT) products and its ancillary services.

On the Non-MV channels and with particular attention to Personal Loans, there is a stable placement of Credit Protection (CPI) products, with a drop present from the fourth quarter of 2023.

In general, in the traditional "point of sale" channel, insurance products brokered by the Bank proved to be particularly appreciated by the customers, in particular the new product family Land Vehicle Hulls (CVT), such as theft & fire, comprehensive insurance, etc..

The Bank's sales network is constantly trained on insurance products and the correct methods for proposing them to end customers are checked, as is the network of financial intermediaries.

B.2 – Funding

As at 31 December 2023, Santander Consumer Bank recorded net debt of Euro 6,305 million (+2.1% compared to the previous year), mainly consisting of structured funding (50%), funding of the Spanish Parent Company (29%) and customer deposits (21%).

During 2023, structured funding resulted from participation in the ECB's TLTRO III auctions, which decreased from Euro 2,804 million to Euro 1,277 million and for the remainder from ABS securities sold to private investors, which increased from Euro 693 million to Euro 1,882 million.

Funding from the Spanish Parent Company provides medium/long-term support (for example subordinated loans and Senior Not Preferred instruments), as well as short due date liquidity, increasing the exposure from Euro 1,571 million to Euro 1,920 million.

Overall, customer deposits grew from Euro 1,264 million to Euro 1,329 million, with Time Deposits growing in relative terms.

The cost of funding increased during 2023 mainly due to the increase in interest rates that occurred during the year (ECB reference rates on the deposit facility up from 2% at the beginning of the year to 4% at the end of the year).

To comply with the regulatory liquidity requirements , Santander Consumer Bank holds a portfolio of government bonds which, at the end of 2023, amounted to Euro 350 million, as well as overnight instruments with the European Central Bank to use the excess liquidity.

Deposit accounts

What the market offers essentially comes down to deposit accounts with or without a time constraint and an interest income rate linked to this constraint.

The Bank once again in 2023 offered its clients a demand deposit account and a time deposit account in order to provide a balance between funding stability and cost.

The current product line is composed of:

- IoPosso (demand deposit account);
- IoScelgo (basic demand deposit account to which the opening of a series of tied lines can be linked).

From a commercial point of view, there was an increase in the portfolio of customers, which made it possible to increase the funding volume in line with the Group's funding policies.

Set out below is a summary of the more quantitative aspects pertaining to 2023:

- time deposit funding amounted to Euro 655 million (+12.70% compared to the previous year);
- demand deposit funding amounted to Euro 660 million (-1.70% compared to the previous year).

C - Other facts worth mentioning

See the consolidated Report on operations, section D - Other facts worth mentioning for matters concerning the Parent Company.

D – Result for the year

The Bank has the reasonable expectation that it will continue to operate in the foreseeable future and has, therefore, prepared the financial statements on a going concern basis, in accordance with the instructions provided in Document no. 4 of 3 March 2010 issued jointly by the Bank of Italy, Consob and Isvap, regarding "Information to be provided in financial reports on impairment tests, on debt covenants, on debt restructuring and on the fair value hierarchy", which makes reference to the corresponding document no. 2, again issued jointly by these three Authorities on 6 February 2009.

D.1 – Economic performance

In euro million	2023	2022	Amounts	Changes %
Net investment margin	**175.7**	**211.5**	**(35.8)**	**(16.9)**
Net fee and commission	40.2	39.2	1.0	2.6
Net income (loss) financial assets and liabilities held for trading and FV adjustment in hedge accounting	(2.3)	6.1	(8.4)	(137.7)
Gains and losses on disposal of financial assets and liabilities	6.3	8.2	(1.9)	(23.2)
Operating income	**219.9**	**265.0**	**(45.1)**	**(17.0)**
Administrative costs:	(124.4)	(106.6)	(17.8)	16.7
payroll costs	(63.7)	(45.3)	(18.4)	40.6
other administrative costs	(60.8)	(61.3)	0.5	(0.8)
Depreciation	(20.2)	(15.1)	(5.1)	33.8
other operating income (charges)	29.8	25.0	4.8	19.2
Net operating margin	**105.2**	**168.2**	**(63.0)**	**(37.5)**
Impairment losses on financial assets	(45.5)	(33.4)	(12.1)	36.2
Other provisions	(0.1)	0.2	(0.3)	(150.0)
Total profit or loss before tax	**59.6**	**134.9**	**(75.3)**	**(55.8)**
Tax	(16.7)	(43.3)	26.6	(61.4)
Net profit or loss	**42.9**	**91.7**	**(48.8)**	**(53.2)**

The year of question recorded a decreasing net interest margin for the Group (-16.9%) characterised by the increase in interest income (+422.5%) mainly related to the repricing strategy, caused by the performance of the interest expense (-577.8%) related to the increase in the cost of funding at market level.

Net fee and commission income increased (+2.6%), thanks to greater penetration linked to insurance products.

Net trading income (loss) and net hedging income (loss) respectively represent the effect of the fair value of hedging derivatives on the loans portfolio and of structured derivatives for securitisation transactions which were affected by the change in the interest rates.

The item Gains on disposal or repurchase of receivables represents the balance net of transfers to third parties of receivables without recourse mainly attributable to the transfer of NPL receivables in write-off under management.

The combination of the above mentioned effects led to a decrease in the net interest and other banking income (-17.0%), which went from Euro 265.0 million to Euro 219.9 million.

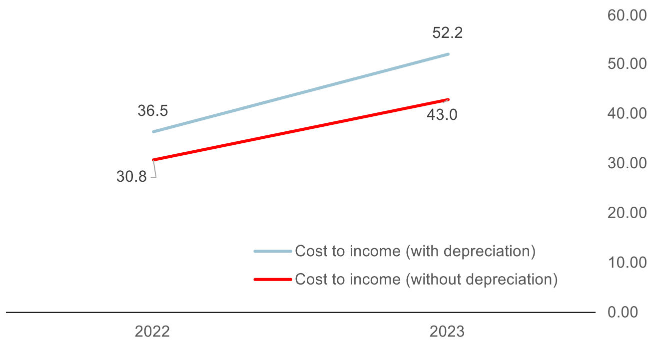
Adjustments to loans and receivables disclosed an increase (+36.2%), from Euro 33.4 million to Euro 45.5 million. This change is mainly due to the diversification of the portfolio towards personal loans (e.g. Poste Italiane agreement), which have a higher coverage percentage than the average of the loan portfolio. For further information, please refer to the matters indicated in consolidated part E.

Administrative expenses increased (+16.7%) mainly due to the reorganisation costs incurred by the Bank (Euro 15.0 million) and the change in the National Collective Labour Agreement. For more information, please refer to the previous paragraphs of the Facts worth mentioning.

Amortisation and depreciation increased (+33.8%) mainly due to the alignment of the useful life of the software.

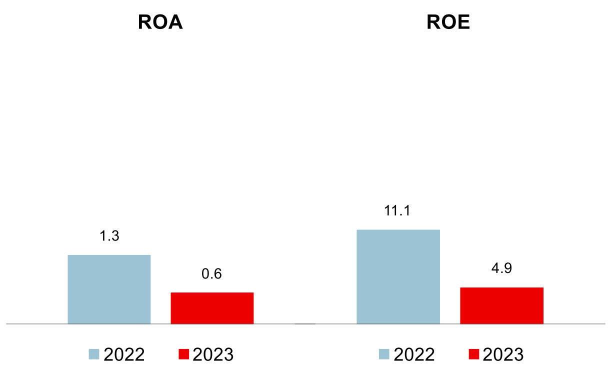
The item Other operating income (expenses) shows an increase of +19.2%. Within this item, the main change is attributable to the increase in servicing fees to Santander Group companies.

Cost to Income

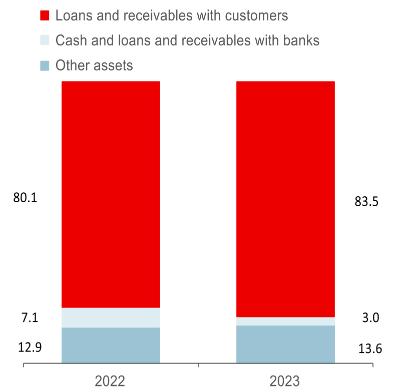


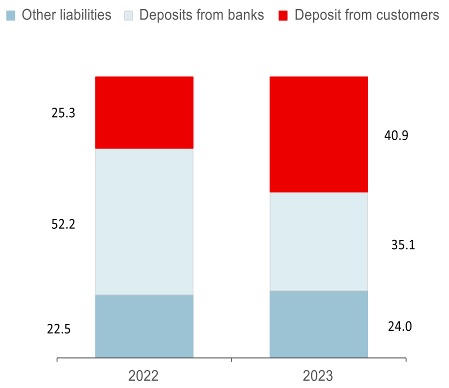
The above aspects led to a result before tax of Euro 59.6 million and a net profit of Euro 42.9 million.

Profitability ratios (ROA - Return On Assets e ROE – Return On Equity)



D.2 – Main balance sheet aggregates





in percentage value

With regard to the breakdown of assets, loans to customers - a predominant item - increased (in relative terms) by +3.4%.

With regard to loans to customers, mainly influenced by new business and the related amortisation, analysing the detail by product, there was a decrease in the Car loans (-1.3%) and a decrease in Car leasing (-3.5%), a rise in special-purpose loans (+10.0%) and personal loans (+48.0%), thanks to the agreement with Poste Italiane. On the other hand, with regard to Salary assignment loans, there was a decrease (-13.6%).

€/milion	Total		Change	
	2023	2022	Absolute	(%)
Car loan	2,879	2,918	(39)	(1.3)
Special-purpose loan	444	403	40	10.0
Personnel loan	1,678	1,134	544	48.0
Cards	3	3	(0)	(11.1)
Leasing	182	189	(7)	(3.5)
Salary assignment	896	1,037	(141)	(13.6)
Stock financing	109	81	29	35.7
Factoring				
Other loans to customers	110	166	(56)	(33.8)
Other components of amortised cost	178	157	22	13.9
Gross loans to customers	**6,479**	**6,087**	**392**	**6.4**
Provision for loan losses	(163)	(159)	(4)	2.5
Net loans to customers	**6,316**	**5,927**	**388**	**6.5**

With regard to other assets, they mainly consist of Government securities.

Payables due to banks increased significantly and mainly include TLTRO loans and funding from the Spanish Parent Company. Deposits from customers, consisting mainly of demand and time deposit accounts and marketable ABS securities disclosed growth with respect to the previous year.

E – Subsequent significant events

Pursuant to IAS 10, these financial statements were authorised for publication by the Board of Directors on 14 February 2024.

Since the end of the year and up to the date of approval of the draft financial statements by the Board of Directors, there have been no events or transactions that could have a significant impact on the results explained in this report. Therefore, the draft financial statements reflect all events that affected the Bank's operations in 2023.

F - Strategic management and outlook

Management operations are geared towards a sustainable growth of profits aimed at creating value for shareholders, to an ability to independently generate capital and to a conscious assumption and management of risks.

More specifically:

- Customers: offer a wider range of products, also in terms of sustainability, enriched by dedicated services, seizing the opportunities offered by digital technology.
- Partners: maintain and strengthen the relationship with the current partners, supporting their commercial activities and search new cooperation opportunities on different channels.
- Shareholders: ensure a solid, adequate and sustainable growth with value creation.
- Active management of the funding and the capital: increase the diversification of funding sources with a limitation of financial risks. Maintain capitalisation levels in line with current regulations, with constraints imposed by the Supervisory Authorities, or with the objectives of the Santander Group.
- Control and optimisation of operating costs, ensuring their growth is lower than the growth in revenue.
- Digitalisation: achieve full digitalisation of the sales process in order to create competitive advantages and to automate procedures, as well as improve the Bank's visibility and customer experience.
- Effective risk management: constantly monitor the quality of the portfolio managed and the level of litigation, through an effective strategy of acceptance and recovery, and evaluating new strategies to keep the quality of the impaired portfolio stable by evaluating new market developments.
- Internal culture: update, develop and optimise corporate professionals, promote talent and encourage internal mobility.
- Community and environment: support the communities in which the Bank operates with experience/internship programmes, financial education and active participation in academic events; support voluntary associations and sustain eco-sustainability initiatives.

As part of this mission and strategic orientation, 2023 will see the main points of attention listed below:

- Maintenance of adequate levels of profitability.
- Continuation of a policy that places the customer first, allowing the development of volumes and creating new business opportunities.
- Gradual increase in the loan portfolio, supported by a policy of maintaining existing agreements and developing new agreements.
- Evaluation of new business opportunities by observing new trends in mobility, distribution channels also in terms of sustainability.

The above-mentioned strategies will take into consideration the macroeconomic context described in this report both in terms of inflationary effects and the increase in the cost of money. These cases will not compromise business continuity but will play an important role in the policies that the Bank will have to adopt. For more details on the impact on credit risk and liquidity risk, please refer to the relevant sections of the Notes to the Financial Statements for information on risks.

G – ESG

Pursuant to article 6, paragraph 2 of Italian Legislative Decree no. 254 of 30 December 2016, which transposes European Directive no. 2014/95/EU, concerning the reporting of non-financial information, the Santander Consumer Bank Group (of which Santander Consumer Bank S.p.A. is the Parent Company), while remaining within the scope of application of the Decree, as a public-interest entity in possession of the size and capital requirements, benefits from the exemption provided for by the above-mentioned article. Non-financial information is therefore not reported since it is prepared by the parent company Banco Santander, subject to the same regulatory obligations.

For information on Environment, Social and Governance, please refer to the consolidated Report on Operations - section H - ESG.

H – Compulsory disclosure

Research and development

In the course of financial year 2023, no activities were performed that qualified as research and development at the time of writing this report.

Risk and related hedging policies

With regard to the main risks and uncertainties to which the Bank is exposed, in accordance with the provisions of article 2428 of the Italian Civil Code, it should be noted that the operating results, financial position and cash flows could be influenced by the general macro-economic framework and by financial market trends and the performance of the reference sector, as described in detail previously.

With regard to the information required by the Italian Civil Code on the Bank's objectives and policies in financial risk management, as per paragraph 6-bis of article 2428 of the Italian Civil Code, as well as in relation to the use of financial instruments, for a detailed analysis reference should be made to Part E of the Notes to the financial statements.

Treasury shares

The Bank does not possess any treasury shares (or those of its parent companies), either through a trust company or a third party.

Management and coordination and related parties

The Company operates in full managerial autonomy in accordance with the strategic and operational guidelines issued by the Parent Company Santander Consumer Finance S.A., which carries out management and coordination pursuant to article 2497 bis of the Italian Civil Code and article 23 of Italian Legislative Decree no. 385 of 1 September 1993, as updated to incorporate the amendments introduced by Italian Legislative Decree no. 223 of 14 November 2016.

The Notes to the Financial Statements are accompanied by a statement summarising the essential data of the last set of approved financial statements (those for the year ended 31 December 2022) of the entity that carries out management and coordination (Santander Consumer Finance S.A.).

Related party disclosures are provided in the Notes to the Financial Statements accompanying the main balance sheet and income statement items that are affected, as well as in Part H, which is specifically on related-party transactions.

Report of the Board of Statutory Auditors on the Financial Statements at 31 december 2023

Report of the Board of Statutory Auditors on the Financial Statements as at 31 December 2023

SANTANDER CONSUMER BANK SPA
Registered office in Corso Massimo D'Azeglio 33/E, Turin, Italy
Share capital Euro 573,000,000
Turin Companies' Register no. 05634190010
Parent Company of Santander Consumer Bank S.p.A. Banking Group
Company subject to the direction and coordination of Santander Consumer Finance S.A

REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS' MEETING
PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

Dear Shareholders,

By means of this Report, we report on the supervisory and control activities carried out by the Board of Statutory Auditors during 2023, in fulfilment of the mandate received and in accordance with articles 2403 - 2403 bis of the Italian Civil Code, and the applicable primary and secondary legislation.

During 2023, the Board of Statutory Auditors carried out its institutional duties in compliance with the Italian Civil Code, Italian Legislative Decree no. 385/1993 (TUB, Consolidated Banking Act) and subsequent amendments and/or additions, the statutory regulations and those issued by the Authorities that carry out supervisory and control activities, also taking into account the rules of conduct recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian National Council of Chartered Accountants and Accounting Experts).

The Board of Directors made available the following documents approved at the meeting held on 14 February 2024, relating to the year ended 31 December 2023:

- draft financial statements, including the notes to the financial statements and cash flow statement;
- report on operations.

This report was approved collectively and in time for its filing care of the company's registered offices.

Supervisory activities pursuant to article 2403 et seq. of the Italian Civil Code.

The activities carried out by the Board of Statutory Auditors concerned, in terms of time, the entire year, and during the same period the periodic meetings required by law and by the Articles of Association were held; minutes of these meetings were prepared and duly signed for unanimous approval.

In particular, it is declared that the Board of Statutory Auditors:

- supervised compliance with the law and the articles of association and with the principles of proper administration as well as, insofar as it is responsible, the adequacy of the organisational structure adopted by the Bank, also through the collection of data and information from the heads of the corporate functions;
- supervised the adequacy and functioning of the administrative-accounting structure;
- participated in the Shareholders' Meetings and meetings of the Board of Directors held during the year, continuously following the development of company decisions and the performance of the Bank in its various operational aspects, as well as contingent and/or extraordinary issues for the purpose of identifying the economic and financial impact on the result for the year and on the capital structure, as well as any risks, monitored on a constant basis; the meetings were held in compliance with the statutory, legislative and regulatory provisions governing their functioning. In particular, we did not find any violations of the law or the articles of association; nor operations that are manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the company assets;
- it also participated in the meetings of the risk committee and the meetings of the control function coordination committee, acquiring the related records;
- during the meetings held, acquired information from the Chief Executive Officer on the general business performance and on its expected development, as well as on the transactions of greatest importance, in terms of size or characteristics, carried out by the company and, on the basis of the acquired information, we do not have specific comments to make.
- carried out checks on the matters subject to supervision and control, also availing itself of the evidence of the second and third level control units of the company;
- monitored the activities carried out by the Bank in compliance with anti-money laundering and anti-terrorism financing obligations;
- supervised the adequacy of the "*Internal Control System*" and the "*Corporate Governance*" rules established by Law, the Articles of Association and secondary legislation on the matter;

- held periodic meetings with the independent auditors PricewaterhouseCoopers S.p.A. for the purpose of exchanging information relating to the supervisory and control activities under their respective responsibilities, from which nothing reprehensible or significant against the Bank emerged;
- supervised the independence of the independent auditors; in particular, the report on independence issued by the latter pursuant to article 17 of Italian Legislative Decree no. 39/2010 does not highlight situations that have compromised its independence or causes of incompatibility;
- supervised the adequacy and the compliance with the regulatory framework of the remuneration policies and practices adopted by the Bank.

The Board of Statutory Auditors also formally acknowledges that:

- during 2023, no complaint was received pursuant to article 2408 of the Italian Civil Code or notices of a different nature that require mention in this Report. No complaints were made pursuant to article 2409, paragraph 7, of the Italian Civil Code. The Board of Statutory Auditors did not have to intervene due to omissions of the Board of Directors pursuant to article 2406 of the Italian Civil Code;
- no atypical or unusual transactions were carried out with third parties and/or related parties; transactions with related parties are illustrated in Part H of the Notes to the Financial Statements and referred to in the Report on Operations, as required by article 2428, paragraph 3, of the Italian Civil Code;
- dealings and transactions with company representatives were carried out in compliance with article 2391 of the Italian Civil Code, article 136 of the Consolidated Banking Act and the Provisions on risk assets and conflicts of interest with respect to related parties.

During the supervisory activities, as described above, no other significant facts emerged, which would require mentioning in this report.

Annual financial statements

The Board examined the draft financial statements for the year ended on 31 December 2023 which were made available, following approval by the Board of Directors during the meeting held on 14 February 2024, within the terms set out in article 2429 of the Italian Civil Code, in relation to which we report the following.

The financial statements have been prepared in compliance with the international accounting standards (IAS and IFRS) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), implemented in Italy by Italian Legislative Decree no. 38/2005. Account was also taken of the instructions relating to financial statements of banks contained in Bank of Italy circular no. 262/2005, as subsequently updated and supplemented.

Since the official audit of the financial statements was not entrusted to the Board of Statutory Auditors, the Board oversaw the general approach given to the same, its general compliance with the law with regard to its formation and structure and in this regard there are no particular observations to report.

the Board checked compliance with the legal provisions pertaining to the preparation of the report on operations and we have no particular observations in this regard.

On 21 March 2024, the Board acquired the Independent Auditors' Report pursuant to article 14 of Italian Legislative Decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537/2014, which discloses the following:

- in the opinion of the independent auditing firm, the financial statements "*provide a true and fair view of the equity and financial position of the Company as at 31 December 2023, of the economic result and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued in implementation of article 43 of Italian Legislative Decree no. 136/2015*";
- that this opinion is based on the acquisition, by the same auditing firm, of sufficient and appropriate audit evidence;
- again in the opinion of the independent auditing firm, "*the report on operations is consistent with Santander Consumer Bank S.p.A.'s financial statements as at 31 December 2023 and has been drawn up in compliance with the law.*"

Observations and proposals regarding the approval of the financial statements

Considering the results of the activities we have carried out and the opinion expressed in the audit report issued by the party in charge of the official audit, we invite the shareholders to approve the financial statements for the year ended 31 December 2023, as drawn up by the Directors.

The Board of Statutory Auditors agrees with the proposal for the allocation of the result for the year formulated by the Directors.

Turin, Italy, 21 March 2024

The Board of Statutory Auditors

Walter Bruno
Chairman of the Board of Statutory Auditors

Maurizio Giorgi
Acting Auditor

Franco Riccomagno
Acting Auditor

Santander Consumer Bank

Notices of the calling of the Shareholders' Meeting

Notice of calling of the Shareholders' Meeting

The Ordinary General Meeting of the shareholders of Santander Consumer Bank S.p.A. has been convened, on first call, for 27 March 2024 at 9.30 a.m. in Turin, Corso Massimo D'Azeglio no. 33/E, and, if necessary, on second call for 28 March 2024, at the same place and time, to discuss and vote on the following agenda:

1. The Report on Operations and the Financial Statements as at 31 December 2023. Statutory Auditors' Report and Independent Auditors' Report. Inherent and consequent resolutions;
2. Information on the 2023 remuneration and incentive system;
3. Appointment of Board of Directors for the period 2024-2026, with prior determination of the number of members to be appointed, and determination of their fees; inherent and consequent resolutions;
4. Appointment of the Board of Statutory Auditors and its Chairperson for the period 2024-2026 and determination of their fees; inherent and consequent resolutions;
5. 2024 remuneration and incentive policies; inherent and consequent resolutions
6. One-off supplement to the fee of the independent auditors PricewaterhouseCoopers S.p.A.; inherent and consequent resolutions

Proposals of the Shareholders' Meeting

Proposal of the Shareholders' Meeting

Proposal of allocation of the net profit

Dear Shareholders,

As we have mentioned already, the year ended with a net profit of Euro 42,863,706.

We propose that profit be allocated as follows:

	euro
Profit for the year	42.863.706
Legal reserve	2.143.185
Extraordinary reserve	40.720.521

Santander Consumer Bank

Indipendent Auditors' Report on the Financial Statement at 31 december 2023

Indipendent Aditors’ Report on the financial statements as at 31 December 2023

pwc

Independent auditor’s report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

Santander Consumer Bank SpA

Financial statements as of 31 December 2023

pwc

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Sole Shareholder of
Santander Consumer Bank SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Santander Consumer Bank SpA (hereinafter, also, "the Company"), which comprise the balance sheet as of 31 December 2023, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluation of loans and advances to customers for loans measured at amortised cost *Notes to the financial statements:* *Part A – Accounting policies* *Part B – Information on the balance sheet, Assets - Section 4* *Part C – Information on the income statement, Section 8* *Part E – Information on risks and related hedging policies* Loans and advances to customers for loans, which at 31 December 2023 represented a considerable share of item 40 b) "*Financial assets measured at amortised cost – Loans and advances to customers*", showed a balance of Euro 6,316 million, accounting for about 83 per cent of total assets in the financial statements. The net adjustments recognised during the year amounted to Euro 46 million and represented the best estimate made by the directors in order to adjust the expected credit losses at the balance sheet date on the basis of the applicable accounting standards. The process of classification into the different risk categories and the evaluation methods are characterised by a high level of complexity and require the estimation of numerous variables. The use of significant assumptions is especially relevant to the verification of the Significant Increase in Credit Risk (SICR), to the allocation to the different risk stages (Staging), to the elaboration and determination of the risk parameters underlying the Expected Credit Loss (ECL), as well as to the identification of any evidence of impairment. In the reporting period, in addition to proceeding with the ordinary recalibration process of the risk parameters, which envisaged the update of the time series and macroeconomic scenarios, the Company, in line with the prior years, made use of post-model adjustments/management overlays.	As part of our audit we took into consideration the internal control system relevant to the preparation of the financial statements in order to design appropriate audit procedures in the circumstances. In order to address this key audit matter, we carried out the following main activities, also with the support of PwC network experts: • Analysing the adequacy of the IT environment and reviewing the operational effectiveness of the relevant controls overseeing the IT systems and applications used; • Understanding and evaluating the design of the relevant controls within the monitoring, classification and valuation of loans and verifying the operational effectiveness of such controls; • Understanding and verifying the appropriateness of the policies, procedures and models used to measure the SICR, for the Staging and to determine the ECL; • Understanding and analysing the methods to determine the main risk parameters used to determine the ECL; in particular, attention was paid on checking the reasonableness of the recalibration process of the PD (Probability of Default) and LGD (Loss Given Default) risk parameters, as well as the estimates made in defining the expected macroeconomic scenarios, also through comparison with external sources; • Verifying the reasonableness of the assumptions and evaluations underlying the methods to manage post-model adjustments/management overlays; • Verifying the completeness and accuracy of the data bases used for ECL calculation purposes; • Verifying, on a sample basis, the reasonableness of the classification among performing loans and non-performing loans (Staging), on the basis of available information about the debtor's status, in addition to the correct allocation of the applicable risk parameters and the accuracy of the ECL calculation formula;

We focused our attention on the evaluation of these loans as part of our audit work, considering the significance of their book value, as well as the complexity of the evaluation processes and methods.	• Examining the completeness and adequacy of the disclosures provided in the notes to the financial statements in accordance with the applicable international accounting standards and regulatory framework.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/2015 and, in the terms prescribed by 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 Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 30 March 2016, the shareholders of Santander Consumer Bank SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010

The directors of Santander Consumer Bank SpA are responsible for preparing a report on operations of Santander Consumer Bank SpA as of 31 December 2023, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Santander Consumer Bank SpA as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Santander Consumer Bank SpA as of 31 December 2023 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Rome, 21 March 2024

PricewaterhouseCoopers SpA

Signed by

Lorenzo Bellilli
(Partner)

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

Santander Consumer Bank

Financial Statements

Balance Sheet

In Euro

	Balance sheet - Assets	12/31/2023	12/31/2022
10.	Cash and cash balances	131,326,909	476,102,470
20.	Financial assets designated at fair value through profit or loss	46,781,054	41,059,677
	a) Financial assets held for trading	46,781,054	41,059,677
30.	Financial assets at FV with effects on P&L	150,253,942	301,372,528
40.	Financial assets measured at amortised cost	6,607,531,989	6,071,949,290
	a) Loans and advances to banks	91,706,669	45,440,169
	b) Loans and advances to customers	6,515,825,320	6,026,509,121
50.	Hedging derivatives	78,896,664	154,215,616
60.	Changes in fair value of portfolio hedged items (+/-)	(50,280,555)	(145,477,565)
70.	Equity investments	345,689,712	189,989,712
80.	Property, plant and equipment	14,055,491	19,042,476
90.	Intangible assets	23,673,182	30,462,955
100.	Tax assets	138,672,449	176,870,481
	a) current	21,934,716	42,727,452
	b) deferred	116,737,733	134,143,029
120.	Other assets	80,217,254	84,213,309
	Total Assets	**7,566,818,091**	**7,399,800,949**

	Liabilities and Shareholders' equity	12/31/2023	12/31/2022
10.	Financial liabilities valued at amortised cost	6,327,532,202	6,212,701,857
	a) Deposits from banks	2,652,702,857	3,860,203,075
	b) Deposits from customers	3,097,572,156	1,875,420,426
	c) Debt securities in issue	577,257,189	477,078,356
20.	Financial liabilities held for trading	47,471,978	41,082,927
40.	Hedging derivatives	16,166,423	-
60.	Tax liabilities	2,451,144	26,980,005
	a) current	2,287,128	26,856,779
	b) deferred	164,016	123,226
80.	Other liabilities	189,218,860	180,043,430
90.	Provision for employee severance pay	2,294,446	2,404,622
100.	Provisions for risks and charges	13,764,038	12,214,162
	c) other	13,764,038	12,214,162
110.	Valuation reserves	(659,261)	(1,340,609)
140.	Reserves	352,081,969	260,402,121
150.	Share premium	632,586	632,586
160.	Share capital	573,000,000	573,000,000
180.	Net Profit (Loss) for the year (+/-)	42,863,706	91,679,848
	Total liabilities and Shareholders' Equity	**7,566,818,091**	**7,399,800,949**

