

Annual Financial Statements as of and for the year ended 31 December
2019



Leasys S.p.A.

Annual Financial Statements as of and for the year ended 31 December
2019

Sole-Shareholder Company

Direction and Coordination under article 2497 bis:

[FCA Bank S.p.A.](#)

Registered Office: Turin – C.so Agnelli 200

Share Capital: €77,979,400 fully paid-in

Entered in Turin Companies Register

Companies Register number and Tax Code 08083020019, VAT number 06714021000

Turin Economic and Administrative Index number 960.205

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BOARD OF DIRECTORS

Chairman
Chief Executive Officer
Directors

Giacomo Carelli
Alberto Grippo
Andrea Faina
Bernard Manuelli

BOARD OF STATUTORY AUDITORS

Standing Auditors

Giorgio Cavalitto
Luca Ambroso
Ottavio De Marco

Alternate Auditors

Riccardo Rota
Giovanni Miglietta

INDEPENDENT AUDITORS

Audit firm

Ernst & Young S.p.A.

REPORT ON 2019 OPERATIONS

Dear Shareholders,

Before illustrating your Company's performance and results for 2019, a description will be provided of the economic context in which they occurred.

In the euro area economic growth was held in check by the manufacturing weakness, which was particularly pronounced in Germany despite a better-than-expected performance in November; this determined the risk of a negative spill-over into the service sector, which so far has proved resilient. The performance of the economy affects inflation, which in the Eurosystem's projections is driven by the expansionary monetary policy but is still expected to be lower than 2 percent in the next three years. The Governing Council of the ECB reconfirmed the need for the current accommodative stance.

In Italy the economy grew slightly in the third quarter of the year under review but was virtually flat in the fourth, continuing to be affected by the cited manufacturing weakness. According to surveys by ISTAT and the Bank of Italy, businesses are reporting slightly better news on orders and foreign demand, but continue to consider the uncertainty and the trade tensions as factors that hamper their activity. For 2020, companies are planning to increase their investments, though at a rate lower than last year.

Inflation is low (0.5 percent in December). Prices are driven mainly by services while prices of industrial goods continue to rise moderately. Core inflation was up 0.7 percent in the autumn months. According to recent surveys, companies' inflation expectations have decreased slightly.

Data published by the Ministry of Infrastructures and Transportations show that in 2019 in Italy new car registrations were positive, even though they were up by just 0.3 percent, to 1,916,000 units. The level reached is in line with the domestic picture, with a stagnating economy and a political context that fails to grasp the importance of the automotive sector, as attested by the case of fringe benefits on company cars.

The year just ended was marked by the issues raised by the new WLTP type-approval system, the demonization of diesel and the progressive opening to electric cars. In 2020, with the new, lower CO₂ emission targets, car manufacturers will have to aim to renew the existing fleets based on an emission profile consistent with the new regulations.

Private purchases were down by 0.1%, a sign that households are still not out of the woods and that Italy's road vehicle fleet is one of the oldest in the EU, with as much as 1/3 of ante Euro 4 cars, that is older than 14 years. Total company purchases and finance leases were down 6.1% while leases were slightly up (approximately 0.5%).

Registrations of rental cars continue to increase year after year, reaching a record high in 2019 with 462,000 units, up 6.1% on 2018. The short-term rental segment showed a 4.4% increase in new cars while the long-term rental sector was up 7.7%, or nearly 282,000 new car registrations. Dealers and manufacturers were stable with 40,000 units.

In 2019, the share of diesel vehicles fell from 51% to 40%, while the largest increase in percentage terms was recorded by the hybrid/diesel segment. At 48.7%, petrol cars have the largest market share. Natural gas and

LPG vehicles grew by 2% and 7.1% respectively. Sales of electric cars more than doubled, reaching a total of 10,000 (up 111%)

Since the entry into force of the Ecobonus, qualifying vehicle sales rose by 110% (over 300% for individuals) in the range of up to 20 g/km of CO₂ and by 40% in the range 21-70 g/km of CO₂, accounting for 1% of total sales. Sales of cars falling in the range between 71 and 160 g/km of CO₂, which accounted for 96% of total sales rose by just 0.5%. Purchases of vehicles emitting more than 160 g/km of CO₂, which re subject to the Malus mechanism, experienced double-digit growth, with the exception of vehicles emitting between 176-200 g/km of CO₂, which rose by 3.5%.

In the used vehicle market, in December 2019 320,799 units changed hand, including sales to dealers, reflecting a 4.9% decrease compared to December 2018. For 2019 as a whole, the total number of titles transferred amounted to 4,185,530, down 5.4% from 2018.

Against this market backdrop, in 2019 Leasys - with its foreign branches in Spain, Belgium and Germany - entered into a number of rental contracts covering 97,000 vehicles, reflecting a substantial 26% increase on the previous year.

Consequently, also the fleet under management at year-end 2019 rose by 25% on the previous year, reaching a total of 165,000 vehicles, including foreign branches.

Used car sales delivered a positive performance, with 23,000 units transferred, reflecting a 12% increase on 2018 despite the market drop. The CLICKAR platform continues to be a valuable asset for sales to commercial operators, making Leasys a leader also in this sector.

In essence, for the year ended 31 December 2019, operating income as resulting from the difference between value of production and production costs rose by 6% on 2018.

This impact, together with a positive tax effect (due mainly to over-depreciation [Superammortamento]), contributed to a net profit for the year in the amount of €81.5 million.

New mobility frontiers

Also in 2019 Leasys showed its leadership among mobility companies, registering 1 out of 4 vehicles in the industry. The entry into the short-term car rental business, the investments on U Go – the peer-to-peer car sharing platform – and the launch, at year-end, of Leasys CarCloud, the first auto subscription service in Italy, allowed Leasys to firm up its role as an all-encompassing mobility operator and mobility pioneer whose mission is to provide all customers highly flexible, innovative and customizable mobility solutions.

Riding the waves of disownership, digitalization and the subscription economy, Leasys has been able to understand the needs of the different customer targets, introducing new products that have been afforded a warm welcome not only by final consumers but also by sales brokers, a key component of Leasys's commercial strategy.

The clearest example of the degree of innovation and the good reception by consumers in 2019 was the launch of Leasys CarCloud.

Thanks to this product, for a fixed monthly fee, customers can access different cars, with the possibility to change them as needed. A small car for city driving, and an SUV or a station wagon for weekend outings or for holidays. Subscriptions have no time limits, as customers can sign up, renew or cancel any time, with totally digital management and zero bureaucracy.

Leasys CarCloud was a novelty in the industry, with over 3,000 new orders in the first two months after inception.

On the road to integrated mobility, Leasys continues to expand in different business areas and to add to its offering fluid and flexible mobility solutions, thanks also to leading-edge digital technology and devices. The focus is now on the future with the growing role of increasingly sustainable and informed mobility solutions in consumers' habits. Leasys intends to play a pivotal role in the upcoming electrical revolution.

In electrification, Leasys is already active in the market with its offerings of hybrid and electric vehicles. However, Leasys's next investments will continue to be centred around the development of rental products that best meet the new electric mobility requirements, including by contributing to the development of the necessary infrastructure throughout the country.

That is why all Leasys Mobility Stores will each be equipped with its own EV charging station, to support Leasys's vehicle fleet, as the Company is investing to have 50% of its fleet electrified by 2020 and 90% by 2021. Thanks to the expansion of its Mobility Stores – which will total 1,200 throughout Europe by 2021 – Leasys will have created the largest network of EV charging stations in the market.

Internationalization plan

In 2019, Leasys S.p.A. continued to pursue its internationalization plan, with the consolidation of long-term car rental operations in France, Spain, Germany, United Kingdom, Belgium and Netherlands and the opening of its seventh branch in Warsaw (Poland) in December 2019.



Belgium – October 2017; United Kingdom – August 2017; Netherland – January 2018; Germany – August 2017; France – June 2017; Poland – December 2019; Spain April 2017; Italy – HQ - 2001

Data Protection and Cyber Security

Within the changed economic and technological environment, Leasys pays special attention to the protection of information processed within its facilities and information systems, in light of the interests and rights of its customers, drivers and employees.

Mindful of the opportunities created by the changing regulatory landscape in Europe and the growing threats of the digital context, Leasys decided to appoint professional figures devoted to information protection. In particular, the addition of the Data Protection Officer makes it possible to regard personal data protection as a strategic element from the very inception of the various plans, in keeping with the “Privacy by Design” principle.

To disseminate and focus attention on personal data protection matters, and to mitigate the risks related to data confidentiality, integrity, availability and traceability, Leasys designed and implemented a robust set-up of IT security procedures and policies, in keeping with the arrangements made within the FCA Bank Group as a whole.

In-depth analyses of the new threats are conducted regularly by applying sector best practices to manage the risks identified. Employee awareness of these issues is further heightened with specific IT security training.

In this way, Leasys continues in its effort to pursue the constant improvement of the IT system architecture to prevent flaws and breaches of procedures and internal and sector rules and regulations.

Principal risks and uncertainties to which the Company is exposed

Specific risks that might give rise to obligations for the Company are assessed when the relevant provisions have to be made and are mentioned in the notes to the financial statements along with significant contingent liabilities. Below, reference is made to those risk and uncertainty factors, which are related essentially to the economic, regulatory and market context that might affect the Company's performance.

The Company's operating results, financial condition and cash flows are affected in the first place by the various factors that make up the macroeconomic picture in which it operates, including the increase or decrease of gross development product, consumer and business confidence levels, trends in interest rates and unemployment.

The Company's activity is mostly related to the business world, which historically is cyclical in nature. Keeping in mind that it is hard to predict the breadth and duration of the different economic cycles, every macroeconomic event (such as a significant drop of the main end markets, counterpart solvency, the volatility of financial markets and interest rates) may affect the Company's prospects and its operating performance and financial condition.

Regarding financial markets, the Company is exposed to changes in interest rates, which may impact its operating results and financial condition. This risk has been mitigated through the use of hedges, in the form of derivative instruments (Interest rate Swaps), by applying the policy of the FCA Bank Group, to which Leasys belongs.

ANALYSIS OF FINANCIAL CONDITION AND OPERATING RESULTS

€/000

INCOME STATEMENT	31/12/2019	31/12/2018	31/12/2017	Change
	a	b	c	a-b
Value of production	903.237	762.579	662.209	140.657
Production costs	809.877	674.806	584.969	135.071
Difference between value of production and production costs (Operating income)	93.360	87.773	77.241	5.586
Financial income (expense), net	(18.148)	(14.326)	(13.346)	(3.822)
Changes in Financial Assets	(400)	-	(53)	(400)
Pre-tax profit	74.812	73.447	63.841	1.364
Deferred tax assets and liabilities and income tax for the year, net	6.682	11.079	(1.852)	(4.396)
Net profit (loss) for the year	81.494	84.526	61.989	(3.032)

For the year ended 31 December 2019, total revenues rose by €140,657 thousand on the previous year, due mainly to the combined effects of higher rental fees for €95,335 thousand, service fees for €44,939 thousand, capital gains for €2,056 thousand and lower revenues from manufacturer subsidies for €6,686 thousand.

Production costs rose by €135,071 thousand, due mainly to greater depreciation for €59,289 thousand, an increase in capital losses for €22,827 thousand, and higher service costs for €53,639 thousand.

Accordingly, operating income went up by €5,586 thousand on 2018.

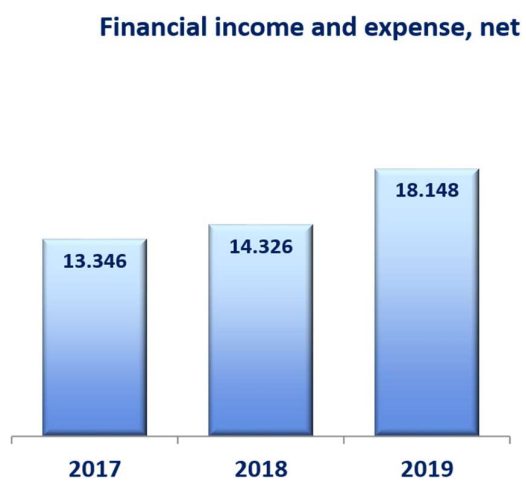
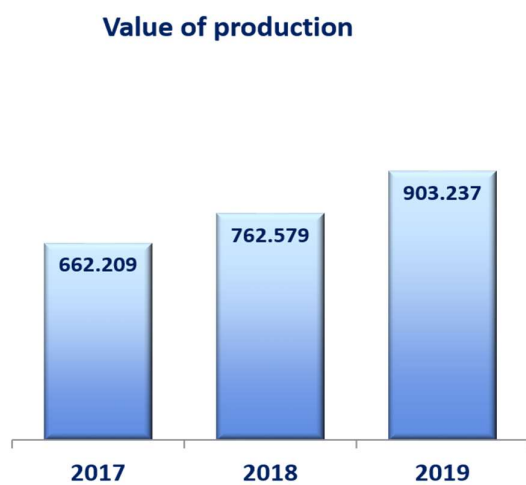
Net financial expense increased by €3,822 thousand, owing to the increase in debt, which caused interest to rise by €3,275 thousand, and the simultaneous decrease in interest income for €547 thousand, determined the decline in the short-term interest rates applied to the loans extended to the French and Dutch subsidiaries, Leasys France SAS and Leasys Nederland BV.

Pre-tax profit totalled €74,812 thousand, up €1,364 thousand on the previous year, due to the combined effects of operating income and financial expense.

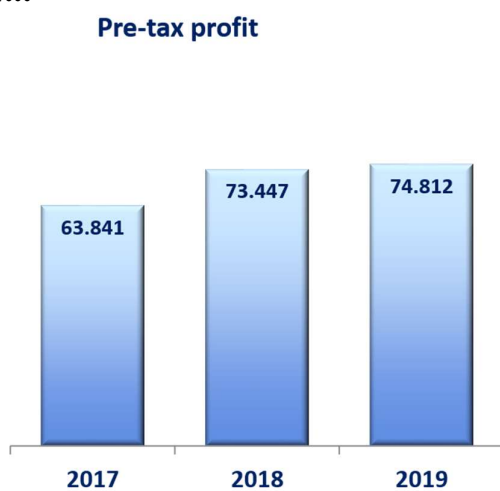
Compared to the preceding year, the tax amount fell by €4,396 thousand, mainly due to the effect for the year as a whole of the Over-depreciation introduced by the 2016 Budget Act, confirmed by the 2017 Budget Act, extended with the 2018 Budget Act and reintroduced with Law Decree no. 34 of 30 April 2019 (i.e. Growth Decree).

Net profit amounted to €81,494 thousand, up €3,032 thousand on the previous year.