Income Statement

In Euro

	Items	12/31/2023	12/31/2022
10.	Interest and similar income	392,601,587	253,015,720
	of which: interest income calculated using the effective interest method	304,239,590	233,222,663
20.	Interest expenses and similar charges	(216,916,899)	(41,516,659)
30.	**Net interest margin**	**175,684,688**	**211,499,061**
40.	Fee and commission income	72,000,922	64,305,419
50.	Fee and commission expenses	(31,815,711)	(25,103,227)
60.	**Net fee and commission**	**40,185,211**	**39,202,192**
80.	Net income financial assets and liabilities held for trading	(769,439)	5,696
90.	Net hedging gains (losses) on hedge accounting	(1,499,675)	6,065,793
100.	Gains and losses on disposal of:	6,319,040	8,196,966
	a) financial assets at amortised cost	6,319,040	8,196,966
120.	**Operating income**	**219,919,825**	**264,969,708**
130.	Net losses / recoveries on credit risk relating to	(45,537,886)	(33,447,613)
	a) financial assets at amortised cost	(45,537,886)	(33,447,613)
150.	**Net profit from financial activities**	**174,381,939**	**231,522,095**
160.	Administrative costs:	(124,419,866)	(106,648,109)
	a) payroll costs	(63,652,562)	(45,343,051)
	b) other administrative costs	(60,767,304)	(61,305,058)
170.	Net provisions for risks and charges	(54,154)	160,129
	b) other net provisions	(54,154)	160,129
180.	Net adjustments / writebacks on property, plant and equipment	(3,923,247)	(4,703,433)
190.	Net adjustments / writebacks on intangible assets	(16,270,753)	(10,392,691)
200.	Other operating income/expenses	29,849,775	25,010,916
210.	**Operating costs**	**(114,818,245)**	**(96,573,188)**
260.	**Total profit or loss before tax from continuing operations**	**59,563,694**	**134,948,907**
270.	Tax income of the year from continuing operations	(16,699,988)	(43,269,059)
280.	**Total profit or loss after tax from continuing operation**	**42,863,706**	**91,679,848**
300.	**Profit or loss for the year**	**42,863,706**	**91,679,848**

Statement of the comprehensive income

In Euro

	Items	12/31/2023	12/31/2022
10.	**Net Profit (Loss) for the year**	**42,863,706**	**91,679,848**
70.	Defined benefit plans	(155,662)	262,129
140.	Financial assets (no equity securities) measured at fair value with an impact on total profitability	837,010	(1,113,261)
170.	**Total other income components after tax**	**681,348**	**(851,132)**
180.	**Overall profitability (Item 10 + 170)**	**43,545,054**	**90,828,716**

Statement of changes' in shareholders' equity

In Euro

Financial year 2023

				Allocation of prior year results		Changes during the year								
							Transactions on shareholders' equity							
	Balance at 12.31.2022	Changes in opening balances	Balance at 1.1.2023	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income for 2023	Shareholders' equity at 12.31.2023
Share capital:	**573,000,000**		**573,000,000**											**573,000,000**
a) ordinary shares	573,000,000		573,000,000											573,000,000
b) other shares														
Share premium reserve	**632,586**		**632,586**											**632,586**
Reserves:	**260,402,121**		**260,402,121**	**91,679,848**										**352,081,969**
a) retained earnings	220,489,434		220,489,434	91,679,848										312,169,282
b) other	39,912,687		39,912,687											39,912,687
Valuation reserves	**(1,340,609)**		**(1,340,609)**										**681,348**	**(659,261)**
Equity instruments														
Treasury shares														
Net profit (loss) for the period	**91,679,848**		**91,679,848**	**(91,679,848)**									**42,863,706**	**42,863,706**
Shareholders' equity	**924,373,946**		**924,373,946**										**43,545,054**	**967,919,000**

Financial year 2022

				Allocation of prior year results		Changes during the year								
							Transactions on shareholders' equity							
	Balance at 12.31.2021	Changes in opening balances	Balance at 1.1.2022	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income for 2022	Shareholders' equity at 12.31.2022
Share capital:	**573,000,000**		**573,000,000**											**573,000,000**
a) ordinary shares	573,000,000		573,000,000											573,000,000
b) other shares														
Share premium reserve	**632,586**		**632,586**											**632,586**
Reserves:	**251,195,793**		**251,195,793**	**9,206,328**										**260,402,121**
a) retained earnings	211,283,106		211,283,106	9,206,328										220,489,434
b) other	39,912,687		39,912,687											39,912,687
Valuation reserves	**(489,476)**		**(489,476)**										**(851,132)**	**(1,340,609)**
Equity instruments														
Treasury shares														
Net profit (loss) for the period	**179,206,328**		**179,206,328**	**(9,206,328)**	**(170,000,000)**								**91,679,848**	**91,679,848**
Shareholders' equity	**1,003,545,230**		**1,003,545,230**		**(170,000,000)**								**90,828,716**	**924,373,946**

Cash flow statement (indirect method)

In Euro

A. OPERATING ACTIVITIES	Amount	
	31/12/2023	31/12/2022
1. Liquidity generated from operations	**135,130,808**	**12,134,365**
- net profit for the year (+/-)	42,863,706	91,679,848
- net gains/losses on financial assets held for trading and financial assets designated at fair value through profit or loss (+/-)	662,977	(49,410)
- gains (losses) from hedging activities (+/-)	(3,711,635)	(6,065,793)
- net adjustments for credit risk (+/-)	3,988,363	15,438,441
- impairment/recoveries to property and equipment and intangible assets (+/-)	20,194,001	15,096,123
- net provisions for risks and charges and other costs/income (+/-)	81,789,129	(5,479,437)
- net premiums not collected (-)		
- other income insurance income/expense not collected (-/+)		
- unsettled taxes and tax credit (+/-)	(7,569,946)	24,879,330
- impairment/recoveries to disposal groups net of tax effect (-/+)		
- other adjustments (+/-)	(3,085,786)	(123,364,737)
2. Liquidity generated/absorbed by financial assets	**(363,639,675)**	**118,347,539**
- financial assets held for trading		
- financial assets designated at fair value through profit and loss		
- financial assets mandatorily designated at fair value		
- financial assets measured at fair value with an impact on total profitability	155,014,988	332,449,066
- financial assets measured at amortized cost	(549,625,115)	(213,674,032)
- other assets	30,970,452	(427,495)
3. Liquidity generated/absorbed by financial liabilities	**49,046,169**	**311,026,917**
- financial liabilities measured at amortized cost	29,392,681	303,120,735
- financial liabilities held for trading		
- financial liabilities designated at fair value through profit and loss		
- other liabilities	19,648,791	7,906,182
Net Liquidity generated/absorbed by operating activities	**(179,462,697)**	**441,508,821**
B. INVESTING ACTIVITIES		
1. Liquidity generated by		**7,665**
- sale of equity investments		
- dividends collected on equity investments		
- sale of property and equipment		7,665
- sale of intangible assets		
- sale of lines of business		
2. Liquidity absorbed by	**(165,312,864)**	**(16,984,381)**
- purchase of equity investments	(155,700,000)	(9,000,000)
- purchase of property and equipment	(131,884)	(246,306)
- purchase of intangible assets	(9,480,980)	(7,738,075)
- purchase of lines of business		
Net Liquidity generated/absorbed by investing activities	**(165,312,864)**	**(16,976,716)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares		
- issue/purchase of equity instruments		
- dividends distributed and other allocations		(170,000,000)
Net Liquidity generated/absorbed by financing activities		**(170,000,000)**
NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR	**(344,775,561)**	**254,532,105**

Key:

(+) generated

(-) absorbed

Reconciliation

Items	Amount	
	12/31/2023	12/31/2022
Cash and cash equivalents at beginning of year	476,102,470	221,570,365
Net increase (decrease) in cash and cash equivalents	(344,775,561)	254,532,105
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at end of year	131,326,909	476,102,470

Santander Consumer Bank

Notes to the Financial Statements

Part A – Accounting policies

A.1 – General information

Section 1 – Declaration of compliance with International Financial Reporting Standards

Pursuant to Italian Legislative Decree no. 38 of 28 February 2005, the financial statements have been prepared in compliance with the IAS/IFRS issued by the IASB (International Accounting Standards Board) and the interpretations of the IFRIC (International Financial Reporting Interpretations Committee), endorsed by the European Commission, as established by EU Regulation no. 1606 of 19 July 2002.

The financial statements have been prepared in accordance with Circular no. 262/05 (hereinafter also the Circular) as subsequently amended by the 8th update of 17 November 2022 (applied as from the financial statements relating to the year ended or underway as at 31 December 2023), "Banks financial statements: layouts and preparation" issued by the Bank of Italy, in the exercise of the powers established by article 9 of Italian Legislative Decree no. 38/2005 and with the Regulation of 22 December 2005. These Instructions establish binding rules governing the financial statements and how they are to be prepared, including the contents of the Notes to the Financial Statements.

On 21 December 2021, the Bank of Italy published the Communication "Amendment of the additions to the provisions of Circular no. 262, Bank financial statements: layout and preparation" concerning the impacts of COVID-19 and measures to support the economy. In March 2023, this provision was updated, eliminating the request for information relating to loans assisted by a grace period, while information on loans subject to public guarantee continues to be requested. This integration to Circular no. 262 is not applicable as the Bank, at the reporting date, does not have loans assisted by a grace period subject to public guarantee.

In preparing the financial statements the IAS/IFRS in force as of the reference date of this dossier have been applied (including the SIC and IFRIC interpretations), as endorsed by the European Commission.

Listed below are changes to international accounting standards or related interpretations, approved by the European Commission, in force as of the balance sheet date:

- the new accounting standard IFRS 17 "Insurance contracts" published by the IASB in May 2017 and subject to subsequent amendments published on 25 June 2020, was endorsed by means of EU Regulation no. 2021/2036 of 19 November 2021. On a mandatory basis, the standard requires the presentation of the comparative period, i.e. the year 2022, restated
- amendments to IFRS 17 "Insurance contracts: initial application of IFRS 17 and IFRS 9 - Comparative information" published by the IASB in December 2021, was endorsed with EU Regulation no. 2022/1491 of 8 September 2022. These amendments aim to provide insurers with a transition option relating to the comparative information on financial assets presented at the time of first-time application of IFRS 17, helping insurance companies to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts. and therefore improving the usefulness of comparative information for users;
- amendments to IAS 8 "Accounting standards, changes in accounting estimates and errors" published by the IASB in February 2021, which were endorsed by means of EU Regulation no. 2022/357 of 2 March 2022. These amendments are intended to resolve the interpretation difficulties, encountered in practice, relating to the distinction between a change in accounting estimates and a change in accounting standards;
- amendments to IAS 1 "Presentation of the financial statements" published by the IASB in February 2021, which were endorsed by means of EU Regulation no. 2022/357 of 2 March 2022. These amendments aim to improve disclosure on accounting standards in order to provide more useful information to investors and other primary users of financial statements;
- amendments to IAS 12 "Income taxes" published by the IASB in May 2021, which were endorsed by means of EU Regulation no. 2022/1392 of 11 August. These amendments are intended to specify how companies should account for deferred taxes on transactions such as leases and decommissioning obligations. The document published by the IASB

includes amendments to the document "IFRS Practice Statements 2 - Making Materiality Judgments" that have not been endorsed by the European Union as they do not relate to an accounting standard or an interpretation;

- amendments to IAS 12 “Income Taxes: International tax reform - Pillar II Rules” published by the IASB in May 2023. These amendments introduce a temporary exception for entities to the recognition and disclosure of deferred tax assets and liabilities relating to the Pillar II rules. The amendments also envisage additional supplementary provisions in relation to the entity’s exposure to Pillar II income taxes. The amendments are effective immediately and retroactively as at 1 January 2023, endorsed regulation (EU 2023/2468) on 8 November 2023. For further information, please refer to the report on operations.

Listed below are the relevant amendments issued by the IASB that will become effective after the balance sheet date:

- amendments to IFRS 16 “Leases: Lease liabilities in a Sale and Leaseback transaction” published by the IASB on 22 September 2022. These amendments envisage that, in the application of the requirements for the measurement of lease liabilities in a sale and leaseback transaction, the seller- lessee determines the leasing charges or revised leasing charges in such a way as not to recognise any amount of profit or loss referring to the right of use retained by said seller-lessee. The amendments will apply from 1 January 2024, but early application is permitted;

Listed below are the relevant amendments issued by the IASB but not yet endorsed, that will become effective after the balance sheet date and therefore are not applicable:

- amendments to IAS 1 "Presentation of the Financial Statements":
  - “Classification of liabilities as current or non-current” published on 23 January 2020 and “Classification of liabilities as current or non-current - deferral of the date of entry into force” published on 15 July 2023. These amendments clarify how an entity should classify liabilities as current or non-current. The amendments initially had 1 January 2022 as the effective date, however, in July 2020 this was postponed until 1 January 2023 as a result of the COVID-19 pandemic and then to 1 January 2024. Early application is permitted;
  - “Non-current liabilities with covenants” published on 31 October 2022. These amendments aim to clarify the classification in the financial statements of long-term payables subject to compliance with covenants. The amendments will apply from 1 January 2024; early application is permitted;
- amendments to IAS 7 and IFRS 9 “Cash flow statement” and IFRS 7 “Financial instruments: supplementary information: loan agreements with suppliers” published by the IASB on 25 May 2023. These amendments aim to improve the disclosure on loan exposures to suppliers, supplementing the qualitative and quantitative reporting and disclosure obligations of the company’s loan transactions and exposures to suppliers. The objective is the transparency of the disclosure in order to be able to assess the sustainability of the debt more reliably;
- amendments to IAS 21 “Effects of the changes in foreign exchange rates”: lack of convertibility published by the IASB on 15 August 2023. The Amendments arose following a request submitted to the IFRS Interpretations Committee regarding the determination of the exchange rate in the event that a currency is not convertible into another currency, which has led to differences in practice. The Amendments introduce requirements to establish when a currency is convertible into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it determines that a currency is not convertible into another currency. The amendments will apply from 1 January 2025; early application is permitted;
- amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture". The Exposure Draft (ED) addresses the recognised inconsistency between the requirements of IFRS 10 Consolidated Financial Statements and IAS 28 investments in associates and joint ventures, in dealing with the loss of control of a subsidiary that is transferred to an associate or joint venture. IFRS 10 requires that any equity investment held by the parent company in the former subsidiary after the loss of control must be measured at fair value and that any resulting gain or loss must be recognised in the income statement (full recognition of the profit or loss). IAS 28 requires that profits and losses resulting from upstream and downstream transactions between an investor and its associate or joint venture must be recognised only within the limits of the share of interest attributable to the other holders of capital of the associate or joint venture (partial recognition of the profit or loss).

Considering the scope of the amendments in question, there are no significant impacts for the Bank.

Section 2 – Basis of preparation

The financial statements consist of the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and the notes to the financial statements and are also accompanied by the directors' report on operations, results and financial position.

In compliance with the matters laid down by article 5 of Italian Legislative Decree no. 38/2005, the Financial statements have been drawn up using the Euro as the reporting currency and the amounts in the accounting schedules are expressed in Euro, whereas unless otherwise specified, those in the Notes to the financial statements and the Report on operations are expressed in thousands of Euro.

The Financial Statements are prepared in accordance with the general principles laid down in IAS 1 and the specific accounting standards endorsed by the European Commission, as described in Part A.2 of these Notes to the financial statements, as well as in compliance with the general assumptions envisaged in the Framework for the preparation and presentation of Financial statements as prepared by the IASB.

No exceptions have been made to the application of IAS/IFRS.

The Report on Operations and the Notes to the Financial Statements provide the information required by International Accounting Standards, by Italian law and by the Bank of Italy, as well as other non-mandatory information considered necessary to give a true and fair view of the Bank's situation.

In addition to the figures for the reporting period, the financial statements and notes to the financial statements also provide comparative figures referring to the previous year.

Contents of the financial statements

Balance sheet and Income statement

The formats used for the balance sheet and income statement are made up of items, sub-items and other disclosure details (the "of which" of the items and sub-items).

For the sake of completeness, you are hereby informed that with reference to the formats laid down by the Bank of Italy, the items which do not present amounts both for the year under review and for the previous one are not shown. In the income statement, revenues are shown without a sign, whereas costs are shown in brackets.

Statement of comprehensive income

The statement of comprehensive income, starting from the profit (loss) for the year, shows the income components recognised against the valuation reserves, net of the related tax effect, in compliance with international accounting standards.

Comprehensive income is represented by providing separate evidence of the income components that will not be reversed to the income statement in the future and those that, by contrast, may be subsequently reclassified under profit (loss) for the year if certain conditions are met.

As with the balance sheet and income statement, with respect to the formats laid down by the Bank of Italy, the items which do not present amounts both for the year under review and for the previous one are not shown. In the statement of comprehensive income, revenues are shown without a sign, whereas costs are shown in brackets.

Statement of changes in shareholders' equity

The statement of changes in shareholders' equity shows the composition and changes in shareholders' equity accounts during the year under review and the previous one, divided into share capital, capital reserves, profit reserves and reserves from the measurement of balance sheet assets and liabilities and the result for the year.

Cash flow statement

The cash flow statement for the current year under review and the previous year has been prepared using the indirect method, whereby cash flows from operating activities are represented by the result for the year adjusted for effects of non-monetary transactions. Cash flows are broken down into those generated by operating activities, investing activities and funding activities.

In this statement, the cash flows generated during the year are shown without a sign, whereas those absorbed are shown in brackets.

Notes to the Financial Statements

The Notes to the financial statements include the information envisaged by the international accounting standards and Circular no. 262 of the Bank of Italy issued on 22 December 2005 and subsequent amendments applicable to the preparation of these financial statements.

To reflect in full the formats laid down by the Bank of Italy, we also show the headings of sections on financial statements items with zero balances in the year of reference and in the previous one.

Section 3 – Subsequent events

Pursuant to IAS 10, these financial statements were authorised for publication by the Board of Directors on 14 February 2024.

Since the end of the year and up to the date of approval of the draft Financial statements by the Board of Directors, there have been no significant events or transactions that could have a significant impact on the results explained in this report. Therefore, the draft financial statements reflect all events that affected the Bank's operations in 2023.

Business continuity disclosure

With regard to the information provided in Document no. 4 of 3 March 2010 issued jointly by the Bank of Italy, Consob and ISVAP, regarding "Information to be provided in financial reports on impairment tests, on debt covenants, on debt restructuring and on the fair value hierarchy", which makes reference to the corresponding document no. 2, again issued jointly by these three Authorities, the Company has the reasonable expectation that it will continue to operate in the foreseeable future, and, therefore, has prepared the report on a going concern basis.

More detailed information regarding the main issues and variables existing on the market is contained in the Report on Operations.

Section 4 – Other aspects

The Financial Statements are audited by PricewaterhouseCoopers S.p.A., pursuant to the resolution of the Shareholders' Meeting of 30 March 2016, which appointed this firm to perform the audit for the nine years from 2016 to 2024.

A.2 – Main items in the financial statements

In order to ensure the uniformity of the criteria for the preparation of the financial statements, the Bank has adopted an internal set of rules and policies relating to the various operating and organisational areas.

1 – Financial assets measured at fair value through profit and loss

Classification

The financial assets other than those classified under financial assets measured at fair value through other comprehensive income and under financial assets measured at amortised cost are classified in this category.

In particular, this item includes: the positive value of derivative contracts held for trading purposes.

According to the general rules provided for by IFRS 9 in relation to reclassification of financial assets, no reclassifications to other categories of financial assets are permitted except in the event that the entity changes its business model for the management of financial assets. In these cases, which are expected to be highly infrequent, financial assets may be reclassified from the 'measured at fair value through profit and loss' category to one of the other two categories provided for by IFRS 9 (Financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income). The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification operate prospectively from the date of reclassification. In this case, the effective interest rate of the reclassified financial asset is determined on the basis of its fair value at the date of reclassification and that date will be considered the date of initial recognition for the assignment to the various stages of credit risk for the purposes of the impairment test.

Recognition

The initial recognition of financial assets takes place on the subscription date for derivative contracts. Upon initial recognition, financial assets measured at fair value through profit and loss are recognised at fair value, without considering the transaction costs and income directly attributable to said instrument.

Measurement

Subsequent to initial recognition, financial assets measured at fair value through profit and loss are measured at fair value. The effects of the application of this measurement approach are recognised in the income statement. In the absence of an active market, to determine the fair value, commonly adopted estimation methods and measurement models are used, which take into account all the risk factors related to the instruments and which are based on data which can be taken from the market.

Derecognition

Financial assets are only derecognised from the financial statements if their disposal involved the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a significant portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised in the financial statements, even if legally ownership of the assets has effectively been transferred.

When the transfer of essentially all the risks and benefits cannot be demonstrated, financial assets are derecognised if no form of control over them has been retained. Otherwise, even if only part of this control has been retained, the assets have to be kept in the balance sheet at an amount that reflects the residual involvement, measured by the exposure to changes in the value of assets sold and to variations in their cash flows.

Lastly, financial assets that have been sold are derecognised if the company retains the contractual rights to receive the related cash flows, with a simultaneous obligation to pay such cash flows, and only them, without a significant delay to third parties.

2 – Financial assets measured at fair value through other comprehensive income

Classification

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

- the financial asset is held according to a business model whose objective is achieved both through the collection of contractually envisaged cash flows and through sale ("*Hold to Collect and Sell*" business model), and
- the contractual terms of the financial asset envisage, on certain dates, cash flows represented solely by payments of principal and interest on the amount of principal to be repaid (known as the so-called "SPPI test" passed).

In particular, this item includes debt securities that are attributable to a *Hold to Collect and Sell* business model and that have passed the SPPI test.

According to the general rules provided for by IFRS 9 in relation to reclassification of financial assets, no reclassifications to other categories of financial assets are permitted except in the event that the entity changes its business model for the management of financial assets. In these cases, which are expected to be highly infrequent, financial assets may be reclassified from the "measured at fair value through other comprehensive income" category to one of the other two categories envisaged by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit and loss). The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification operate prospectively from the date of reclassification. In the event of reclassification from the category in question to the amortised cost category, the accumulated profit (loss) recognised in the valuation reserve adjusts the fair value of the financial asset at the date of reclassification. On the other hand, in the case of reclassification in the fair value category through profit and loss, the accumulated profit (loss) previously recognised in the valuation reserve is reclassified from shareholders' equity to profit (loss) for the year.

Recognition

The initial recognition of financial assets takes place on the settlement date for debt securities. Upon initial recognition, financial assets are measured at fair value, including transaction costs and income directly attributable to the instrument.

Measurement

Subsequent to initial recognition, the Assets classified at fair value through other comprehensive income, are measured at fair value, with recognition in the income statement of the impacts deriving from the application of the amortised cost, of the effects of the impairment and any exchange effect, while other gains or losses arising from changes in fair value are recorded in a specific equity reserve until the financial asset is derecognised. Upon disposal, total or partial, the gain or loss accumulated in the valuation reserve is reversed, in full or in part, to the income statement.

The fair value is determined on the basis of the criteria already illustrated for financial assets measured at fair value through profit and loss.

Financial assets measured at fair value through other comprehensive income are subject to the verification of the significant increase in credit risk (impairment) envisaged by IFRS 9, in the same way as assets measured at amortised cost, with the consequent recognition in the income statement of a value adjustment to cover expected losses. More specifically, on instruments classified in stage 1 (i.e. on financial assets at the time of origination, if not impaired, and on instruments for which there has not been a significant increase in credit risk compared to the initial recognition date) as at the initial recognition date and as at each subsequent reporting date, an expected loss for one year is recognised. On the other hand, for instruments classified in stage 2 (performing for which there was a significant increase in credit risk compared to the initial recognition date) and in stage 3 (non-performing exposures), an expected loss is recorded for the entire residual life of the financial instrument. It is specified that the debt securities issued by the government are not subject to the impairment process.

Derecognition

Financial assets are only derecognised from the financial statements if their disposal involved the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a significant portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised in the financial statements, even if legally ownership of the assets has effectively been transferred.

When the transfer of essentially all the risks and benefits cannot be demonstrated, financial assets are derecognised if no form of control over them has been retained. Otherwise, even if only part of this control has been retained, the assets have to be kept in the balance sheet at an amount that reflects the residual involvement, measured by the exposure to changes in the value of assets sold and to variations in their cash flows.

Lastly, financial assets that have been sold are derecognised if the company retains the contractual rights to receive the related cash flows, with a simultaneous obligation to pay such cash flows, and only them, without a significant delay to third parties.

3 – Financial assets measured at amortised cost

Classification

Financial assets (in particular loans and debt securities) that meet both of the following conditions are included in this category:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractually envisaged cash flows ("*Hold to Collect*" business model), and
- the contractual terms of the financial asset envisage, on certain dates, cash flows represented solely by payments of principal and interest on the amount of principal to be repaid (known as the so-called "SPPI test" passed).

More specifically, this item includes:

- loans with banks (not classified under "Cash and cash equivalents") in the various technical forms that meet the above requirements;
- loans to customers in the various technical forms that meet the above requirements;
- debt securities that meet the above requirements.

According to the general rules provided for by IFRS 9 in relation to reclassification of financial assets, no reclassifications to other categories of financial assets are permitted except in the event that the entity changes its business model for the management of financial assets. In these cases, which are expected to be highly infrequent, financial assets may be reclassified from the "measured at amortised cost" category to one of the other two categories envisaged by IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit and loss). The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification operate prospectively from the date of reclassification. Gains or losses arising from the difference between the amortised cost of a financial asset and its fair value are recognised in the income statement in the event of reclassification to Financial assets measured at fair value through profit and loss and to Shareholders' Equity, in the appropriate valuation reserve, in the event of reclassification to Financial assets measured at fair value through other comprehensive income.

Recognition

The initial recognition of financial assets takes place on the settlement date for debt securities, and on the payout date for loans. Upon initial recognition, financial assets are measured at fair value, including transaction costs and income directly attributable to the instrument.

In particular, with regard to loans, the payout date normally coincides with the date of signing of the contract. Loans are recognised with reference to the fair value of the same. This is represented by the amount disbursed or the subscription cost, including costs/revenues that are both directly attributable to the individual loan and identifiable from the start of the transaction, even if they are settled at a later time. Costs which, despite having the above characteristics, are subject to reimbursement by the debtor counterparty are excluded.

Repurchase agreements with forward repurchase or resale obligation are recognised in the financial statements as funding or lending transactions. In particular, spot sales and forward repurchases are recognised in the financial statements as payables for the spot amount received, while spot purchases and forward resales are recognised as receivables for the amount paid forward.

Measurement

After initial recognition, the financial assets under review are measured at amortised cost, using the effective interest rate method. In these terms, the asset is recognised in the financial statements for an amount equal to the initial recognition value less capital repayments, plus or minus the accumulated amortisation (calculated using the effective interest rate method) of the difference between said initial amount and the amount at maturity (typically attributable to costs/income charged directly to the individual asset) and adjusted by any provision to cover losses. The effective interest rate is calculated as the rate that equates the current value of the future cash flows of the asset, for principal and interest, to the amount disbursed, including costs/income attributable to the same financial asset. This accounting method, using a financial logic, makes it possible to distribute the economic effect of costs/income directly attributable to a financial asset over its estimated residual life.

The amortised cost method is not used for assets - measured at historical cost - whose short duration makes the effect of the application of the discounting logic negligible, and for those without a defined maturity. These instruments are in any case measured according to the 3-stage model envisaged by IFRS 9, like the remaining part of the assets measured at amortised cost. With reference to the accounting representation of the aforementioned measurement effects, the value adjustments referring to this type of assets are recognised in the income statement:

- upon initial recognition, for an amount equal to the expected loss at twelve months;
- at the time of the subsequent measurement of the asset, if the credit risk has not increased significantly compared to the initial recognition, in relation to the changes in the amount of value adjustments for expected losses for the following twelve months;

- at the time of the subsequent measurement of the asset, if the credit risk has increased significantly compared to the initial recognition, in relation to the recognition of value adjustments for expected losses referring to the entire residual life envisaged contractually for the asset;
- at the time of the subsequent measurement of the asset, if - after a significant increase in credit risk with respect to the initial recognition - the "significance" of this increase is then no longer valid, in relation to the adjustment of the cumulative value adjustments so as to take into account the transition from an expected loss over the entire residual life of the instrument ("lifetime") to a twelve month one.

The financial assets in question, if they are performing, are subject to measurement, aimed at defining the value adjustments to be recognised in the financial statements, at individual credit relationship level, based on the risk parameters represented by *probability of default* (PD), *loss given default* (LGD) and *exposure at default* (EAD) envisaged by IFRS 9.

If, in addition to a significant increase in credit risk, there is also objective evidence of impairment loss, the amount of the loss is measured as the difference between the book value of the asset - classified as "impaired", on a par with all the other relationships with the same counterparty - and the current value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the loss, to be recognised in the income statement, is defined on the basis of an analytical measurement process or determined by standard categories and, therefore, assigned to each position and takes into account forward-looking information and possible alternative recovery scenarios. The category of impaired assets includes financial instruments that have been assigned the status of non-performing, unlikely to pay or past due/past due by more than ninety days according to the rules of the Bank of Italy, consistent with IAS/IFRS and European supervisory regulations. Expected cash flows take account of the likely recovery period and the estimated realisable value of any guarantees. The original effective rate of each asset remains unchanged over time even if a restructuring of the relationship has taken place, which has led to a change in the contractual rate and even if the relationship becomes, in practice, contractually interest-free.

If the reasons for impairment loss cease to exist due to an event occurring after recognition of the impairment, write-backs are made and booked to the income statement. The write-back cannot exceed the amortised cost that the financial instrument would have had in the absence of previous adjustments. Write-backs associated with the passing of time are recognised in the interest margin.