€/000



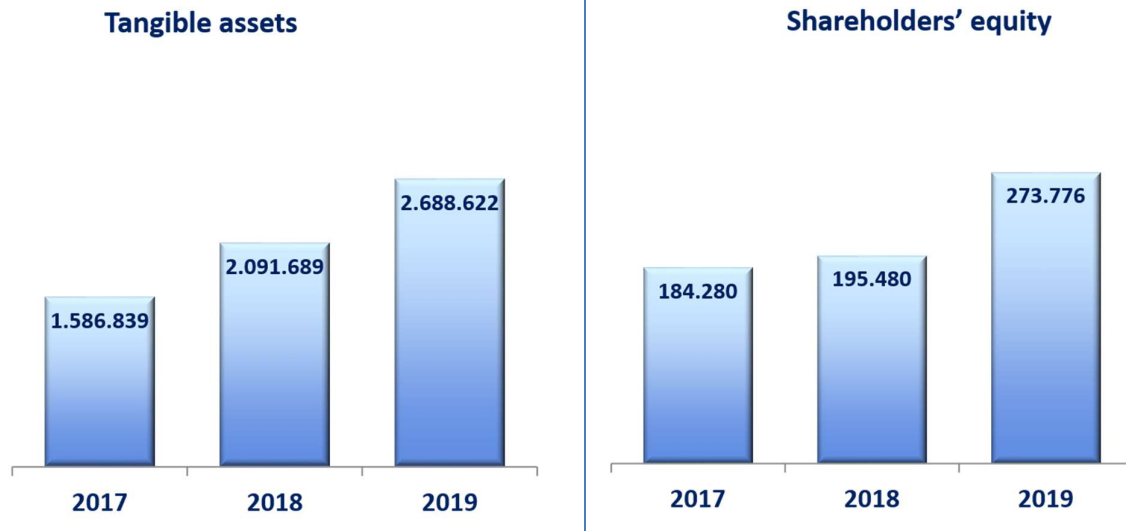
€/000



€/000

BALANCE SHEET	31/12/2019	31/12/2018	31/12/2017	Change
	a	b	c	a-b
Intangible assets	21.311	19.645	18.810	1.667
Tangible assets	2.688.622	2.091.689	1.586.839	596.934
Equity interests and long-term investments	99.440	86.009	69.889	13.431
Deferred tax assets	47.876	36.763	21.413	11.113
Provisions	(17.607)	(14.281)	(11.094)	(3.326)
Working capital	449.072	424.192	436.075	24.880
Net invested capital	3.288.714	2.644.016	2.121.933	644.698
Net debt	3.014.938	2.448.537	1.937.653	566.402
Shareholders' equity	273.776	195.480	184.280	78.296

€/000



At 31 December 2019, intangible assets, less accumulated amortization, amounted to €21,311 thousand, with a €1,667 thousand increase on the previous year due to the capital expenditure for the information system and the leasehold improvements related to the Company's offices in Italy and in Europe.

Tangible assets, less accumulated depreciation, amounted to €2,688,622, with an increase of €596,934 thousand on the preceding year, due to the expansion of the fleet operated.

Shareholders' equity rose by €78,296 thousand, reflecting net profit for the year of €81,494 thousand and the increase in the cash flow hedge reserve in the amount of €3,198 thousand.

€/000

BALANCE SHEET	31/12/2019	31/12/2018	31/12/2017	Change
	a	b	c	a-b
Trade receivables	316.335	372.808	366.377	(56.472)
Financial receivables	388.849	270.711	202.724	118.137
Trade payables	(359.400)	(281.051)	(202.095)	(78.349)
Other receivables (payables), net	103.288	61.723	69.069	41.565
Working capital	449.072	424.192	436.075	24.880

In the year under review, working capital rose by €24,800 thousand.

Trade receivables decreased by €56,472 thousand, due to the combined effects of the decrease in manufacturer subsidy receivables to €6,821 thousand, lower rental and remarketing receivables for €55,840 thousand.

Financial receivables increased by €118,137 thousand, due to loans extended to Leasys France SAS for €15,028 thousand, loans to Leasys Nederland BV for €1,999 thousand, an increase in receivables from Fiat Chrysler S.p.A. in the amount of €118,301 thousand and a decrease in receivables due from the parent company, FCA Bank S.p.A., for €18,757 thousand.

Trade payables increased by €78,349 thousand, following major investments made to expand the fleet.

The net amount of other receivables/(payables) increased by €41,565 thousand on the previous year, due mainly to the higher amount receivable from FCA Bank S.p.A., for €6,560 thousand, under the consolidated VAT scheme, an increase in sums due from tax authorities for €24,710 thousand, an increase in other receivables for €1,503 thousand, an increase in accrued income and deferred expenses for €24,467 thousand, a decrease in taxes payable for €738 thousand, an increase in sums due to social security institutions for €309 thousand, a decrease in other payables for €2,076 thousand, and an increase in accrued expenses and deferred income for €18,180 thousand.

€/000

BALANCE SHEET	31/12/2019	31/12/2018	31/12/2017	Change
	a	b	c	a-b
Financial payables	3.025.369	2.463.802	1.942.680	561.567
Cash and cash equivalents	(10.430)	(15.265)	(5.028)	4.835
Net debt	3.014.938	2.448.537	1.937.653	566.402

Net debt grew by €566,402 thousand compared to the previous year, owing to the higher amount of loans obtained to fund the purchase of vehicles for the rental business and for the increase in loans extended to the French and Dutch subsidiaries, Leasys France SAS e Leasys Nederland BV.

DEALINGS WITH GROUP COMPANIES

The main dealings with the companies of the FCA Bank S.p.A. Group, which take place at arm's length, are described in detail in the following tables:

Type of company	Assets	Liabilities
Subsidiaries		
Leasys UK Ltd	Provision of services	
Leasys France SAS	Short-term loans - Provision of services	
Leasys Nederland BV	Short-term loans - Provision of services	
Leasys Polska sp.zo.o.	Provision of services	
Clickar S.r.l.	Provision of services	Provision of services
Leasys Rent S.p.A.	Provision of services	Provision of services
Parent company		
FCA Bank S.p.A.	Finanziamenti a breve termine - fornitura di servizi	Finanziamenti a breve termine - fornitura di servizi
Companies under common control of the parent		
FCA Bank Deutschland GmbH	Provision of services	Provision of services
FCA Capital España EFC SA	Provision of services	Provision of services
FCA Dealer Services España SA	Provision of services	Provision of services
FCA Capital France SA	Provision of services	
FCA-Group Bank Polska SA	Provision of services	

Subsidiaries

Balance sheet

€/000

Financial receivables	Balance at 31/12/2019	Balance at 31/12/2018	Change
Leasys France SAS	235.220	220.192	15.028
Leasys Nederland BV	24.009	22.010	1.999
	259.229	242.202	17.027

Financial payables	Balance at 31/12/2019	Balance at 31/12/2018	Change
Leasys France SAS	-	-	-
Leasys Nederland BV	-	-	-
	-	-	-

Trade receivables	Balance at 31/12/2019	Balance at 31/12/2018	Change
Leasys UK Ltd	25	13	12
Leasys France SAS	25	13	12
Leasys Nederland BV	12	13	(1)
Leasys Polska sp.zo.o.	92	-	92
Leasys Rent S.p.A.	6.009	188	5.821
	6.163	226	5.937

Trade payables	Balance at 31/12/2019	Balance at 31/12/2018	Change
Leasys UK Ltd	-	-	-
Leasys France SAS	189	-	189
Leasys Nederland BV	-	-	-
Leasys Polska sp.zo.o.	-	-	-
Leasys Rent S.p.A.	2.157	319	1.838
	2.346	319	2.027

Income statement

€/000

Financial income	Year ended 31/12/2019	Year ended 31/12/2018	Change
Leasys France SAS	1.858	2.435	(577)
Leasys Nederland BV	197	160	37
	2.055	2.594	(539)

Financial expense	Year ended 31/12/2019	Year ended 31/12/2018	Change
Leasys France SAS	-	-	-
Leasys Nederland BV	-	-	-
	-	-	-

Revenues from services	Year ended 31/12/2019	Year ended 31/12/2018	Change
Leasys UK Ltd	12	13	(1)
Leasys France SAS	12	13	(1)
Leasys Nederland BV	12	13	(1)
Leasys Polska sp.zo.o.	92	-	92
Leasys Rent S.p.A.	10.451	188	10.263
	10.579	226	10.353

Financial expense	Year ended 31/12/2019	Year ended 31/12/2018	Change
Leasys UK Ltd	-	-	-
Leasys France SAS	189	-	189
Leasys Nederland BV	-	-	-
Leasys Polska sp.zo.o.	-	-	-
Leasys Rent S.p.A.	6.415	313	6.102
	6.604	313	6.291

Parent company

Balance sheet

€/000

Financial receivables	Balance at 31/12/2019	Balance at 31/12/2018	Change
FCA Bank S.p.A.	288	19.045	(18.757)

Trade receivables	Balance at 31/12/2019	Balance at 31/12/2018	Change
FCA Bank S.p.A.	1.710	1.143	567

Other receivables	Balance at 31/12/2019	Balance at 31/12/2018	Change
FCA Bank S.p.A.	68.771	62.211	6.560

Income statement

€/000

Financial income	Year ended 31/12/2019	Year ended 31/12/2018	Change
FCA Bank S.p.A.	-	-	-

Revenues from services	Year ended 31/12/2019	Year ended 31/12/2018	Change
FCA Bank S.p.A.	2.724	2.784	(60)

Financial payables	Balance at 31/12/2019	Balance at 31/12/2018	Change
FCA Bank S.p.A.	6	4	2

Trade payables	Balance at 31/12/2019	Balance at 31/12/2018	Change
FCA Bank S.p.A.	20.375	3.270	17.105

Other payables	Balance at 31/12/2019	Balance at 31/12/2018	Change
FCA Bank S.p.A.	-	-	-

Financial expense	Year ended 31/12/2019	Year ended 31/12/2018	Change
FCA Bank S.p.A.	102	551	(449)

Service costs	Year ended 31/12/2019	Year ended 31/12/2018	Change
FCA Bank S.p.A.	6.447	5.661	786

Companies under the parent company's common control

Balance sheet

€/000

Trade receivables	Balance at 31/12/2019	Balance at 31/12/2018	Change
FCA Bank Deutschland GmbH	782	149	633
FCA Capital España EFC SA	36	27	9
FCA Dealer Services España SA	357	102	255
FCA Capital France SA	181	81	100
FCA Bank GmbH	-	-	-
FCA-Group Bank Polska SA	78	35	43
	1.434	393	1.041

Trade payables	Balance at 31/12/2019	Balance at 31/12/2018	Change
FCA Bank Deutschland GmbH	308	81	227
FCA Capital España EFC SA	434	260	174
FCA Dealer Services España SA	2	17	(15)
FCA Capital France SA	-	-	-
FCA Bank GmbH	97	-	97
FCA-Group Bank Polska SA	-	-	-
	841	358	483

Income statement

€/000

Revenues from services	Year ended 31/12/2019	Year ended 31/12/2018	Change
FCA Bank Deutschland GmbH	-	397	(397)
FCA Capital España EFC SA	298	211	87
FCA Dealer Services España SA	81	115	(34)
FCA Capital France SA	101	81	20
FCA Bank GmbH	-	-	-
FCA-Group Bank Polska SA	43	35	8
	523	839	(316)

Service costs	Year ended 31/12/2019	Year ended 31/12/2018	Change
FCA Bank Deutschland GmbH	308	280	28
FCA Capital España EFC SA	245	171	74
FCA Dealer Services España SA	3	22	(19)
FCA Capital France SA	-	-	-
FCA Bank GmbH	98	-	98
FCA-Group Bank Polska SA	-	-	-
	654	472	182

DIRECTION AND COORDINATION ACTIVITIES

Even though it is operationally autonomous, Leasys S.p.A. follows the strategic and operational guidelines of the Parent Company, FCA Bank S.p.A., which exercises direction and coordination activities pursuant to article 2497 of the Italian civil code.

The direction and coordination activity produces positive effects on the Company's operations and results, as it allows it to achieve economies of scale, using skills and specialized capabilities of rising qualitative levels and focusing its resources on the management of the core business.

In particular, such strategic and operational guidelines translate into financial, human resource and communication management policies. Moreover, Group coordination involves centralized treasury management and internal audit activities.

SECONDARY PLACES OF BUSINESS

Pursuant to article 2428, paragraph 5, of the Italian civil code, the following is a list of secondary places of business:

- Aosta, Regione Borgnalle 10
- Rome, Viale dell'Arte 25 - Italy
- Madrid, Avenida de Madrid 15 Alcala de Henares - Leasys S.p.A. SUCURSAL EN ESPAÑA
- Frankfurt am Main, Hanauer Landsstrasse 166 - Leasys S.p.A. Zweigstelle Deutschland
- Auderghem, Brussels, 8-10 Rue Jules Cockx.- Leasys Belgium

INTERNAL CONTROL SYSTEM AND COMPLIANCE PROGRAM UNDER LEGISLATIVE DECREE 231/01

On 9 November 2018 the Board of Directors approved a new upgrade of the Compliance Program under Legislative Decree 231/01, which is now consistent with regulatory developments, and the Company's organizational structure. In particular, to emphasize its independence, as of 2019 the Supervisory Board has three members, two internal – the Head of Compliance & Supervisory Relations and the head of Internal Audit of FCA Bank – and one external.

In 2019, all employees received regular online training which, in addition to illustrating Legislative Decree 231/01 in general, explored the types of offences recently introduced in the decree. Moreover, the Company organized classroom training sessions on the administrative liabilities of entities under Legislative Decree 231/2001 and anti-corruption laws.