In some cases, during the life of the financial assets in question and, in particular, of the loans, the original contractual conditions are subsequently modified by will of the parties to the contract. When, during the life of an instrument, the contractual clauses are subject to change, it is necessary to verify whether the original asset must continue to be recognised in the financial statements or if, on the contrary, the original instrument must be derecognised from the financial statements and a new financial instrument must be recognised. In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial". The assessment of the "substantiality" of the change must be carried out considering both qualitative and quantitative elements. In some cases, in fact, it may be clear, without recourse to complex analysis, that the changes introduced substantially change the characteristics and/or contractual flows of a given asset while, in other cases, further analysis (including quantitative) will have to be carried out to appreciate the effects of the same and check the need to proceed or otherwise with the derecognition of the asset and the recognition of a new financial instrument. The (quali-quantitative) analysis aimed at defining the "substantiality" of the contractual changes made to a financial asset must therefore consider:

- the purposes for which the changes were made: for example, renegotiations for commercial reasons and concessions due to financial difficulties of the counterparty:
  - the former, aimed at "retaining" the customer, involve a borrower who is not in a situation of financial difficulty. This case includes all the renegotiation transactions aimed at adjusting the debt burden to market conditions. These transactions involve a change in the original conditions of the agreement, usually requested by the borrower, which concerns aspects related to the debt burden, with a consequent economic benefit for the same borrower. In general, it is believed that, whenever the bank carries out a renegotiation in order to avoid losing its customer, this renegotiation must be considered substantial since, if it were not carried out, the customer could obtain financing from another intermediary and the bank would suffer a decrease in expected future revenues;
  - the latter, carried out for "credit risk reasons" (forbearance measures), are attributable to the bank's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and benefits, subsequent to the amendments, are not generally essentially transferred and, consequently, the accounting representation that offers

the most relevant information for the reader of the financial statements (except for that which will be indicated later on objective elements), is that carried out through "modification accounting", which implies the recognition in the income statement of the difference between the book value and the current value of the modified cash flows discounted at the original interest rate and not through derecognition;

- the presence of specific objective elements that affect the characteristics and/or contractual flows of the financial instrument that are considered to involve derecognition in consideration of their impact (expected as significant) on the original contractual flows.

For greater details on the methods for determining expected losses, in application of IFRS 9, as well as the determination and management of the post model adjustments/management overlays to the model, please refer to the Notes to the consolidated financial statements, Part E - Credit risk.

Derecognition

Financial assets are only derecognised from the financial statements if their disposal involved the substantial transfer of all the risks and benefits related to the assets. On the other hand, if a significant portion of the risks and benefits of the financial assets transferred has been retained, they continue to be recognised in the financial statements, even if legally ownership of the assets has effectively been transferred.

When the transfer of essentially all the risks and benefits cannot be demonstrated, financial assets are derecognised if no form of control over them has been retained. Otherwise, even if only part of this control has been retained, the assets have to be kept in the balance sheet at an amount that reflects the residual involvement, measured by the exposure to changes in the value of assets sold and to variations in their cash flows.

Lastly, financial assets that have been sold are derecognised if the company retains the contractual rights to receive the related cash flows, with a simultaneous obligation to pay such cash flows, and only them, without a significant delay to third parties.

4 – Hedging transactions

The Bank avails itself of the possibility, envisaged at the time of introduction of IFRS 9, to continue to fully apply the provisions of IAS 39 on hedge accounting.

Classification

Risk hedging transactions are arranged to neutralise potential losses, attributable to a determinate risk, and detectable on a particular element or group of elements, should that particular risk actually arise.

The types of hedges used are attributable to fair value hedging, which aims to hedge the exposure to changes in the fair value (attributable to different types of risk) of assets and liabilities recognised in the financial statements or portions of them, of groups of assets/liabilities, as permitted by IAS 39 endorsed by the European Commission. Macro hedges aim to reduce fluctuations in fair value, attributable to interest rate risk, of a monetary amount deriving from a portfolio of financial assets or liabilities.

Recognition

Derivative hedging instruments, like all derivatives, are initially recognised and subsequently measured at fair value.

A relationship qualifies as a hedge, and is consistently represented in the accounts, only if all the following conditions are met:

- at the start of the hedge, there is formal designation and documentation of the hedging relationship, the company's risk management objectives and the hedging strategy. This documentation includes the identification of the hedging instrument, the element or transaction hedged, the nature of the risk hedged and how the company assesses the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the element hedged or of the cash flows attributable to the hedged risk;
- the hedge is expected to be highly effective;

- the planned transaction subject to hedging, for cash flow hedges, is highly probable and presents an exposure to changes in cash flows that could affect the income statement;
- the effectiveness of the hedge can be reliably measured;
- the hedge is measured on the basis of a continuity criterion and is considered highly effective for all the reference years for which the hedge was designated.

Measurement

Hedging derivatives are measured at their fair value.

In the case of macro hedges, fair value changes with reference to the hedged risk of the assets and liabilities subject to hedging are recognised in the balance sheet, respectively, under item 60. "Value adjustment of financial assets subject to macro hedge" or 50. "Value adjustment of financial liabilities subject to macro hedge";

The effectiveness of the hedge depends on the extent to which the changes in fair value of the hedged instrument or the related expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is appreciated by comparing the aforementioned changes, taking into account the intent pursued by the company at the time the hedge was put in place. Effectiveness is achieved when the changes in fair value (or cash flows) of the hedging financial instrument neutralise almost entirely, i.e. within the limits established by the 80-125% range, the changes in the hedged instrument, for the risk element subject to hedging.

The assessment of effectiveness is carried out at the end of each financial year or interim period using:

- prospective tests, that justify the application of hedge accounting, by demonstrating its expected effectiveness;
- retrospective tests, which highlight the degree of effectiveness of the hedge reached in the period to which they refer, or measure the extent to which the actual results differed from the perfect hedge.

Derecognition

The recognition of fair value hedges is discontinued prospectively in the following cases:

- the hedging instrument expires, is sold, disposed of or exercised;
- the hedge no longer meets the hedge accounting criteria referred to above;
- the company revokes the designation.

If the tests do not confirm the effectiveness of the hedge, from that moment the recognition of the hedging transactions, according to the above, is interrupted, the hedging derivative contract is reclassified among the trading instruments and the hedged financial instrument reacquires the measurement criterion corresponding to its classification in the financial statements. In the event of termination of a fair value macro hedge, the accumulated revaluations/write-downs recorded in item 60. "Value adjustment of financial assets subject to macro hedge" or 50. "Value adjustment of financial liabilities subject to macro hedge" are recognised in the income statement under interest income or expense over the residual duration of the original hedging relationships, without prejudice to verification that the conditions are met.

5 – Equity investments

Recognition, classification and measurement

This category includes equity investments in subsidiaries carried at cost, in accordance with IAS 27, paragraph 37. If there is evidence that an equity investment may be impaired, its recoverable amount is estimated. If the recoverable amount is lower than the carrying amount, the related difference is charged to the income statement. If the reasons for impairment loss cease to exist due to an event occurring after recognition of the impairment, write-backs are made and booked to the income statement.

Derecognition

Equity investments are derecognised on expiry of the contractual rights over the related cash flows or when the equity investment is sold with the transfer of essentially all the related risks and benefits of ownership.

6 – Property, plant and equipment

Classification

Property, plant and equipment include properties used for business purposes, technical systems, furniture and fixtures as well as equipment of any type that is expected to be used for more than one period. Property, plant and equipment held for use in the production or supply of goods and services are classified as "assets used for business purposes" in accordance with IAS 16.

The item also includes property, plant and equipment classified according to IAS 2 - Inventories, which refer both to assets deriving from the enforcement of guarantees or from the conclusion of operating leases disbursed, which the company intends to sell in the near future, without carrying out significant restructuring work, and which do not have the prerequisites to be classified in other categories.

Rights of use acquired through the lease and relating to the use of property, plant and equipment (for the lessee companies) and assets granted under operating leases (for the lessor companies) are included.

Recognition

Property, plant and equipment are initially recognised at purchase price, including any ancillary costs directly attributable to the purchase and commissioning of the asset.

Extraordinary maintenance costs that involve an increase in future economic benefits are booked to increase the value of the assets, while other ordinary maintenance costs are recognised in the income statement.

Measurement

Property, plant and equipment are measured at cost less depreciation and any impairment losses.

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life. The depreciable value is represented by the cost of the assets net of the residual value at the end of the depreciation process, if significant.

If there is any indication that property, plant and equipment measured at cost may have suffered an impairment loss, a comparison is made between the book value of the asset and its recoverable value. Any adjustments are recorded in the income statement. If the reasons that led to the recognition of the loss no longer apply, a write-back is recorded, which cannot exceed the value that the asset would have had, net of the calculated depreciation, in the absence of previous impairment losses.

With regard to property, plant and equipment recognised pursuant to IAS 2, they are measured at cost or net realisable value, whichever is the lower, it being understood that the book value of the asset is compared with its recoverable value if there is any indication that the asset may have suffered an impairment loss. Any adjustments are recorded in the income statement.

Property, plant and equipment represented by the right of use of assets under lease agreements

Pursuant to IFRS 16, a "lease" is a contract, or part of a contract, which, in exchange for a consideration, transfers the right of use of an asset (the underlying asset) for a period of time. According to IFRS 16, leases are accounted for on the basis of the right-of-use model, for which, at the initial date, the lessee has a financial obligation to make payments due to the lessor to offset its right to use the underlying asset during the lease period. When the asset is made available to the lessee for its use (initial date), the lessee recognises both the liability and the asset consisting of the right of use.

In particular, the right of use acquired through the lease is recognised as the sum of the current value of the future instalments to be paid for the contractual duration modified by the estimate of the renewal and termination options, the payments for leases paid on or before the date of commencement of the lease, any incentives received, the initial direct costs and any estimated costs for the decommissioning or restoration of the asset underlying the lease.

The financial liability recognised corresponds to the current value of the lease payments due.

With regard to the discount rate, on the basis of IFRS 16 requirements, the Bank uses the implicit interest rate for each lease agreement, where available. With regard to lease agreements from the lessee's point of view, in some cases, for example with reference to rental agreements, the implicit interest rate cannot always be readily determined without recourse to estimates and assumptions (the lessee does not have enough information on the unsecured residual value of the leased asset). In such cases, the Bank has developed a method to define the incremental interest rate as an alternative to the implicit interest rate and has decided to adopt the internal funding transfer rate. This is an unsecured and amortising rate curve, as the lease agreement provides for equal lease payments typically fixed for the duration of the contract, and not a single payment on maturity. This rate takes into account the duration of the lease, as well as the economic environment in which the transaction takes place and therefore is in line with the requirements of the standard.

The lease term is determined taking into account:

periods covered by an option to extend the lease, if the exercise of said option is reasonably certain;

- periods covered by an option to terminate the lease, if the exercise of said option is reasonably certain.

During the term of the lease agreement, the lessee must:

- measure the right of use at cost, net of accumulated amortisation and cumulative value adjustments determined and accounted for on the basis of the provisions of IAS 36 "Impairment of assets", adjusted to take into account any restatements of lease liabilities;
- increase the liability deriving from the lease transaction as a result of the accrual of interest expense calculated at the implicit interest rate of the lease, or, alternatively, at the marginal borrowing rate and reduce it for payments of principal and interest.

In the event of changes in the payments due for the lease, the liability must be restated; the impact of the restatement of the liability is recognised against the asset consisting of the right of use.

Lastly, note that the Bank avails itself of the exemptions permitted by IFRS 16 for short-term leases (i.e. duration of less than or equal to 12 months) or leases of modest value assets (i.e. value less than or equal to Euro 5,000).

Derecognition

Property, plant and equipment are derecognised from the balance sheet on disposal, or when the asset concerned is permanently taken out of use and no further economic benefits are expected from its disposal.

7 – Intangible assets

Classification

Intangible assets include other intangible assets, consisting in particular of software.

Intangible assets are recognised if they are identifiable and reflect legal or contractual rights.

Recognition

Intangible assets are recognised at cost, adjusted for any ancillary charges only if it is probable that the future economic benefits attributable to the asset will be realised and if the cost of the asset can be measured reliably. Otherwise, the cost of the intangible asset is recognised in the income statement in the period when the cost is incurred.

Measurement

For assets with a defined useful life, the cost is amortised on a straight-line basis according to the flow of economic benefits expected from the asset.

If there is any indication that an asset may have suffered an impairment loss, the recovery value of the asset is estimated. The impairment loss, expensed to income, is the difference between the carrying amount of an asset and its recoverable amount.

Derecognition

Intangible assets are derecognised from the balance sheet on disposal and when no more further economic benefits are expected.

8 – Non-current assets held for sale and discontinued operations

The Bank does not have any non-current assets held for sale and discontinued operations.

9 – Current and deferred taxes

Income taxes, calculated in accordance with national tax legislation, are accounted for as a cost on an accrual basis, consistent with the methods under which the costs and revenues that generated them are recognised in the financial statements. Therefore, they represent the balance of current and deferred taxes relating to the income for the year.

Current tax assets and liabilities include the net balance of the positions of the Bank vis-à-vis the Italian tax authorities attributable to direct taxes. In particular, these items include the net balance between the tax liabilities of previous years and current ones for the year, calculated on the basis of a prudent forecast of the tax liability due for the year, determined on the basis of the tax regulations in force, and the current tax assets represented by payments on account, withholding taxes or other tax credits. The risk inherent in such procedures - in the same way as the risks inherent in procedures that did not require interim payments - is assessed according to the logic of IAS 37, in relation to the likelihood of using economic resources for their fulfilment.

Taking into account the adoption of the national tax consolidation scheme by the Group, the tax positions referable to the Group companies are managed separately from an administrative point of view.

Deferred taxes are determined on the basis of the so-called balance sheet liability method, taking into account the tax effect associated with the timing differences between the book value of assets and liabilities and their tax value, which will determine taxable or deductible amounts in future periods. For such purposes, "taxable timing differences" are those that in future periods will determine taxable amounts and "deductible timing differences" are those that in future years will determine deductible amounts.

Deferred taxes are calculated by applying the tax rates established by the legal provisions in force to the taxable timing differences for which there is the probability of an actual incurring of taxes and to the deductible timing differences for which there is reasonable certainty that there will be future taxable amounts at the moment in which the related tax deductibility will occur (probability test). Deferred tax assets and liabilities relating to the same tax and falling due in the same period are offset.

If deferred tax assets and liabilities refer to items which have affected the income statement, they are booked against income taxes.

In cases where the deferred tax assets and liabilities relate to transactions that were booked directly to equity without affecting the income statement (such as adjustment on first time application of the IAS/IFRS, the valuations of financial instruments recognised at fair value through other comprehensive income), they too are booked through shareholders' equity, affecting the specific reserves when this is foreseen (e.g. valuation reserves). Deferred taxes referring to companies included in the tax consolidation scheme are recognised in their financial statements, in application of the accruals criterion and in consideration of the value of the tax consolidation limited to the settlement obligations of current tax positions. Latent taxes on the shareholders' equity components of the consolidated companies is not recognised in the financial statements if it is not considered probable that the conditions for the related taxes will occur, and thus also in relation to the long-term nature of the investment.

10 – Provisions for risks and charges

Provisions for risks and charges in the presence of commitments and guarantees given

The sub-item of provisions for risks and charges in question includes provisions for credit risk recognised in the presence of commitments to disburse funds and guarantees given that fall within the scope of application of the rules on impairment pursuant to IFRS 9. For these cases, in principle, the same methods are adopted for allocation between the three stages (credit risk stages) and calculation of the expected loss shown with reference to financial assets measured at amortised cost or fair value through other comprehensive income.

Other provisions

The other provisions for risks and charges include the provisions relating to legal obligations or associated with employment relationships or disputes, including tax-related, originating from a past event for which it is probable that economic resources will be disbursed to fulfil said obligations, provided that a reliable estimate of the related amount can be made.

Consequently, a provision is recognised if and only if:

- there is a pending obligation (legal or implicit) as a result of a past event;
- it is probable that the use of resources suitable for producing economic benefits will be necessary to fulfil the obligation; and
- a reliable estimate can be made of the amount deriving from the fulfilment of the obligation.

The amount recognised as a provision represents the best estimate of the expense required to fulfil the obligation existing at the reporting date and reflects risks and uncertainties that inevitably characterise a number of facts and circumstances.

Provisions are charged to the income statement. The provision is reversed when the use of resources suitable for producing economic benefits to fulfil the obligation becomes unlikely or when the obligation is extinguished.

11 – Financial liabilities measured at amortised cost

Classification

Deposits from banks, Deposits from customers and Debt securities issued represent the various forms of interbank and customer funding. Also included are payables recognised by the company as lessee in the context of lease operations.

Recognition

The initial recognition of these financial liabilities takes place on the date the agreement is signed, which normally coincides with the moment of receipt of the amounts collected or on issue of the debt securities.

These liabilities are initially recognised at their fair value, usually corresponding to the amount collected or the issue price, plus any additional costs/proceeds directly attributable to the individual funding or issue transaction. Internal administrative costs are excluded.

Lease payables are recognised at the current value of future lease payments, discounted using the rate mentioned in the related section on leases.

Measurement

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

As an exception, short-term liabilities are measured at the amount collected, as the effect of the time factor is insignificant.

Lease payables are restated when there is a lease modification (e.g. a change in the agreement that is not accounted for/considered as a separate contract); the effect of the restatement will be recorded through the right-of-use asset.

Derecognition

Financial liabilities are derecognised when they expire or are settled.

12 – Financial liabilities held for trading

Recognition and classification

The financial instruments in question are recognised on the subscription date or the issue date at a value equal to the fair value of the instrument, without considering possible transaction costs or income directly attributable to the instrument concerned.

This category of liabilities includes, in particular, trading derivative contracts with negative fair value.

Measurement

All liabilities held for trading are measured at fair value with the result of the measurement recognised in the income statement.

Derecognition

These liabilities are derecognised when the contractual rights to the cash flows cease or when a financial liability is sold and substantially all of the risks and benefits associated with it are transferred.

13 – Financial liabilities designated at fair value

The Bank does not have any financial liabilities designated at fair value.

14 – Foreign currency transactions

The Bank does not have any transactions in foreign currency.

15 – Other information

Cash and cash equivalents

The item "Cash and cash equivalents" includes the recognition mainly of current accounts and "on demand" deposits with central banks, with the exception of the compulsory reserve, as well as "on demand" receivables (current accounts and on demand deposits) vis-à-vis banks. Cash receivables that can be withdrawn by the creditor at any time without notice or with 24 hours or one working day's notice are considered "on demand" receivables. Receivables with a contractual obligation of expiry equal to 24 hours or one working day are also included among the "on demand" receivables. These components are valued according to the general principle of the estimated realisable value, which normally coincides with the nominal value. These assets are derecognised from the financial statements at the natural end of the contractual rights, if any, on the related cash flows.

Treasury shares

There are no treasury shares to be deducted from shareholders' equity.

Share-based payments

The Bank has no share-based payments.

All liabilities held for trading are measured at fair value with the result of the measurement recognised in the income statement.

Accruals and Deferrals

Accruals and deferrals that include charges and income pertaining to the period accrued on assets and liabilities are recognised in the financial statements as an adjustment to the assets and liabilities to which they refer.

Leasehold improvement expenditure

The restructuring costs for properties not owned are capitalised in consideration of the fact that for the duration of the lease agreement the user company has control of the assets and can derive future economic benefits from them. The aforementioned costs, classified under Other assets and under property, plant and equipment (if the regulatory requirements are met), are depreciated for a period not exceeding the duration of the lease agreement.

Provision for employee severance pay

Employee severance pay is considered a "post-employment benefit" and was limited by the entry into force of the reform envisaged by Italian Law no. 296/2006 (2007 Finance Act) on supplementary pensions.

For discounting purposes, the rate used is determined with reference to the market return taking into account the average residual duration of the liability, weighted on the basis of the percentage of the amount paid and advanced, for each maturity, with respect to the total to be paid and advanced until the final settlement of the entire obligation. Costs for the service of the plan are accounted for under personnel costs, while actuarial gains and losses are recognised in the statement of comprehensive income.

Revenue and cost recognition

Revenues are gross flows of economic benefits arising in the ordinary course of business and are recognised at the time control of the goods or services is transferred to the customer, at an amount representing the amount of consideration to which one is deemed to be entitled. In particular, revenue is recognised by means of the application of a model that must meet the following criteria:

- identification of the contract, defined as an agreement in which the parties have undertaken to fulfil their respective obligations;
- identification of the individual performance obligations contained in the contract;
- determination of the transaction price, i.e. the consideration expected for the transfer of goods or services to the customer;
- allocation of the transaction price to each "performance obligation", based on the sale prices of the individual obligation;
- recognition of revenues when (or gradually as) the performance obligation is fulfilled by transferring the promised good or service to the customer.

The transaction price represents the amount of consideration to which the entity deems it is entitled to in exchange for transferring the promised goods and services to the customer. It may include fixed or variable amounts or both. Revenues configured as variable consideration are recognised in the income statement if they can be reliably estimated and only if it is highly probable that this consideration will not be reversed from the income statement in subsequent periods, in full or to a significant extent. In the event of a high prevalence of factors of uncertainty linked to the nature of the consideration, the same will be recognised only when said uncertainty is resolved.

Revenues can be recognised:

- at a precise moment, when the entity fulfils the performance obligation transferring the promised good or service to the customer, or
- over time, as the entity gradually fulfils the performance obligation transferring the promised good or service to the customer.

The asset is transferred when, or during the period in which, the customer acquires control of it.

Specifically:

- interest is recognised on a pro-rata basis with regard to the contractual interest rate or the effective interest rate if the amortised cost is applied. Interest income (or interest expense) also includes positive (or negative) spreads or margins accrued up to the reporting date, relating to financial derivative contracts:
  - hedging assets and liabilities that generate interest;
  - operationally related to assets and liabilities classified in the trading book and which envisage the settlement of spreads or margins with multiple maturities;
- interest on arrears, possibly envisaged contractually, is recorded in the income statement only at the time of its actual collection;
- dividends are recognised in the income statement at the time their distribution is resolved, unless this date is unknown or the information is not immediately available, in which case recognition at the time of collection is permitted;
- commission for revenues from services are recognised, on the basis of the existence of contractual agreements, in the period in which the services were provided. Commission considered in the amortised cost for the purposes of determining the effective interest rate is recognised under interest;
- gains and losses deriving from the trading of financial instruments are recognised in the income statement at the time of finalisation of the sale, on the basis of the difference between the amount paid or collected and the book value of the instruments themselves;
- revenues from the sale of non-financial assets are recognised at the time the sale is completed, or when the performance obligation vis-à-vis the customer is fulfilled.

Costs are recognised in the income statement on an accruals basis; the costs relating to obtaining and fulfilling contracts with customers are recognised in the income statement in the periods in which the related revenues are recorded.

Method of determining the amortised cost

The amortised cost of a financial asset or liability is the amount at which it was measured on initial recognition, net of repayments of principal, plus or minus accumulated amortisation (calculated using the effective interest method) of the differences between the initial value and its value on maturity, less any impairment loss.

The effective interest rate is the rate that equates the present value of a financial asset or liability to the contractual flow of future cash payments, either received up to the expected maturity or to the next date when the price is recalculated. To calculate the present value, the effective interest rate is applied to the future cash flows received or paid through the entire life of the financial asset or liability, or for a shorter period under certain conditions (for example, if there is a review in market rates).

After initial recognition, the amortised cost permits the allocation of revenues and costs to decrease or increase the instrument over its entire expected life through the amortisation process. The calculation of the amortised cost differs depending on whether the financial assets/liabilities subject to valuation are at a fixed or variable rate and - in the latter case - depending on whether the variability of the rate is known or not in advance. For instruments with a fixed rate or fixed rate by time brackets, future cash flows are quantified on the basis of the known interest rate (single or floating) during the life of the loan. For financial assets/liabilities with a floating rate, whose variability is not known in advance (for example because it is linked to an index), the calculation of the cash flows is carried out on the basis of the last known rate. At each rate review date, the amortisation plan and the effective rate of return are recalculated over the entire useful life of the instrument, i.e. until the maturity date. The adjustment is recognised as a cost or income in the income statement.

The measurement at amortised cost is carried out for financial assets measured at amortised cost and for those measured at fair value through other comprehensive income, as well as for financial liabilities measured at amortised cost.

Financial assets and liabilities traded under market conditions are initially recognised at their fair value, which normally corresponds to the amount disbursed or paid including, for instruments measured at amortised cost, transaction costs and commission that is directly attributable. Transaction costs include internal or external marginal costs and income attributable to the issue, acquisition or disposal of a financial instrument that cannot be recharged to the customer. These fees, which must be directly attributable to the individual financial asset or liability, affect the original effective return and make the effective interest rate associated with the transaction different from the contractual interest rate. Costs/income relating to several transactions without distinction and components related to events that may occur during the life of the financial instrument, but which are not certain at the time of the initial definition, are excluded, such as for example: commission for retrocession, for failure to use, for early repayment. In addition, the amortised cost calculation does not include the costs that the company should incur regardless of the transaction, those which, although specifically attributable to the transaction, fall within the normal practice of managing the loan. With particular reference to receivables, commission paid to distribution channels and direct insurance policies are considered costs attributable to the financial instrument; while the revenues considered in the calculation of the amortised cost are the up-front commission.

For the securities issued, the placement commission of the bond loans paid to third parties and the structuring activities are considered in the calculation of the amortised cost, while the recurring maintenance commission is not considered in the amortised cost.

TLTRO III financing transactions

TLTRO III (Targeted Longer Term Refinancing Operations) aim to preserve favourable conditions of bank credit and to support the accommodating stance of monetary policy. Some of the parameters defined by the ECB on 6 June 2019 were subsequently revised for the purpose of improvement, most recently on 10 December 2020, in light of the economic repercussions deriving from the continuation of the COVID-19 emergency. The funding that can be obtained from each banking institution depends on the amount of loans granted to non-financial companies and households (eligible loans) on certain recognition dates. The transactions are carried out on a quarterly basis, starting from September 2019 and each transaction has a duration of three years.

The interest rate for each transaction is set at a level equal to the average level of the main refinancing operations of the Eurosystem (MRO), with the exception of:

- for the period between 24 June 2020 and 23 June 2022 ("*special interest rate period*"), in which a lower rate of 50 basis points will be applied. Banks that grant net eligible loans above a reference value ("*benchmark net lending*") may benefit from a reduction in the interest rate. In detail, the preferential rate applied will be equal to the average rate on deposits at the central bank (*Deposit Facility*), currently equal to -0.5%, for the entire duration of the respective transaction, with the exception of the "*special interest rate period*", in addition to a further reduction of 50 basis points (and in any case no higher than 1%);
- for the period from 23 November 2022, the interest rate on TLTRO-III transactions still outstanding is index-linked to the reference interest rate applicable during this period.

In this context, the rate applied at Group level followed the following method:

- for the period between 24 June 2020 and 23 June 2022, -1% was applied;
- for the period between 24 June 2022 and 22 November 2022, the average rate (*Deposit Facility*) was applied, calculated as the average from the granting of the loan until 22 November 2022;
- for the period from 23 November 2022, the interest rate on TLTRO-III transactions still outstanding is index-linked to the reference interest rate applicable during this period.

With regard to the accounting at amortised cost, note the application of the standard taking into account the variable cost described above and the expected early repayments. As a result of the decisions adopted by the ECB in 2022 and 2023 regarding interest rates, compared to the previous year, the TLTRO lines generated interest expense for the Bank.

Use of estimates and assumptions in preparing financial information

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts recognised in the balance sheet and income statement, and on the disclosure of contingent assets and liabilities reported in the financial statements. The development of such estimates involves the use of available information and the adoption of subjective judgements based on past experience, which are used to formulate reasonable assumptions for recording corporate events. By their nature, the estimates and assumptions used can vary from year to year, which means that it cannot be excluded that in future years the figures in the financial statements may differ significantly due to changes in the subjective judgements used.

The main situations in which management has to make subjective judgements include the following:

- the quantification of impairment losses on receivables, equity investments and, in general, other financial
- assets;
- the use of valuation models for determining the fair value of financial instruments not listed in active markets;
- assessing whether the value of other intangible assets is fair;
- quantifying personnel provisions and provisions for risks and charges;
- making estimates and assumptions regarding the recoverability of deferred tax assets.

A.3 – Information on transfers between portfolios of financial assets

A.3.1 Reclassified financial assets: change in business model, carrying amount, fair value and interest income

The Bank has not reclassified any financial assets during the year.

A.3.2 Reclassified financial assets: change in business model, fair value and effects on comprehensive income

The Bank has not reclassified any financial assets during the year.

A.3.3 Reclassified financial assets: change in business model and effective interest rate

The Bank has not made transfers of portfolios between the different categories of financial assets during the year.

A.4 – Information on fair value

Qualitative information

The Bank regulates and formalises the measurement of fair value through internal policies, overseen by the Market Risk unit.

IFRS 13 defines fair value 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.

Underlying the definition of fair value is the presumption that the Bank finds itself in the normal course of business with no intention of liquidating its assets, of significantly reducing the level of its assets or of proceeding with the definition of transactions at unfavourable conditions. For this reason, the fair value of an asset or liability is based on the assumption that participants act to best satisfy their economic interests, consequently favouring the main active markets, or in the absence thereof, the most advantageous secondary active market.

The Bank can therefore use the following valuation models:

- market valuation method (use of market prices of assets, liabilities or similar equity instruments held as assets by other market participants);
- cost method (i.e. the replacement cost that would be required at the time to replace the service capacity of an asset);
- income method (discounted value technique based on expected future cash flows from a market counterparty that holds a liability or an equity instrument as an asset).

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

The measurement techniques adopted by the Bank are as follows:

Items	Assessment	Level*
ASSET		
Debt securities	**Market price**	**1**
Equities	**Cost**	**3**
Loans**		
- on demand (< 3 Month)	Cost	2-3
- to maturity (>3 Month)	Discounted valute at tax risk free + risk spread	2-3
- impaired	Discounted valute at tax risk free + risk spread according to historical recovery curves	3
LIABILITIES		
Debt securities issued	**Discounted valute at tax risk free + risk spread**	**2-3**
Deposit **		
- on demand (< 3 Month)	Cost	2-3
- to maturity (>3 Month)	Discounted valute at tax risk free + risk spread	2-3
OTHER ASSET AND LIABILITIES		
- on demand (< 3 Month)	Cost	2-3
- to maturity (>3 Month)	Discounted valute at tax risk free + risk spread	2-3

Key:
* For further clarifications on fair value levels, please refer to “A.4.3 Fair value hierarchy”.
** Relationships are generally classified as level 3, except for central banks and credit institutions classified as level 2.