Turin, 17 February 2020

On behalf of the Board of Directors
Chief Executive Officer
(Alberto Grippo)

Balance Sheet: Assets

€/000	Notes	31 December 2019		31 December 2018	
		of which within 12 months		of which within 12 months	
A - DUE FROM SHAREHOLDERS - UNPAID CAPITAL CONTRIBUTIONS	(1)		-		-
B - NON-CURRENT ASSETS					
<i>B I - Intangible assets</i>					
B I.3 - patents and other intellectual property rights			16.784.877		17.421.192
B I.4 - concessions, licences, trademarks and similar rights			201.019		268.740
B I.6 - assets under construction and advance payments			2.139.640		100.513
B I.7 - other intangible assets			2.185.675		1.854.089
Total intangible assets (I)	(2)		21.311.211		19.644.534
<i>B II - Tangible assets</i>					
B II.4 - other assets			2.688.039.510		2.086.416.582
B II.5 - assets under construction and advance payments			582.957		5.272.291
Total tangible assets (II)	(3)		2.688.622.467		2.091.688.873
<i>B III - Long-term financial assets</i>					
B III.1 - investments in:					
B III.1a - subsidiaries			99.359.000		86.009.000
B III.1b - associated companies			150		150
B III.2 - credits					
B III.2d-bis - verso altri			- 80.618		-
Total long-term financial assets (III)	(4)		99.439.768		86.009.150
TOTAL NON-CURRENT ASSETS (B)			2.809.373.446		2.197.342.556
			<i>di cui oltre l'esercizio</i>		<i>di cui oltre l'esercizio</i>
C - CURRENT ASSETS					
<i>C II - Receivables</i>					
C II.1 - due from customers			- 307.027.636		- 371.044.806
C II.2 - due from subsidiaries			- 6.163.095		- 225.991
C II.4 - due from parent company			- 70.480.577		- 63.354.653
C II.5 - due from companies under the parent's common control			- 1.434.489		- 393.226
C II.5-bis - due from tax authorities			- 39.939.634		- 15.229.568
C II.5-ter - deferred tax assets			47.876.207		36.763.137
C II.5-quater - due from others			1.721.928	9.292.125	1.716.253
Total receivables (II)	(6)		482.213.763		494.800.117
<i>C III - Short-term financial assets:</i>					
C III.5 - financial derivative instruments	(8)		1.592.506		27.734
C III.7 - financial receivables					
C III.7a - due from subsidiaries			259.229.398		242.201.624
C III.7c - due from parent company			288.035		19.044.618
C III.7e - due from others			127.738.673		9.437.269
Total short-term financial assets (III)	(7)		388.848.611		270.711.245
<i>C IV - Cash and cash equivalents:</i>					
C IV.1 - bank and post office deposits			10.426.438		15.258.576
C IV.3 - cash and other valuables on hand			3.941		6.844
Total cash and cash equivalents (IV)	(9)		10.430.379		15.265.420
TOTAL CURRENT ASSETS (C)			881.492.753		780.776.782
D - ACCRUED INCOME AND DEFERRED EXPENSES	(10)		125.632.080		101.165.448
TOTAL ASSETS			3.816.498.279		3.079.284.786

Balance Sheet: Liabilities and Shareholders' Equity

€/000	Notes	31 December 2019		31 December 2018	
		of which within 12 months		of which within 12 months	
A - SHAREHOLDERS' EQUITY					
<i>AI - share capital</i>			77.979.400		77.979.400
<i>AIV - legal reserve</i>			9.717.168		5.490.870
<i>AVI - other reserves</i>			7.450.389		7.450.389
<i>AVI.7 - Negative goodwill</i>		7.450.389		7.450.389	
<i>AVII - cash flow hedge reserve</i>			(8.203.744)		(5.005.950)
<i>AVIII - retained earnings (accumulated losses)</i>			105.338.702		25.039.052
<i>AIX - profit (loss) for the year</i>			81.493.940		84.525.948
TOTAL SHAREHOLDERS' EQUITY (A)	(11)		273.775.856		195.479.709
B - PROVISIONS FOR RISKS AND CHARGES					
B.1 - pension and similar obligations			1.068.145		826.136
B.3 - financial derivative instruments	(8)		10.196.290		5.341.655
B.4 - other			3.885.320		5.587.896
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	(12)		15.149.755		11.755.687
C - EMPLOYEE SEVERANCE FUND	(13)		2.457.681		2.525.277
D - PAYABLES					
D.4 - due to banks		293.318.038	2.641.720.916	971.420.583	2.058.384.374
D.5 - due to other lenders		204.246.969	383.641.420	196.393.456	405.413.610
D.7 - trade payables		-	335.837.555	-	277.103.660
D.9 - due to subsidiaries		-	2.345.543	-	318.662
D.11 - due to parent company		-	20.381.747	-	3.274.530
D.11-bis - due to companies under the parent's common control		-	841.489	-	357.771
D.12 - taxes payable		-	1.436.049	-	2.174.290
D.13 - due to social security institutions		-	1.795.735	-	1.486.450
D.14 - other payables		7.446.079	46.052.748	10.475.967	48.128.896
TOTAL PAYABLES (D)	(14)		3.434.053.203		2.796.642.243
E - ACCRUED EXPENSES AND DEFERRED INCOME	(15)		91.061.784		72.881.870
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			3.816.498.279		3.079.284.786

Income Statement

€/000	Notes	FY 2019	FY 2018
A - VALUE OF PRODUCTION			
A1 - revenues from sales and services	(16)	840.674.452	704.565.168
A5 - other revenues and income:			
- other		62.562.082	58.014.063
<i>Total other revenues and income</i>	(17)	62.562.082	58.014.063
TOTAL VALUE OF PRODUCTION (A)		903.236.534	762.579.231
B - PRODUCTION COSTS			
B6 - raw and ancillary materials, consumables and goods for resale	(18)	13.187.246	13.006.518
B7 - services	(19)	282.529.551	228.892.528
B8 - lease expenses	(20)	1.673.694	2.014.913
B9 - personnel expenses:	(21)		
B9a - wages and salaries		18.599.019	17.921.043
B9b - social security expenses		5.365.594	5.109.574
B9c - provisions for employee severance fund		1.217.869	1.175.573
B9d - pension and similar costs		299.415	104.395
B9e - other costs		2.500.560	3.421.149
<i>Total personnel costs</i>		27.982.457	27.731.734
B10 - amortization, depreciation and allowance for bad debts	(22)		
B10a - amortization		4.825.222	4.101.160
B10b - depreciation		362.063.511	303.499.019
B10d - allowance for bad debts		8.883.521	13.316.270
<i>Total amortization, depreciation and allowance for bad debts</i>		375.772.254	320.916.449
B12 - provisions for risks and changes	(23)	579.839	395.245
B14 - sundry operating costs	(24)	108.151.987	81.848.488
TOTAL PRODUCTION COSTS (B)		809.877.026	674.805.876
DIFFERENCE BETWEEN VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)		93.359.508	87.773.355

€/000	Notes	FY 2019	FY 2018
C - FINANCIAL INCOME AND EXPENSE			
C16 - other financial income:			
C16d - income other than the above			
- from subsidiaries		2.054.775	2.594.244
- from other companies		148.203	156.044
<i>Total income other than the above</i>		2.202.978	2.750.288
<i>Total other financial income</i>		2.202.978	2.750.288
C17 - interest and other financial charges:			
C17c - to parent company		101.942	550.614
C17e - to others		20.249.464	16.525.755
<i>Total interest and other financial charges</i>		20.351.406	17.076.370
TOTAL FINANCIAL INCOME (EXPENSE), NET (15+16-17-17bis)	(25)	(18.148.428)	(14.326.082)
D - IMPAIRMENTS/REVERSALS OF FINANCIAL ASSETS AND LIABILITIES			
D19 - impairments:			
D19a - equity interests		399.513	-
<i>Total impairments</i>		399.513	-
TOTAL IMPAIRMENTS/REVERSALS OF FINANCIAL ASSETS AND LIABILITIES (16 (26))		(399.513)	-
PRE-TAX PROFIT (A-B+/-C+/-D)		74.811.567	73.447.273
20 - income tax for the period			
- current taxes		(4.430.696)	(4.271.102)
deferred tax assets		11.113.070	15.349.776
<i>Total income tax for the period</i>	<i>(27)</i>	6.682.374	11.078.674
21 - NET PROFIT (LOSS) FOR THE PERIOD		81.493.940	84.525.948

Cash Flow Statement

€/000	FY 2019	FY 2018
A. Cash flows from (for) operating activities (indirect method)		
Net profit (loss) for the period	81.493.940	84.525.948
Income tax	(6.682.374)	(11.078.675)
Interest expense/(interest income)	18.148.428	14.326.082
(Gains)/losses on asset disposals	36.912.769	16.142.126
1. Profit (loss) for the period before taxes, interest, dividends and gains/losses on disposals	129.872.764	103.915.481
<i>Adjustments for non-monetary items with no contra-entry in working capital</i>		
Provisions (releases from provisions)	10.511.451	15.889.132
Amortization and depreciation	366.889.800	307.600.175
Total adjustments to non-monetary items	377.401.252	323.489.307
2. Cash flows before changes in working capital	507.274.016	427.404.788
<i>Changes in working capital</i>		
Decrease/(increase) of trade receivables - from customers and intercompany	54.421.543	(9.834.653)
Increase/(decrease) of trade payables - suppliers and intercompany	78.349.455	78.955.318
Decrease/(increase) of accrued income and deferred expenses	(24.466.631)	(31.393.783)
Increase/(decrease) of accrued expenses and deferred income	18.179.914	20.811.331
Other changes in working capital	(36.879.873)	15.552.135
Total adjustments/changes to working capital	89.604.408	74.090.348
3. Cash flows after changes in working capital	596.878.424	501.495.136
<i>Other adjustments</i>		
Interest collected/(paid)	(15.983.784)	(11.722.019)
Income tax (paid)/collected	(4.901.565)	(4.438.874)
(Use of provisions)	(9.988.657)	(12.201.765)
Total adjustments to cash flows	(30.874.006)	(28.362.658)
Cash flows from (for) operating activities (A)	566.004.418	473.132.478
B. Cash flows from (for) investing activities		
<i>Tangible assets</i>		
(Investments)	(1.548.818.498)	(1.310.701.972)
Divestments	552.907.542	486.210.805
<i>Intangible assets</i>		
(Investments)	(6.491.899)	(4.982.947)
Divestments	-	47.269
<i>Long-term financial assets</i>		
(Investments)	(13.430.618)	(16.120.000)
<i>Short-term financial assets</i>		
(Investments)	(135.329.178)	(111.469.717)
Divestments or reimbursements	18.756.584	43.000.000
Cash flows from (for) investing activities (B)	(1.132.406.068)	(914.016.561)

€/000	FY 2019	FY 2018
C. Cash flows from (for) financing activities		
<i>Indebtedness</i>		
Increase (decrease) due to banks and other lenders	561.566.609	521.121.847
Dividends and interim dividends	-	(70.000.000)
Cash flows from (for) financing activities	561.566.609	451.121.847
D. Cash flows from corporate actions (merger/demerger)		
Cash flows from (for) corporate actions (D)	-	-
Increase/(decrease) of cash and cash equivalents (A ± B ± C ± D)	(4.835.041)	10.237.764
Cash and cash equivalents as of 1 January	15.265.420	5.027.656
<i>including</i>		
- bank and post office deposits	15.258.576	5.021.033
- cash and other valuables on hand	6.844	6.623
Cash and cash equivalents at 31 December	10.430.379	15.265.420
<i>including</i>		
- bank and post office deposits	10.426.438	15.258.576
- cash and other valuables on hand	3.941	6.844

Notes to the financial statements

Basis of preparation

These financial statements, made up of the balance sheet, the income statement, the cash flow statement and these notes, have been prepared in accordance with Legislative Decree no. 127 of 9 April 1991, as subsequently amended by Legislative Decree no. 6 of 17 January 2003 and Legislative Decree no. 139 of 18 August 2017 and provide a true and fair view of the Company's financial condition, operating results and cash flows for the year. These financial statements are accompanied by the above Report on Operations.

The financial statement layouts have been prepared in accordance with articles 2423 ter, 2424, 2424 bis, 2425, 2425 bis, 2425 ter of the Italian civil code. The amounts are in euros.

These notes contain the information required by articles 2427 and 2427 bis of the Italian civil code. The amounts are in thousands of euros, unless otherwise specified in the comment to the specific line item.

Items not shown in the financial statements have a zero balance, both in these and in last year's financial statements.

The Company opted not to prepare its consolidated financial statements, as permitted by article 27, paragraph 3 of Legislative Decree no. 127 of 9 April 1991, as the parent company, FCA Bank S.p.A., headquartered in corso Agnelli 200, Turin, consolidates its financial statements and has them audited.

Accounting policies and significant accounting estimates

The financial statements as of and for the year ended 31 December 2019 have been prepared in accordance with the provisions of the Italian civil code, as interpreted by, and supplemented with, the accounting standards set and revised by Organismo Italiano di Contabilità ("OIC"), the Italian standard setter, and those issued by the International Accounting Standards Board ("IASB").

In accordance with articles 2423 and 2423 bis of the Italian civil code, the financial statements have been prepared under the going concern assumption, in keeping with the principles of prudence and relevance and the accrual basis of accounting, ensuring that the substance of a transaction or a contract prevailed over form.

The accounting policies adopted to measure the line items and any adjustments thereof are consistent with the Italian civil code and are mainly contained in article 2426. For better comparability, certain items for the previous year were reclassified.

The most significant accounting policies adopted to prepare the financial statements as of and for the year ended 31 December 2019 are illustrated below.

Intangible assets

Intangible assets are recognized at cost or production cost, inclusive of ancillary charges and as adjusted for amortization and impairments. Production costs include all the costs directly attributable to the product.

Patents and intellectual property rights

Patents have been recognized at cost or self-construction cost, including also the ancillary costs incurred for administrative and concession procedures and are amortized over the shorter of their remaining useful lives and their contractual or legal terms.

Concessions, licences, trademarks and similar rights

If they are purchased for consideration, concessions, licences, trademarks and similar rights are recognized as assets at cost and are amortized over their remaining useful lives over the shorter of their remaining useful lives and their contractual or legal terms.

Assets under construction and advance payments

Assets under construction and advance payments include intangibles that are in the process of being created, which are recognized originally on the date on which the first external construction costs are incurred. These costs continue to be recognized as assets under construction until ownership of the relevant right has been obtained or the project is completed, whichever is earlier. As these conditions are met, the corresponding amounts are reclassified to the applicable intangible asset.

Other intangible assets

Other intangible assets include leasehold improvement costs, if they cannot be separated from the related assets, which are amortized over the shorter of their remaining useful lives and the remaining lease agreement term, taking into account any renewal at the option of the tenant.

Amortization of intangibles

The cost of intangibles is amortized systematically every year, taking into account the remaining useful life of the asset. Amortization is calculated on a straight-line basis at the rates shown in the following table:

Description	Amortization rates
Patents and intellectual property rights	5% - 10%
Concessions, licences, trademarks and similar rights	20%
Goodwill	4%
Other intangibles	10%

Tangible assets

Fixed assets are recognized at cost, inclusive of directly attributable ancillary charges.

The fleet's gross carrying amount is allocated over the years of its remaining useful life, at rates reflecting the wear and tear and value depreciation, as well as purchase cost, the duration of the related rental contracts and the estimated realizable value. Net carrying amounts reflect the amounts recoverable in the following years in the course of ordinary operating activities.

Depreciation starts as the asset enters service, which, in the case of rental vehicles, is when the vehicles are delivered to customers.

Maintenance and ordinary repairs are expensed out as incurred.

At the end of the rental period, tangible assets held for sale are classified in item B.II 4 Tangible assets – other assets and are not depreciated.

Depreciation of tangible assets

Tangible assets are depreciated systematically every year, taking into account the remaining useful life of the asset, including assets that are not used temporarily.

Depreciation starts as the asset is ready for use and, for the first year, it is proportionate to its actual use.

Low value items are written off in the year they are purchased, given their fast turnover.

Depreciation is calculated on a straight-line basis at the rates summarized in the following table:

Description	Depreciation rates
Other assets	
- Cars	13,6% - 19,6%
- Commercial vehicles	11,6% - 17,6%
- Own cars	25%
- Furniture and fixtures	12%
- Equipment	15%

Long-term and short-term financial assets

Equity interests

These are investments in other companies and consist of equity interests in subsidiaries and associated companies, within the meaning of article 2359 of the Italian civil code.

There are recognized at cost, as represented by the purchase price, by the sums paid for subscription or by the value attributed to assets contributed.

If they are meant as long-term investments, equity interests are recognized under long-term financial assets.

Equity interests are reviewed to ascertain the financial condition and operating performance of the investees, based in essence on such investees' shareholder equity reported in their latest accounts. If the comparison between cost and the corresponding equity fraction reveals impairment, the relevant charges are taken. The original value is reinstated in the following years, if the reasons that determined the impairment no longer apply.

Financial receivables

With reference to the new rules introduced by Legislative Decree 139/2015 on accounting in relation to amortized cost and receivable discounting, it is noted that the Company opted for the prospective application, pursuant to article 12, paragraph 2, of this decree.

Therefore, financial receivables recognized prior to the financial year commencing on 1 January 2017 are reported at their nominal value, as adjusted for any impairment. If in the following years the reasons of the impairment no longer apply, the impairment is reversed and the receivable is reinstated for up to the original amount.

Financial receivables recognized after the financial year commencing on 1 January 2017 are recognized at amortized cost, taking into account the time value of money and their expected realizable value.

Transaction costs, any commission income and expenses and any difference between the initial value and the nominal value at maturity are included in the calculation of amortized cost by using the effective interest rate for the expected term to maturity of the receivable.

The amortized cost criterion cannot be used with receivables when its application is irrelevant in terms of providing a true and fair view.

Financial derivative instruments

For the definition of financial instrument, financial derivative instrument, generally accepted valuation model and approach and fair value, reference was made to the international financial reporting standards endorsed by the European Union.

Financial derivative instruments are used by the Company to hedge against currency, interest rate and price risks. According to OIC 32 – Derivative Instruments, all financial derivative instruments are recognized at their fair value.

Transactions that, in keeping with the risk management policies adopted by the Company, meet hedge accounting treatment requirements are qualified as hedges, especially if they are cash flow hedges.

Financial derivative instruments qualify for hedge accounting treatment only when, at the inception of the hedge, there is a designation and formal documentation of the hedge relationship, the hedge is presumed to be highly effective, this effectiveness can be reliably assessed and the hedge is highly effective for all the years of reference for which it is designated.

When financial derivative instruments qualify for hedge accounting, the following applies:

Cash flow hedge: If a financial derivative instrument is designated as hedge against the variability of future cash flows of an asset or a liability or of a highly probable forecast transaction that could affect earnings, the effective portion of any gain or loss on the financial derivative instrument is recognized directly in equity, item A) VII Cash flow hedge reserve. The accumulated gains and losses recorded in equity should be reclassified to profit and loss in the same period during which the hedged expected future cash flows affect profit and loss, with the adjustment of the carrying amount of the hedged item for the accumulated gains or losses recognized in equity. Gains or losses associated with a hedge (or a part thereof) that has become ineffective are recognized immediately in profit and loss in item D) 18 d) Revaluation of financial derivative instruments and D 19 d) Impairment of financial derivative instruments. If a hedge or a hedging relationship is discontinued, but the hedged future cash flows have not been generated yet, the accumulated gains or losses are reclassified from

equity to profit and loss whenever the hedged future cash flows are generated and the effects of the transaction are recognized in the income statement. If the hedged future cash flows are no longer regarded as probable, the relevant unrealized accumulated gains or losses are reclassified immediately from equity to the income statement and reported in items D 18 d) or D 19 d), as the case may be.

Financial derivative instruments with a positive fair value are classified as Current assets (item C.III.5 Financial derivative instruments) or, if the fair value is negative, in Provisions for risks and charges (item B3 Provisions for financial derivative instruments).

If hedge accounting cannot be applied, gains or losses arising from changes in value of the financial derivative instrument are recognized in profit and loss in items D18 d) or D19 d), as the case may be.

Receivables

With reference to the new rules introduced by Legislative Decree 139/2015 on accounting in relation to amortized cost and receivable discounting, it is noted that the Company opted for the prospective application, pursuant to article 12, paragraph 2, of such Decree.

Therefore, receivables recognized prior to the financial year commencing on 1 January 2016 are reported at their expected realizable value, which is the difference between the nominal value of the receivables and the allowance for bad debts, which is deducted from the items to which it refers.

For receivables recognized after 1 January 2017 the “principle of materiality” applies as outlined by article 2423, paragraph 4, of the Italian civil code and specified by the revised OIC standards. In fact, the reported receivables have a maturity of less than 12 months and, for longer maturities, transaction costs and any difference between initial value and maturity value are irrelevant while the interest rate indicated in the contract does not differ substantially from the market rate.

Receivables are initially recognized at their nominal value, less all rewards, discounts, returns and any cost attributable directly to the transactions that gave rise to the receivable.

Receivables are shown in the accounts after deducting the allowance for bad debts. The balance of the allowance for bad debts reflects the extent of the risks related to specific “past due” receivables and the credit risk associated with all the receivables, as estimated prudentially based on past experience.

Receivable sales

The Company derecognizes receivables from the accounts when:

- the contractual rights to the cash flows from the receivable expire;
- the contractual rights to the cash flows from the receivable is transferred, together with substantially all risks related to the receivable.

Cash and cash equivalents

Cash and cash equivalents are recognized according to the following criteria:

- bank deposits, post office deposits and cheques (ordinary, cashier cheques and the like) are recognized at their expected realizable value, as they are receivables. Such realizable value is equivalent to the nominal value;
- cash on hand is recognized at its nominal value.

Receivables due from the company that manages the Group's treasury, to optimize the use of cash (through cash pooling contracts), are classified among "Short-term financial assets", since they meet the requirements of OIC 14, following adoption of the provisions of Legislative Decree 139/2015.

Deferrals and accruals

Deferrals and accruals reflect the proper allocation of costs and revenues to which they refer.

Accruals are recognized in relation to costs and revenues attributable to a period preceding that in which the related cash collection or disbursement, or changes in receivables and payables, occur.

Deferrals, instead, represent the portion of costs and revenues that will be recognized in a period after that in which the relevant cash collection or disbursement, or changes in receivables and payables, occur.

Accruals and deferrals were measured in accordance with the matching cost principle.

For long-term deferrals, the Company considers the future economic benefits related to the deferred costs.

Provisions for risks and charges

This item relates mainly to provisions made to cover losses or liabilities, of a determined nature, which are certain or likely to occur, but whose amount or date of occurrence was unknown at year-end. Provisions reflect the best possible estimate on the basis of the commitments made and the elements available.

Risks which may give rise to a liability are indicated in the notes to the financial statements, but no provisions are made for such risks.

Provisions for pension and similar obligations

Provisions for pension and similar obligations reflects funds set aside for supplementary pension funds, other than the employee severance fund, and for one-time payments due to employees, consultants and temporary workers, under the law or any agreement. These provisions are made on the basis of the elements available at year-end (including valuations performed by independent parties), which make it possible to perform a reasonably reliable estimate of the liability.

Provisions for taxes, including deferred taxes

This item includes provisions for probable taxes with unspecified amounts or dates of occurrence related to assessments and disputes with tax authorities.

Provisions for deferred taxes reflect income taxes payable deriving from temporary differences between the book basis and the tax basis of assets and liabilities that cannot be offset, for their nature and due date, with deferred tax assets.

Provisions for financial derivative instruments

For details of this item, reference should be made to the section on financial derivative instruments.

Other provisions

Provisions for legal risks

Provisions for legal risks and other disputes reflect the best estimate of future costs associated with legal proceedings initiated in the course of the Company's day-to-day operations with resellers, customers or suppliers, former employees and public authorities.

Provisions are made whenever the Company thinks that the legal proceedings will likely end with a disbursement. In determining the best estimate of the potential liability, the Company evaluates the proceedings one by one, to estimate the probable losses that generally derive from events similar to that which originates the liability.

Employee severance fund

This is determined on the basis of the laws in force and the applicable collective and company labour agreements. Law no. 296 of 27 December 2006 (2007 Budget Law) introduced provisions for employee severance funds ("TFR") starting from 1 January 2007. As a result of the effects of the supplementary pension reform:

- the employee severance amounts accrued until 31 December 2006 were left with the Company;
- the employee severance amounts accruing after 1 January 2007 were allocated, at the employee's option, based on specific or silent elections:
 - to supplementary pension funds;
 - kept by the company, which in turn transferred them to the Treasury Fund established by INPS, the national social security institution.

The payments for employee severance after 1 January 2007 continue to be recognized in item B9 c) Provisions for employee severance fund of the income statement. On the other hand, in the balance sheet, item C Employee severance fund reflects the balance of the fund existing at 31 December 2006, as revalued in accordance with the law. Item D13, Due to social security institutions, shows the amount of the Provisions for employee severance fund to be paid to social security institutions, i. e. pension funds and national social security.

Payables

Trade payables

With reference to the new rules introduced by Legislative Decree 139/2015 on accounting in relation to amortized cost and receivable discounting, it is noted that the Company opted for the prospective application, pursuant to article 12, paragraph 2, of this Decree. Therefore, payables recognized prior to the financial year commencing on 1 January 2017 are reported at their nominal value.

For the recognition of payables the “principle of significance” was adopted, as outlined by article 2423, paragraph 4, of the Italian civil code and specified by the revised OIC standards. In fact, the reported payables have a maturity of less than 12 months and, for longer maturities, transaction costs and any difference between initial value and maturity value are irrelevant while the interest rate indicated in the contract does not differ substantially from the market rate.

Financial payables

Financial payables arising from borrowing transactions and payables arisen for reasons other than the purchase of goods and services are recognized when the obligation of the company with the counterparty materializes. For financial payables, this materialization occurs when the loans are disbursed.

Financial payables due from Fiat Chrysler Finance S.p.A., the company that acts as the central treasury for the companies of the FCA Group, are reported at their nominal value.

Off-balance-sheet commitments, guarantees and contingent liabilities

The table at the foot of the notes to the financial statements shows transactions that, even though they did not have quantitative effects on the financial condition and operating results at the time of their recognition, might produce effects at a later stage. These elements are recognized at either their nominal value or their effective value.

Revenues

Revenues from sales and services are recognized on an accrual basis and net of returns, discounts, allowances, rewards, sales taxes and any changes in estimates. In particular:

- revenues from sales of vehicles returned after a lease are recognized when the risks incident to ownership pass, which is generally when the vehicle is delivered to the customer;
- revenues from services are recognized on an ongoing basis, to the extent that the related services have been rendered during the period.

Costs

Costs and expenses are recognized on an accrual basis and net of returns, discounts, allowances, rewards and any changes in estimates. In particular:

- costs for the purchase of goods, which generally are not non-current assets, are recognized when title to the goods passes, which is when the goods are delivered or shipped;
- costs for services rendered are recognized when the services are rendered or on the basis of regular progress payments;
- advertising and promotion costs are expensed as incurred.

Dividends

Dividends are recognized in the year in which the investee approves the relevant distribution.

Financial income and expense

All financial income and expense are recognized on an accrual basis.

Financial income and expense associated with financial instruments are recognized in income in accordance with the procedures illustrated previously.

Taxation

Income taxes

Income taxes for the year are calculated in accordance with the applicable law.

The amount due is accounted for in Taxes payable net of any advances paid during the year.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated on the basis of temporary differences between the book bases of assets and liabilities and the corresponding tax bases by applying the tax rates applicable in the year in which the temporary differences reverse, in accordance with the tax laws in force at the balance sheet date. Deferred tax assets and liabilities are calculated separately for IRAP, regional tax on productive activities, and IRES, the corporate income tax. Pursuant to OIC 25, new deferred tax assets are recognized for the tax benefit related to retained earnings, provided that they are recoverable.

Deferred tax liabilities are not recognized if there is little likelihood that the associated debt arises.

Deferred tax assets are recognized only if there is the reasonable certainty that they can be recovered in the future. Deferred tax assets include tax assets that cannot be offset against deferred tax liabilities for their nature and due date.

Notes to the balance sheet and income statement

Below, details are provided of the main items of the balance sheet and the income statement. Amounts are in thousands of euros.

▪ BALANCE SHEET

1. Due from shareholders

No share issue took place on 2019 and, as such, there is no amount receivable from shareholders.

2. Intangible assets

The table below shows movements in intangible assets for the year:

€/000

Description	Balance at 1 01/01/2019	Purchases	(Sales)	(Impairments)/ Value reinstatements	(Amortization)	Reclass.	T ransfers from other states	Balance at 31/12/2019
Patents and intellectual property rights								
Gross amount	42.184	3.345					517	46.047
(Accumulated amortization)	(24.763)				(4.499)			(29.262)
Net amount	17.421	3.345	-	-	(4.499)	-	517	16.785
Concessions, trademarks and similar rights								
Gross amount	13.449	1					1	13.451
(Accumulated amortization)	(13.181)				(69)			(13.250)
(Provisions for impairments)								-
Net amount	269	1	-	-	(69)	-	1	201
Assets under construction and advances								
Gross amount	101	2.571					(532)	2.140
Net amount	101	2.571	-	-	-	-	(532)	2.140
Other intangibles								
Gross amount	21.844	575					14	22.432
(Accumulated amortization)	(19.990)				(257)			(20.247)
Net amount	1.854	575	-	-	(257)	-	14	2.186
Total intangible assets								
Gross amount	202.521	6.492	-	-	-	-	-	209.013
(Accumulated amortization)	(182.876)	-	-	-	(4.825)	-	-	(187.702)
Net amount	19.645	6.492	-	-	(4.825)	-	-	21.311

This item rose by €1,667 thousand on 2018. All intangible assets are reported after deducting the amortization for the year, in accordance with the applicable accounting standards.

Regarding intangible assets, the following is noted:

- Patents and intellectual property rights, amounting to €16,785 thousand, relate to costs incurred to implement information systems, following the internationalization process, so as to adapt its functionalities to company requirements.
- Assets under construction, amounting to €2,140 thousand, reflect the capitalization of projects expected to go live in 2020.

- Other intangible assets, totalling 2,186 thousand, include capitalized leasehold improvement costs.

3. Tangible assets

The table below shows movements in tangible assets for the year:

€/000

Description	Balance at 01/01/2019	Purchases	(Sales)	(Impairments)/ Value reinstatements	(Amortization)	Reclass.	Transfers from other states	Balance at 31/12/2019
Other assets - Furniture, office equipment and equipment								
Gross amount	1.306	606	-	-	-	-	-	1.913
(Accumulated depreciation)	(40)	-	-	-	(240)	-	-	(280)
Net amount	1.267	606	-	-	(240)	-	-	1.633
Other assets - Own cars								
Gross amount	3.531	401	(471)	-	-	-	461	3.922
(Accumulated depreciation)	(606)	-	165	-	(915)	-	40	(1.317)
Net amount	2.926	401	(307)	-	(915)	-	501	2.605
Other assets - Rented assets								
Gross amount	2.217.921	1.065.402	(522.114)	-	-	-	131.638	2.892.847
(Accumulated depreciation)	(579.685)	-	203.973	-	(346.859)	-	35.660	(686.911)
Net amount	1.638.237	1.065.402	(318.141)	-	(346.859)	-	167.298	2.205.936
Other assets - Inventories								
Gross amount	143.523	17.240	(285.252)	-	-	-	258.163	133.675
(Accumulated depreciation)	(43.961)	-	53.753	-	(14.050)	-	(35.699)	(39.957)
Net amount	99.562	17.240	(231.498)	-	(14.050)	-	222.464	93.717
Assets to be rented								
Gross amount	344.425	465.170	(35.185)	-	-	-	(390.263)	384.148
Net amount	344.425	465.170	(35.185)	-	-	-	(390.263)	384.148
Assets under construction and advances								
Gross amount	5.272	-	(4.689)	-	-	-	-	583
Net amount	5.272	-	(4.689)	-	-	-	-	583
Total tangible assets								
Gross amount	2.715.980	1.548.818	(847.711)	-	-	-	(0)	3.417.087
(Accumulated depreciation)	(624.291)	-	257.891	-	(362.065)	-	0	(728.465)
Net amount	2.091.689	1.548.818	(589.820)	-	(362.065)	-	0	2.688.622

This item includes:

- Own cars for €2,605 thousand (net of accumulated depreciation), for a total of 159 vehicles;
- Furniture and fixtures, office equipment and equipment for €1,633 thousand (net of accumulated depreciation);
- Rented cars and commercial vehicles for €2,205,936 thousand (net of accumulated depreciation), for a total of 160,642 vehicles;
- Inventories for €93,717 thousand and assets to be rented for €248,434 thousand (not subject to depreciation until delivery), for a total of 23,635 vehicles;
- Assets under construction and advances for €583 thousand.