The inputs used are the assumptions that market participants would use in determining the price of the asset or liability and can be classified as:

- observable inputs: processed using market data, such as publicly available information on actual transactions or events, and which reflect the assumptions that market participants would use in determining the price of the asset or liability.
- non-observable inputs: no market information is available and they are processed using the best information available regarding assumptions that market participants would use in determining the price of the asset or liability. The majority of these inputs come from sources within the Santander Group.

A volatility corrective factor known as FVA - fair value adjustment (divided into CVA - Credit Value Adjustment and DVA - Debit Value Adjustment respectively for assets and liabilities) is also used. The main aggregates affected by the FVA are the loan portfolio, for which the corrective factor is included in the impairment, while for derivative contracts, the daily settlements of the positions allow an implicit reabsorption of the corrective element.

A.4.2 Valuation processes and sensitivity

The risk-free and risk-spread parameters are updated on a quarterly basis and are intended to incorporate fluctuations deriving from market risk. These values are periodically monitored by the Market Risk unit in order to continuously assess the adequacy of the models used, subject to review at least once a year.

A.4.3 Fair value hierarchy

IFRS 13 establishes a fair value hierarchy that classifies the inputs of the valuation techniques adopted to measure the fair value into three levels. This hierarchy assigns the highest priority to (unadjusted) listed prices in active markets for identical assets or liabilities (Level 1) and minimum priority to non-observable inputs (Level 3).

Specifically:

- Level 1: when the measurement of the instrument is obtained directly from (unadjusted) listed prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: if an active market price has not been found and the measurement is carried out using a valuation technique, on the basis of parameters observable on the market, or on the use of parameters that are not observable but supported and confirmed by market evidence, such as prices, spreads or other inputs;

- Level 3: when the measurements are carried out using different inputs, not all derived directly from parameters observable on the market and therefore involve estimates and assumptions by the appraiser.

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

A.4.4 Other Information

There are no cases referred to in IFRS 13, paragraphs 48, 93 letter (i), and 96.

Quantitative information

A.4.5 Fair value hierarchy

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

	12/31/2023			12/31/2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets valued at fair value with impact on income statement	-	46,781	-	-	41,060	-
a) financial assets held for trading	-	46,781	-	-	41,060	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) o+ther financial assets compulsorily assessed at fair value	-	-	-	-	-	-
2. Financial assets valued at fair value with impact on overall profitability	150,254	-	-	301,373	-	-
3. Cover derivatives	-	78,897	-	-	154,216	-
4. Tangible assets	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**150,254**	**125,678**	**-**	**301,373**	**195,275**	**-**
1. Financial liabilities held for trading	-	47,472	-	-	41,083	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Cover derivatives	-	16,166	-	-	-	-
Total	**-**	**63,638**	**-**	**-**	**41,083**	**-**

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

At the reporting date, there were no transfers of assets and liabilities between level 1 and level 2 to be disclosed.

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

The Bank does not hold any financial assets measured at fair value (level 3).

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

The Bank does not hold any financial liabilities measured at fair value (level 3).

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

Assets / Liabilities not measured at fair value or measured at fair value on a non-recurring basis	12/31/2023				12/31/2022			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets valued at amortized cost	6,607,532	201,179		5,944,208	6,071,949	97,484		5,633,615
2. Available for sale financial assets								
3. Non current assets classified as held for sale								
Total	**6,607,532**	**201,179**	**-**	**5,944,208**	**6,071,949**	**97,484**	**-**	**5,633,615**
1. Financial liabilities measured at amortized cost	6,327,532		1,312,306	5,007,069	6,212,702		2,769,648	3,436,291
2. Liabilites included in disposal group classified as hfs								
Total	**6,327,532**	**-**	**1,312,306**	**5,007,069**	**6,212,702**	**-**	**2,769,648**	**3,436,291**

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

A.5 – Information on "Day One Profit/Loss"

The Bank does not hold any financial instruments that meet the conditions referred to in paragraph 28 of IFRS 7.

Part B – Information on the Balance Sheet

ASSET

Section 1 – Cash and cash equivalents – Item 10

1.1 Cash and cash equivalents: breakdown

	Total	Total
	12/31/2023	12/31/2022
a) Cash	10	6
b) Current account and demand deposits with Central banks	121,231	65
c) Current accounts and demand deposits with banks	10,085	476,031
Total	**131,327**	**476,102**

The item "Current accounts and on demand deposits with Central Banks" in 2023 was affected by the presence of an overnight position with the Bank of Italy.

Section 2 – Financial assets measured at fair value through profit and loss - Item 20

2.1 Financial assets held for trading: breakdown by type

Items/Values	Total			Total		
	12/31/2023			12/31/2022		
	L1	L2	L3	L1	L2	L3
A. Balance-sheet assets						
1. Debt securities		-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other securietes	-	-	-	-	-	-
2. Equity securites	-	-	-	-	-	-
3. Investment funds unit	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 REPOs	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments						
1. Financial derivates	-	46,781	-	-	41,060	-
1.1 trading	-	46,781	-	-	41,060	-
1.2 fair value hedges	-	-	-	-	-	-
1.3 others	-	-	-	-	-	-
2. Credit derivates	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 fair value hedges	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
Total (B)	**-**	**46,781**	**-**	**-**	**41,060**	**-**
Total (A+B)	**-**	**46,781**	**-**	**-**	**41,060**	**-**

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

The financial derivatives item includes the positive fair value of the derivatives entered into as part of the proprietary securitisation transactions, without cancellation.

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

Items/Values	Total 12/31/2023	Total 12/31/2022
A. CASH ASSETS		
1. Debt securities	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
2. Equity instruments	**-**	**-**
a) Banks	-	-
b) Other finanzial companies	-	-
of which: Insurance companies	-	-
c) Non financial companies	-	-
d) Other issuers	-	-
3. Units investment funds	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
f) Families	-	-
Total (A)	**-**	**-**
B. DERIVATIVE INSTRUMENTS	**-**	**-**
a) Central Counterparties	-	-
b) Others	46,781	41,060
Total (B)	**46,781**	**41,060**
Total (A+B)	**46,781**	**41,060**

2.3 Financial assets designated at fair value: breakdown by type

The Bank does not have any financial assets designated at fair value.

2.4 Financial assets designated at fair value: breakdown by borrower/issuer

The Bank does not have any financial assets designated at fair value.

2.5 Financial assets mandatorily measured at fair value: breakdown by type

The Bank does not have any financial assets mandatorily measured at fair value.

2.6 Other financial assets mandatorily measured at fair value: breakdown by borrower/issuer

The Bank does not have any other financial assets mandatorily measured at fair value.

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

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

Item/Values	Total 12/31/2023			Total 12/31/2022		
	L1	L2	L3	L1	L2	L3
1. Debts securities	150,254	-	-	301,373	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	150,254	-	-	301,373	-	-
2. Equity instruments	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-
Total	**150,254**	**-**	**-**	**301,373**	**-**	**-**

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

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

Items/Values	Total 12/31/2023	Total 12/31/2022
1. Debt securities	**150,254**	**301,373**
a) Central Banks	-	-
b) Public entities	150,254	301,373
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
2. Equity securities	**-**	**-**
a) Banks	-	-
b) Other issuers:	-	-
- other financial companies	-	-
of which: insurance companies	-	-
- non financial companies	-	-
- others	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non financial companies	-	-
f) Households	-	-
Total	**150,254**	**301,373**

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total write-downs

		Gross amount					Writedowns				
		First stage	of which: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	Write-off parziali complessivi
Debt securities		150,254	-	-	-	-	-	-	-	-	-
Loans		-	-	-	-	-	-	-	-	-	-
Total	**12/31/2023**	**150,254**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**12/31/2022**	**301,373**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Section 4 – Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: loans to banks, breakdown by type

Type of transaction/Values	Total 12/31/2023						Total 12/31/2022					
	Balance value			Fair value			Balance value			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
A. Receivables to Central Banks	**12,429**	**-**	**-**	**-**	**-**	**12,429**	**11,820**	**-**	**-**	**-**	**-**	**11,820**
1. Deposits to Maturity	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserves	11,853	-	-	X	X	X	11,820	-	-	X	X	X
3. Repos	-	-	-	X	X	X	-	-	-	X	X	X
4. Others	576	-	-	X	X	X	-	-	-	X	X	X
B. Receivables to banks	**79,278**	**-**	**-**	**-**	**-**	**80,042**	**33,620**	**-**	**-**	**-**	**-**	**33,826**
1. Loans	79,278	-	-	-	-	80,042	33,620	-	-	-	-	33,826
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Other loans:	79,278	-	-	X	X	X	33,620	-	-	X	X	X
- Repos	-	-	-	X	X	X	-	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Others	79,278	-	-	X	X	X	33,620	-	-	X	X	X
2. Debts securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	**91,707**	**-**	**-**	**-**	**-**	**92,471**	**45,440**	**-**	**-**	**-**	**-**	**45,646**

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

The item "other loans - other" relates mainly to the subordinated loan to the subsidiary Stellantis Financial Services Italia in the amount of Euro 79,255 thousand.

4.2 Financial assets measured at amortised cost: loans to customers, breakdown by type

Type of transaction/Values	Total 12/31/2023						Total 12/31/2022					
	Balance value			Fair value			Balance value			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
1. Loans	**6,255,047**	**60,491**	**-**	**-**	**-**	**5,851,736**	**5,879,347**	**48,064**	**-**	**-**	**-**	**5,587,969**
1.1. Deposits from customers	2,600	1	-	X	X	X	3,305	1	-	X	X	X
1.2. REPOs	-	-	-	X	X	X	-	-	-	X	X	X
1.3. Mortgages	-	-	-	X	X	X	-	-	-	X	X	X
1.4. Credit cards, personal loans and wage assignment losses	2,540,265	32,727	-	X	X	X	2,259,361	25,671	-	X	X	X
1.5. Lease loans	178,474	774	-	X	X	X	183,769	825	-	X	X	X
1.6. Factoring	89,006	-	-	X	X	X	60,218	-	-	X	X	X
1.7. Other loans	3,444,702	26,990	-	X	X	X	3,372,694	21,567	-	X	X	X
2. Debt securities	**200,288**	**-**	**-**	**201,179**	**-**	**-**	**99,097**	**-**	**-**	**97,484**	**-**	**-**
1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2. Other debt securities	200,288	-	-	201,179	-	-	99,097	-	-	97,484	-	-
Total	**6,455,334**	**60,491**	**-**	**201,179**	**-**	**5,851,736**	**5,978,445**	**48,064**	**-**	**97,484**	**-**	**5,587,969**

The item "Other loans" includes car loans and special-purpose loans, as well as loans disbursed to non-banking companies of the group.

4.3 Financial assets measured at amortised cost: loans to customers, breakdown by borrower/issuer

Type of transaction / Values	Total 12/31/2023			Total 12/31/2022		
	First and second stage	Third stage	Purchased or originated impaired assets	First and second stage	Third stage	Purchased or originated impaired assets
1. Debt securities	**200,288**	**-**	**-**	**99,097**	**-**	**-**
a) Public Administration	200,288	-	-	99,097	-	-
b) Other financial company	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non financial companies	-	-	-	-	-	-
2. Loans to:	**6,255,047**	**60,491**	**-**	**5,879,347**	**48,064**	**-**
a) Public Administration	1,333	3,630	-	1,558	4,095	-
b) Other financial company	61,641	59	-	163,092	78	-
of which: insurance companies	3	2	-	3	3	-
c) Non financial companies	486,752	4,924	-	393,077	4,305	-
d) Households	5,705,321	51,877	-	5,321,620	39,586	-
Total	**6,455,334**	**60,491**	**-**	**5,978,445**	**48,064**	**-**

4.4 Financial assets measured at amortised cost: gross value and total writedowns

		Gross amount					Writedowns				
		First stage	of which: low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	Write-off parziali complessivi
Debt securities		200,288	-	-	-	-	-	-	-	-	-
Loans		6,354,940	-	34,070	139,159	-	33,013	9,244	78,668	-	-
Total	**12/31/2023**	**6,555,228**	**-**	**34,070**	**139,159**	**-**	**33,013**	**9,244**	**78,668**	**-**	**-**
Total	**12/31/2022**	**6,018,858**	**-**	**54,923**	**157,606**	**-**	**35,709**	**14,187**	**109,542**	**-**	**-**

Section 5 – Hedging derivatives – Item 50

5.1 Hedging derivatives: breakdown by type of hedge and levels

	Fair Value 12/31/2023			NV 12/31/2023	Fair Value 12/31/2022			NV 12/31/2022
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value	-	78,897	-	2,151,817	-	154,216	-	3,199,074
2) Cash flows	-	-	-	-	-	-	-	-
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**78,897**	**-**	**2,151,817**	**-**	**154,216**	**-**	**3,199,074**

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

As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 2 - Market risk, Subsection 2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

5.2 Hedging derivatives: breakdown by hedged portfolios and type of hedge

Transaction / Type of hedging	Fair Value						Cash-flow hedges		Net Investments on foreign subsidiaries
	Micro					Macro	Micro	Macro	
	debt securities and interest rates	equity securities and stock indexes	currencies and gold	commodities	others				
1. Available for sale financial assets	-	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Portfolio	X	X	X	X	X	78,897	X	-	X
5. Others	-	-	-	-	-	X	-	X	-
Total assets	**-**	**-**	**-**	**-**	**-**	**78,897**	**-**	**-**	**-**
Financial Liabilities	-	-	-	X	-	X	-	X	X
Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**X**
1. Highly probable transactions (CFH)	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

6.1 Value adjustment of hedged assets: breakdown by hedged portfolios

Fair value of hedged assets / Values	Total 12/31/2023	Total 12/31/2022
1. Positive adjustment	**-**	**-**
1.1 of specific portfolios:	-	-
a) financial assets at amortized cost	-	-
b) financial assets measured at fair value with an impact on overall profitability	-	-
1.2 overall	-	-
2. Negative adjustment	**50,281**	**145,478**
2.1 of specific portfolios:	50,281	145,478
a) financial assets at amortized cost	50,281	145,478
b) financial assets measured at fair value with an impact on overall profitability	-	-
2.2 overall	-	-
Total	**(50,281)**	**(145,478)**

Section 7 – Equity investments – Item 70

7.1 Equity investments: disclosures

Company name	Registered Office	Head Office	% holding	% of votes
A. Subsidiaries				
1. Stellantis Financial Services Italia S.p.A.	Torino	Torino	50.0%	
2. Stellantis Renting Italia S.p.A.	Trento	Trento	50.0%	
3. TIMFin S.p.A.	Torino	Torino	51.0%	
4. Santander Consumer Renting S.r.l.	Bolzano		100%	
5. Drive S.r.l.	Bolzano		75%	
B. Joint ventures				
C. Companies under significant influence				

7.2 Significant equity investments: carrying amount, fair value and dividends received

Pursuant to the applicable legislation, with reference to the information on subsidiaries with significant minority interests, please refer to the information provided in the Consolidated Financial Statements, Part A – Section 3 – paragraph 3.1 – Equity investments in subsidiaries with significant minority interests.

7.3 Significant equity investments: accounting information

Pursuant to the applicable legislation, with reference to the information on subsidiaries with significant minority interests, please refer to the information provided in the Consolidated Financial Statements, Part A – Section 3 – paragraph 3.2 – Equity investments in subsidiaries with significant minority interests.

7.4 Insignificant equity investments: accounting information

The Bank does not have any insignificant equity investments.

7.5 Equity investments: change in the year

	Total 31/12/2023	Total 31/12/2022
A. Opening balance	**189,990 €**	**180,990 €**
B. Increases	**155,700 €**	**9,000 €**
B.1 Purchases	155,700 €	9,000 €
B.2 Writebacks		
B.3 Revaluations		
B.4 Other changes		
C. Decreases		
C.1 Sales		
C.2 Adjustments		
C.3 Devaluations		
C.4 Other changes		
D. Closing balance	**345,690 €**	**189,990 €**
E. Total revaluations		
F. Total adjustments		

For further information, please refer to the consolidated report on operations.

7.6 Commitments relating to equity investments in subsidiaries under joint control

The Bank has no equity investments in subsidiaries under joint control.

7.7 Commitments relating to equity investments in companies subject to significant influence

The Bank has no equity investments in companies subject to significant influence.

7.8 Significant restrictions

The Bank has no significant restrictions.

7.9 Other information

Equity investments are individually tested for impairment in accordance with IAS 36. If the conditions set forth therein are met, the recoverable value is determined, i.e. the higher value between the “fair value” and the “value in use” (the latter determined by discounting back the cash flows at a rate that considers the current market rates and the specific risks of the asset or by using other generally adopted measurement criteria and methods suitable for the correct valuation of the investment itself). If the recoverable value is lower than the book value, the latter is consequently reduced by booking the corresponding write-down to the income statement.

With reference to equity investments in subsidiaries, the recoverable value is generally determined by discounting future income flows at an appropriate discount rate as detailed below.

Estimating cash flows to determine the value in use of Equity investments in subsidiaries.

Projections

The set of projections used for the impairment test on Equity investments in subsidiaries is based on two alternative scenarios, in order to reflect the uncertainty and volatility of the macroeconomic context. The two scenarios are structured as follows:

- “Base” scenario based on the financial forecasts underlying the 2024-2026 strategic plan;
- “Stressed” scenario worse than the “base” scenario, which reflects downward macroeconomic forecasts for 2024-2026 to factor in the greater risks inherent in the current context of uncertainty.

Impairment test model

The calculation of the value in use for the purposes of the impairment test is carried out using a discounted cash flow model (DCF). The expected flows are equal to the net results pertaining to the group (excluding minority interests) deriving from the above and from the determination of a terminal value. The Terminal Value is determined using the "Perpetuity Method" considering a long-term nominal growth rate of 2% (Source: the target inflation rate for the Central European Bank) and a discount rate as described below.

Discount rates

The future cash flows were discounted using an estimate of the discounting rate, which incorporates in the cost of own capital the various risk factors associated with the business sector. The discount rate used is a nominal after-tax rate.

In particular, the cost of capital for each investment in the different scenarios is estimated using the Capital Asset Pricing Model (CAPM) as the sum of the following elements:

- Risk-free rate: equal to the yield of the benchmark government security of the reference country;
- Risk premium on own capital: given by the outcome of the following factors:
  - Beta (β) of the Parent Company Banco Santander;
  - Stock market risk premium: the difference between the return of the stock market and that of the bond market.

<u>The results of the impairment test</u>

The test did not reveal any impairment situations in either the “base” or the “stressed” scenario.

Section 8 – Property, plant and equipment – Item 80

8.1 Property, plant and equipment used for business purposes: breakdown of assets measured at cost

Activities/Values	Total 12/31/2023	Total 12/31/2022
1. Owened assets	**1,728**	**2,924**
a) lands	-	-
b) buildings	-	-
c) furniture	355	649
d) electronic system	1,336	1,999
e) other	37	277
2. Leased assets	**12,328**	**16,118**
a) lands	-	-
b) buildings	11,522	13,650
c) furniture	-	-
d) electronic system	-	-
e) other	806	2,468
Total	**14,055**	**19,042**
of which: obtained by the enforcement of collateral	-	-

The table below shows the useful life determined for the purposes of calculating the annual depreciation charge of owned assets:

Category of asset	Useful life (years)
OFFICE FORNITURE AND FURNISHING	9
ORDINARY OFFICE MACHINES	9
DATA PROCESSING MACHINES	5
TELEPHON SYSTEMS	4
VEHICLES	4
MISCELLANEOUS EQUIPMENT	4
SOFTWARE EXPENDITURE	3
DEFERRED CHARGES TO BE AMORTISED	6

For property, plant and equipment purchased under finance leases, please refer to Part M - Report on leases for further details.

8.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

No property, plant and equipment held for investment have been recognised.

8.3 Property, plant and equipment used for business purposes: breakdown of revalued assets

There are no items of property, plant and equipment used for business purposes that have been revalued.

8.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

No property, plant and equipment held for investment have been recognised.

8.5 Inventories of property, plant and equipment covered by IAS 2: breakdown

The Bank does not have any property, plant and equipment obtained through the enforcement of the guarantees received or other inventories of property, plant and equipment.

8.6 Property, plant and equipment used for business purposes: change in the year

	Lands	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	**-**	**19,831**	**4,127**	**14,015**	**11,340**	**49,312**
A.1 Total net reduction value	-	6,181	3,478	12,016	8,595	30,270
A.2 Net opening balance	**-**	**13,650**	**649**	**1,999**	**2,745**	**19,042**
B. Increase:	**-**	**2,665**	**-**	**102**	**1,468**	**4,235**
B.1 Purchasing	-	-	-	102	29	132
- of which business combinations	-	-	-	-	-	-
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value allocated to	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer from investment properties	-	-	X	X	X	-
B.7 Other adjustment	-	2,665	-	-	1,438	4,103
C. Decrease:	**-**	**4,792**	**295**	765	**3,370**	**9,222**
C.1 Sales	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Amorization	-	1,988	295	765	793	3,841
C.3 Impairment losses allocated to	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
C.4 Negative chages in fair value allocated to	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-
b) profit & loss	-	-	-	-	-	-
C.5 Negative exchange difference	-	-	-	-	-	-
C.6 Transfer to:	-	-	-	-	-	-
a) held for sale investment	-	-	X	X	X	-
b) non-current assets and group of assets held for sale	-	-	-	-	-	-
C.7 Other adjustment	-	2,805	-	-	2,577	5,381
D. Net closing balance	**-**	**11,522**	**355**	**1,336**	**843**	**14,055**
D.1 Total net write-down	-	4,401	3,772	12,781	9,200	30,154
D.2 Final gross balance	**-**	**15,923**	**4,127**	**14,117**	**10,043**	**44,210**
E. Carried at cost	-	-	-	-	-	-

Each class of assets is measured at cost. Sub-item E (Carried at cost) shows a zero balance because, in accordance with Bank of Italy's Circular no. 262/2005, it is only for property, plant and equipment that are carried in the balance sheet at fair value.

Items B.7 "Other increases" and C.7 "Other decreases" include the increases and decreases in the value of assets subject to IFRS 16, respectively.

The table below reports the annual changes in rights of use of property, plant and equipment used for business purposes acquired through finance leases:

	Lands	Buildings	Furniture	Electronic System	Others	Total
A. Gross opening balance	**-**	**19,831**	**-**	**-**	**2,765**	**22,595**
A.1 Total net reduction value	-	6,181	-	-	296	6,477
A.2 Opening net balance	**-**	**13,650**	**-**	**-**	**2,468**	**16,118**
B. Increase:	**-**	**2,665**	**-**	**-**	**1,438**	**4,103**
B.1 Purchasing	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit & loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	-	-	-	-	-	-
B.7 Other adjustment	-	2,665	-	-	1,438	4,103
C. Decreases:	**-**	**4,792**	**-**	**-**	**3,101**	**7,894**
C.1 Disposal	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Depreciation	-	1,988	-	-	525	2,512
C.3 Impairment losses	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit & loss	-	-	-	-	-	-
C.4 Negative chages in fair value	-	-	-	-	-	-
a) net equity	-	-	-	-	-	-
b) through profit & loss	-	-	-	-	-	-
C.5 Negative exchange difference	-	-	-	-	-	-
C.6 Transfer to::	-	-	-	-	-	-
a) Property, plant and equipment held for investment	-	-	-	-	-	-
b) non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-
C.7 Other adjustment	-	2,805	-	-	2,577	5,381
D. Net final balance	**-**	**11,522**	**-**	**-**	**806**	**12,328**
D.1 Total net reduction in value	-	4,401	-	-	633	5,034
D.2 Gross closing balance	**-**	**15,923**	**-**	**-**	**1,438**	**17,361**
E. Carried at cost	-	-	-	-	-	-

8.7 Property, plant and equipment held for investment: change in the year

The Bank does not have any property, plant and equipment held for investment in the financial statements.

8.8 Inventories of property, plant and equipment covered by IAS 2: change in the year

	Inventories of tangible assets arising from the recovery of guarantees received					Other inventories of tangible assets	Total
	Lands	Buildings	Furniture	Electronic systems	Other		
A. Opening balance	-	-	-	-	-	-	-
B. Increase	-	-	-	-	-	83	83
B.1 Purchasing	-	-	-	-	-	-	-
B.2 Write-backs	-	-	-	-	-	-	-
B.3 Positive exchange differences	-	-	-	-	-	-	-
B.4 Other adjustment	-	-	-	-	-	83	83
C. Decrease	-	-	-	-	-	83	83
C.1 Sales	-	-	-	-	-	-	-
C.2 Impairment losses	-	-	-	-	-	-	-
C.3 Negative exchange difference	-	-	-	-	-	-	-
C.4 Other changes	-	-	-	-	-	83	83
D. Closing balance	-	-	-	-	-	-	-

8.9 Commitments to purchase property, plant and equipment

The Bank does not have any commitments to purchase property, plant and equipment.

Section 9 – Intangible assets – Item 90

9.1 Intangible assets: breakdown by type

Activities/Values	Total 12/31/2023		Totale 12/31/2022	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	X	-	X	-
A.2 Other intangible asset	**23,673**	-	**30,463**	-
of which: software	23,673	-	30,463	-
A.2.1 Assets valued at cost:	**23,673**	-	**30,463**	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	23,673	-	30,463	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**23,673**	-	**30,463**	-

The software has a useful life of 3 years.

9.2 Intangible assets: change in the year

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**-**	**-**	**-**	**51,862**	**-**	**51,862**
A.1 Reductions of total net value	-	-	-	21,399	-	21,399
A.2 Net opening balance	**-**	**-**	**-**	**30,463**	**-**	**30,463**
B. Increases	**-**	**-**	**-**	**9,481**	**-**	**9,481**
B.1 Purchases	-	-	-	9,481	-	9,481
- of which business combinations	-	-	-	-	-	-
B.2 Increments of internal intagible assets	X	-	-	-	-	-
B.3 Value recoveries	X	-	-	-	-	-
B.4 Positive variations of fair value	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- to P&L statement	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other variations	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**16,271**	**-**	**16,271**
C.1 Sales	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Value adjustment	-	-	-	16,271	-	16,271
- Amortisations	X	-	-	16,271	-	16,271
- Depreciations	-	-	-	-	-	-
+ equity	X	-	-	-	-	-
+ P&L statement	-	-	-	-	-	-
C.3 Negative variations of fair value	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- to P&L statement	X	-	-	-	-	-
C.4 Transfer to non-current assets	-	-	-	-	-	-
C.5 Negative exchange differrences	-	-	-	-	-	-
C.6 Other variations	-	-	-	-	-	-
D. Net final surplus	**-**	**-**	**-**	**23,673**	**-**	**23,673**
D.1 Adjustment of net total values	-	-	-	37,670	-	37,670
E. Gross final surplus	**-**	**-**	**-**	**61,343**	**-**	**61,343**
F. Evaluation to cost	-	-	-	-	-	-

Key:
DEF: finite life
INDEF: indefinite life

Each class of assets is measured at cost. Sub-item F (Carried at cost) shows a zero balance because, in accordance with Bank of Italy's Circular no. 262/2005, it is only for intangible assets that are carried in the balance sheet at fair value.

9.3 Intangible assets: other information

During the year, all software with a useful life of more than 3 years was subject to a review of the residual life to align with the policies of the Spanish Parent Company. For further details on the Lexitor ruling, please refer to the consolidated report on operations.

Section 10 – Tax assets and liabilities – Asset item 100 and Liabilities and Shareholders' equity item 60

10.1 Deferred tax assets: breakdown

	12/31/2023	12/31/2022
- Balancing the income statement	116,481	133,481
- Balancing net equity	257	662
Total	**116,738**	**134,143**

Deferred tax assets through the income statement are mainly attributable to write-downs on receivables as per Italian Decree Law no. 214/2011 and losses deriving from the same (see paragraph 10.4) and to temporary changes generated by provisions for risks.

Deferred tax assets through shareholders' equity refer to the tax effect of financial assets measured at fair value through other comprehensive income and the actuarial gains and losses pertaining to the provision for employee severance pay.

With regard to the recoverability of deferred tax assets, in consideration of their nature and future development prospects in terms of the ability to generate taxable income, there are no particular aspects that could impact their recoverability over a time period of 3 years.

10.2 Deferred tax liabilities: breakdown

	12/31/2023	12/31/2022
- P&L Exchange	164	123
- Patrimony exchange	-	-
Total	**164**	**123**

Deferred taxes with a balancing entry in the income statement are attributable to charges on seconded personnel.

10.3 Changes in deferred tax assets (through the income statement)

	Total 12/31/2023	Total 12/31/2022
1. Opening balance	**133,481**	**151,896**
2. Increase	**32,927**	**3,879**
2.1 Deferred tax assets of the year	32,927	3,879
a) related to previous fiscal year	865	191
b) due to changes in accountable parameters	-	-
c) write-backs	-	-
d) others	32,061	3,687
2.2 New levies or increases in fiscal rates	-	-
2.3 Other increases	-	-
3. Decreases	**49,926**	**22,294**
3.1 Anticipated levies cancelled in fiscal year	49,926	22,170
a) reversals of temporary differences	49,594	22,103
b) write-downs of non-recoverable items	-	-
c) changes in accountable parameters	-	-
d) others	333	68
3.2 Decreases in fiscal rates	-	-
3.3 Other decreases:	-	124
a) conversion into tax credit under L. 214/2011	-	124
b) others	-	-
4. Closing balance	**116,481**	**133,481**

The increase in deferred tax assets is mainly due to the recognition of tax losses that can be monetised for Euro 16,605 thousand, ACE that can be carried forward for Euro 2,315 thousand and for the remainder increases relating to other provisions.

The reduction in reversals of deferred tax assets is mainly due to the legislative change made in 2022 on the deductibility relating to Italian Decree Law no. 214/2011 for Euro 37,730 thousand, and for the remaining part to decreases inherent to other provisions.

10.3bis Changes in deferred tax assets as per Italian Law no. 214/2011

	Total 12/31/2023	Total 12/31/2022
1. Opening balance	**114,657**	**132,055**
2. Increases	**16,605**	**124**
3. Decreases	**37,730**	**17,521**
3.1 Reversals of temporary differences	37,730	17,398
3.2 Transformation into tax credits	-	124
a) Due to loss positions arisen from P&L	-	-
b) Due to tax losses	-	124
3.3 Other decreases	-	-
4. Closing balance	**93,532**	**114,657**

With regard to deferred tax assets recorded in the financial statements, it should be stressed that they are fully convertible into tax credits, according to the legislative provisions, as a result of the exercise of the option referred to in article 11 of Italian Decree Law no. 59/2016 and subsequent amendments.

The increase relates to the recognition of deferred tax assets on monetisable losses deriving from Italian Law no. 214/2011.

10.4 Changes in deferred tax liabilities (through the income statement)

	Total 12/31/2023	Total 12/31/2022
1. Initial amount	**123**	**-**
2. Increase	**146**	**123**
2.1 Defered levies observed in the fiscal year	**146**	**123**
a) related to precedent fiscal year	-	-
b) due to change in accountability parameters	-	-
c) others	146	123
2.2 New levies or increments of fiscal rates	**-**	**-**
2.3 Other increases	**-**	**-**
- di cui operazioni di aggregazione aziendale	-	-
3. Decreases	**105**	**-**
3.1 Defered levies cancelled in the fiscal year	105	-
a) reversals of temporary differences	84	-
b) due to changes in accountable parameters	-	-
c) others	21	-
3.2 Decreases in fiscal rates	-	-
3.3 Other decreases:	-	-
- di cui operazioni di aggregazione aziendale	-	-
4. Final amount	**164**	**123**

10.5 Changes in deferred tax assets (through shareholders' equity)

	Total 12/31/2023	Total 12/31/2022
1. Opening balance	**662**	**349**
2. Increases	**8**	**443**
2.1 Deferred tax assets during the year	8	443
b) related to previous fiscal years	-	-
b) due to changes in accountable parameters	-	-
c) others	8	443
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
- of which: business combinations	-	-
3. Decreases	**414**	**130**
3.1 Deferred tax assets derecognised during the year	414	130
a) reversals of temporary differences	-	130
b) devaluation for appeared irrecoverability	-	-
c) due to changes in accountable parameters	-	-
d) others	414	-
3.2 Decreases in fiscal rates	-	-
3.3 Other decreases:	-	-
- of which: business combinations	-	-
4. Closing balance	**257**	**662**

10.6 Changes in deferred tax liabilities (through shareholders' equity)

	Total 12/31/2023	Total 12/31/2022
1. Initial amount	**-**	**107**
2. Increases	**-**	**-**
2.1 Defered levies observed in fiscal year	-	-
a) related to previous fiscal year	-	-
b) due to changes in accountable parameters	-	-
c) others	-	-
2.2 New levies or increases in fiscal rates	-	-
2.3 Other increases	-	-
- di cui operazioni di aggregazione aziendale	-	-
3. Decreases	**-**	**107**
3.1 Anticipated levies cancelled in fiscal year	-	107
a) reversals of temporary differences	-	107
b) due to changes in accountable parameters	-	-
c) others	-	-
3.2 Decreases in fiscal rates	-	-
3.3 Other decreases:	-	-
- di cui operazioni di aggregazione aziendale	-	-
4. Final amount	**-**	**-**

10.7 Other information

Current tax assets amounted to Euro 21,935 thousand (Euro 42,727 thousand in 2022), down considering the increase in legal deductions pursuant to Italian Decree Law no. 214/2011, and consist mainly of IRES and IRAP advances.

Current tax liabilities amounted to Euro 2,287 thousand (Euro 26,857 thousand in 2022), down considering the increase in legal deductions pursuant to Italian Decree Law no. 214/2011, and consist mainly of the estimate of the current IRAP taxes whose financial manifestation will occur in 2024.

Section 11 – Non-current assets held for sale and discontinued operations and associated liabilities – Assets item 110 and Liabilities and Shareholders' equity item 70

11.1 Non-current assets held for sale and discontinued operations: breakdown by type

The Bank does not have any non-current assets held for sale and discontinued operations.

11.2 Other information

There is no further information that needs to be disclosed to comply with IFRS 5, paragraph 42.

Section 12 – Other assets – Item 120

12.1 Other assets: breakdown

	12/31/2023	12/31/2022
Other Assets in transit	**3,382**	**3,519**
Insurance	**36,111**	**35,058**
Receivables deriving from the supply of non-financial goods and services	**13,366**	**19,534**
Operation leases	-	-
Other intercompany assets	4,737	5,733
Due from dealers	2,528	3,801
Advances to suppliers and different customers	6,101	10,000
Tax accounts	**24,313**	**22,007**
VAT	14,487	12,275
Stamp duties	8,819	8,634
Other tax receivables	1,006	1,098
Leasehold improvements	**1,297**	**1,942**
Accruals and prepaid expenses	**1,657**	**2,030**
Operating lease	-	-
Others	1,657	2,030
Other assets	**91**	**123**
Frauds	-	-
Security deposits	67	60
Grant	-	28
Pending costs	-	-
Warehouse inventories	-	-
Others	24	35
Total	**80,217**	**84,213**

Disclosure on the breakdown of the items is provided below:

- "Items being processed" include items being processed relating to instalment collection;
- "Insurance companies" mainly relates to commission receivables linked to insurance brokerage activities.
- "Group companies" refers to items in relation to companies of the Santander Consumer Bank Italy group;
- "Affiliates" refers to amounts due from dealers and agents due to the issue of invoices receivable at the turn of the year, duly collected in 2024;
- "Suppliers and other customers" mainly includes items pertaining to service activities with companies belonging to the Banco Santander Group, which are not part of the Italian legal group, such as Hyundai Capital Bank Europe GmbH - Italian branch.

LIABILITIES

Section 1 – Financial liabilities measured at amortised cost – Item 10

1.1 Financial liabilities measured at amortised cost: deposits from banks, breakdown by type

Type of transaction/Values	Total 12/31/2023				Total 12/31/2022			
	B V	Fair Value			B V	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Deposits from central banks	**1,310,113**	X	X	X	**2,766,665**	X	X	X
2. Deposits from banks	**1,342,590**	X	X	X	**1,093,538**	X	X	X
2.1 Current accounts and demand deposits	-	X	X	X	1	X	X	X
2.2 Time deposits	-	X	X	X	-	X	X	X
2.3 Loans	1,250,741	X	X	X	940,460	X	X	X
2.3.1 Repos	-	X	X	X	-	X	X	X
2.3.2 Other	1,250,741	X	X	X	940,460	X	X	X
2.4 Liabilities relating to commitments	-	X	X	X	-	X	X	X
2.5 Lease payables	-	X	X	X	-	X	X	X
2.6 Other liabilities	91,849	X	X	X	153,077	X	X	X
Total	**2,652,703**	**-**	**1,312,306**	**1,353,965**	**3,860,203**	**-**	**2,769,648**	**1,094,105**

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

The item "Deposits from central banks" includes TLTRO loans.

"Deposits from banks" consists of:

- loan transactions with the Parent Company;
- other payables, relating to cash collateral connected to derivative positions.

1.2 Financial liabilities measured at amortised cost: deposits from customers, breakdown by type

Type of transaction/Value	Total 12/31/2023				Total 12/31/2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	683,390	X	X	X	684,588	X	X	X
2. Time deposits	667,644	X	X	X	587,176	X	X	X
3. Loans	-	X	X	X	-	X	X	X
3.1 Repos	-	X	X	X	-	X	X	X
3.2 Other	-	X	X	X	-	X	X	X
4. Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
5. Lease payables	12,939	X	X	X	16,966	X	X	X
6. Other liabilities	1,733,599	X	X	X	586,690	X	X	X
Total	**3,097,572**	**-**	**-**	**3,054,711**	**1,875,420**	**-**	**-**	**1,850,613**

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

The item "other liabilities" mainly includes the "conventional" debt recorded by the Bank with regard to the vehicle Golden Bar, for the purposes of the recognition in the financial statements of the securitisation transactions according to the supervisory instructions; for further details please refer to Part E, Section 1, paragraph C "Securitisation transactions".

1.3 Financial liabilities measured at amortised cost: debt securities issued, breakdown by type

Type of securities/Values	Total 12/31/2023				Total 12/31/2022			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Debts securities including bonds								
1. bonds	577,257	-	-	598,393	477,078	-	-	491,574
1.1 structured	-	-	-	-	-	-	-	-
1,2 other	577,257	-	-	598,393	477,078	-	-	491,574
2. other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**577,257**	**-**	**-**	**598,393**	**477,078**	**-**	**-**	**491,574**

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

The balance of the item "debt securities issued" relates to non-preferred senior bonds entirely subscribed by the Parent Company.

1.4 Details of subordinated debts/securities

Type	12/31/2023	12/31/2022
Debito subordinato TIER II verso SCF - Santander Consumer Finance – maturing to 2029	10,000	10,000
Debito subordinato TIER II verso SCF - Santander Consumer Finance – maturing to 2031	55,000	35,000
Debito subordinato TIER II verso SCF - Santander Consumer Finance – maturing to 2033	80,000	55,000
Total	**145,000**	**100,000**

This item includes loans granted by companies belonging to the Santander Group, classified under the item Deposits from banks.

1.5 Details of structured debts

The Bank has no structured debts.

1.6 Lease payables

The composition of financial outflows for leases relative to the 2023 financial year (IFRS 16 paragraph 53) and the analysis of maturity of the relative liabilities (IFRS 16, paragraph 58) is given below.

	Capital	Interest	Variable payments	Total cash flow leasing
	a	b	c	d=a+b+c
cash outflows	**2,618**	**292**	**-**	**2,910**

	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Unspecified maturity
Lease payables	**-**	**200**	**-**	**-**	**401**	**457**	**772**	**3,743**	**7,366**	**-**

Section 2 – Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by type

Operation type / Values	Total 12/31/2023					Total 12/31/2022				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
		L1	L2	L3			L1	L2	L3	
A. Financial liabilities										
1. Deposits from banks	-	-	-	-	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	X	-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives	-	-	47,472	-	X	-	-	41,083	-	-
1.1 Trading	X	-	47,472	-	X	X	-	41,083	-	X
1.2 Related with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credits derivatives	X	-	-	-	X	X	-	-	-	X
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Related with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**47,472**	**-**	**X**	**X**	**-**	**41,083**	**-**	**X**
Total (A+B)	**X**	**-**	**47,472**	**-**	**X**	**X**	**-**	**41,083**	**-**	**X**

Key:
NV = Nominal or notional value
L1 = Level 1
L2 = Level 2
L3 = Level 3
Fair value* = Fair value calculated by excluding value changes due to issuer's creditworthiness variation from the issuance date

The financial derivatives item includes the negative fair value of derivatives entered into in connection with securitisation transactions with companies of the Santander Group.

2.2 Details of "Financial liabilities held for trading": subordinated liabilities

The Bank has no subordinated liabilities classified under the item "Financial liabilities held for trading".

2.3 Details of "Financial liabilities held for trading": structured debts

The Bank has no structured debts.

Section 3 – Financial liabilities designated at fair value – Item 30

The Bank does not have any financial liabilities designated at fair value.

Section 4 – Hedging derivatives – Item 40

4.1 Hedging derivatives: breakdown by type of hedge and hierarchical levels

	NV	Fair value	12/31/2023		NV	Fair value	12/31/2022	
	12/31/2023	L1	L2	L3	12/31/2022	L1	L2	L3
A) Financial derivatives	**1,487,370**	**-**	**16,166**	**-**	**-**	**-**	**-**	**-**
1) Fair value	1,487,370	-	16,166	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**1,487,370**	**-**	**16,166**	**-**	**-**	**-**	**-**	**-**

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

The amount shown in the above table refers to the negative fair value of interest rate swaps derivative contracts entered into by the Bank with the Spanish parent company Banco Santander. The derivatives portfolio consists of contracts taken out to hedge changes in the fair value of fixed-rate underlying assets. With regard to hedging derivatives receivable, please refer to the Notes to the financial statements "Assets, Section 5 Hedging derivatives, item 50".

As regards checking the effectiveness of the hedge with respect to the underlying, reference should be made to Part E, Section 2 - Market risk, Subsection 2.2 - Interest rate risk and price risk, paragraph A (General aspects, management processes and methods of measuring interest rate risk and price risk).

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

	Fair Value							Cash flow		
	Specific									
Transactions/Type of hedge	**debt securities and interest rates**	**equities and equity index**	**currencies and gold**	**credit**	**commodities**	**others**	**Generic**	**Specific**	**Generic**	**Foreign invest.**
1. Financial assets at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets valued to amortised cost	-	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	16,166	X	-	X
4. Other operations	-	-	-	-	-	-	X	-	X	-
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**16,166**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	-	-

Section 5 – Value adjustment of financial liabilities subject to macro hedge – Item 50

The Bank does not have any financial liabilities subject to macro hedge.

Section 6 – Tax liabilities – Item 60

Please refer to Section 10 of Assets.

Section 7 – Liabilities associated with assets held for sale – Item 70

The Bank does not have any liabilities associated with assets held for sale and discontinued operations.

Section 8 – Other liabilities – Item 80

8.1 Other liabilities: breakdown

	12/31/2023	12/31/2022
Assets in transit	**54,467**	**46,245**
Insurance	**32,909**	**31,201**
Payables deriving from the supply of non-financial goods and services	**51,386**	**66,995**
Other intercompany assets	26	-
Due from dealers	28,029	43,172
Advances to suppliers	23,331	23,823
Tax accounts	**18,104**	**10,026**
Payables relating to customers	**14,747**	**14,715**
Payables relating to personnel and social security institutions	**16,415**	**9,727**
Accruals and prepaid expenses	**308**	**453**
Other	308	453
Other liabilities	**883**	**682**
Others	883	682
Total	**189,219**	**180,043**

Disclosure on the breakdown of the items is provided below:

- "Items being processed" mainly includes items being processed relating to instalment collection and the settlement of loans;
- "Insurance" mainly includes premiums to be paid to insurance companies and provisions on potential redemptions for reimbursement of premiums not availed of by the customer;
- "Affiliates" mainly consists of the commission payable to dealers and agents and the provision for agents' leaving indemnities;
- "Payables to customers" include temporary debt balances with customers for early repayments and the temporary debt balances for instalment payments received in advance of the contractual expiry date;
- "Payables to employees and social security institutions" includes, in addition to the ordinary items, the obligations undertaken in compliance with the provisions of the leaving incentives plans. For more details, please refer to the consolidated report on operations.

Section 9 – Provision for employee severance pay – Item 90

9.1 Provision for employee severance pay: change in the year

	Total 12/31/2023	Total 12/31/2022
A. Opening balance	**2,405**	**2,962**
B. Increases	**272**	**20**
B.1 Provision of the year	108	20
B.2 Other increases	164	-
- of which business aggregation operations	-	-
C. Reductions	**382**	**577**
C.1 Liquidations performed	377	190
C.2 C.2 Other reductions	5	387
- of which business aggregation operations	-	-
D. Closing balance	**2,294**	**2,405**
Total	**2,294**	**2,405**

With the introduction of the reform envisaged by Italian Law no. 296/2006 (2007 Finance Act) on supplementary pensions, amounts provided relate exclusively to the interest cost.

Other increases and decreases refer to changes in actuarial assumptions.

9.2 Other information

The actuarial assumptions adopted for the valuation of the provision at the reporting date are the following:

- discount rate: 3.60%;
- expected inflation rate: 2.00%;
- frequency of advances: 5.00%;
- frequency of termination for reasons other than death, disability, retirement: 6.50%;
- number of retirements: 100% in the year in which they become eligible pursuant to law.

The following demographic assumptions were used:

- death: IPS55 generational table with age-shifting;
- disability: INPS tables;
- retirement: in accordance with Italian Law no. 214/2011.

As regards the application of the amendments made to IAS 19 by EU Regulation no. 475/2012, set out below is a sensitivity analysis for changes in the discount rate.

Sensitivity analysis	**12/31/2023**	**12/31/2022**
Sensitivity to the discount rate		
a. Assumption (+50 bps)	4.10%	4.50%
b. DBO	2,227	2,326
c. Assumption (-50 bps)	3.10%	3.50%
d. DBO	2,351	2,462

Section 10 – Provisions for risks and charges – Item 100

10.1 Provisions for risks and charges: breakdown

Items / Values	Total 12/31/2023	Total 12/31/2022
1. Funds for credit risk related to financial obligations and warranties	-	-
2. Funds on other obligations and warranties release	-	-
3. Funds of business retirement	-	-
4. Other funds for risks and obligations	13,764	12,214
4.1 legal and fiscal controversies	2,280	3,235
4.2 obligations for employees	2,402	-
4.3 others	9,081	8,979
Total	**13,764**	**12,214**

10.2 Provisions for risks and charges: change in the year

		Pensions and post retirement benefit obligations	Other risk and obligation funds	Total
A. Initial existence	**-**	**-**	**12,214**	**12,214**
B. Increases	**-**	**-**	**5,499**	**5,499**
B.1 Reserve of the fiscal year	-	-	3,096	3,096
B.2 Variation due to pass of time	-	-	-	-
B.3 Variation due to modifies of discount rate	-	-	-	-
B.4 Other variations	-	-	2,402	2,402
- of which business aggregation operations	-	-	-	-
C. Decreases	**-**	**-**	**3,949**	**3,949**
C.1 Use in the exercise	-	-	3,949	3,949
C.2 Variations due to modifies of discount rate	-	-	-	-
C.3 Other variations	-	-	-	-
- of which business aggregation operations	-	-	-	-
D. Final surplus	**-**	**-**	**13,764**	**13,764**

The increases in item "B.1 - Provisions for the year" relate to coverage of potential legal disputes.

The increases in item "B.4 - Other changes" are attributable to uncertain leaving incentives recognised in item PL160a).

Item "C.1 - Use during the year" relates both to reversals of provisions through line item 170b) of the income statement, set up in prior years for reimbursements linked to products offered by the bank for Euro 3,042 thousand, and to utilisations of allocated provisions to cover disbursements made for Euro 907 thousand for legal expenses.

10.3 Provisions for credit risk on commitments and financial guarantees given

The Bank does not have any provisions for credit risk on commitments and financial guarantees given.

10.4 Provisions on other commitments and other guarantees given

The Bank does not have provisions on other commitments and other guarantees given.

10.5 Defined-benefit pension plans

The Bank does not have defined-benefit pension plans.

10.6 Provisions for risks and charges - other provisions

The Other provisions are divided into:

- Legal disputes, the provision is essentially set up to deal with the expected disbursements on lawsuits with customers detailed as follows:
  - the provisions made on the basis of external legal opinions for Euro 760 thousand, over a forecast period of four years.
  - the provisions made on the basis of internal estimates for that which concerns the salary assignment product for Euro 1,521 thousand, over a forecast period of one year;
- Payroll costs: the provision consists of leaving incentives of an uncertain nature with regard to amount (for this reason not recognised under Other liabilities) as they are awaiting confirmation from the Social Security Institutions and for ongoing interaction relating to leavers expected in 2024;
- Other risks and charges refer to allocations to cover:
  - charges related to the post-Lexitor application on the salary assignment product for Euro 8,223 thousand; for more details, please refer to the consolidated report on operations;
  - restoration costs relating to assets underlying the application of IFRS 16 for Euro 553 thousand, over a forecast period of one year;
  - other presumed reimbursements to customers for Euro 304 thousand, over a forecast period of three years.

Section 11 – Redeemable shares – Item 120

The Bank does not have any share redemption plans.

Section 12 – Shareholders' equity – Items 110, 130, 140, 150, 160, 170 and 180

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

The Bank's share capital consists of 573,000 ordinary shares fully paid up and freed up.

There are no treasury shares in the portfolio.

For further information, please refer to point 12.3 below.

12.2 Share capital – Number of shares: change in the year

Items/Types	Ordinaries	Others
A. Shares existing at the start of the fiscal year	**573,000**	**-**
-fully paid-up	573,000	-
- not fully paid-up	-	-
A.1 treasury shares (-)	-	-
A.2 Shares outstanding: Opening balance	**573,000**	**-**
B. Increases	**-**	**-**
B.1 New issues	-	-
- against payment:	-	-
- business combination transaction	-	-
- bonds conversions	-	-
- warrants executions	-	-
- others	-	-
- free:	-	-
- to employees	-	-
- to directors	-	-
- others	-	-
B.2 Sales of treasury shares	-	-
B.3 Other adjustments	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Business sale operations	-	-
C.4 Other adjustments	-	-
D. Shares in circulation: final surplus	**573,000**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares existing at the end of the fiscal year	573,000	-
-fully paid-up	573,000	-
- not fully paid-up	-	-

12.3 Share capital: other information

The share capital amounts to Euro 573,000 thousand, and is made up of ordinary shares with a par value of Euro 1,000 each.

The share premium reserve amounts to Euro 632 thousand and was not subject to changes during the year.

12.4 Profit reserves: other information

The profit reserves are mainly composed of:

- legal reserve for Euro 34,629 thousand;
- extraordinary reserve for Euro 227,540 thousand;
- capital reserve for Euro 39,913 thousand.

12.5 Equity instruments: breakdown and change in the year

The Bank does not have any equity instruments.

12.6 Other information

The Bank does not have any financial instruments repayable on demand (puttable financial instruments).

The proposed allocation of the result for the year is indicated in the paragraph "Proposals to the shareholders' meeting" in the management report.

As required by article 2427, paragraph 7-bis of the Italian Civil Code, the following table describes in detail the items of shareholders' equity with an indication of their origin, extent to which they are available for use or for distribution, as well as how they have been used in previous years.

Items	Amount	Permitted uses (*)	Available portion	Summary of use in the three previous fiscal year	
				to cover losses	for other reasons
Share capital	**573,000**				
Share premium reserve	**633**				
Reserves	**352,082**				
Legal reserve	34,629	A(1), B			
Extraordinary reserve	277,540	A, B, C	277,540 €		
Capital reserve	39,913.00	A, B			
Other reserve	0				
Revaluation reserves	**(659)**				
Revaluation reserves FVOCI	(59)	(2)			
Actuarial gains(losses) on defined benefit plans	(601)	(2)			
Net income (loss)	**42,864**			**6,502**	
Total	**967,919 €**			**6,502 €**	

(*) A = for increase in capital; B = to cover losses; C = for distribution to shareholders
(1) To be used to increase capital (A) for the portion exceeding one fifth of share capital
(2) The reserve is restricted pursuant to article 6 of Italian Legislative Decree no. 38/2005

OTHER INFORMATION

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

	Nominal value on financial release obligations and guarantees				Total	Total
	First stage	Second stage	Third stage	Purchased or originated impaired	12/31/2023	12/31/2022
1. Commitment to supply funds	**100,717**	**-**	**30**	**-**	**100,746**	**231,980**
a) Central Banks	-	-	-	-	-	-
b) Public Administration	-	-	-	-	-	-
c) Banks	200	-	-	-	200	200
d) Other financial companies	-	-	-	-	-	-
e) Non-financial companies	98,588	-	29	-	98,617	229,529
f) Families	1,929	-	1	-	1,929	2,251
2. Financial guarantees issued	**-**	**-**	**-**	**-**	**-**	**-**
a) Central Banks	-	-	-	-	-	-
b) Public Administration	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial companies	-	-	-	-	-	-
e) Non-financial companies	-	-	-	-	-	-
f) Families	-	-	-	-	-	-

The item "Loan commitments given" includes the amount of the irrevocable commitments relating to factoring transactions and the margins available on credit lines granted to customers.

2 Other commitments and other guarantees given

	Nominal value	
	Total	Total
	12/31/2023	12/31/2022
Other guarantees issued		
of which: impaired	-	-
a) Central banks	-	-
b) Public Administration	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Other commitment		
of which: impaired	-	-
a) Central banks	-	-
b) Public Administration	576	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-

There are no other commitments and other guarantees given that fall within the scope of IFRS 4.

3. Assets used to guarantee own liabilities and commitments

Portfolios	Amounts	Amounts
	12/31/2023	12/31/2022
1. Financial assets designated at fair value through profit or loss	-	-
2. Financial assets at fair value through other comprehensive income	33,660	268,383
3. Financial assets valued to amortised cost	3,775,180	4,193,148
4. Property, plant and equipment	-	-
of which: inventories of property, plant and equipment	-	-

The assets used to guarantee own liabilities include:

- government securities;
- bank deposits;
- the loan pool (ABACO);
- the portfolio of loans subject to the securitisation transaction, referred to below in Part C, Section 2 of Part E of the Notes to the Financial Statements.

4. Administration and brokerage on behalf of third parties

The Bank does not carry out administration and brokerage on behalf of third parties.

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

Instrument type		Gross amount of financial assets (a)	Amount of financial liabilities compensated in balance sheet (b)	Net amount of financial assets reported in balance sheet (c=a-b)	Related amounts not recognised in Balance Sheet		Net amounts (f=c-d-e)	Net amounts
					Financial instruments (d)	Cash deposit received in guarantee (e)	12/31/2023	12/31/2022
1. Derivatives		104,890	-	104,890	-	111,092	(6,202)	1,271
2. Repo's		-	-	-	-	-	-	-
3. Stocks loan		-	-	-	-	-	-	-
4. Others		-	-	-	-	-	-	-
Total	**12/31/2023**	**104,890**	**-**	**104,890**	**-**	**111,092**	**(6,202)**	**X**
Total	**12/31/2022**	**154,216**	**-**	**154,216**	**-**	**152,944**	**X**	**1,271**

As required by IFRS 7, it is hereby disclosed that the derivative contracts in place as at the balance sheet date are derivative instruments with Banco Santander with a positive fair value, subject to an ISDA-based framework agreement and are thus subject to net settlement arrangements. There are no arrangements in place for the offsetting of derivatives with negative balance of the same type, where present.

Column e) "Cash collateral received" shows the effect of the potential offsetting of exposures for which cash collateral has been provided.

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

Instrument type		Gross amount of the financial liabilities (a)	Amount of the financial assets compensed in BS (b)	Net amount of the financial liabilities reportes in BS (c=a-b)	Related amounts not recognised in Balance Sheet		Net amount (f=c-d-e)	Net amount
					Financial instruments (d)	Cash deposit placed to warrant (e)	12/31/2023	12/31/2022
1. Derivatives		36,957	-	36,957	-	39,142	(2,185)	339
2. Repos		-	-	-	-	-	-	-
3. Stocks loan		-	-	-	-	-	-	-
4. Others		-	-	-	-	-	-	-
Total	**12/31/2023**	**36,957**	**-**	**36,957**	**-**	**39,142**	**(2,185)**	**X**
Total	**12/31/2022**	**41,083**	**-**	**41,083**	**-**	**40,744**	**X**	**339**

As required by IFRS 7, it is hereby disclosed that the derivatives in place as at the balance sheet date are derivative instruments with Banco Santander with a negative fair value, subject to an ISDA-based framework agreement and are thus subject to net settlement arrangements. There are no arrangements in place for the offsetting of derivatives with positive balance of the same type, where present.

Column e) "Cash collateral received" shows the effect of the potential offsetting of exposures for which cash collateral has been provided.

7. Securities lending transactions

The Bank does not have any securities lending transactions.

8. Information on joint arrangements

The Bank does not have any joint arrangements.

Part C – Information on the income statement

Section 1 – Interest – Items 10 and 20

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other operations	Total 12/31/2023	Total 12/31/2022
1. Financial assets valued to fv with impact to Profit and Loss:	**-**	**-**	**-**	**-**	**-**
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated to fv	-	-	-	-	-
1.3 Other financial assets mandatorly valued to fair value	-	-	-	-	-
2. Financial assets valued to fv with impact on overall profitability	**7,279**	**-**	**X**	**7,279**	**569**
3. Financial assets valued to amortize cost:	**2,732**	**304,651**	**-**	**307,384**	**233,716**
3.1 Credits to banks	-	3,544	X	3,544	992
3.2 Credits to clients	2,732	301,108	X	303,840	232,724
4. Hedging derivatives	**X**	**X**	**70,051**	**70,051**	**6,532**
5. Other assets	**X**	**X**	**7,888**	**7,888**	**246**
6. Financial liabilities	**X**	**X**	**X**	**-**	**11,953**
Total	**10,011**	**304,651**	**77,939**	**392,602**	**253,016**
of which: income interests on deteriorated financial assets	-	-	-	-	-
of which: interest income on financial lease	X	8,320	X	8,320	7,971

Interest income deriving from the item:

- “Other assets” comprises income originating from cash and cash and cash equivalents;
- “Financial liabilities” in the previous year consisting of income from TLTRO loans.

1.2 Interest and similar income: other information

The Bank does not have any financial assets in foreign currency.

1.3 Interest and similar expense: breakdown

Items/Technical forms	Debts	Securities	Other operations	Total 12/31/2023	Total 12/31/2022
1. Financial liabilities valued at amortized cost	198,526	16,746	X	215,272	27,035
1.1 Debts to central banks	68,483	X	X	68,483	-
1.2 Debts to banks	44,126	X	X	44,126	5,242
1.3 Debts to customers	85,918	X	X	85,918	18,391
1.4 Securities in circulation	X	16,746	X	16,746	3,402
2. Financial trading liabilities	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and funds	X	X	3	3	3
5. Hedging derivatives	X	X	1,567	1,567	12,143
6. Financial assets	X	X	X	75	2,335
Total	**198,526**	**16,746**	**1,571**	**216,917**	**41,517**
of which: interest expense on lease payables	254	X	X	254	552

Interest expense deriving from the item:

- "deposits from central banks" mainly consists of TLTRO loans;
- "deposits from banks" and "securities issued" mainly consists of funding provided by Santander Group companies;
- "payables due to customers" mainly consists of the cost of funding through deposit accounts; (Euro 34,401 thousand) and securitisation transactions (Euro 51,258 thousand);
- "financial assets" consists of charges deriving from government securities.

1.4 Interest expenses and similar charges: other information

1.4.1 Interest expenses on foreign currency financial liabilities

The Bank does not have any financial liabilities in foreign currency.