4. Long-term financial assets

Equity interests

The table below shows the details of the Company's equity interests:

€/000

Name	Headquarters	Currency	Share capital in foreign currency	Equity (with results) in foreign currency (IAS IFRS)	Last fiscal year's result in foreign currency (IAS IFRS)	Equity (with results) in Euro	Shareholding	Fraction of equity (IAS IFRS)	Carrying amount
<i>Subsidiaries</i>									
Leasys France SAS	France	EUR	-	-	-	42.412	100%	42.412	35.429
Leasys UK Ltd	United Kingdom	GBP	19.000	35.009	2.622	41.148	100%	41.148	34.460
Leasys Nederland BV	Netherlands	EUR	-	-	-	2.062	100%	2.062	2.780
Leasys Polska sp.zo.o.	Poland	PLN	24.384	57.376	4.410	13.469	100%	13.469	13.150
Leasys Rent S.p.A.	Italy	EUR	-	-	-	13.308	100%	13.308	13.340
Clickar S.r.l.	Italy	EUR	-	-	-	200	100%	200	200
Total investments in subsidiaries						112.599			99.359
<i>Associated companies</i>									
FCA Security S.c.p.a	Italy		-	-	-	153	0%	0	0
Total investments in associated companies						153			0

Equity interests are held in:

- Leasys France SAS, headquartered in 6 rue Nicolas Copernic ZA Trappes Elancourt, 78190 Trappes France, for €35,429 thousand;
- Leasys UK Ltd, headquartered in 240 Bath Road, Slough, Berkshire SL1 4DX, for €34,460 thousand;
- Leasys Nederland BV, headquartered in Singaporestraat 92, 1175 RA Lijnden, Netherlands, for €2,780 thousand;
- Leasys Polska sp.zo.o., headquartered in Wyciągowa 6 02-681 Warsaw, Poland, for €13,150 thousand;
- Clickar SRL, headquartered in in Corso Agnelli, 200 – 10135 Turin, Italy, for €200,000;
- Car City Club, headquartered in Corso Turati 19/6, Turin, Italy, for €3.3 thousand;
- Leasys Rent SPA, headquartered in Corso Italia, 17 - 39100 Bolzano, Italy, for €13,340 thousand;
- FCA Security S.c.p.a., headquartered in Corso Plava 86, Turin, Italy, for €150.

None of the above equity interests was impaired.

The table below shows changes during the year in the equity interests in subsidiaries:

€/000

Name	Balance at 01/01/2019	Increases for the year				(Decreases for the year)				Balance at 31/12/2019
		Purchases/asset contributions	Value reinstatements	Other increases	Total increases	(Disposals)	(Impairments)	(Other decreases)	(Total decreases)	
Leasys France SAS	35.429	-	-	-	-	-	-	-	-	35.429
Leasys UK Ltd	34.460	-	-	-	-	-	-	-	-	34.460
Leasys Nederland BV	2.780	-	-	-	-	-	-	-	-	2.780
Leasys Polska sp.zo.o.	-	13.150	-	-	13.150	-	-	-	-	13.150
Leasys Rent S.p.A.	13.340	-	-	-	-	-	-	-	-	13.340
Clickar S.r.l.	-	200	-	-	200	-	-	-	-	200
Total equity interests in subsidiaries	86.009	13.350	-	-	13.350	-	-	-	-	99.359

In 2020, in its pursuit of its internationalization plans and the diversification of the long-term car rental activities, Leasys:

- purchased from FCA Bank S.p.A. all the shares outstanding of Leasys Polska sp.zo.o. for €13,150 thousand;
- subscribed and paid into Clickar S.r.l. €200 thousand for 100% of the company's share capital.

The table below shows changes during the year in the equity interests in associated companies:

€/000

Name	Balance at 01/01/2019	Increases for the year				(Decreases for the year)				Balance at 31/12/2019
		Purchases/asset contributions	Value reinstatements	Other increases	Total increases	(Disposals)	(Impairments)	(Other decreases)	(Total decreases)	
Car City Club S.r.l.	-	400	-	-	400	-	(400)	-	(400)	-
Total equity interests in associated companies	-	400	-	-	400	-	(400)	-	(400)	-

It is noted that, following the approval and filing with the Turin Companies Register of the final liquidation accounts, on 13 December 2019 Car City Club S.r.l. in Liquidazione was wound up. As such, the company ceased to exist and was struck off the Companies Register.

Receivables

Receivables entered as long-term financial assets amounted to €81 thousand. The table below shows details of this item:

€/000

Description	Balance for the year			Balance at 31/12/2019	Balance at 31/12/2018	Change
	Amounts due within 12 months	Amounts due beyond 12 months				
		Term to maturity of up to 5 years	Term to maturity beyond 5 years			
<i>Due from other companies</i>						
Alexandra Cinematografica S.R.L.	-	81	-	81	-	81
Total financial receivables due from other companies	-	81	-	81	-	81
Total long-term financial receivables	-	81	-	81	-	81

Profit-sharing partnership

On 10 September 2019 a profit-sharing partnership was entered into, pursuant to articles 2459 and ff. of the Italian civil code, between Alexandra Cinematografica S.R.L. and Leasys S.P.A. to produce, market and distribute a feature-length film.

Long-term financial receivables include a sum due by Alexandra, in the amount of €81 thousand, relating to Leasys S.p.A.'s capital contribution to the partnership.

6. Receivables

The table below shows details of the composition and due dates of the Company's receivables:

€/000

Description	Balance for the year			Balance at 31/12/2019	Balance at 31/12/2018	Change
	Amounts due within 12 months	Amounts due beyond 12 months				
		Term to maturity of up to 5 years	Term to maturity beyond 5 years			
Due from customers	307.028			307.028	371.045	(64.017)
Due from subsidiaries	6.163			6.163	226	5.937
Due from parent company	70.481			70.481	63.355	7.126
Due from companies under common parent control	1.434			1.434	393	1.041
Due from tax authorities	39.940			39.940	15.230	24.710
Tax prepayments	47.876			47.876	36.763	11.113
Due from others	7.570	1.722		9.292	7.789	1.503
Total receivables entered as current assets	480.492	1.722	-	482.214	494.800	(12.586)

Due from customers

This item reflects mainly receivables arising from rental activities and from remarketing activities.

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Due from customers- gross amount	334.775	396.741	(61.966)
(Allowance for bad debts)	(27.747)	(25.696)	(2.051)
Total due from customers - net amount	307.028	371.045	(64.017)

The table below shows the composition of, and changes in, the allowance for bad debts – customers:

€/000

Description allowance for bad debts	Balance at 31/12/2018	Provisions	(Uses)/(Release to income)	Balance at 31/12/2019	Change
Allowance for bad debts - trade payables	-	8.884	(6.833)	2.051	(2.051)
Total allowance for bad debts - trade payables	-	8.884	(6.833)	2.051	(2.051)
Total allowance for bad debts	-	8.884	(6.833)	2.051	(2.051)

The allowance for bad debts fell by €2,051 thousand, due to the use of €6,833 thousand. Provisions for the year amounted to €8,884 thousand.

Inter-company receivables

The table below shows details of intercompany receivables, entered as current assets, arising from transactions with Group companies:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Total trade receivables from subsidiaries	6.163	226	5.937
Total trade receivables from subsidiaries	6.163	226	5.937
Total trade receivables from parent company	1.710	1.143	566
Total other receivables from parent company	68.771	62.211	6.560
Total receivables from parent company	70.481	63.355	7.126
Total trade receivables from companies under the parent's common control	1.434	393	1.041
Total receivables from companies under the parent's common control	1.434	393	1.041

Trade receivables due from subsidiaries include €6,010 thousand due from Leasys Rent S.p.A., €25 thousand due from Leasys UK Ltd, €25 thousand due from Leasys France SAS, €12 thousand due from Leasys Nederland BV, and €92 thousand due from Leasys Polska sp.zo.o..

Total receivables from the parent company consist of €68,771 thousand in monthly VAT transfers under FCA Bank S.p.A.'s consolidated VAT scheme and €1,710 thousand in trade receivables due within the next 12 months, related essentially to rental operations.

Trade receivables due from companies under the parent's common control include €782 thousand due from FCA Bank Deutschland GmbH, €36 thousand due from FCA Capital España EFC SA, €357 thousand due from FCA Dealer Services España SA, €181 thousand due from FCA Capital France, and €78 thousand due from FCA-Group Bank Polska SA.

Due from tax authorities

The table below shows the details of the amounts due from tax authorities:

€/000

Details of sums due from tax authorities	Balance at 31/12/2019	Balance at 31/12/2018	Change
VAT credit	39.736	15.160	24.576
IRAP refund - year 2002	63	63	-
Stamp duty advance payment	61	-	61
Tax credit on revaluation of employee severance fu	1	-	1
Bank interest withholdings	7	7	0
Other amounts due from tax authorities	71	-	71
Total due from tax authorities	39.940	15.230	24.710

The VAT credit refers mainly to the VAT payments for 2019.

The 2002 IRAP refund refers to the compensation for a monetary revaluation loss of €63 thousand. Other amounts due from tax authorities reflect a €71 thousand tax refund due in connection with the 2019 income tax return.

Due from others

The table below shows the details of the amounts due from others:

€/000

Details of sums due from others	Balance at 31/12/2019	Balance at 31/12/2018	Change
Due from employees	144	155	(11)
Due from social security institutions	4	3	1
Security deposits	1.722	1.716	6
Due from insurance companies	3.769	3.479	291
Other receivables	3.653	2.436	1.217
Total due from others	9.292	7.789	1.503

Compared to 2018, this item rose by €1,503 thousand, due mainly to an increase in due from others for rental activities for €1,217 thousand and the increase in the amounts due from insurance companies for €291 thousand.

Breakdown of receivables by geographical area

The table below shows details of receivables by geographical area:

€/000

Description	Balance at 31/12/2019								
	Italy	EU (ex Italy)	Other European States	North and Central America	Latin America	Africa	Asia	Oceania	Total
Receivables entered as current assets									
<i>Due from customers</i>	293.114	13.914	-	-	-	-	-	-	307.028
<i>Due from subsidiaries</i>	6.163	-	-	-	-	-	-	-	6.163
<i>Due from parent company</i>	70.430	50	-	-	-	-	-	-	70.481
<i>Due from companies under the parent's common control</i>	259	1.175	-	-	-	-	-	-	1.434
<i>Due from tax authorities</i>	13.743	26.197	-	-	-	-	-	-	39.940
<i>Deferred tax assets</i>	47.720	156	-	-	-	-	-	-	47.876
<i>Due from others</i>	6.532	2.760	-	-	-	-	-	-	9.292
<i>Financial receivables due from subsidiaries</i>	259.229	-	-	-	-	-	-	-	259.229
<i>Financial receivables due from parent company</i>	288	-	-	-	-	-	-	-	288
<i>Due from others</i>	127.739	-	-	-	-	-	-	-	127.739
Total receivables entered as current assets	825.217	44.252	-	-	-	-	-	-	869.470

Amounts due from customers in EU countries are related to rental activities conducted in the secondary places of business that Leasys established in 2017 in Spain, Germany and Belgium.

7. Financial receivables

The table below breaks down financial receivables:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Financial receivables from subsidiaries	259.229	242.202	17.028
Financial receivables from parent company	288	19.045	(18.757)
Financial receivables from others, net	127.739	9.437	118.301
Total financial receivables entered as current assets	387.256	270.684	116.573

This item includes financial receivables from Leasys France SAS for €235,220 thousand, from Leasys Nederland BV for €24,009 thousand, from FCA Bank SPA for 288 thousand, from Fiat Chrysler Finance S.p.A., the company that performs centralized treasury management services on behalf of the companies of the FCA Group, for €127,739 thousand.

The table below breaks down financial receivables by due date:

€/000

Description	Balance for the year			Balance at 31/12/2019	Balance at 31/12/2018	Change
	Amounts due within 12 months	Amounts due beyond 12 months				
		Term to maturity of up to 5 years	Term to maturity beyond 5 years			
Financial receivables from subsidiaries	259.229			259.229	242.202	17.028
Financial receivables from parent company	288			288	19.045	(18.757)
Financial receivables from others, net	127.739			127.739	9.437	118.301
Total financial receivables entered as current assets	387.256	-	-	387.256	270.684	116.573

The increase on the previous year is due to the combined effect of the increase in receivables from Leasys Nederland BV for €2,000 thousand, the increase in receivables from Leasys France SAS for €15,028 thousand, a decrease in receivables from FCA Bank SPA for €18,757 thousand, and the increase in receivables from Fiat Chrysler Finance S.p.A. for €118,301 thousand.

8. Financial derivative instruments

The table below provides details of the fair value of financial derivative instruments:

€/000

Risk	Financial instrument	Purchases			Sales		
		Notional	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value
<i>Hedging derivative</i>							
Interest rate	IRS CA-CIB (Paris)	457.699	11	2.336			
Interest rate	IRS INTESA SANPAOLO SpA	140.035	-	306			
Tasso di interesse	IRS UNICREDIT BANCA	602.364	17	2.700			
Total hedging derivatives		1.200.098	28	5.342	-	-	-
TOTAL 31/12/2018		1.200.098	28	5.342	-	-	-

€/000

Risk	Financial instrument	Purchases			Sales		
		Notional	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value
<i>Hedging derivative</i>							
Interest rate	IRS CA-CIB (Paris)	728.220	639	4.378			
Interest rate	IRS INTESA SANPAOLO SpA	74.069	91	220			
Tasso di interesse	IRS UNICREDIT BANCA	880.815	863	5.598			
Total hedging derivatives		1.683.103	1.593	10.196	-	-	-
TOTAL 31/12/2019		1.683.103	1.593	10.196	-	-	-

This item includes financial derivative instruments used to hedge interest rate risk whose notional value at 31 December 2019 amounted to €1,683,103 thousand. The notional value of a derivative contract indicates the amount set therein.