1.5 Differentials on hedging operations

Items	Totale 12/31/2023	Totale 12/31/2022
A. Positive differentials related to hedging operations:	70,051	6,532
B. Negative differentials related to hedging operations:	(1,567)	(12,143)
C. Balance (A-B)	**68,484**	**(5,612)**

Section 2 – Fees and commission – Items 40 and 50

2.1 Fee and commission income: breakdown

Type of service/Values	Total 12/31/2023	Total 12/31/2022
	-	-
1. Securities placement	-	-
1.1 Under firm assumption and/or on the basis of an irrevocable commitment	-	-
1.2 Without firm commitment	-	-
2. Receipt and transmission of orders and execution for customers	-	-
2.1 Receipt and transmission of orders for one or more financial instruments	-	-
2.2 Execution of orders on behalf of customers	-	-
3. Other fees connected with activities related to financial instruments	-	-
of which: trading on own account	-	-
of which: management of individual portfolios	-	-
b) Corporate Finance	-	-
1. Merger and Acquisition Advice	-	-
2. Treasury services	-	-
3. Other fees associated with corporate finance services	-	-
c) Investment advisory activities	-	-
d) Clearing and settlement	-	-
e) Custody and administration	-	-
1. Custodian bank	-	-
2. Other fees related to custody and administration	-	-
f) Central administrative services for collective portfolio management	-	-
g) Trust business	-	-
h) Payment services	185	72
1. Current account	-	-
2. Credit cards	185	72
3. Debit and other payment cards	-	-
4. Wire transfers and other payment orders	-	-
5. Other fees related to payment services	-	-
i) Distribution of third party services	51,401	46,004
1. Collective portfolio management	-	-
2. Insurance products	50,765	45,769
3. Other products	635	235
of which: individual portfolio management	-	-
j) Structured Finance	-	-
k) Servicing for securitization transactions	-	-
l) Commitments to disburse funds	-	-
m) Financial guarantees issued	5	-
of which: credit derivatives	-	-
n) Financing operations	18,026	15,854
of which: for factoring transactions	-	-
o) Currency trading	-	-
p) Goods	-	-
q) Other commission income	2,384	2,375
of which: for management activities of multilateral trading systems	-	-
of which: for management activities of organized trading systems	-	-
Total	**72,001**	**64,305**

The item "Financing transactions" includes commission generated during the year from collection and payment services provided to customers on products provided.

The item “Other commission” mainly contains the income recognised for compensation due to late payment.

2.2 Fee and commission income: distribution channels for products and services

Channels/Values	Total 12/31/2023	Total 12/31/2022
b) at own branches:	**-**	**46,004**
1. portfolio management	-	-
2. securities placement	-	-
3. services and products of third parties	-	46,004
b) out of office offer:	**51,401**	**-**
1. portfolio management	-	-
2. securities placement	-	-
3. services and products of third parties	51,401	-
c) other distributive channels:	**-**	**-**
1. portfolio management	-	-
2. securities placement	-	-
3. services and products of third parties	-	-

2.3 Fee and commission expense: breakdown

Services/Amounts typology	Total 12/31/2023	Total 12/31/2022
a) Financial instruments	-	-
of which: trading of financial instruments	-	-
of which: placement of financial instruments	-	-
of which: management of individual portfolios	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Clearing and settlement	-	-
c) Custody and administration	75	45
d) Payment and collection services	3,560	2,769
of which: credit cards, debit cards and other payment cards	582	453
e) Servicing activities for securitization transactions	-	-
f) Commitments to receive funds	-	-
g) Financial guarantees received	38	29
of which: credit derivatives	-	-
h) Off-site offering of financial instruments, products and services	28,143	22,261
i) Currency trading	-	-
j) Other commission expenses	-	-
Total	**31,816**	**25,103**

The item "Off-site distribution of financial instruments, products and services" mainly includes commission paid for the placement of banks and insurance products and the contributions and indemnities accrued by the agency network.

Section 3 – Dividends and similar revenues – Item 70

The Bank has not received any dividends or similar income.

Section 4 – Net trading income (loss) – Item 80

4.1 Net trading income (loss): breakdown

Transactions / Income	Capital gain (A)	Income from negotiation (B)	Capital loss (C)	Loss from negotiation (D)	Net result [(A+B) - (C+D)]
1. Financial trading assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equity stocks	-	-	-	-	-
1.3 O.I.C.R. shares	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Others	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Derivatives	**46,592**	**19,920**	**(47,255)**	**(20,026)**	**(769)**
4.1 Financial derivatives:	46,592	19,920	(47,255)	(20,026)	(769)
- On debt securities and interest rates	46,592	19,920	(47,255)	(20,026)	(769)
- On capital stocks and stock indexes	-	-	-	-	-
- On currency and gold	X	X	X	X	-
- Others	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges connected to fv option	X	X	X	X	-
Total	**46,592**	**19,920**	**(47,255)**	**(20,026)**	**(769)**

The item includes the net result arising from financial derivatives held to hedge interest rate risk associated with securitisation transactions that do not meet the requirements for classification as hedging derivatives.

Section 5 – Net hedging income (loss) – Item 90

5.1 Net hedging income (loss): breakdown

P&L item/Values	Total 12/31/2023	Total 12/31/2022
A. Income from:		
A.1 Fair value hedging instruments	-	148,065
A.2 Financial assets hedged (fair value)	95,197	-
A.3 Financial liabilities hedged (fair value)	-	-
A.4 Cash-flow hedging derivatives	-	-
A.5 Foreign currency assets and liabilities	-	-
Total income in hedge accounting (A)	**95,197**	**148,065**
B. Charges on		
B.1 Fair value hedging instruments	(96,697)	-
B.2 Financial assets hedged (fair value)	-	(141,999)
B.3 Financial liabilities hedged (fair value)	-	-
B.4 Cash-flow hedging derivatives	-	-
B.5 Foreign currency assets and liabilities	-	-
Total charges from hedging activity (B)	**(96,697)**	**(141,999)**
C. C. Net hedging activity (A-B)	**(1,500)**	**6,066**
of which: net gains (losses) of hedge accounting on net positions	-	-

Section 6 – Gains (losses) on disposal or repurchase – Item 100

6.1 Gains (losses) on disposal or repurchase: breakdown

Items / Income	Total 12/31/2023			Total 12/31/2022		
	Gain	Losses	Net profit	Gain	Losses	Net profit
A. Financial assets						
1. Financial assets valued at amortised cost	6,319	-	6,319	8,238	(41)	8,197
1.1 Loans to banks	-	-	-	-	-	-
1.2 Loans and customers	6,319	-	6,319	8,238	(41)	8,197
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-	-
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**6,319**	**-**	**6,319**	**8,238**	**(41)**	**8,197**
B. Financial liabilities valued at amortised cost						
1. Deposits with banks	-	-	-	-	-	-
2. Deposits with customers	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities (B)	**-**	**-**	**-**	**-**	**-**	**-**

The item "Loans to customers" is represented by the balance

- from the assignment to third parties of without recourse NPL receivables in write-offs under management for a consideration of Euro 6,309 thousand;
- from the one-off assignment without recourse to third parties of Finstock receivables for the residual part.

Section 7 – Net result on other financial assets and liabilities measured at fair value through profit and loss - Item 110

The Bank does not have any financial assets or liabilities measured at fair value.

Section 8 – Net adjustments/recoveries for credit risk – Item 130

8.1 Net adjustments for credit risk associated with financial assets measured at amortised cost: breakdown

Transactions/Income	Adjustments (1)						Write - backs (2)				Total	Total
	First stage	Second stage	Third stage		Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired	12/31/2023	12/31/2022
			Write-off	Others	Write-off	Others						
A. Credit to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Loans	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Credit to clients	**(25,949)**	**(7,807)**	**(7,755)**	**(46,723)**	**-**	**-**	**25,551**	**6,802**	**10,343**	**-**	**(45,538)**	**(33,448)**
- Loans	(25,949)	(7,807)	(7,755)	(46,723)	-	-	25,551	6,802	10,343	-	(45,538)	(33,448)
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(25,949)**	**(7,807)**	**(7,755)**	**(46,723)**	**-**	**-**	**25,551**	**6,802**	**10,343**	**-**	**(45,538)**	**(33,448)**

The item increased compared to the previous year mainly due to the change in the breakdown of the portfolio (in particular for the production of personal loans). For more details, see part E.

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

The Bank does not have any value adjustments of financial assets at fair value through other comprehensive income.

Section 9 – Gains/losses on contractual changes without cancellations – Item 140

The Bank does not have any profits/losses from contractual changes without cancellations.

Section 10 – Administrative costs – Item 160

10.1 Payroll costs: breakdown

Type of expense/Amounts	Total 12/31/2023	Total 12/31/2022
1) Dependent staffs	**(65,983)**	**(47,389)**
a) wages and salaries	(35,835)	(34,092)
b) social obligation	(9,740)	(8,750)
c) Severance pay	(4)	(6)
d) Social security costs	-	-
e) reserve to staff severance indemnity	(108)	(20)
f) reserve to retirement fund and similar obligations	-	-
- defined contribution	-	-
- defined benefit	-	-
g) deposit to external complementary welfare funds:	(3,423)	(2,755)
- defined contribution	(3,423)	(2,755)
- defined benefit	-	-
h) Expenses resulting from share based payments	-	-
i) other benefits in favour of dependents	(16,871)	(1,766)
2) Other staffs in activity	**(788)**	**(553)**
3) Managers and statutory auditors	**(459)**	**(438)**
4) Staffs collocated to retirement	**-**	**(3)**
5) Recovery of expenses for employees seconded to other companies	**3,597**	**3,154**
6) Refunds of expenses for third party employees seconded to the company	**(20)**	**(114)**
Total	**(63,653)**	**(45,343)**

The item "Other employee benefits" increased due to leaving incentives relating to the company reorganisation. For more information, please refer to the consolidated Report on operations.

10.2 Average number of employees, by category

	12/31/2023	12/31/2022
Employees:		
a) Senior managers	14	17
b) Managers	174	175
of which 3rd and 4th level	*57*	*60*
c) Remaining employees staff	492	472
Total	**680**	**664**
Other personnel	**9**	**30**

10.3 Defined-benefit pension plans: costs and revenues

The Bank does not have defined-benefit pension plans.

10.4 Other employee benefits

	12/31/2023	12/31/2022
Ancillary staff expenses (health insurance, luncheon vouchers and other minor benefits)	1,884	1,766
Incentive plan reserved for managers and middle managers	14,987	
Cost of allocation of share by the parent company to employees		
Total	**16,871**	**1,766**

10.5 Other administrative costs: breakdown

Type of service/Amounts	Total 12/31/2023	Total 12/31/2022
IT expenses	**13,623**	**13,668**
Hardware	-	-
Software	10,959	10,951
Outsourcing	1,465	1,422
Telephone and data transmission	1,199	1,296
Taxes and duties	**10,456**	**10,527**
Professional services	**7,576**	**9,265**
Legal and notary advice	2,374	2,190
Outsourcing	3,648	3,383
Other professional services	1,554	3,692
Advertising, marketing and communication	**4,012**	**3,377**
Expenses related to credit risk	**11,451**	**10,854**
Information and certificates	1,396	1,266
Credit recovery	10,054	9,588
Litigation expenses not covered by provisions	**1,284**	**1,390**
Real estate expenses	**1,441**	**1,745**
Passive rent	423	372
Other real estate expenses	1,018	1,373
Leasing expenses	**445**	**427**
Other admininstrative expenses	**10,479**	**10,052**
Postal and archiving	1,752	1,827
Other non-professional goods and services	3,709	2,917
Insurance premiums	62	68
Resolution Fund contribution	1,985	3,131
FITD contribution	1,887	1,835
Other expenses	1,083	275
Total	**60,767**	**61,305**

The "contributions to the resolution fund" disclose a decrease as a result of the Bank joining the optional cash guarantee scheme part of the bond.

Section 11 – Net provisions for risks and charges – Item 170

11.1 Net provisions for credit risk on loan collateral and financial guarantees given: breakdown

The Bank does not have any commitments to disburse funds and financial guarantees given.

11.2 Net provisions relating to other commitments and other guarantees given: breakdown

The Bank does not have other commitments and other guarantees given.

11.3 Net provisions for other risks and charges: breakdown

	Additions	Uses	Net provision 12/31/2023	Net provision 12/31/2022
Net personnel expense provision	-	-	-	-
Net provision for legal disputes	(2,543)	2,598	54	72
Other provisions	(553)	445	(109)	89
Total	**(3,096)**	**3,042**	**(54)**	**160**

For further details, please refer to Part B - Other provisions for risks and charges.

Section 12 – Net adjustments to/recoveries on property, plant and equipment – Item 180

12.1 Net adjustments to property, plant and equipment: breakdown

Attività/Componente reddituali	Depriciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Property, equipment and investment property				
1. For operational use	(3,841)	(83)	-	(3,923)
- Owned	(1,328)	(83)	-	(1,411)
- Licenses acquired through lease	(2,512)	-	-	(2,512)
2. Held for investment	-	-	-	-
- Owned	-	-	-	-
- Licenses acquired through lease	-	-	-	-
3. Inventories	X	-	-	-
Total	**(3,841)**	**(83)**	**-**	**(3,923)**

"Depreciation" on property, plant and equipment for business use was influenced by the corporate reorganisation process connected with the closure of the branches. For more information, please refer to the consolidated Report on operations.

Section 13 – Net adjustments to/recoveries on intangible assets – Item 190

13.1 Net adjustments to intangible assets: breakdown

Asset/Income	Amortization (a)	Impairment losses (b)	Write-backs (c)	Net profit (a + b - c)
A. Intangible assets				
of which: software	(16,271)	-	-	(16,271)
A.1 Owned	(16,271)	-	-	(16,271)
- Generated internally by the company	-	-	-	-
- Other	(16,271)	-	-	(16,271)
A.2 Licenses acquired through lease	-	-	-	-
Total	**(16,271)**	**-**	**-**	**(16,271)**

The "amortisation" of intangible assets was affected by the review process of the useful life to 3 years. For more information, please refer to the consolidated Report on operations.

Section 14 – Other operating expenses/income – Item 200

14.1 Other operating expenses: breakdown

	Total 12/31/2023	Total 12/31/2022
Amortization on improvements (not separable) on real estates	**452**	**456**
Expenses related to leasing transactions	**634**	**498**
Finance	634	498
Other	**5,288**	**4,283**
Fraud	1,342	627
Expenses on claims	2,629	2,800
Other	1,318	856
Total	**6,374**	**5,237**

The item "other expenses" mainly contains non-pertinent costs, write-down of other assets and disposals of assets (please refer to the consolidated report on operations for information on the transformation plan).

14.2 Other operating income: breakdown

	Total 12/31/2023	Total 12/31/2022
Recovery of expenses	**10,345**	**10,177**
Tax	9,726	9,764
Deposits and Current accounts	316	260
Other	303	153
Rental assets	**68**	**17**
Other	**25,811**	**20,054**
Group entities	13,068	11,858
Finance leases	756	743
Other	11,986	7,454
Total	**36,223**	**30,248**

The increase in the item "Services rendered to group companies" is attributable to servicing fees and reimbursements of expenses to Santander Consumer Bank Italy group companies.

The item "other" by contrast includes the servicing fees and reimbursements of expenses from the JV Hyundai Capital Bank Europe GmbH - Italian branch, classified in this sub-item as it is not part of the Santander Consumer Bank Italy Group (Euro 10,865 thousand, compared to Euro 6,923 thousand in 2022).

Section 15 – Gain (losses) of equity investments - Item 220

The Bank does not have any gains or losses on equity investments.

Section 16 – Net result from fair value measurement of property, plant and equipment and intangible assets – Item 230

The Bank does not have any property, plant and equipment and intangible assets measured at fair value.

Section 17 – Value adjustments to goodwill – Item 240

The Bank has no goodwill.

Section 18 – Gains (losses) on disposals of investments - Item 250

The Bank has no gains or losses on disposal of investments.

Section 19 – Income taxes for the year on continuing operations – Item 270

19.1 Income taxes for the year on continuing operations: breakdown

Income/Value	Total 12/31/2023	Total 12/31/2022
1. Current tax expense (-)	(1,770)	(24,731)
2. Change of current taxes of previous years (+/-)	2,111	-
3. Reduction in current tax for the period (+)	-	-
3. bis Reductions in current tax expense for the period due tax credit related to L. 214/2011 (+)	-	-
4. Change of deferred tax assets (+/-)	(17,000)	(18,415)
5. Change of deferred tax liabilities (+/-)	(41)	(123)
6. Tax espense for the year (-)	**(16,700)**	**(43,269)**

The change in current taxes is mainly due to the amendment of Italian Decree Law no. 214/2011. For more details on the changes in deferred tax assets and liabilities, please refer to the relevant section of the balance sheet assets.

19.2 Reconciliation between theoretical and effective tax charge

	12/31/2023	12/31/2022
Profit (loss) from continuing operations before tax	59,564	134,949
Profit before tax on discontinuing operations		
Theoretical taxable income	**59,564**	**134,949**
IRES - Theoretical tax charge	(16,380)	(37,111)
- effect of income and expenses that do not contribute to the tax base	2,315	2,138
- effect of expenses that are wholly or partially non-deductible	1,307	(309)
IRES - Effective tax burden	**(12,758)**	**(35,282)**
IRAP - Theoretical tax charge	(3,318)	(7,517)
- portion of non-deductible administrative expenses, depreciation and amortisation	(1,082)	(426)
- portion of non-deductible interest expense		
- effect of income and expenses that do not contribute to the tax base	475	2,483
- effect of income and expenses that are wholly or partially non-deductible	(17)	(2,528)
IRAP - Effective tax burden	**(3,942)**	**(7,987)**
Effective tax burden as shown in the financial statements	**(16,700)**	**(43,269)**

Section 20 – Profit (loss) after tax from discontinued operations – Item 290

The Bank does not have any profit or loss assets held for sale and discontinued operations.

Section 21 – Other information

For information on public funds pursuant to article 1, paragraph 125 of Italian Law no. 124 of 4 August 2017 ("Annual law for the market and the competition"), please refer to Part C - Section 24 of the Consolidated Financial Statements.

Section 22 – Earnings per share

22.1 Average number of ordinary shares (fully diluted)

The Bank does not hold shares for which is IAS 33 applicable, therefore the disclosures required by this section do not apply.

22.2 Other information

There is no further information to be disclosed in this section.

Part D – Comprehensive income

Statement of comprehensive income

	Items	Total	
		12/31/2023	12/31/2022
10.	**Net Profit (Loss) for the year**	**42,864**	**91,680**
	Other comprehensive income after tax not to be recycled to income statement		
20.	Equity securities designated at fair value with an impact on total income:	-	-
	a) changes in fair value	-	-
	b) transfers to other components of equity	-	-
30.	Financial liabilities designated at fair value with impact on the income statement (changes in creditworthiness):	-	-
	a) changes in fair value	-	-
	b) transfers to other components of equity	-	-
40.	Hedges of equity securities designated at fair value with an impact on total profitability:	-	-
	a) change in fair value (hedged instrument)	-	-
	b) change in fair value (hedging instrument)	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	(164)	392
80.	Non current assets classified as held for sale	-	-
90.	Valuation reserves from investments accounted for using the equity method	-	-
100.	Income taxes relating to other income components without reversal to the income statement	8	(130)
	Other comprehensive income after tax to be recycled to income statement		
110.	Hedge of foreign investments:	-	-
	a) changes in fair value	-	-
	b) reclassification through profit or loss	-	-
	c) other changes	-	-
120.	Exchange differrences:	-	-
	a) value change	-	-
	b) reclassification through profit or loss	-	-
	c) other changes	-	-
130.	Cash flow hedges:	-	-
	a) changes in fair value	-	-
	b) reclassification through profit or loss	-	-
	c) other changes	-	-
	of which: result of net positions	-	-
140.	Hedging instruments:	-	-
	a) value change	-	-
	b) reclassification through profit or loss	-	-
	c) other changes	-	-
150.	Financial assets (no equity securities) measured at fair value with an impact on total profitability:	1,251	(1,663)
	a) changes in fair value	1,251	(1,663)
	b) reclassification through profit or loss	-	-
	- adjustments to credit risk	-	-
	- gains / losses from realization	-	-
	c) other changes	-	-
160.	Non current assets classified as held for sale:	-	-
	a) changes in fair value	-	-
	b) reclassification through profit or loss	-	-
	c) other changes	-	-
170.	Valutation reserves from investments accounted for using the equity method;	-	-
	a) changes in fair value	-	-
	b) reclassification through profit or loss	-	-
	- impairment adjustments	-	-
	- gains / losses from realization	-	-
	c) other changes	-	-
180.	Income taxes relating to other income components with reversal to the income statement	(414)	550
190.	**Total of other comprehensive income after tax**	**681**	**(851)**
200.	**Comprehensive income (Items 10+190)**	**43,545**	**90,829**

Part E – Information on risks and related hedging policies

Introduction

During the year 2023, Santander Consumer Bank carried out its activities based on the principles of prudence and the containment of risk exposure, in line with the requirements of regulatory principles for prudential supervision.

The Risk Governance Policies represent the reference model in the organisational and process development and in the systematic execution of all operating and business activities carried out in all areas and are an integral part of the Risk Management Process.

These notes to the financial statements provide quantitative information.

With regard to information of a qualitative nature pertaining to the management and monitoring of risks, the organisation and governance of the bank's risks, the key processes and functions, the risk culture in its contents and methods of dissemination, the business model with its risks, the tools used to monitor them (Risk Appetite Statement) and the risk management strategies, please refer to Part E of the Notes to the consolidated financial statements.

Section 1 – Credit risk

Quantitative information

The credit strategies and policies are linked to the specific nature of the type of business managed in which credit risk, as previously indicated, is the main component to which the Bank is exposed. This risk is associated with the probability that a borrower may be unable to meet its contractual obligations, thus exposing the company to possible future losses, or that it may experience a deterioration in creditworthiness that could compromise its future ability to fulfil its obligations.

As a whole, Santander Consumer Bank's assets, in line with that which was observed in previous years, continue to be characterised by a very high average number of customers, with medium/low exposure and limited average residual duration. The credit risk therefore exists, but in a situation of high fragmentation.

Qualitative information

A. Credit quality

A.1 Performing and non-performing credit exposures: amounts, value adjustments, trends and economic distribution

A.1.1 Distribution of financial assets by portfolio and credit quality (book values)

Portfolios/quality		Non-performing loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other not impaired exposures	Total
1. Financial assets valued to amortised cost		2,822	18,226	39,442	51,040	6,496,001	6,607,532
2. Financial assets at fair value through other comprehensive income		-	-	-	-	150,254	150,254
3. Financial assets designated to fair value		-	-	-	-	-	-
4. Other financial assets mandatorily valuated to fair value		-	-	-	-	-	-
5. Financial instruments classified as held for sale		-	-	-	-	-	-
Total	**12/31/2023**	**2,822**	**18,226**	**39,442**	**51,040**	**6,646,255**	**6,757,786**
Total	**12/31/2022**	**2,075**	**19,904**	**26,085**	**43,156**	**6,282,101**	**6,373,322**

A.1.2 Distribution of financial assets by portfolio and credit quality (gross and net values)

Portfolio/quality		Impaired				Not impaired			Total (net exposition)
		Gross exposure	Overall writedowns of value	Net exposure	Overall partial write-off*	Gross exposure	Overall writedowns of value	Net exposure	
1. Financial assets valued to amortized cost		139,159	(78,668)	60,491	-	6,589,298	(42,257)	6,547,041	6,607,532
2. Financial assets valued to fair value with impact on overall profitability			-	-	-	-	150,254	-	150,254
3. Financial assets designated to fair value			-	-	-	-	X	X	-
4. Other financial assets mandatorily valuated to fair value			-	-	-	-	X	X	-
5. Financial assets as held for sale			-	-	-	-	-	-	-
Total	**12/31/2023**	**139,159**	**(78,668)**	**60,491**	**-**	**6,739,552**	**(42,257)**	**6,697,295**	**6,757,786**
Total	**12/31/2022**	**157,606**	**(109,542)**	**48,064**	**-**	**6,375,153**	**(49,896)**	**6,325,258**	**6,373,322**

Portfolio/quality		Assets of obvious poor credit quality		Other assets
		Cumulated losses	Net exposure	Net exposure
1. Financial assets held for trading		-	-	46,781
2. Hedging Derivatives		-	-	78,897
Total	**12/31/2023**	**-**	**-**	**125,678**
Total	**12/31/2022**	**-**	**-**	**195,275**

A.1.3 Distribution of financial assets by past due time bands (book values)

Portfolios / stages of risk		First step			Second step			Third step			Purchased or originated impaired		
		From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days	From 1 day to 30 days	Over 30 days until 90 days	Over 90 days
1. Financial assets valued at amortized cost		31,769	4,862	4,144	3,342	5,939	985	2,229	3,136	34,530	-	-	-
2. Financial assets valued at fair value with impact on overall profitability		-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale		-	-	-	-	-	-	-	-	-	-	-	-
Total	**12/31/2023**	**31,769**	**4,862**	**4,144**	**3,342**	**5,939**	**985**	**2,229**	**3,136**	**34,530**	**-**	**-**	**-**
Total	**12/31/2022**	**26,196**	**4,508**	**4,150**	**3,099**	**3,690**	**1,513**	**1,390**	**2,025**	**23,117**	**-**	**-**	**-**

A.1.4 Financial assets, commitments to disburse funds and guarantees given: dynamics of total write-downs and total provisions

Causal / risk stages	Total value adjustments											
	First stage activities						Second stage activities					
	Credit to banks and Central Banks on demands	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact on total	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Credit to banks and Central Banks on demands	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact on total	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns
Total opening adjustments	**-**	**35,709**	**-**	**-**	**-**	**35,709**	**-**	**14,187**	**-**	**-**	**-**	**14,187**
Changes in increase from financial assets acquired or originated	-	21,077	-	-	-	21,077	-	-	-	-	-	-
Cancellations other than write-offs	-	(7,053)	-	-	-	(7,053)	-	(1,060)	-	-	-	(1,060)
Net value adjustments / write-backs for credit risk (+/-)	-	(16,655)	-	-	-	(16,655)	-	(3,572)	-	-	-	(3,572)
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs non recorded directly in the income statement	-	(64)	-	-	-	(64)	-	(310)	-	-	-	(310)
Other variations	-	-	-	-	-	-	-	-	-	-	-	-
Total closing adjustments	**-**	**33,013**	**-**	**-**	**-**	**33,013**	**-**	**9,244**	**-**	**-**	**-**	**9,244**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recorded directly in the income statement	-	(1,208)	-	-	-	(1,208)	-	(197)	-	-	-	(197)

Causal / risk stages	Total value adjustments											Accantonamenti complessivi su impegni a erogare fondi e garanzie finanziarie rilasciate				Tot.
	Activities included in the third stage						Attività fin. impaired acquisite o originate									
	Credit to banks and Central Banks on demands	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact …	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Financial assets measured at amortized cost	Financial assets measured at fair value with an impact …	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	First stage	Second stage	Third stage	Commitments to provide funds and financial guarantees issued impaired	
Total opening adjustments	**-**	**109,542**	**-**	**-**	**269**	**109,273**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**159,438**
Changes in increase from financial assets acquired or originated	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	21,077
Cancellations other than write-offs	-	(4,443)	-	-	(18)	(4,425)	-	-	-	-	-	-	-	-	-	(12,556)
Net value adjustments / write-backs for credit risk (+/-)	-	49,480	-	-	37	49,443	-	-	-	-	-	-	-	-	-	29,253
Contractual changes without cancellations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs non recorded directly in the income statement	-	(75,911)	-	-	-	(75,911)	-	-	-	-	-	-	-	-	-	(76,286)
Other variations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total closing adjustments	**-**	**78,668**	**-**	**-**	**288**	**78,380**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,925**
Recoveries from financial assets subject to write-off	-	6,307	-	-	-	6,307	-	-	-	-	-	-	-	-	-	6,307
Write-offs recorded directly in the income statement	-	(4,556)	-	-	-	(4,556)	-	-	-	-	-	-	-	-	-	(5,960)

A.1.5 Financial assets, commitments to disburse funds and financial guarantees given: transfers between the various stages of credit risk (gross and nominal values)

Portofolios/risk stages		Gross exposure/nominal value					
		Transfers between first stage and second stage		Transfers between second stage to thirth stage		Transfer between first stage and thirth stage	
		From first to second stage	From second stage to first stage	From second to third stage	From thirth to second stage	From first to thirth stage	From thirth to first stage
1. Financial assets valued at amortized cost		25,685	18,821	12,945	2,587	59,983	5,313
2. Financial assets valued at fair value with an impact on overall profitability		-	-	-	-	-	-
3. Financial assets held for sale		-	-	-	-	-	-
4. Commitments to provide funds and financial guarantees issued		-	-	-	-	-	-
Total	**12/31/2023**	**25,685**	**18,821**	**12,945**	**2,587**	**59,983**	**5,313**
Total	**12/31/2022**	**21,087**	**6,931**	**14,113**	**4,063**	**37,733**	**8,019**

A.1.6 On- and off-balance sheet credit exposures to banks: gross and net values

Type of exposure/amounts	Gross exposures					otal value adjustments and total credit risk provisions					Net Exposure	Total Write-off*
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
A. On-balance sheet credit exposures												
A.1 On demand	131,316	131,316	-	-	-	-	-	-	-	-	131,316	-
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	131,316	131,316	-	X	-	-	-	-	X	-	131,316	-
A.2 Others	91,707	91,707	-	-	-	-	-	-	-	-	91,707	-
a) Bad exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non performing past due	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	91,707	91,707	-	X	-	-	-	-	X	-	91,707	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	**223,023**	**223,023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**223,023**	**-**
B. Off-balance sheet credit exposures												
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	200	200	-	X	-	-	-	-	X	-	200	-
Total (B)	**200**	**200**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**
Total (A+B)	**223,223**	**223,223**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**223,223**	**-**

A.1.7 On- and off-balance sheet credit exposures to customers: gross and net values

Type of exposure/Amounts	Gross exposures					otal value adjustments and total credit risk provisions						
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired	Net Exposure	Total Write-off*
A. On-balance sheet credit exposures												
a) Bad exposures	15,647	X	-	15,647	-	12,824	X	-	12,824	-	2,822	-
- of which: forborne exposures	2,069	X	-	2,069	-	1,778	X	-	1,778	-	291	-
b) Unlikely to pay	26,762	X	-	26,762	-	8,536	X	-	8,536	-	18,226	-
- of which: forborne exposures	7,113	X	-	7,113	-	4,427	X	-	4,427	-	2,686	-
c) Non performing past due	96,750	X	-	96,750	-	57,308	X	-	57,308	-	39,442	-
- of which: forborne exposures	8,377	X	-	8,377	-	6,202	X	-	6,202	-	2,175	-
d) Performing past due exposures	65,259	47,247	18,012	X	-	14,218	6,472	7,746	X	-	51,040	-
- of which: forborne exposures	2,336	-	2,336	X	-	450	-	450	X	-	1,886	-
e) Other performing exposures	6,582,587	6,566,528	16,059	X	-	28,039	26,541	1,499	X	-	6,554,548	-
- of which: forborne exposures	13,472	-	13,472	X	-	1,427	-	1,427	X	-	12,045	-
Total (A)	**6,787,004**	**6,613,775**	**34,070**	**139,159**	**-**	**120,925**	**33,013**	**9,244**	**78,668**	**-**	**6,666,079**	**-**
B. Off-balance sheet credit exposures												
a) Non performing	30	X	-	30	-	-	X	-	-	-	30	-
b) Performing	100,517	100,517	-	X	-	-	-	-	X	-	100,517	-
Total (B)	**100,546**	**100,517**	**-**	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**100,546**	**-**
Total (A+B)	**6,887,551**	**6,714,292**	**34,070**	**139,188**	**-**	**120,925**	**33,013**	**9,244**	**78,668**	**-**	**6,766,626**	**-**

A.1.8 Cash credit exposures to banks: dynamics of gross non-performing loans

The Bank does not have any exposures to banks that are subject to impairment.

A.1.8bis Cash credit exposures to banks: dynamics of gross forborne exposures by credit quality

The Bank does not have any forborne exposures to banks.

A.1.9 Cash credit exposures to customers: dynamics of gross non-performing loans

Description/Category	Bad Exposures	Unlikely to pay	Past due impaired exposures
A. Opening balance (gross amount)	**44,281**	**44,320**	**69,004**
- of which sold non-cancelled exposures	4,986	2,504	6,615
B. Increases	**15,642**	**17,831**	**88,714**
B.1 transfers from performing loans	4,033	13,289	67,830
B.2 entry from impaired financial assets acquired or originated	-	-	-
B.3 transfers from other impaired exposures	11,433	3,116	2,344
B.4 contractual changes without cancellations	-	-	-
B.5 other increases	176	1,427	18,540
C. Decreases	**44,276**	**35,390**	**60,969**
C.1 transfers to perfomorming loans	83	5,643	2,174
C.2 write-offs	42,208	16,676	23,386
C.3 recoveries	981	7,177	16,868
C.4 sales proceeds	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other impaired exposures	19	2,723	14,150
C.7 contractual changes without cancellations	-	-	-
C.8 other decreases	985	3,170	4,390
D. Closing balance (gross amounts)	**15,647**	**26,762**	**96,750**
- Sold but not derecognised	1,330	2,255	12,971

A.1.9bis Cash credit exposures to customers: dynamics of gross forborne exposures by credit quality

Description/Quality	Forborne exposures impaired	Forborne exposures not impaired
A. Opening balance (gross amount)	**31,141**	**36,353**
- Sold but not derecognised	3,378	3,810
B. Increases	**13,247**	**15,119**
B.1 Transfers from performing not forborne exposures	4,912	10,013
B.2. Transfers from performing forborne exposures	2,404	X
B.3. Transfers from impaired forborne exposures	X	2,771
B.4 Transfers from impaired not forborne exposure	5,930	2,334
B.5 other increases	-	-
C. Decreases	**26,829**	**35,664**
C.1 Transfers to performing not forborne exposures	X	16,506
C.2 Transfers to performing forborne exposures	2,771	X
C.3 transfers to impaired exposures not forborne	X	2,404
C.4 write-offs	19,662	76
C.5 recoveries	3,803	14,916
C.6 sales proceeds	-	-
C.7 losses on disposals	-	-
C.8 other decreases	593	1,761
D. Closing balance (gross amounts)	**17,559**	**15,808**
- Sold but not derecognised	2,122	3,160

A.1.10 Cash non-performing credit exposures to banks: dynamics of total write-downs

Exposures to banks are not subject to write-downs.

A.1.11 Cash non-performing credit exposures to customers: dynamics of total write-downs

Description/Category	Bad Exposures		Unlikely to pay		Impaired Past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening balance overall amount of writedowns	**42,206**	**10,717**	**24,417**	**8,348**	**42,919**	**7,200**
- Sold but not derecognised	4,831	1,173	1,999	746	4,731	988
B. Increases	**13,937**	**1,811**	**6,875**	**3,531**	**51,012**	**5,518**
B.1 impairment losses on acquired or originated assets	-	X	-	X	-	X
B. 2 other value adjustments	6,521	962	5,502	3,126	49,909	4,937
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfer from other impaired exposure	7,399	839	1,208	243	1,103	582
B. 5 contractual changes without cancellations	-	-	-	-	-	-
B.6 other increases	17	10	166	161	-	-
C. Reductions	**43,319**	**10,750**	**22,756**	**7,452**	**36,623**	**6,517**
C.1 write-backs from assessments	418	37	2,941	1,754	2,178	298
C.2 write-backs from recoveries	594	355	1,419	489	2,105	393
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-offs	42,225	10,347	16,720	4,370	23,317	4,946
C.5 transfers to other impaired exposures	3	3	1,360	818	8,347	844
C. 6 contractual changes without cancellations	-	-	-	-	-	-
C.7 other decreases	79	9	317	20	677	37
D. Closing overall amount of writedowns	**12,824**	**1,778**	**8,536**	**4,427**	**57,308**	**6,202**
- Sold but not derecognised	1,136	266	1,224	506	8,159	676

A.2 Classification of financial assets, loan commitments and financial guarantees given on the basis of external and internal ratings

The risk classes for external ratings indicated in this table refer to the credit rating classes of debtors/guarantors pursuant to prudent regulations. The Group uses the standardised approach according to the risk mapping provided by the rating company S&P Global Ratings for exposures to companies and by Fitch Ratings for exposures to central administrations and central banks.

A.2.1 Distribution of financial assets, loan commitments and financial guarantees given by external rating class (gross values)

Exposures	External rating classes						Without rating	Total
	Class 1	class 2	class 3	class 4	class 5	class 6		
A. Financial assets valued at amortized cost	**75**	**51,531**	**692**	**-**	**-**	**-**	**6,676,158**	**6,728,457**
- First stage	75	51,531	692	-	-	-	6,502,929	6,555,228
- Second stage	-	-	-	-	-	-	34,070	34,070
- Third stage	-	-	-	-	-	-	139,159	139,159
- Purchased or originated impaired	-	-	-	-	-	-	-	-
B. Financial assets valued at fair value with impact on overall profitability	**-**	**-**	**-**	**-**	**-**	**-**	**150,254**	**150,254**
- First stage	-	-	-	-	-	-	150,254	150,254
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	**75**	**51,531**	**692**	**-**	**-**	**-**	**6,826,412**	**6,878,711**
D. Commitments and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**100,746**	**100,746**
- First stage	-	-	-	-	-	-	100,717	100,717
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	30	30
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**100,746**	**100,746**
Total (A+B+C+D)	**75**	**51,531**	**692**	**-**	**-**	**-**	**6,927,159**	**6,979,458**

The related ECAI tables for reconciliation between ratings and creditworthiness classes for the respective durations are provided below:

Credit rating	Long-term ECAI	
	Fitch Ratings	S&P Global Ratings
	Central Administrations and central banks	Company and other entities
1	from AAA to AA-	from AAA to AA-
2	from A+ to A-	from A+ to A-
3	from BBB+ to BBB-	from BBB+ to BBB-
4	from BB+ to BB-	from BB+ to BB-
5	from B+ to B-	from B+ to B-
6	CCC+ and lower	CCC+ and lower

Credit rating	Short-term ECAI	
	Fitch Ratings	S&P Global Ratings
	Central Administrations and central banks	Company and other entities
1	N/a	A-1+, A-1
2	N/a	A-2
3	N/a	A-3
from 4 to 6	N/a	lower A-3

A.2.2 Distribution of financial assets, loan commitments and financial guarantees given by internal rating class (gross values)

This table has not been prepared because the internal ratings are not currently used in the calculation of capital requirements for the management of credit risk.

A.3 Distribution of guaranteed credit exposures by type of guarantee

A.3.1 On- and off-balance sheet guaranteed credit exposures to banks

The Bank has no guaranteed credit exposures to banks.

A.3.2 On- and off-balance sheet guaranteed credit exposures to customers

	Gross exposure	Net exposures	Collaterals (1)				Guarantees (2)	
							Credit derivatives	
			Property, Mortgages	Property - Lease loans	Securities	Other assets	CLN	Other derivatives Central counterparties
1. Guaranteed cash loans:	**246,237**	**239,148**	**-**	**-**	**-**	**182,553**	**-**	**-**
1.1 totally secured	218,994	212,426	-	-	-	168,912	-	-
- of which: impaired	5,737	1,271	-	-	-	754	-	-
1.2 partially secured	27,243	26,722	-	-	-	13,641	-	-
- of which: impaired	1,082	815	-	-	-	60	-	-
2. Off-balance-sheet credit exposures guaranteed:	-	-	**-**	**-**	**-**	**-**	**-**	**-**
2.1 totally secured	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-

	Guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	public administrations	Banks	Other financial companies	Other entities	
1. Guaranteed cash loans:	**-**	**-**	**-**	**-**	**70**	**-**	**42,948**	**219,853**
1.1 totally secured	-	-	-	-	-	-	41,655	200,771
- of which: impaired	-	-	-	-	-	-	326	1,057
1.2 partially secured	-	-	-	-	70	-	1,292	19,082
- of which: impaired	-	-	-	-	-	-	-	43
2. Off-balance-sheet credit exposures guaranteed:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 totally secured	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-

A.4 Financial and non-financial assets obtained through the enforcement of guarantees received

The Bank does not have any financial assets obtained through the enforcement of guarantees.

B. Distribution and concentration of credit exposures

B.1 Distribution by sector of on- and off-balance sheet credit exposures to customers

Exposures/Counterparts	Public administration		Financial companies		Financial companies(of which: insurance companies)		Non-financial companies		Families	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. Balance sheet credit exposures										
A.1 Bad Exposures	-	-	3	22	-	-	284	1,687	2,535	11,115
- of wich: forborne exposures	-	-	3	22	-	-	71	454	217	1,302
A.2 Unlikely to pay	522	38	7	23	-	-	846	471	16,851	8,003
- of wich: forborne exposures	-	-	7	23	-	-	104	168	2,576	4,236
A.3 Impaired past due exposures	3,108	452	49	110	2	-	3,794	3,426	32,491	53,320
- of wich: forborne exposures	-	-	8	33	-	-	81	214	2,086	5,954
A.4 Not impaired exposures	351,874	-	61,641	26	3	-	486,752	2,370	5,705,321	39,861
- of wich: forborne exposures	-	-	40	2	-	-	553	42	13,339	1,834
Total (A)	**355,505**	**491**	**61,700**	**181**	**5**	**-**	**491,676**	**7,954**	**5,757,199**	**112,299**
B. Off-balance sheet credit exposures										
B.1 Deteriorated exposures	-	-	-	-	-	-	29	-	1	-
B.2 Non-deteriored exposures	-	-	-	-	-	-	98,588	-	1,929	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**98,617**	**-**	**1,929**	**-**
Total (A+B) 12/31/2023	**355,505**	**491**	**61,700**	**181**	**5**	**-**	**590,293**	**7,954**	**5,759,128**	**112,299**
Total (A+B) 12/31/2022	**406,124**	**484**	**163,170**	**331**	**6**	**-**	**626,911**	**13,751**	**5,363,457**	**144,872**

B.2 Territorial distribution of on- and off-balance sheet credit exposures to customers

Exposures / Geographic area	North West Italy		North East Italy		Italian Centre		South Italy and Islands	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. Balance sheet credit exposures								
A.1 Bad Exposures	631	3,135	348	1,368	418	2,060	1,426	6,261
A.2 Unlikely to pay	2,951	2,121	1,341	954	2,776	1,613	11,157	3,847
A.3 Impaired past due exposures	10,018	15,027	4,886	7,599	7,242	10,257	17,296	24,424
A.4 Not impaired exposures	1,934,157	12,240	1,003,933	6,672	1,659,119	8,700	2,008,312	14,644
Total (A)	**1,947,757**	**32,523**	**1,010,509**	**16,594**	**1,669,555**	**22,630**	**2,038,192**	**49,177**
B. Off-balance sheet credit exposures								
B. 1 Non-performing exposures	-	-	-	-	-	-	29	-
B. 2 Performing exposures	93,289	-	3,298	-	1,865	-	2,064	-
Total (B)	**93,289**	**-**	**3,298**	**-**	**1,865**	**-**	**2,094**	**-**
Total (A+B) 12/31/2023	**2,041,046**	**32,523**	**1,013,807**	**16,594**	**1,671,420**	**22,630**	**2,040,286**	**49,177**
Total (A+B) 12/31/2022	**1,934,308**	**37,838**	**899,966**	**18,289**	**1,790,918**	**30,688**	**1,934,401**	**72,621**

B.3 Territorial distribution of on- and off-balance sheet credit exposures to banks

Exposures / Geographical Area		Italy		Other european countries		United States		Asia		Rest of the world	
		Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures	Total write-downs	Net exposures	Total write-downs
A. Balance sheet credit exposures											
A.1 Bad Exposures		-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay		-	-	-	-	-	-	-	-	-	-
A.3 Impaired past due exposures		-	-	-	-	-	-	-	-	-	-
A.4 Not impaired exposures		223,021	-	2	-	-	-	-	-	-	-
Total (A)		**223,021**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Off-balance sheet credit exposures											
B.1 Deteriored exposures		-	-	-	-	-	-	-	-	-	-
B.2 Non-deteriored exposures		200	-	-	-	-	-	-	-	-	-
Total (B)		**200**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**12/31/2023**	**223,221**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**12/31/2022**	**49,684**	**-**	**472,052**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

B.4 Large exposures

	12/31/2023
Number	4
Weighted value	789,924
Book value	1,465,396

At the balance sheet date there were four counterparties that could be classified as large exposures:

- Banco Santander S.A.;
- Ministry of the Economy and Finance (MEF);
- Bank of Italy;
- SAIC Motor Italy S.r.l.

C. Securitisation transactions

Qualitative information

Strategy and characteristics of securitisation transactions

The Bank carries out securitisation transactions in order to broaden the diversification of funds collected by optimising the cost of the same.

In this context, the roles covered are usually the following:

- Santander Consumer Bank: Originator, Seller and Servicer;
- Golden Bar (Securitisation) S.r.l.: Issuer.

The transactions may have a revolving structure, if the possibility of transferring additional portfolios is provided for, or an amortising structure, if this option has not been contractually provided for. Consequently, the collections deriving from the securitised loans are used to finance the purchase of additional loans during the revolving period or to repay the securities in the amortising period.

The senior classes usually have a dual rating in order to be eligible for refinancing transactions at the Central Bank.

Securitisation transactions

In addition to the existing transaction, in 2023, two securitisation transactions with the placement of securities with third-party investors were finalised.

Golden Bar 2023-1 VFN

The Golden Bar 2023-1 VFN transaction, with a value of Euro 608 million and legal maturity in 2042, was concluded through the sale at par value of a portfolio of performing loans, made up of Personal Loans and Special-purpose Loans, to the special purpose vehicle Golden Bar (Securitisation) S.r.l..

The purchase of the receivables by the vehicle company was financed through the issue of two classes of securities, summarised below:

- Class A senior securities for Euro 450 million, without rating and fully subscribed by institutional investors through a private placement;
- Class Z junior securities of Euro 158 million, without rating and fully subscribed by the Originator.

The Variable Funding structure envisaged a first sale of receivables for an amount of Euro 272 million in March 2023 and a subsequent sale of Euro 366 million in June 2023. The second sale involved an additional subscription amount of 336 million.

The interest rate of the Senior securities was fixed at a level equal to the Euribor 3 month plus a spread (with a zero-coupon floor).

Within the scope of the same transaction, the special purpose entity concluded an Interest Rate Swap to hedge the interest rate risk of the Senior class.

The Golden Bar 2023-1 securitisation, which has a revolving 24-month structure, was structured in compliance with the requirements for STS securitisations on the basis of the provisions of the Securitisation Regulation which came into effect on 1 January 2019.

Golden Bar 2023-2

The Golden Bar 2023-2 transaction, with a value of Euro 1,014 million and legal maturity in 2043, was concluded through the sale at par value of a portfolio of performing loans, made up of car loans, to the special purpose vehicle Golden Bar (Securitisation) S.r.l..

The purchase of the receivables by the vehicle company was financed through the issue of seven classes of securities, summarised below:

- Class A senior securities for Euro 830 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class B mezzanine securities for Euro 65 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class C mezzanine securities for Euro 32 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class D mezzanine securities for Euro 34 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class E mezzanine securities for Euro 39 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class F mezzanine securities for Euro 14 million, listed on the Luxembourg Stock Exchange and fully subscribed by institutional investors through a private placement;
- Class Z junior securities of Euro 100 million, without rating and fully subscribed by the Originator.

The interest rate of the Senior securities was fixed at a level equal to the Euribor 3 month plus a spread of 105 bps (with a zero-coupon floor).

Within the scope of the same transaction, the special purpose vehicle concluded an Interest Rate Swap to hedge the interest rate risk of the Senior class and of the B, C, D and E classes.

The Golden Bar 2023-2 securitisation, which has a revolving 15-month structure, was structured in compliance with the requirements for STS securitisations on the basis of the provisions of the Securitisation Regulation which came into effect on 1 January 2019. Class A also obtained eligibility with the ECB.

Transactions closed during the year

In addition, in 2023, the Golden Bar 2018-1 transaction was ended through the buyback of the loan portfolio by the Originator Company.

Transactions outstanding as at the reporting date

With regard to securitised financial assets, as of the end of 2023, the Bank has four performing transactions (Golden Bar 2019-1, Golden Bar 2021-1, Golden Bar 2023-1, and Golden Bar 2023-2) outstanding as a result of the above.

	Assets held by the SPE	Senior and Mezzanine Securities subscribed	Junior Securities subscribed	Cash Reserve	Assets held by the Group	Type of collateral	Distribution of collateral by geographical area	Average maturity of the collateral	Rating of the collateral
Golden Bar 2018-1	69,818	86,155	12,000	5,434	6,515,825	n.a.	n.a.	n.a.	n.a.
Golden Bar 2019-1	321,881	331,632	100	5,000		n.a.	n.a.	n.a.	n.a.
Golden Bar 2021-1	584,680	450,000	158,109	7,619		n.a.	n.a.	n.a.	n.a.
Golden Bar 2023-2	971,789	1,011,340	100	14,032		n.a.	n.a.	n.a.	n.a.

Consequently, in accordance with international accounting standards, these securitised portfolios have not been derecognised as there were not the requisites for derecognition.

The Golden Bar 2019-1 and Golden Bar 2021-1 transactions continued to repay the non-Junior classes.

To enhance the clarity of disclosures, below is a breakdown of the excess spread accrued within the scope of the transaction in place, into the various components that generated it.

Breakdown of the excess spread accrued during the year	Golden Bar 2018-1	Golden Bar 2019-1	Golden Bar 2021-1	Golden Bar 2023-1	Golden Bar 2023-2
Interest expense on securities issued	(906)	(12,478)	(36,181)	(14,025)	(15,806)
Commisions and fees for the operation	(75)	(270)	(597)	(433)	(442)
- for servicing	(57)	(248)	(556)	(395)	(411)
- for other services	(18)	(22)	(41)	(38)	(31)
Other charges	(2,120)	(4,592)	(17,696)	(12,739)	(3,508)
Interest generated by the securitised assets	1,406	6,515	24,157	32,572	20,643
Other revenues	5,543	10,005	18,020	4,022	3,756
Total	**3,848**	**(820)**	**(12,297)**	**9,397**	**4,643**

Quantitative information

C.1 Exposures arising from the main “proprietary” securitisation transactions broken down by type of securitised asset and by type of exposure

	Cash exposure						Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
Type of securitized assets / Exposures	**Book value**	**Adjustments/Recoveries**	**Book value**	**Adjustments/Recoveries**	**Book value**	**Adjustments/Recoveries**	**Book value**	**Adjustments/Recoveries**	**Book value**	**Adjustments/Recoveries**	**Book value**	**Adjustments/Recoveries**	**Book value**	**Adjustments/Recoveries**	**Book value**	**Adjustments/Recoveries**	**Book value**	**Adjustments/Recoveries**
A. Derecognised in full	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Derecognised in part	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised	**0**	**0**	-	-	**134,680**	**(1,592)**	-	-	-	-	-	-	-	-	-	-	-	-
Golden Bar 2023-1	0	0			134,680	(1,592)												

C.2 Exposures arising from the main “third-party” securitisation transactions broken down by type of securitised asset and by type of exposure

The Bank does not have any “third-party” securitisation transactions.

C.3 Special purpose vehicles (SPVs) created for securitisation

Securitization name - Company name	Head office	Consolidation	Assets			Liabilities		
			Credits	Debt securities	Others	Senior	Mezzanine	Junior
Golden Bar 2019-1	Torino (TO)	NO	69,818	-	29,612	35,092	51,063.00	12,000
Golden Bar 2021-1	Torino (TO)	NO	321,881	-	59,763	299,012	32,620	100
Golden Bar 2023-1	Torino (TO)	NO	584,680	-	34,067	450,000	0	158,109
Golden Bar 2023-2	Torino (TO)	NO	971,789	-	51,364	830,000	181,340	100

C.4 Non-consolidated special purpose vehicles (SPVs) created for securitisation

The information provided in this section is not provided by the banks preparing the consolidated accounts.

C.5 Servicer activities - own securitisations: collections of securitised loans and repayments of securities issued by the special purpose vehicle for securitisation

The Bank does not carry out servicer activities on securitisation transactions relating to the divested business removed from the financial statements.

D. Information on unconsolidated structured entities (other than special purpose vehicles created for securitisations)

The Bank does not have any positions with unconsolidated structured entities.

E. Disposal transactions

A. Financial assets sold but not derecognised

Qualitative information

With regard to the description of the transactions of tables E.1, E.2 and E.3, please refer to the matters reported at the bottom of the tables themselves.

Quantitative information

E.1 Financial assets sold and fully booked and associated financial liabilities: book values

	Financial assets sold as a whole				Associated financial liabilities		
	Book value	of which: subject to securitization transactions	of which: subject to sale contracts with repurchase agreement	of which Non-performing	Book value	of which: subject to securitization transactions	of which: subject to sale contracts with repurchase agreement
A. Financial assets held for trading	-	-	-	X	-	-	-
1. Debt securities	-	-	-	X	-	-	-
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily at fair value	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Equities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	1,948,168	1,948,168	-	6,036	1,881,378	1,881,378	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	1,948,168	1,948,168	-	6,036	1,881,378	1,881,378	-
Total 12/31/2023	1,948,168	1,948,168	-	6,036	1,881,378	1,881,378	-
Total 12/31/2022	727,405	727,405	-	2,543	693,769	693,769	-

Financial assets measured at amortised cost pertain to securitisation transactions with securities subscribed by traditional third-party investors (Golden Bar 2023-1) and with derecognition for solely prudent purposes (Golden Bar 2019-1, Golden Bar 2021-1, Golden Bar 2023-2).

E.2 Financial assets sold and partially booked and associated financial liabilities: book values

This is not applicable to the Bank.

E.3 Transfers with liabilities that have recourse only against the assets sold and not fully derecognised: fair value

	Fully booked	Partially booked	Total	
			12/31/2023	12/31/2022
A. Financial assets held for trading	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
B. Other financial assets that are duly measured at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets measured at fair value with an impact on overall profitability	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equities	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets measured at amortized cost (fair value)	**1,832,920**	**-**	**1,832,920**	**695,031**
1. Debt securities	-	-	-	-
2. Loans	1,832,920	-	1,832,920	695,031
Total financial assets	**1,832,920**	**-**	**1,832,920**	**695,031**
Total associated financial liabilities	**1,879,795**	**-**	**X**	**X**
31,122,023.00	**(46,876)**	**-**	**(46,876)**	**X**
31,122,022.00	**1,262**	**-**	**X**	**1,262**

B. Financial assets sold and fully derecognised with recognition of continued involvement

This section is not applicable to sales made by the Bank in the course of the year.

C. Financial assets sold and fully derecognised

Il Gruppo non ha effettuato operazioni di cessione integrali.

D. Operazioni di covered bond

The Group has not carried out any full derecognition transactions.

F. Models for the measurement of credit risk

The balance at risk by product of the "dossiers in delinquency" (i.e. that have amounts past due by more than ninety days) is monitored on a monthly basis.

Please refer to Section 2E Prudential consolidation - Models for the measurement of credit risk in the Consolidated Financial Statements for further information on the method used.

Section 2 – Market risk

2.1 Interest rate risk and price risk - trading portfolio reported for supervisory purposes

The Bank does not hold any trading portfolios reported for supervisory purposes.

2.2 Interest rate risk and price risk – banking book

Qualitative information

Qualitative information on the measurement of financial risks generated by the Bank is illustrated in Part E of the Notes to the consolidated financial statements.

Quantitative information

1. Banking book: distribution by residual term (repricing date) of financial assets and liabilities

This table is not prepared as the next section gives an analysis of the sensitivity to interest rate risk based on internal models and this analysis covers the whole of the banking book.

2. Banking book: internal models and other methodologies for analysing sensitivity

The measurement/quantification of financial risks, especially the interest rate risk, is carried out by analysing the specific synthetic indicators described below. These indicators are calculated on a monthly basis, which involves calculating a final figure on the report at the end of each month, as well as a forecast figure for the next reporting period. The Risk Control Department of Santander Consumer Bank is responsible for preparing and maintaining adequate, uniform and timely reporting for the monitoring of interest rate risk, formalised through specific indicators.

Sensitivity indicator "Market Value of Equity" (MVE)

This indicator is aimed at quantifying the sensitivity of the interest rate risk so that it can be monitored; in particular, it quantifies the effect of a change in the interest rate curve under various scenarios on shareholders' equity. With the implementation of the corporate tool, in addition to the standard management scenarios at +/-100bps of parallel shocks of the curve, all the scenarios required by the EBA were implemented. The following paragraph shows the results obtained by applying the scenario +/-100 basis points (parallel and intermediate shock) on which the monthly analysis and the decisions on interest rate risk are based. The measurement of interest rate risk is then carried out by assessing the impact of changes in interest rates on the value of interest-bearing assets/liabilities inclusive of derivatives (Interest Rate Swaps); the sensitivity of the Market Value of Equity is computed as the difference between the present value of all future cash flows discounted using market interest rate curves and the present value of future cash flows discounted using stressed interest rate curves.

As at 31 December 2023, the MVE sensitivity calculated with parallel and immediate shifts of +/- 100 basis points is shown in the table below. The indicator remained within the thresholds approved by the Board of Directors.

Sensitivity indicator "Net Interest Margin" (NIM)

This indicator is aimed at quantifying and monitoring the sensitivity of the interest rate risk; in particular, it quantifies the effect of a parallel and symmetric change in the interest rate curve under various scenarios on net interest income (analysis period: 12 months). As regards interest rate shift scenarios, please see the information provided in the paragraph above.

As at 31 December 2023, the NIM sensitivity calculated with parallel and immediate shifts of +/- 100 basis points is shown in the table below. The indicator remained within the thresholds approved by the Board of Directors.

+100 bps MM	MVE	NIM
Sensitivity	-9,99	-4,80
Limite	55	28,2

-100 bps MM	MVE	NIM
Sensitivity	10,34	2,69
Limite	55	28,2

2.3 Exchange rate risk

The Bank is not exposed to exchange rate risk.

Section 3 – Derivative instruments and hedging policies

3.1 Derivatives held for trading

A. Financial derivatives

A.1 Financial derivatives held for trading: period-end notional amounts

Underlying assets / Type of derivatives	Totale 31/12/2023				Totale 31/12/2022			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparts	without central counterparties			Central Counterparts	without central counterparties		
		with clearing arrangements	without clearing arrangements			with clearing arrangements	without clearing arrangements	
1. Debt securities and interest rate	-	-	1,869,160	-	-	-	640,295	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	1,869,160	-	-	-	640,295	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equities and stock indexes	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**1,869,160**	**-**	**-**	**-**	**640,295**	**-**

A.2 Financial derivatives held for trading: positive and negative gross fair value – breakdown by product

Types of derivatives	Total 12/31/2023				Total 12/31/2022			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparts	Without central counterparties			Central Counterparts	Without central counterparties		
		With clearing arrangements	Without clearing arrangements			With clearing arrangements	Without clearing arrangements	
1. Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	46,781	-	-	-	41,060	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	**-**	**-**	**46,781**	**-**	**-**	**-**	**41,060**	**-**
2. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	47,472	-	-	-	41,083	-
c) Cross currency swap	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	**-**	**-**	**47,472**	**-**	**-**	**-**	**41,083**	**-**

A.3 OTC financial derivatives held for trading: notional amounts, positive and negative gross fair value by counterparty

Underlyings	Central Counterparts	Banks	Other financial companies	Other entities
Contracts not included in clearing agreement				
1) Debt securities and interest rate				
- notional value	X	1,869,160	-	-
- positive fair value	X	46,781	-	-
- negative fair value	X	47,472	-	-
2) Equities and stock indexes				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in clearing arrangements				
1) Debt securities and interest rate				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equities and stock indexes	-			
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold	-			
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities	-			
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others	-	-	-	-
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial derivatives held for trading: notional amounts

Underlying / residual		Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A.1 Financial derivative contracts on debt securities and interest rates		263,670	1,599,181	6,309	1,869,160
A.2 Financial derivative contracts on equity securities and stock indexes		-	-	-	-
A.3 Financial derivatives on currencies and gold		-	-	-	-
A.4 Financial derivatives on goods		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
Total	**12/31/2023**	**263,670**	**1,599,181**	**6,309**	**1,869,160**
Total	**12/31/2022**	**227,416**	**376,464**	**36,416**	**640,295**

B. Credit derivatives

The Bank does not have any credit derivatives at the date of the financial statements.