The fair value amount differs from the balance of the “Cash flow hedge reserve” as the latter does not include the relevant accrued income and expenses.

The differential interest amounts paid or received are recognized through profit and loss as financial income/(expense) on an accrual basis.

These financial derivative instruments have been entered into for hedging purposes and are intended to change the cost profile of the financial structure from floating to fixed rate so as to match it with the duration and returns on rent and lease contracts.

The fair value of these instruments – all of them Interest Rate Swaps – has been determined by discounting to present value the future cash flows associated with them, as estimated on the basis of the appropriate yield curves at 31 December 2019.

9. Cash and cash equivalents

The table below shows the details of the Company's cash and cash equivalents:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Bank and post office deposits	10.426	15.259	(4.832)
Cheques	-	-	-
Cash and valuables on hand	4	7	(3)
Total cash and cash equivalents	10.430	15.265	(4.835)

This item decreased by €4,835 thousand from the comparable amount in 2018, due mainly to the Company's lower current account balances, as described in greater depth in the cash flow statement.

10. Accrued income and deferred expenses

The table below breaks down accrued income and deferred expenses:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Different nature			
<i>Insurance</i>	15.199	22.062	(6.863)
<i>Commissions</i>	62.508	60.192	2.316
<i>Excise licences</i>	5.534	2.334	3.200
<i>Services provided</i>	42.390	16.576	25.813
Total deferred expenses	125.632	101.165	24.467
Total accrued income and deferred expenses	125.632	101.165	24.467

Compared to the previous year, this item rose by €24,467 thousand, mainly due to the increase of pre-paid services for €25,813 thousand and the decrease in pre-paid insurance for €6,863 thousand.

11. Shareholders' equity

The tables below show changes in the Company's shareholders' equity:

2018

€/000

Changes in shareholders' equity in the year ended 31/12/2018	Share capital	Legal reserve	Cash flow hedge reserve	Other reserves	Retained earnings (accumulated losses)	Net profit (loss) for the year	Total
Balances at 01/01/2018	77.979	2.391	(1.679)	7.450	36.150	61.989	184.280
Allocation of net profit for the previous year		3.099			58.889	(61.989)	-
Other changes			(3.326)				(3.326)
Dividend distribution					(70.000)		(70.000)
Net profit (loss) for the year						84.526	84.526
Balances at 31/12/2018	77.979	5.491	(5.006)	7.450	25.039	84.526	195.480

2019

€/000

Changes in shareholders' equity in the year ended 31/12/2019	Share capital	Legal reserve	Cash flow hedge reserve	Other reserves	Retained earnings (accumulated losses)	Net profit (loss) for the year	Total
Balances at 01/01/2019	77.979	5.491	(5.006)	7.450	25.039	84.526	195.480
Allocation of net profit for the previous year		4.226			80.300	(84.526)	(0)
Other changes			(3.198)				(3.198)
Dividend distribution							
Net profit (loss) for the year						81.494	81.494
Balances at 31 December 2019	77.979	9.717	(8.204)	7.450	105.339	81.494	273.776

The legal reserve was established with the allocation of 5% of profit for 2011, in the amount of €36 thousand, the allocation of 5% of profit for 2014, in the amount of €109 thousand, the allocation of 5% of profit for 2015, in the amount of €569 thousand, the allocation of 5% of profit for 2016, in the amount of €1,677 thousand, the allocation of 5% of profit for 2017, in the amount of €3,099 thousand, the allocation of 5% of profit for 2018, in the amount of €4,226 thousand.

Retained earnings (accumulated losses) went up by €80,300 thousand, compared to the previous year, due to the allocation of residual profit for 2018.

Details of the single equity items, with a distinction between origin and possible utilization, are shown in the following table:

€/000

Description	Amount	Origin	Possible utilization	Available portion	Summary of utilizations in three previous periods	
					To cover losses	For other reasons
AI - share capital	77.979	Capital reserve	-			
AIV - legal reserve	9.717	Profit reserve	B			
AVI.7 - negative goodwill	7.450	Capital reserve	A, B, C	7.450	-	
AVII - cash flow hedge reserve	(8.204)	Other reserves	-			
AVIII - retained earnings (accumulated losses)	105.339	Profit reserve	A, B, C	105.339		70.000
AIX - net profit (loss) for the year		Profit reserve	-			
Total shareholders' equity at 31 December 2019	192.282			112.789	-	70.000
<i>of which:</i>						
<i>Non-distributable amount</i>						
<i>Remaining distributable amount</i>				112.789		

Key: A) For share capital increases; B) To cover losses; C) For distribution to shareholders; D) Other restrictions set by the articles of association.

The distributable amount is equal to retained earnings plus negative goodwill, as no set-up and expansion costs, research and development costs or advertising costs were entered under intangible assets.

Share capital

The table below details of share capital as of 31 December 2019:

€/000

Balance and movements	Ordinary shares	
	Number	Nominal value
Balance at 31/12/2019	77.979.400	1
<i>of which: shares subscribed during the year</i>		

Share capital consists of 77,979,400 shares with a nominal value of €1 each, fully paid-up.

Other reserves

The table below shows the details of other reserves:

€/000

Composition of other reserves	Balance at 31/12/2019	Balance at 31/12/2018
Negative goodwill	7.450	7.450
Total other reserves	7.450	7.450

The negative goodwill reserve is unchanged from the previous year. This reserve was established following the merger with Savarent S.p.A., on 31 December 2009.

Cash flow hedge reserve

The table below breaks down the cash flow hedge reserve:

€/000

Balance at 01/01/2018	Positive (negative) change in fair value	Release to income	Other movements	Deferred tax effect	Balance at 31/12/2018
(1.679)	(6.974)	3.647	-	-	(5.006)
Balance at 01/01/2019	Positive (negative) change in fair value	Release to income	Other movements	Deferred tax effect	Balance at 31/12/2019
(5.006)	(8.045)	4.847	-	-	(8.204)

The cash flow hedge reserve was established in 2017, in keeping with the provisions of Legislative Decree 139/2015, to record the negative changes in fair value of the derivatives used by the Company to hedge against interest rate risk. The balance of the reserve will be released to income when the hedged item generates its gains and losses (also recognized in the income statement).

12. Provisions for risks and charges

Provisions for pension and similar obligations

The table below provides details of the provisions for pension and similar obligations:

€/000

Details of provisions for pension and similar obligations	Balance at 31/12/2018	Adjustments for the year	Uses	Other changes	Balance at 31/12/2019
Provisions for loyalty bonus	411	173	(43)	16	557
Provisions for seniority bonus	415	126	(46)	16	511
Total provisions for pension and similar obligations	826	299	(89)	32	1.068

This refers to the provisions made for the payment of loyalty and seniority bonuses. The cost for the year is recognized in provisions for pension and similar obligations. The other provisions relate to the transfer of employees between Leasys S.p.A. and other companies of the FCA Group.

Provisions for financial derivative instruments

This item, which amounts to €10,196 thousand, reflects the negative changes in fair value of financial derivative instruments used by the Company to hedge against interest rate risk.

Other provisions for risks and charges

The table below provides details of this item:

€/000

Details other provisions	Balance at 31/12/2018	Provisions	Uses/Releases to income	Other changes	Balance at 31/12/2019
Provisions for legal disputes	432	9	(237)		204
Provisions for personnel risks (PLB-CCSL-Incentives)	4.249	2.236	(4.249)	-	2.236
Provisions for future risks and charges	907	571	(33)		1.445
Total other provisions	5.588	2.816	(4.519)	-	3.885

The item "Provisions for legal disputes" was established to deal with the risks related to legal disputes which the Company is certain or likely to lose. The year under review saw provisions for €9 thousand and the release to income of €237 thousand. Most disputes where loss is certain or probable concern disputes for which the Company has been sued as owner of the vehicles involved in accidents. Another, minor types of dispute involving the Company related to flaws and defects of vehicles sold.

The item "Provisions for personnel risks" was established to deal with the estimated expense to be incurred for the variable part of employee salaries. As of the balance sheet date, this expense was still uncertain. During the year, the provisions made in 2018 were used for €3,360 thousand, through payments to employees, while €889 thousand was released to income.

The item "Provisions for sundry future risks and charges" reflects provisions for agency relationships for €571 thousand and the release to the income statement of €33 thousand.

13. Employee severance fund

The table below shows a breakdown of the employee severance fund and related changes:

€/000

Description	Balance at 31/12/2018	Provisions	(Uses)	Changes of scope	Other changes	Balance at 31/12/2019
Provisions for employee severance fund	2.525	38	(117)		11	2.458

This item reflects the amount of severance payments accrued as of 31 December 2019 and decreased by €67 thousand from the previous year.

The employee severance fund at 31 December 2019 reflects the severance payments accrued by employees until 31 December 2006; this fund will be depleted as employees resign or retire or receive advances in accordance with the law.

Changes in the fund included:

- "Increases", which comprises the revaluation of the pre-existing fund calculated in accordance with the law.
- "Uses" refers to severance payments made for employment terminations and for any advances.
- "Other movements" relate to the transfer of severance payments accrued by employees moving to other Group companies.

14. Payables

The table below breaks down the Company's payables by due date:

€/000

Description	Balance for the year			Balance at 31/12/2019	Balance at 31/12/2018	Change
	Amounts due within 12 months	Amounts due beyond 12 months				
		Due within 1-5 years	Due beyond 5 years			
Due to banks	2.348.403	293.318		2.641.721	2.058.384	583.337
Due to other lenders	179.394	204.247		383.641	405.414	(21.772)
Trade payables	335.838			335.838	277.104	58.734
Due to subsidiaries	2.346			2.346	319	2.027
Due to parent company	20.382			20.382	3.275	17.107
Due to companies under the parent's control	841			841	358	484
Taxes payable	1.436			1.436	2.174	(738)
Due to social security institutions	1.796			1.796	1.486	309
Other payables	38.607	7.443	3	46.053	48.129	(2.076)
Total payables	2.929.042	505.008	3	3.434.053	2.796.642	637.411

Due to banks

The table below provides details of bank debt:

€/000

Detail due to bank	Balance at 31/12/2019	of which secured by collateral:	Balance at 31/12/2018	Change
Due to banks:				
Loans	2.641.721		2.058.384	583.337
Total bank debt	2.641.721	-	2.058.384	583.337

Bank debt rose by €583,337 thousand, due to the expansion of the fleet and the liquidity necessary to provide funding to the subsidiaries Leasys France SAS and Leasys Nederland BV.

Due to other lenders

The table below shows details of the amounts due to other lenders:

€/000

Description	Balance at 31/12/2019	of which secured by collateral:	319	Change
Due to other lenders:				
Factor	383.641		405.414	(21.772)
Total due to other lenders	383.641	-	405.414	(21.772)

This item reflects the debts with Unicredit Factor S.p.A. for €299,807 thousand and with Mediocredito Italiano for €83,834 thousand.

Trade payables

The table below shows details of trade payables:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Trade payables	335.838	277.104	58.734
Total trade payables	335.838	277.104	58.734

This item rose by €58,734 thousand, following an increase in investment to expand the fleet.

Intercompany debt

The table below breaks down payables due to other Group companies:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Total trade payables due to subsidiaries	2.346	319	2.027
Total trade payables due to subsidiaries	2.346	319	2.027
Trade payables due to the parent company	20.375	3.270	17.105
Financial payables due to the parent company	6	4	2
Total payables - parent company	20.382	3.275	17.107
Total trade payables due to companies under the parent's control	841	358	484
Total payables due to companies under the parent's control	841	358	484
Total intercompany payables	23.569	3.951	19.618

The table shows:

- trade payables due to Leasys Rent SPA for €2,157 thousand and to Leasys France SAS for €189 thousand;
- trade and other payables with the parent company, FCA Bank S.p.A., which rose by €17,105 thousand on the previous year. Trade payables refer to chargebacks for services rendered to Leasys S.p.A. for €1,741 thousand and the payables arising from the "I - cash" transaction, involving the sale of receivables due by participating dealers to Leasys to FCA Bank S.p.A. for €18,634 thousand;
- financial payables due to FCA Bank S.p.A., which rose by €2 thousand on 2018;

- trade payables due to companies under the control of the parent company, FCA Bank S.p.A., which refer to the charges for services rendered by FCA Bank Deutschland GmbH for €308 thousand, by FCA Capital España EFC SA for €434 thousand, by FCA Dealer Services España S.A. for €2 thousand, and by FCA Bank GmbH for €97 thousand.

Overall, payables to Group companies fell by €19,702 thousand.

Taxes payable

The table below breaks down this item as follows:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
VAT payable	-	240	(240)
IRAP payable	318	927	(609)
Withholding taxes	1.046	998	48
Other taxes	71	9	62
Total taxes payable	1.436	2.174	(738)

Withholdings from payments and interest for the month of December 2019 were duly paid in January 2020. There are no amounts due beyond 12 months.

Other payables

The table below breaks down other payables:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Due to customers for vehicles to be delivered	12.787	18.827	(6.040)
Due to insurance companies	8.852	6.005	2.847
Customers' security deposits	21.551	16.995	4.556
Due to employees	1.097	914	183
Other payables	1.766	5.388	(3.622)
Total other payables	46.053	48.129	(2.076)

This item decreased by €2,076 thousand from 2018, mainly due to the drop in debts with customers for vehicles to be delivered. Security deposits include debts with a term to maturity of over five years, for a total amount of €3 thousand.

Breakdown of payables by geographical area

The table below breaks down payables by geographical area:

€/000

Description	Balance at 31/12/2019								
	Italy	EU (ex Italy)	Other European States	North and Central America	Latin America	Africa	Asia	Oceania	Total
Due to banks	2.640.548	1.172							2.641.721
Due to other lenders	383.641	-							383.641
Trade payables	321.161	14.676							335.838
Due to subsidiaries	2.346	-							2.346
Due to parent company	20.382	-							20.382
Due to companies under the parent's control	98	744							841
Taxes payable	1.350	86							1.436
Due to social security institutions	1.685	110							1.796
Other payables	41.751	4.302							46.053
Total payables	3.412.962	21.091	-	-	-	-	-	-	3.434.053

Bank debt in EU countries refers to loans obtained from Crédit Agricole Consumer Finance.

Foreign trade payables refer to the rental activities carried out in Leasys's secondary places of business in Spain, Germany and Belgium.

15. Accrued expenses and deferred income

The table below breaks down accrued expenses and deferred income:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Commercial	91.062	72.882	18.180
Total deferred income	91.062	72.882	18.180
Total accrued expenses and deferred income	91.062	72.882	18.180

Deferred income reflects the amount of lease payments billed in advance and rose as a result of the rental activity.

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16. Revenues

The table below breaks down the Company's revenues by activity and geographical area:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Revenues from services					
Rental fees	472.333	19.330	491.663	396.328	95.335
Service fees	256.430	4.916	261.346	216.407	44.939
Brand subsidies	28.901	302	29.202	35.888	(6.686)
Pre-rental fees	2.122	13	2.135	1.606	529
Other services	54.932	1.397	56.328	54.336	1.992
Total revenues from services	814.718	25.957	840.674	704.565	136.109
Total revenues from services	814.718	25.957	840.674	704.565	136.109

Revenues rose by €136,109 thousand on 2018. This increase refers mainly to rental fees and service fees which, overall, went up by €140,274 thousand due to the expansion of the average fleet.

Brand subsidies decreased by €6,686 thousand.

The item "Other services" consists of charges to customers not included in the rental fee for €56,328 thousand.

17. Other revenues and income

The table below breaks down other revenues and income as follows:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Gains on disposals	31.177	788	31.965	29.909	2.056
Recovery of losses from end of contract	4.597	1.798	6.395	4.869	1.526
Insurance payments	12.477	232	12.708	10.835	1.873
Releases from provisions for risks to income	1.526	-	1.526	1.054	472
Other income and sundry recoveries	9.250	717	9.967	11.347	(1.380)
Total other	59.027	3.535	62.562	58.014	4.548
Total other revenues and income	59.027	3.535	62.562	58.014	4.548

Other revenues and income rose by €4,548 thousand from the previous year, due mainly to the increase of gains on disposals of used cars.

18. Costs for raw and ancillary materials, consumables and goods for resale

The table below breaks down costs for raw and ancillary materials, consumables and goods for resale as follows:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Raw and ancillary materials, consumables and goods for resale	13.003	209	13.212	13.011	201
Other purchases	(26)	2	(24)	(4)	(20)
Total costs for raw and ancillary materials, consumables and goods for resale	12.977	210	13.187	13.007	180

Compared to the previous year, this item went up by €180 thousand, related mainly to an increase in advertising material purchases.

19. Service costs

The table below breaks down service costs:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Selling expenses and warranties	341	-	341	251	90
Shipping costs	2.781	24	2.805	2.413	392
Advertising costs	2.083	57	2.141	506	1.635
External services	17.454	1.151	18.605	16.723	1.882
Technical services	6.095	16	6.112	6.062	50
Other personnel expenses	1.384	143	1.527	1.665	(138)
Temporary workers and interns	1.560	105	1.665	4.778	(3.113)
Maintenance expenses	234	15	249	365	(116)
Cleaning, security and insurance	556	39	595	510	85
Utilities	270	-	270	394	(124)
Bank expenses	1.938	6	1.944	1.847	97
Postal expenses	488	1	488	473	15
Compensation to Board of Statutory Auditors	28	-	28	29	(1)
Compensation to independent auditors	120	-	120	113	7
Vehicle maintenance	45.211	911	46.123	36.407	9.716
Body repair costs	47.108	659	47.767	39.559	8.208
Tyre replacements	33.460	273	33.733	27.897	5.836
Vehicle insurance	64.495	1.030	65.525	55.075	10.450
Vehicle excise duties	565	-	565	385	180
Administrative and registration services	2.881	13	2.893	2.876	17
Roadside assistance	2.646	85	2.731	2.548	183
Other vehicle services	4.952	671	5.623	4.444	1.179
Claim adjustments	1.425	4	1.429	1.416	13
Commissions	30.053	405	30.458	21.330	9.128
Telecom services	21	-	21	58	(37)
Pre-rental	3.350	-	3.350	1.941	1.409
Replacement cars	7.070	3	7.073	5.033	2.040
Other service costs	(1.831)	181	(1.650)	(6.207)	4.557
Total service costs	276.738	5.792	282.530	228.893	53.639

Service costs rose by €53,639 thousand on 2018. The change, caused by the expansion of the fleet, was due in essence to: (I) "Tyre replacements", which went up by €5,836 thousand; (II) vehicle maintenance costs, which increased by €9,716 thousand; (III) "Body repair" costs, which rose by €8,208 thousand; (IV) "Commission expenses", which went up by €9,128 thousand; (V) "Vehicle insurance", which increased by €10,450 thousand.

20. Lease expenses

The table below breaks down lease expenses:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Rentals and leases	1.493	77	1.570	1.748	(178)
Sundry leases	115	2	117	261	(144)
Other lease expenses	(13)	-	(13)	5	(18)
Total lease expenses	1.594	80	1.674	2.015	(340)

This item relates mainly to the costs incurred to lease the Fiumicino headquarters and the different offices for €1,570 thousand and the cost to lease computers and EDP equipment for €117 thousand.

21. Personnel expenses

The table below breaks down personnel expenses:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Wages and salaries	16.528	2.071	18.599	17.921	678
Social security contributions	4.916	449	5.366	5.110	256
Provisions for employee severance fund	1.218	-	1.218	1.176	42
Pension and similar obligations	299	-	299	104	195
Other costs	2.490	11	2.501	3.421	(920)
Total personnel expenses	25.451	2.531	27.982	27.732	250

Personnel expenses rose by €250 thousand, compared to the previous year.

The item "Wages and salaries" includes salaries and bonuses (administrative staff and executives) for €18,599 thousand.

The item "Social security contributions" reflects social security contributions for employees for €5,366 thousand.

The item "Provisions for employee severance fund" reflects funds set aside for employee severance payments in the amount of €38 thousand and the funds that, based on pension reform, should be either transferred to supplementary pension funds or to the INPS Treasury department for €1,180 thousand.

The item "Pension and similar obligations" indicates provisions to the pension fund and seniority rewards for €299 thousand.

The item "Other costs" includes contributions to supplementary pensions funds paid for by the Company for €153 thousand, contributions to healthcare funds for €175 thousand. This item reflects also the estimated bonus amount, totalling €2,173 thousand.

22. Amortization, depreciation and allowance for bad debts

The table below breaks down amortization, depreciation and allowance for bad debts:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Amortization of intangible assets	4.804	22	4.825	4.101	724
Depreciation of tangible assets	345.209	16.855	362.064	303.499	58.565
Total amortization and depreciation	350.012	16.876	366.889	307.600	59.289
Allowance for bad debts	8.820	63	8.884	13.316	(4.432)
Total allowance for bad debts and impairment	8.820	63	8.884	13.316	(4.432)
Total amortization, depreciation and allowance for bad debts	358.833	16.939	375.772	320.916	54.856

The item "Amortization of intangible assets" reflects the amortization expense for the intangibles entered in line item BI, on the asset side of the balance sheet. This item rose by €724 thousand.

The item "Depreciation of tangible assets" reflects the depreciation expense for tangible assets entered in line item BII, on the asset side of the balance sheet. This item rose by €58,565 thousand on the previous year due to the fleet expansion.

The item "Allowance for bad debts" related to short-term receivables reflects provisions made to this contra-account. The balance of this allowance was largely stable, as it decreased by €4,432 thousand from the previous year due to the excess provisions made in 2018 in relation to the downgrade of specific positions.

23. Provisions for risks and charges

The table below breaks down provisions for risks and charges:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Provisions for risks and charges	580		580	395	185
Total provisions for risks	580	0	580	395	185

Provisions were made for €571 in relation to agency arrangements and for €9 thousand in relation to legal disputes.

24. Sundry operating costs

The table below breaks down sundry operating costs:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Vehicle excise duties	30.882	360	31.242	28.378	2.864
End-of-contract losses and penalties on vehicle buybacks	3.265	1.805	5.070	5.859	(789)
Indirect taxes and levies	398	14	412	314	98
Fines	1.596	108	1.705	1.679	26
Losses on disposals	67.420	1.458	68.878	46.051	22.827
Other charges	665	181	846	(433)	1.279
Total sundry operating costs	104.226	3.926	108.152	81.848	26.304

Sundry operating costs rose by €26,304 thousand, compared to the previous year. The change was due mainly to the increase of vehicle excise duties for €2,864 thousand and the increase in of losses on vehicle disposals for €22,827 thousand.

25. Financial income and expense

Sundry financial income

The table below breaks down sundry financial income:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Sundry financial income from subsidiaries					
<i>interest income on financial receivables</i>	2.055	-	2.055	2.594	(539)
adw					
<i>interest income from bank deposits</i>	1	0	1	9	(8)
<i>interest income on other financial receivables</i>	147	-	147	147	(0)
Total sundry income	2.203	0	2.203	2.750	(547)

Financial income from subsidiaries refers to interest income on loans provided to Leasys France SAS and Leasys Nederland BV.

The item "interest income on other financial receivables" includes interest received from FCA Italy S.p.A. , in the amount of €85 thousand, and late-payment interest for €22 thousand.

Financial interest and charges

The table below breaks down interest and other financial charges:

€/000

Description	Italy	Foreign markets	Balance at 31/12/2019	Balance at 31/12/2018	Change
Interest and other financial charges to subsidiaries					
<i>interest expense on financial payables</i>	102	-	102	551	(449)
Interest and other financial charges to other companies					
<i>interest expense on debt with banks and other lenders</i>	20.225	-	20.225	16.525	3.700
<i>interest expense on other financial payables</i>	24	1	25	1	24
Total interest and other financial charges	20.351	1	20.351	17.076	3.275

Interest and financial charges rose by €3,275 thousand, compared to the previous year, due to lower indebtedness.

26. Impairments/reversals of financial assets and liabilities

Impairments of financial assets and liabilities

The table below breaks down impairments of financial assets and liabilities:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
Impairment of financial asset			
<i>Car City Club S.r.l.</i>	400	-	400
			-
Total	400	-	400

The write-off of the equity interest for €400 thousand was due to the start of voluntary liquidation proceedings for Car City Club S.r.l.. On 13 December 2019, the company was wound up, thereby ceasing to exist, and was struck off the Companies Register.

27. Income tax for the period

The table below provides details for the income tax for the period:

€/000

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change
<i>IRES - current year</i>	-	-	-
<i>IRES - previous year</i>	-	-	-
<i>IRAP - current year</i>	(4.457)	(4.446)	(11)
<i>IRAP - previous years</i>	236	175	61
<i>Other minor</i>	(209)	-	(209)
Total current taxes	(4.431)	(4.271)	(160)
<i>IRES</i>	11.408	15.138	(3.730)
<i>IRAP</i>	-	-	-
<i>Other minor</i>	(295)	212	(507)
Total deferred tax assets and liabilities	11.113	15.350	(4.237)
Total income tax for the period	6.682	11.079	(4.396)

Total current and deferred taxes fell by €4,396 thousand, compared to the previous financial year. The decrease was mainly due to the reduction of tax incentives, the so-called over-depreciation (“Superammortamento”). This incentive encourages the purchase of new equipment, as it allows depreciation to be calculated on 140% of the purchase price of the new assets.

This incentive is temporary and concerned investments made from 15 October 2015 (as provided for by Law no. 208 of 28 December 2015) to 31 December 2018 (deadline extended first by Law no. 231 of 11 December 2016, article 1, paragraph 8, and eventually by Law no. 205 of 27 December 2017, article 1, paragraph 29) and investments made in 2019 (incentive reintroduced with Law Decree no. 34 of 30 April 2019 – i.e. Growth Decree) for up to €2,500 thousand.

This incentive had a significant effect on the reduction of the effective tax rate, as detailed in the following table of reconciliation of the statutory tax rate.

The table below breaks down deferred tax assets and:

€/000

Description	Tax rate	Balance at 31/12/2018		Movements for the year (income statement)		Movements for the year (shareholders' equity)		Balance at 31/12/2019	
		Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Deferred tax assets for:									
<i>Allowance for bad debts</i>	24,00	23.107	5.546	2.488	597	-	-	25.594	6.143
<i>Goodwill impairment</i>	5	14.052	632	-	-	-	-	14.052	632
<i>Taxed provisions for risks</i>	24,00	4.850	1.164	(2.301)	(552)	-	-	2.549	612
Total deferred tax assets			7.342		45		-		7.387
<i>Deferred tax assets for tax loss carryforwards</i>	24,00	122.513	29.421	46.167	11.068	-	-	168.680	40.489
Deferred tax assets and liabilities at year-end			36.763		11.113		-		47.876
<i>Goodwill impairment</i>	5	25.567	1.150	(14.052)	(632)	-	-	11.515	518
<i>Goodwill impairment</i>	24	39.617	9.509	(14.052)	(3.372)	-	-	25.566	6.137
<i>carryforwards</i>	24	25.714	6.061	(12.779)	(3.206)	-	-	12.935	2.855
Unappropriated deferred tax assets			16.720		(7.210)		-		9.510
Total			53.483		3.903				57.386

Deferred tax assets related to non-deductible provisions to the allowance for bad debts and for risks and charges are considered recoverable, as in the year in which the deductible temporary difference is reversed there is sufficient income against which such deferred tax assets can be applied.

Considering the longer time horizon related to their recoverability, deferred tax assets related to goodwill impairment and tax loss carryforwards were calculated within the limits of the Company's prospective profitability.

The table below provides details of the use of tax loss carryforwards:

€/000

Description	Balance at 31/12/2019		Balance at 31/12/2018	
	Amount of tax losses	Tax effect (tax rate 24.00%)	Amount of tax losses	Tax effect (tax rate 24.00%)
Deferred tax assets on tax loss carryforwards - opening balance	122.513	29.421	62.103	14.914
Use of tax losses				
Appropriation of deferred tax assets	46.167	11.068	60.410	14.507
Deferred tax assets on tax loss carryforwards - closing balance	168.680	40.489	122.513	29.421
Unappropriated deferred tax assets on tax loss carryforwards	12.935	2.855	25.714	6.061
Total	181.615	43.344	148.227	35.482

The table shows also potential receivables for additional off-balance-sheet deferred tax assets, based on Document no. 25 OIC.

The table below reconciles the current tax burden with the theoretical tax burden:

€/000

Description	Balance at 31 December 2019	Balance at 31 December 2018
Pre-tax profit	74.812	73.447
Statutory tax rate	24,00%	24,00%
Theoretical tax burden	17.955	17.627
Tax effect on:	-	
<i>Unappropriated positive differences</i>	815	1.105
<i>Permanent differences</i>	(22.939)	(28.884)
<i>Taxes for previous years</i>	190	(395)
<i>Deferred tax assets related to previous years appropriated during the year</i>	(7.070)	(4.905)
<i>Deferred tax assets resulting from change in tax rate</i>	-	-
<i>Difference between tax rate of the branches and statutory tax rate</i>	146	102
Total tax expense/gain ex IRAP	(10.904)	(15.350)
Effective tax rate	-15%	-21%
Current and deferred IRAP	4.457	4.271
Taxes previous years	(236)	-
Total	(6.682)	(11.079)

▪ OTHER INFORMATION

28. Direction and coordination activities

Pursuant to article 2497 bis of the Italian civil code, the table below summarizes key financial and operating data from the latest approved IAS/IFRS accounts of FCA Bank S.p.A., the company that performs direction and coordination activities for the FCA Bank S.p.A. Group.