3.2 Accounting hedges

Qualitative information

Qualitative information on the measurement of accounting hedges by the Bank is illustrated in Part E of the Notes to the consolidated financial statements.

Quantitative information

A. Hedging financial derivatives

A.1 Hedging derivatives: period-end notional amounts

Underlying assets / Type of derivatives	Total 31/12/2023				Total 31/12/2022			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central Counterparts	without central counterparties			Central Counterparts	without central counterparties		
		with clearing arrangements	without clearing arrangements			with clearing arrangements	without clearing arrangements	
1. Debt securities and interest rate	-	-	3,639,187	-	-	-	3,199,074	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	3,639,187	-	-	-	3,199,074	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equities and stock indexes	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currencies and gold	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Goods	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**3,639,187**	**-**	**-**	**-**	**3,199,074**	**-**

A.2 Hedging derivatives: positive and negative gross fair value – breakdown by product

Types of derivatives	Positive and negative fair value								Changes in value used to calculate hedge ineffectiveness	
	Total 12/31/2023				Total 12/31/2022				Total	Total
	Over the counter			Organized markets	Over the counter			Organized markets	12/31/2023	12/31/2022
	Central Counterparts	Without central counterparties: With clearing arrangements	Without central counterparties: Without clearing arrangements		Central Counterparts	Without central counterparties: With clearing arrangements	Without central counterparties: Without clearing arrangements			
Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	78,897	-	-	-	154,216	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**78,897**	**-**	**-**	**-**	**154,216**	**-**	**-**	**-**
Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swap	-	-	16,166	-	-	-	-	-	-	-
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**16,166**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

A.3 OTC hedging derivatives: notional amounts, positive and negative fair value by counterparty

Underlyings	Central Counterparts	Banks	Other financial companies	Other entities
Contracts not included in clearing agreement				
1) Debt securities and interest rate				
- notional value	X	3,639,187	-	-
- positive fair value	X	78,897	-	-
- negative fair value	X	16,166	-	-
2) Equities and stock indexes				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in clearing arrangements				
1) Debt securities and interest rate				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equities and stock indexes				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging derivatives: notional amounts

Underlying / residual		Up to 1 year	Over 1 year up to 5 year	Over 5 year	Total
A.1 Financial derivative contracts on debt securities and interest rates		1,482,139	1,984,228	172,820	3,639,187
A.2 Financial derivative contracts on equity securities and stock indexes		-	-	-	-
A.3 Financial derivative contracts on currency and gold		-	-	-	-
A.3 Financial derivative on goods		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
Total	**12/31/2023**	**1,482,139**	**1,984,228**	**172,820**	**3,639,187**
Total	**12/31/2022**	**811,356**	**2,175,104**	**212,614**	**3,199,074**

B. Hedging credit derivatives

The Bank does not have any credit derivatives at the date of the financial statements.

C. Non-derivative hedging instruments

The Bank does not have any non-derivative hedging instruments at the date of the financial statements.

D. Hedged instruments

D.1 Fair value hedges

The Bank has not applied the new accounting rules provided for hedge accounting in accordance with IFRS 9.

D.2 Cash flow and foreign investment hedges

The Bank does not have any cash flow and foreign investment hedges.

E. Effects of hedging transactions recognised in shareholders' equity

The Bank does not use hedging transactions recognised in shareholders' equity.

3.3 Other information on derivatives held for trading and hedging derivatives

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparty

	Central counterparty	Banks	Other financial companies	Other entities
A. Financial derivatives				
1) Debt securities and interest rates				
- notional amount	-	5,508,348	-	-
- positive fair value	-	125,678	-	-
- negative fair value	-	63,638	-	-
2) Equity instrument and stock index				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currency and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Hedge purchase				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Hedge sale				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

Section 4 – Liquidity risk

Qualitative information

For qualitative information, please refer to Part E of the Notes to the consolidated financial statements

Quantitative information

1. Distribution of financial assets and liabilities by residual maturity

Items/Time	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Unspecified maturity
A. On-balance sheet assets	**252,436**	**328**	**188,079**	**25,581**	**394,962**	**622,576**	**1,026,683**	**3,520,889**	**989,804**	**12,044**
A.1 Government securities	-	-	100,000	-	52,875	100,438	905	103,490	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	252,436	328	88,079	25,581	342,087	522,139	1,025,778	3,417,399	989,804	12,044
- Banks	131,702	54	-	870	533	1,363	2,738	22,500	56,000	12,044
- Customers	120,734	274	88,079	24,711	341,554	520,775	1,023,040	3,394,899	933,804	-
B. On-balance sheet liabilities	**775,298**	**9,693**	**10,290**	**25,553**	**547,453**	**288,468**	**1,418,741**	**3,107,433**	**153,091**	**-**
B.1 Deposits and current accounts	682,427	9,693	10,290	21,671	61,757	124,582	151,482	2,027,433	8,091	-
- Banks	-	-	-	-	-	-	-	-	-	-
- Customers	682,427	9,693	10,290	21,671	61,757	124,582	151,482	2,027,433	8,091	-
B.2 Debt securities	-	-	-	-	-	-	120,000	455,000	-	-
B.3 Other liabilities	92,871	-	-	3,883	485,696	163,887	1,147,258	625,000	145,000	-
C. Off-balance sheet transactions										
C.1 Physically settled financial derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.2 Cash settled financial derivatives										
- Long positions	-	-	-	7,629	43,059	19,832	34,090	-	-	-
- Short positions	-	-	-	565	30,955	1,276	3,386	-	-	-
C.3 Deposit to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	15,000	-	-
- Short positions	15,000	-	-	-	-	-	-	-	-	-
C.5 Written guarantees	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

With reference to the financial assets subject to “self-securitisation”, the related details are provided below.

Transactions closed during the year

During 2023, the Golden Bar 2020-2 transaction was ended through the buyback of the loan portfolio by the Originator Company.

Transactions outstanding as at the reporting date

At the end of 2023, the Bank had two performing transactions in place.

Transaction	12/31/2023				
	Class	ISIN Code	Rating Moody's / DBRS	Activities	Outstanding al 31/12
Golden Bar 2020-1	A	IT0005402570	AAA/A+	Car loan and Personnel loan	174,018,124
	B	IT0005402588	AA/A+		50,000,000
	Z	IT0005402604	NR / NR		67,498,000
Golden Bar 2022-1	A	IT0005495921	Aa3/A	Salary assignment, retirement assignment and delegation of payment.	587,574,780
	B	IT0005495939	Baa2/AL		32,643,043
	Z	IT0005495947	NR / NR		32,643,043

Conseguentemente, secondo quanto previsto dai principi contabili internazionali, non si è provveduto alla cancellazione di tali portafogli cartolarizzati non essendo verificati i requisiti per la derecognition.

Section 5 – Operational risks

Qualitative information

For qualitative information, including legal risks and tax disputes, please refer to Part E of the Notes to the consolidated financial statements.

Quantitative information

Theoretical unexpected losses, determined by applying the standard method (STA), amount to Euro 25 million.

Losses recorded during the year (Source: EDB-Events Database), on the other hand, are shown as follows:

Risk Type	Net Losses	Net Provisions	Addition, uses and recoveries	Net Op. Risk Impact
Internal Fraud				
External Fraud	129.71	126.00		255.71
Employment, pratises & Workplace Safety				
Clients, Products & Business Practices	2,541.59	111.43	- 155.67	2,497.36
Damage to physical Assets				
Business Disruption & System Failures				
Execution, Delivery & Process Management	25.51		791.26	- 765.74
TOTAL	**2,696.82**	**237.43**	**- 946.92**	**1,987.33**

Part F – Information on shareholders' equity

Section 1 – Shareholders' equity

A. Qualitative information

For qualitative information on shareholders' equity and the corresponding management policies, please refer to Part E of the Notes to the consolidated financial statements.

B. Quantitative information

B.1 Shareholders' equity: breakdown

Captions/Amounts	Amount 12/31/2023	Amount 12/31/2022
1. Capital	573,000	573,000
2. Emission Fees	633	633
3. Reserves	352,082	260,402
- useful	312,169	220,844
a) legal	34,629	30,045
b) statutory	-	-
c) treasury shares	-	-
d) other	277,540	190,799
- other	39,913	39,558
4. Capital Instruments	-	-
5. (Own shares)	-	-
6. Valuation reserves:	(659)	(1,341)
- Titoli di capitale designati al fair value con impatto sulla redditività complessiva	-	-
- Hedges of equity securities designated at fair value with an impact on the overall profitability	-	-
- Financial assets (different from capital securities) measured at fair value with an impact on overall profitability	(59)	(896)
- Tangible assets	-	-
- Intangible assets	-	-
- Foreign investment coverage	-	-
- Financial flow cover	-	-
- Hedging instruments [Unspecified Elements]	-	-
- Exchange differences	-	-
- Non-current assets and groups of assets held for sale	-	-
- Financial liabilities designated at fair value with impact on the income statement (changes in their creditworthiness)	-	-
- actuarial gains (losses) on defined benefit plans	(601)	(445)
- Units of valuation reserves of investments valued at equity	-	-
- Special revaluation laws	-	-
7. Profit (loss) for the year	42,864	91,680
Total	**967,919**	**924,374**

B.2 Valuation reserves for financial assets measured at fair value through other comprehensive income: breakdown

Assets/values	Total 12/31/2023		Total 12/31/2022	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	59	-	896
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
Total	**-**	**59**	**-**	**896**

B.3 Valuation reserves for financial assets measured at fair value through other comprehensive income: change in the year

	Debt securities	Equity securities	Loans
1. Opening balance	(896)	-	-
2. Positive changes	896	-	-
2.1 Fair value increases	896	-	-
2.2 Value adjustments for credit risk	-	-	-
2.3 Transfer to the income statement of negative reserves to be realized	-	-	-
2.4 Transfers to other equity (capital securities)	-	-	-
2.5 Other changes	-	-	-
3. Negative changes	(59)	-	-
3.1 Fair value reductions	(59)	-	-
3.2 Write-backs for credit risk	-	-	-
3.3 Reclassification throught profit or loss of positive reserves: - following disposal	-	-	-
3.4 Transfers to other equity (capital securities)	-	-	-
3.5 Other changes	-	-	-
4. Closing balance	**(59)**	**-**	**-**

B.4 Valuation reserves related to defined-benefit pension plans: change in the year

The valuation reserve amounts to Euro 601 thousand.

During the year there was an increase in valuation reserves related to defined-benefit pension plans for an amount equal to Euro 156 thousand net of the corresponding tax effect.

Section 2 – Own funds and capital adequacy ratios

The entity is not required to prepare the disclosure to the public (Third Pillar) as this is the responsibility of the Spanish Parent Company.

In light of this peculiarity, the related disclosure is provided in the following tables.

Own funds

Common Equity Tier 1 is composed of the book value of shareholders' equity, including the profit as at 30 June 2023, certified by the competent authorities (Euro 31,682 thousand), with the following adjustments:

- application of prudential filters pertaining to positions measured at fair value (AVA) (Euro 42 thousand);
- deduction of intangible assets exceeding the weighting rules (Euro 5,207 thousand);

- deduction of positions towards STS securitisations (Euro 507 thousand);
- deduction of minor accounting write-downs compared to the Calendar Provisioning forecasts (Euro 447 thousand).
- deduction of deferred tax assets that are based on future profitability and do not derive from timing differences net of associated tax liabilities (Euro 2,315 thousand).

Tier 2 capital consists of the instruments issued and considered eligible. These instruments are calculated on the basis of the time criterion envisaged by regulations.

Santander Consumer Bank Own Funds	Total	
	12/31/2023	12/31/2022
A. Capital primary Class 1 (Common Equity Tier 1 - CET1) before application of prudential filters	**954,422**	**924,374**
of which CET1 instruments subject to transitional provisions		
B. Prudential filters CET1 (+/-)	**(42)**	**(88)**
C. CET1 before items to be deducted and the effects of the transitional arrangements (A +/- B)	**954,380**	**924,286**
D. Deductions from CET1	**6,161**	**7,612**
E. Transitional regime - Impact on CET1 (+/-)		
F. Total Capital primary Class 1 (Common Equity Tier 1 - CET1) (C - D +/- E)	**948,219**	**916,675**
G. Additional Tier 1 Capital (Additional Tier 1 - AT1) before items to be deducted and the effects of the transitional arrangements		
of which AT1 instruments subject to transitional provisions		
H. Deductions from AT1		
I. Transitional regime - Impact on AT1 (+/-),		
L. Total Capital Additional Tier 1 (Additional Tier 1 - AT1) (G - H +/- I)		
M. Capital Class 2 (Tier 2 -T2) before items to be deducted and the effects of the transitional arrangements	**145,000**	**100,000**
of which T2 instruments subject to transitional provisions		
N. Deductions from T2		
O. Transitional regime - Impact on T2 (+/-)		
P. Total Share of Class 2 (Tier 2 -T2) (M - N +/- O)	**145,000**	**100,000**
Q. Total own funds (F + L + P)	**1,093,219**	**1,016,675**

Supervisory ratios

The table shows the amount of risk assets and prudential ratios, according to information reported in supervisory reports.

Value	Non weighted assets		Weighted assets	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
A. RISK ASSETS				
A.1 Credit and counterparty risk	6,249,049	6,817,014	4,076,546	4,122,233
1. Standardized approach	6,249,049	6,817,014	4,076,546	4,122,233
2. IRB approach				
2.1 Foundation				
2.2 Advanced				
3. Securitizations				
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			326,124	329,779
B.2 Risk valuation adjustment credit				
B.3 Regulation Risk				
B.4 Market Risk				
1. Standardized approach				
2. Internal models				
3. Concentration risk				
B.5 Operational risk			26,813	25,430
1. Basic indicator approach (BIA)				
2. Traditional standardized approach (TSA)			26,813	25,430
3. Advanced measurement approach (AMA)				
B.6 Other calculation elements				
B.7 Total capital requirements			352,937	355,209
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Weighted risk assets			4,411,712	4,440,114
C.2 Capital primary class1 / Risk			21.49%	20.65%
C.3 Capital Class 1 / Risk-weighted assets (Total capital ratio)			21.49%	20.65%
C.4 Total own funds / Risk-weighted assets (Total capital ratio)			24.78%	22.90%

Part G – Business combinations

The Bank has not realised any business combinations involving companies or lines of business.

Part H – Related-party transactions

As laid down by EU Regulation no. 632/2010 of the Commission dated 19 July 2010, the text of IAS 24 defines the concept of related party and identifies the relationship between this one and the entity that draws up the financial statements.

Pursuant to these notions, related parties include:

- the significant shareholders as well as their subsidiaries, including those jointly controlled, and their associates;
- the executives with strategic responsibilities;
- close family members of shareholders and executives with strategic responsibilities and subsidiaries, including those jointly controlled, by the latter or their close relatives.

For the purposes of the management of transactions with related parties, reference is made to the rules defined by CONSOB Regulation no. 17221/2010 (deriving from the provisions of article 2391-bis of the Italian Civil Code) and the matters introduced in 2011 by Title V, Chapter 5 of the Bank's Circular no. 263/2006, as well as the provisions pursuant to article 136 of Italian Legislative Decree no. 385/1993. In this context, Santander Consumer Bank adopted the "Regulation for transactions with related parties" for the management of transactions with parties in conflict of interest, aimed at establishing preliminary and decision-making rules with regard to transactions carried out with related parties and to regulate the procedures for fulfilling the disclosure obligations vis-à-vis stakeholders.

1. Information on the remuneration of executives with strategic responsibilities

	Management and Control bodies	Other Manager	Total
Short-term benefits	496	2,342	2,839
Post-employment benefits			
Other long-term benefits			
Termination indemnities			
Share-based payments		121	121
Total	**496**	**2,463**	**2,960**

2. Related party disclosures

	Banco Santander	Santander Consumer Finance	Banca PSA Italia SpA	TimFin S.p.A	Santander Consumer Renting S.r.l.	Drive S.r.l	Other Santander Group companies
A10. Cash and cas balances	425						
A20. Financial assets designated at fair value through profit or loss	-						
A20a). Financial assets held for trading	46,781						
A40. Financial assets measured at amortised cost	-	-	-	-	-	-	-
A40a) Loans and advances to banks			79,225				
A40b) Loans and advances to costumers					12,889	43,967	
A50. Hedging derivatives	78,897						
A70. Equity investments			292,940	38,250	8,500	6,000	
A90. Intangible assets							
A120. Other assets			883	2,782	647	2,337	3,558
	-	-	-	-	-	-	-
L10. Financial liabilities valued at amortised cost	-	-	-	-	-	-	-
L10) Deposits from banks	(91,849)	(1,250,741)					
L10b) Deposits from costumers					(72)	(205)	(11,979)
L10c) Debt securities in issue		(577,257)					
L20. Financial liabilities held for trading	(47,472)						
L40. Derivati di copertura	(16,166)						
L80. Other liabilities	(2,486)	(69)			(2,209)	(3,563)	(1,633)
	-	-	-	-	-	-	-
PL10. Interest and similar income	77,532	26	3,275		183	(1,449)	
PL20. Interest expenses and similar charges	(4,885)	(58,115)			(3)	(2)	87
PL40. Fee and commission income				176		5	
PL80. Net income financial assets and liabilities held for trading	(769)						
PL90. Net hedging gains (losses) on hedge accounting	(96,697)	(69)					
PL160. Administrative costs:	-	-	-	-	-	-	-
PL160a) payroll costs			1,215	2,028			354
PL160b) other administrative costs	(2,071)				(11)	(181)	(3,289)
PL190. Net adjustments / writebacks on intangible assets							(20)
PL200. Other operating income/expenses			2,378	9,498	540	(522)	10,915
	-	-	-	-	-	-	-
Derivatives - notional	4,480						

Transactions carried out by the Group with related parties generally fall within the sphere of ordinary operations of the Group and are normally carried out under market conditions and in any case on the basis of assessments of mutual cost effectiveness, in compliance with the internal procedures referred to above.

Dealings with the parent companies (Banco Santander and Santander Consumer Finance) refer to:

- derivative transactions;
- funding transactions;
- consulting services received.

Dealings with the subsidiaries (Stellantis Financial Services Italia, TIMFin, Santander Consumer Renting and Drive) mainly refer to:

- VAT and tax consolidation (where applicable);
- funding transactions;
- management services granted, with related recharges of out-of-pocket expenses (including secondment of employees).

Dealings with the other companies of the Santander Group mainly refer to:

- consulting services received;
- management services granted, with related recharges of out-of-pocket expenses.

With regard to the transactions with executives with strategic responsibilities of the entity or its parent company, not shown in the above table, mainly deposits of Euro 2 million are reported.

Other information

For the information required by article 2427, paragraph 16 bis of the Italian Civil Code concerning the total amount of fees due to the independent auditors, please refer to *Part H - Related-party transactions – Other information* of the Consolidated Financial Statements of Santander Consumer Bank Group.

Part I – Share-based payments

The Bank has not entered into any payment agreements based on its own equity instruments.

Part L – Segment reporting

Not applicable.

Part M – Report on leases

Section 1 – Lessee

This part provides the information required by IFRS 16 that is not present in the other parts of the financial statements, distinguishing between lessee and lessor.

Qualitative information

Real estate leases

The real estate lease agreements have a value in use of Euro 15,923 thousand (Euro 19,831 thousand in 2022), and include the headquarters and the branches. Considering the transformation plan process, extensively mentioned in the consolidated report on operations, to which reference is made for further details, the value in use of the branches was adjusted in relation to the notice of withdrawal sent to the lessors (April 2024). In addition, a restoration provision was established associated with the lease in order to restore the premises to the original conditions at the end of the related contracts.

The contracts, as a rule, have a duration of more than 12 months and typically have renewal and termination options that can be exercised by the lessor and the lessee according to the law or specific contractual provisions. These contracts do not usually include the purchase option at the end of the lease or significant restoration costs for Santander Consumer Bank. Based on the characteristics of the lease contracts and the provisions of Italian Law no. 392/1978, in the event of signing a new lease agreement with a contractual duration of six years and the option of tacitly renewing the six-year contract in six years, the total duration of the lease is set at twelve years. This general indication is superseded if there are new elements or specific situations within the contract.

Motor vehicle leases

The lease agreements relating to motor vehicles have a value in use of Euro 1,438 thousand (Euro 2,764 thousand in 2022), and consist of long-term rentals referring to the company fleet made available to employees (mixed use). In addition, a restoration provision was established associated with extraordinary events (by way of example but not limited to: extra-mileage and early termination penalties).

Generally, these contracts envisage monthly payments, with no renewal option and do not include the option to purchase the asset.

Residual leases

As already indicated in the accounting policies, the Bank avails itself of the exemptions permitted by IFRS 16 for short-term leases (i.e. duration of less than or equal to 12 months) or leases of modest value assets (i.e. value less than or equal to Euro 5,000), such as hardware and sub-leases.

It is also specified that no sales or retro-leasing transactions were carried out.

Quantitative information

Please refer to the Notes to the financial statements:

- Part B - Assets, which provides information on rights of use acquired through leasing (Table 8.1 - Property, plant and equipment used for business purposes: breakdown of assets measured at cost);

- Part B - Liabilities and shareholders' equity, which shows the lease payables (Table 1.2 - Financial liabilities measured at amortised cost: deposits from customers, breakdown by type) and the relative breakdown by maturity (Table 1.6 - Lease payables);
- Part C contains information on interest expense on lease payables and other charges associated with rights of use acquired through leases and income from sub-lease transactions.

Please refer to the specific sections for further details.

The following table shows the quantitative information not present in the above references:

	Leasing low-value	Short term leasing	Proceeds sub-leasing
Total	**445**	**-**	**315**

Section 2 – Lessor

Qualitative information

The entity provides finance leases consisting of the concession to use motor vehicles, motorcycles, campers and commercial vehicles.

As lessor, the management of the risk associated with the rights that Santander Consumer Bank retains on the underlying assets takes place through:

- buy-back agreements;
- collateral: security deposits;
- endorsement guarantees: bank, insurance and sureties

Quantitative information

1. Balance sheet and Income statement information

Please refer to the Notes to the financial statements:

- Part B - Assets, which shows the lease financing (Table 4.2 - Financial assets measured at amortised cost: loans to customers, breakdown by type);
- Part C contains the information on interest income on lease financing and on other revenues from finance leases.

2. Finance leases

2.1 Classification by time bands of payments to be received and reconciliation with lease financing recognised under assets

Maturity ranges	Total 12/31/2023 Lease payments receivables	Total 12/31/2022 Lease payments receivables
Up to one year	58,992	55,540
Over one year up to 2 years	50,732	53,821
Over 2 years up to 3 years	45,747	44,054
Over 3 years up to 4 years	30,907	35,681
Over 4 years up to 5 years	11,449	14,478
For over 5 years	-	-
Amount of the lease payments receivables	**197,826**	**203,574**
RECONCILIATION OF THE UNDISCOUNTED LEASE PAYMENTS	(25,980)	(20,718)
Not accrued gains (-)	(25,980)	(20,718)
Not guarantee residual value (-)	-	-
Lease payments	**171,846**	**182,856**

2.2 Other information

- There is no further information to be disclosed in this section.

3. Operating leases

The company has no operating leases.

Balance Sheet and Income Statement of Santander Consumer Finance, S.A.

On the basis of the provisions of Italian Legislative Decree no. 6/2003 on the disclosures to be made with regard to direction and coordination to which Santander Consumer Bank S.p.A. is subject (article 2497-bis, article 2497-ter), a summary of the key data from the latest approved financial statements of Santander Consumer Finance S.A., which exercises direction and coordination, is given below.

For an adequate and full understanding of economic and financial position of Santander Consumer Finance SA as at 31 December 2022 as well as of the economic results achieved by the company in the financial year ending on that date, reference is made to the financial statements themselves which, accompanied by the independent auditors' report, are available in the forms and in the manner prescribed by law.

SANTANDER CONSUMER FINANCE, S.A.

CONDENSED BALANCE SHEETS AS OF 31 DECEMBER 2022 AND 2021
(EUR Thousands)

ASSETS	2022	2021	LIABILITIES AND EQUITY	2022	2021
Cash and balances at central banks	489,246	4,036,549	LIABILITIES		
Financial assets held for trading	125,187	5,873	Financial liabilities held for trading	95,224	11,573
Non-trading financial assets mandatorily at fair value through profit or loss	387	379	Financial liabilities at amortised cost	36,758,895	34,843,929
Financial assets through other comprehensive income	2,462,252	2,012,055	Derivatives – hedge accounting	60,577	114,770
Financial assets at amortised cost	31,833,829	27,017,876	Provisions	89,521	103,131
Derivatives – hedge accounting	454,166	76,568	Tax liabilities	368,899	348,264
Changes of the fair value of hedged items in an interest rate risk hedging portfolio	(171,757)	(5,561)	Other liabilities	153,008	140,487
Investments in subsidiaries, joint ventures and associates	11,292,945	10,944,440			
Tangible assets	26,391	20,040	**TOTAL LIABILITIES**	37,526,124	35,562,154
Intangible assets	118,289	80,133			
Tax assets	365,721	239,303	Equity	9,534,480	8,907,406
Other assets	53,964	49,077	Other comprehensive income	(7,338)	9,952
Assets included in disposal groups classified as held for sale	2,646	2,780			
			TOTAL EQUITY	9,527,142	8,917,358
TOTAL ASSETS	47,053,266	44,479,512	**TOTAL LIABILITIES AND EQUITY**	47,053,266	44,479,512
Memorandum items: off balance sheet items					
Loans commitment granted	630,107	660,587			
Financial guarantees granted	4,063,980	5,348,250			

SANTANDER CONSUMER FINANCE, S.A.

CONDENSED INCOME STATEMENTS AS AT 31 DECEMBER 2022 AND 2021

(EUR Thousands)

	Income / (expenses)	
	2022	2021
Interest income	693,257	606,701
Interest expenses	(242,460)	(143,554)
NET INTEREST INCOME	**450,797**	**463,147**
Dividend income	899,631	600,528
Income from companies accounted for using the equity method	—	—
Commissions income	92,654	79,094
Commissions expense	(69,900)	(64,255)
Gains or losses on financial instruments not at fair value through profit or loss, net	5	19
Gains or losses on financial instruments held for trading, net	(208)	(172)
Gains or losses from hedge accounting, net	(4,735)	(80)
Currency translation differences, net	(17,742)	(4,967)
Gains or losses on derecognition of investments in subsidiaries, joint ventures or associates, net	—	(7,319)
Other operating income	9,583	5,255
Other operating expenses	(26,856)	(24,787)
OPERATING INCOME	**1,333,229**	**1,046,463**
Administration and general expenses	(293,014)	(241,647)
Depreciation and amortisation cost	(30,737)	(28,286)
Provisions or reversal from provisions, net	(13,690)	(17,306)
Impairment charges and reversals from financial assets not at fair value through profit or loss	(100,102)	(142,443)
NET OPERATING PROFIT	**895,686**	**616,781**
Impairment charges or reversals on investments in joint ventures and associates	—	—
Impairment charges or reversals on non-financial assets	(8,352)	(806)
Gains or losses on assets and liabilities included in disposal groups classified as held for sale from discontinued operations	(2,684)	(4,553)
PROFIT OR LOSS BEFORE TAX IN RESPECT OF CONTINUING OPERATIONS	**884,650**	**611,422**
Taxation	(32,857)	(10,567)
Gains or losses after tax in respect of continuing operations	851,793	600,855
PROFIT/(LOSS) AFTER TAX	**851,793**	**600,855**

Annexes

Annex 1 - Country-by-country reporting

Following the updating on 17 June 2014 of the Circular of the Bank of Italy no. 285 of 17 December 2013, Chapter III, Section 2, which implements the provisions of article 89 of Directive no. 2013/36/EU (CRD IV) on the issue of prudential supervision of credit institutions and investment firms, the following information is provided.

Company name	Headquarters	Nature of business	Turnover	Number of employees	Profit or loss before taxes	Taxes on profit or loss	Public grants received
Santander Consumer Bank S.p.A.	Italy	Banking	214.013	672	59.564	(16.700)	12
Stellantis Financial Services Italia S.p.A.	Italy	Banking	169.676	482	87.220	(26.464)	
Stellantis Renting Italia S.p.A.	Italy	Rental and operating lease activities	39.906	3	24.078	(6.898)	86
TimFin S.p.A.	Italy	Lending activities	24.139	13	62	(51)	
Santander Consumer Renting S.r.l.	Italy	Rental and operating lease activities	(189)	18	(2.673)	643	
Drive S.r.l	Italy	Rental and operating lease activities	(1.445)	15	(1.519)	366	
Total Group Companies			**446**	**1**	**167**	**(49)**	**-**
Consolidation adjustment			(11)		(11)		
Total Group			**435**	**1**	**156**	**(49)**	

Key:

* for companies that carry out banking and lending activities, turnover is represented by the net interest and other banking income.

CONTACTS

Santander Consumer Bank S.p.A.

Head office

Corso Massimo D'Azeglio 33/E

10126 Turin - Italy

Telefono 011 6319 111

Fax 011 63 19 119

e-mail: santanderconsumer@santanderconsumer.it

www.santanderconsumer.it

General Management

Corso Massimo D'Azeglio 33/E

10126 Turin - Italy