BALANCE SHEET

Asset items		31/12/2018	31/12/2017
10.	Cash and available liquid assets	362.504.610	1.002
20.	Financial assets valued to fair value with impact on income statement	23.932.740	36.045.935
	a) Financial assets held for negotiation	23.932.740	36.045.935
40.	Financial assets valued to amortized cost	17.304.409.539	15.672.824.980
	a) Amounts due from banks	1.142.795.303	1.358.600.910
	b) Amounts due from customers	16.161.614.236	14.314.224.071
50.	Hedging derivatives	29.143.292	59.356.102
60.	Value adjustment of financial assets subject to generic coverage (+/-)	16.929.487	2.588.089
70.	Equity investments	955.405.359	964.942.963
80.	Tangible assets	23.741.956	22.605.758
90.	Intangible assets	103.088.266	97.625.833
	of which:		
	- goodwill	65.080.000	65.080.000
100.	Tax assets	81.265.763	67.957.123
	a) current	3.004.242	4.080.588
	b) prepaid	78.261.522	63.876.535
120.	Other activities	171.398.029	147.694.324
	Total assets	19.071.819.040	17.071.642.107
Items of liabilities and net equity		31/12/2018	31/12/2017
10.	Financial liabilities valued to amortized cost	17.011.094.945	15.287.514.258
	a) Payables to banks	5.185.323.905	4.520.309.855
	b) Payables to customers	3.201.718.506	2.076.433.255
	c) Securities issued	8.624.052.534	8.690.771.148
20.	Financial liabilities held for negotiation	22.469.704	33.502.740
40.	Hedging derivatives	33.142.652	31.096.139
60.	Tax liabilities	21.370.048	28.719.537
	a) current	8.498.105	11.678.643
	b) deferred	12.871.943	17.040.894
80.	Other liabilities	299.805.061	257.055.146
90.	Personnel severance indemnity	8.608.667	9.125.588
100.	Provisions for risks and charges	105.446.636	31.630.556
	b) retirement and similar obligations	2.447.532	2.467.988
	c) other funds	102.999.104	29.162.568
110.	Valuation reserve	(3.850.595)	(3.394.960)
140.	Reserve	513.384.780	355.911.581
145.	of which advanced dividends	-	(100.000.000)
150.	Share premium account	192.745.851	192.745.851
160.	Capital	700.000.000	700.000.000
180.	Profit (Loss) for the fin. year (+/-)	167.601.292	247.735.674
	Total of liabilities and net equity	19.071.819.040	17.071.642.110

INCOME STATEMENT

	31/12/2018	31/12/2017
10. Interest income and similar revenue	462.906.323	450.474.740
<i>of which: interest income calculated with effective interest method</i>	473.770.513	-
20. Interest charges and similar costs	(157.114.662)	(199.057.776)
30. Interest margin	305.791.661	251.416.964
40. Commissions receivable	90.097.347	94.279.157
50. Commissions payable	(20.025.135)	(23.470.102)
60. Net commission	70.072.212	70.809.055
70. Dividends and similar income	70.000.000	55.992.134
80. Net result from trading activities	(455.101)	1.715.184
90. Net result of hedging operations	(1.555.193)	(1.502.244)
100. Profit / losses on disposal or repurchase of:	1.440.443	1.761.751
a) financial assets valued to amortized cost	1.440.443	-
b) financial assets valued to fair value with impact on overall profitability	-	1.761.751
120. Intermediation margin	445.294.022	380.192.844
130. Net value adjustments/write-backs due to impairment of:	(18.515.893)	(24.925.610)
a) financial assets valued to amortized cost	(18.515.893)	(24.817.449)
b) financial assets valued to fair value with impact on overall profitability	-	(108.161)
150. Net result of financial management	426.778.130	355.267.234
160. Administrative expenses:	(99.107.020)	(91.682.220)
a) personnel costs	(52.487.024)	(50.112.369)
b) other administrative expenses	(46.619.996)	(41.569.851)
170. Net allocations to funds for risks and charges	(75.802.169)	(6.051.239)
b) other net allocations	(75.802.169)	(6.051.239)
180. Net value adjustments/write-backs on tangible assets	(36.263)	(28.174)
190. Net value adjustments/write-backs on intangible assets	(5.723.960)	(4.200.697)
200. Other operating expenses/income	7.332.398	4.796.493
210. Operational costs	(173.337.014)	(97.165.837)
220. Profits / (losses) of equity investments	1.059.000	56.649.824
260. Profit / (losses) from current operations before taxes	254.500.116	314.751.221
270. Income taxes for the financial year of current operations	(86.898.824)	(67.015.547)
280. Profit (losses) on current operations after taxes	167.601.292	247.735.674
300. Profit (losses) for the fin. year	167.601.292	247.735.674

29. Related-party transactions

The table below shows the effects of related-party transactions on the income statement for the year:

Description	Key operating data				
	Revenues from sales and services	Purchases of raw and ancillary materials, consumables and	Services and lease expenses	Income (expenses), net	Financial income (expense)
Subsidiaries					
Leasys UK Ltd	12	-	-	-	-
Leasys France SAS	12	-	189	-	1.858
Leasys Nederland BV	12	-	-	-	197
Leasys Polska sp.zo.o.	92	-	-	-	-
Leasys Rent S.p.A.	10.451	-	6.415	-	-
Total subsidiaries	10.579	-	6.604	-	2.055
Parent company					
FCA Bank S.p.A.	2.724	-	6.447	-	(102)
Total parent company	2.724	-	6.447	-	(102)
Companies under the control of the parent company - FCA Bank S.p.A.					
FCA Bank Deutschland GmbH	-	-	308	-	-
FCA Capital España EFC SA	298	-	245	-	-
FCA Dealer Services España S.A.	81	-	3	-	-
FCA Capital France SA	101	-	-	-	-
FCA Bank GmbH	-	-	98	-	-
FCA-Group Bank Polska SA	43	-	-	-	-
Total companies under the control of the parent company - FCA Bank S.p.A.	523	-	654	-	-
Other related parties					
FCA Italy S.p.A.	24.029	-	960	-	-
CNH INDUSTRIAL ITALIA SPA	7.080	-	-	-	-
IVECO SPA	7.011	-	184	-	-
MAGNETI MARELLI SPA	5.582	-	-	-	-
MASERATI SPA	3.542	-	-	-	-
FPT INDUSTRIAL S.P.A.	3.548	-	-	-	-
CREDIT AGRICOLE CARIPARMA SPA	557	-	-	-	(4.318)
COMAU SPA	2.731	-	-	-	-
FCA Security S.c.p.a	2.070	-	342	-	-
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK	163	-	-	-	(2.181)
CREDIT AGRICOLE CONSUMER FINANCE SA	-	-	-	-	(2.145)
FCA Group Purchasing S.r.l	1.656	-	1	-	-
FCA SERVIZI PER L'INDUSTRIA S.c.p.A.	1.198	-	28	-	-
AGOS DUCATO SPA	1.486	-	-	-	-
AUTOMOTIVE LIGHTING ITALIA SPA	1.179	-	-	-	-
CENTRO RICERCHE FIAT	1.232	-	-	-	-
JUVENTUS F.C. SPA	1.389	-	-	-	-

Description	Key operating data				
	Revenues from sales and services	Purchases of raw and ancillary materials, consumables and	Services and lease expenses	Income (expenses), net	Financial income (expense)
FCA Germany AG	1.320	-	318	-	-
Fca Spain S.A.	1.046	-	831	-	-
SISTEMI SOSPENSIONI SPA	860	-	-	-	-
FCA Services S.p.A.	782	-	237	-	-
FCA INFORMATION TECHNOLOGY, EXCELLENCE	879	-	25	-	-
MAGNETI MARELLI AFTERMARKET PARTS & SERV	560	-	-	-	-
CNH INDUSTRIAL FINANCIAL SERVICES SAS	565	-	-	-	-
EASY DRIVE SRL	10	-	538	-	-
PLASTIC COMPONENTS AND MODULES AUTOMOTIVE SPA	470	-	-	-	-
FCA PARTECIPAZIONI SPA	477	-	1	-	-
FCA Melfi SpA	439	-	-	-	-
FIAT CHRYSLER FINANCE SPA	348	-	-	-	-
Fca Motor Village Spain Sl	172	-	-	-	-
FIAT CHRYSLER AUTOMOBILES CENTER ITALIA S.P.A.	163	-	37	-	-
TEKSID SPA	319	-	-	-	-
AMUNDI SGR S.P.A.	399	-	-	-	-
FERRARI SPA	301	-	-	-	-
TEKSID ALUMINUM SRL	335	-	-	-	-
FCA CUSTOMER SERVICES CENTRE SRL	219	-	167	-	-
CNH INDUSTRIAL SERVICES SRL	205	-	-	-	-
FCA AD GmbH	205	-	-	-	-
ASTRA VEICOLI INDUSTRIALI SPA	177	-	-	-	-
CNH INDUSTRIAL FINANCE SPA	193	-	-	-	-
FCA Fleet & Tenders S.r.l	192	-	-	-	-
FCA Motor Village Germany GmbH	112	-	9	-	-
BANCA POPOLARE FRIULADRIA SPA	110	-	-	-	-
FIDIS SPA	103	-	-	-	-
OTHERS	561	-	29	-	-
Total other related parties	75.975	-	3.707	-	(8.644)
Total related parties	89.801	-	17.412	-	(6.691)

Leasys S.p.A. has financial and commercial dealings with Leasys France SAS and Leasys Nederland BV.

Leasys S.p.A. has commercial dealings with Leasys Rent SPA, Leasys UK Ltd and Leasys Polska sp.zo.o..

The main dealings with the parent company, FCA bank S.p.A., are of a commercial nature. Leasys S.p.A. provides rental services and receives administrative services from the parent company. Both companies also mutual financial dealings.

Leasys S.p.A. has commercial dealings with companies controlled by the parent company, FCA Bank S.p.A.: FCA Bank Deutschland GmbH, FCA Capital España EFC SA, FCA Dealer Services España S.A., FCA Capital France SA, FCA-Group Bank Polska SA and FCA Bank GmbH.

Leasys S.p.A. entertains mutual commercial and service-provision transactions with all the other related parties. The table below shows the effects of the related-party transactions for the year on the balance sheet:

€/000

Description	Key financial data			
	Trade payables	Trade receivables	Financial payables	Financial receivables
Subsidiaries				
Leasys UK Ltd	-	25	-	-
Leasys France SAS	189	25	-	235.220
Leasys Nederland BV	-	12	-	24.009
Leasys Polska sp.zo.o.	-	92	-	-
Leasys Rent S.p.A.	2.157	6.009	-	-
Total subsidiaries	2.346	6.163	-	259.229
Total subsidiaries				
Total subsidiaries	20.375	1.710	6	288
Total subsidiaries	20.375	1.710	6	288
Companies under the control of the parent company - FCA Bank S.p.A.				
FCA Bank Deutschland GmbH	308	782	-	-
FCA Capital España EFC SA	434	36	-	-
FCA Dealer Services España S.A.	2	357	-	-
FCA Capital France SA	-	181	-	-
FCA Bank GmbH	97	-	-	-
FCA-Group Bank Polska SA	-	78	-	-
Total companies under the control of the parent company - FCA Bank S.p.A.	841	1.434	-	-
Other related parties				
FCA Italy S.p.A.	131.029	127.000	-	-
CREDIT AGRICOLE CONSUMER FINANCE SA	-	-	1.172.448	-
CREDIT AGRICOLE CARIPARMA SPA	-	91	650.975	-
FCA Fleet & Tenders S.r.l	13.086	3	-	-
FIAT CHRYSLER AUTOMOBILES CENTER ITALIA S.P.A.	10.260	689	-	-
EASY DRIVE SRL	6.231	1	-	-
FCA Germany AG	2.252	1.693	-	-

Description	Key financial data			
	Trade payables	Trade receivables	Financial payables	Financial receivables
FCA Belgium S.A.	-	1.925	-	-
FCA Spain S.A.	1.728	1.715	-	-
IVECO SPA	5	1.786	-	-
FCA CUSTOMER SERVICES CENTRE SRL	961	23	-	-
CNH INDUSTRIAL ITALIA SPA	-	723	-	-
MAGNETI MARELLI SPA	-	557	-	-
FPT INDUSTRIAL S.P.A.	-	862	-	-
MASERATI SPA	-	363	-	-
FCA Security S.c.p.a	88	319	-	-
COMAU SPA	-	280	-	-
AGOS DUCATO SPA	-	290	-	-
CNH INDUSTRIAL FINANCIAL SERVICES SAS	-	257	-	-
FCA INFORMATION TECHNOLOGY, EXCELLENCE	270	88	-	-
FCA Motor Village Spain SL	219	-	-	-
FCA SERVIZI PER L'INDUSTRIA S.c.p.A.	-	208	-	-
JUVENTUS F.C. SPA	-	190	-	-
FCA Group Purchasing S.r.l	-	193	-	-
FCA Services S.p.A.	24	142	-	-
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK	-	13	181	-
MAGNETI MARELLI AFTERMARKET PARTS & SERV	-	108	-	-
CENTRO RICERCHE FIAT	-	107	-	-
OTHERS	7	886	-	-
Total other related parties	166.160	140.512	1.823.604	-
Total related parties	189.722	149.819	1.823.610	259.517

The table indicates the impact on the financial condition deriving from commercial, financial and other dealings with related parties.

All transactions have been carried out in the Company's interest in the course of regular operations and were undertaken at arm's length, that is in keeping with terms and conditions applicable in a transaction between two independent parties.

30. Average headcount

The table below provides details of the average headcount by rank:

Description	Balance at 31/12/2019	Balance at 31/12/2018
Managers	9	7
Clerks	427	429
Total employees	436	436

31. Compensation to Directors and Statutory Auditors

Total compensation for Statutory Auditors amounted to €28 thousand.
No compensation is provided to the members of the Board of Directors.

32. Compensation to independent auditors

The table below provides details of the audit fees:

Description	Service provider	2019 fees
Independent audit of financial statements	EY S.p.A.	120
Total auditor fees		120

33. Guarantees, commitments and contingent liabilities

The table below shows details of the guarantees received and provided by the Company:

€/000

Guarantees	Balance at 31/12/2019	Balance at 31/12/2018	Change
Guarantees received			-
<i>Banking</i>	4.610	6.567	(1.958)
<i>Insurance</i>	-	-	-
Total guarantees received	4.610	6.567	(1.958)
Guarantees provided			-
<i>Banking</i>	103.956	78.463	25.493
<i>Insurance</i>	121	121	-
Total guarantees provided	104.077	78.584	23.535

Guarantees received include surety bonds required by Leasys to guarantee contracts entered into with customers.

Guarantees provided include surety bonds provided by Leasys S.p.A. to guarantee the proper performance of the obligations set out in the rental contracts entered into with customers that are in essence members of the public administration.

The table below shows details of the commitments entered into by the Company:

€/000

Commitments	Balance at 31/12/2019	Balance at 31/12/2018	Change
Issuance of performance bond after award of contracts put out to tender	7	1.941	(1.934)
Total commitments	7	1.941	(1.934)

The table shows the bid bond for participating in tenders pursuant to article 93, paragraph 8, of Legislative Decree no. 50/2019.

34. Subsequent events

The Company considered subsequent events until 17 February 2020, the date of approval of the financial statements were approved.

According to data released by the Ministry of Infrastructure and Transport, in January 2020 155,528 new cars were registered, down 5.9% from the corresponding year-earlier month.

Against this backdrop, Fiat Chrysler Automobiles outperformed the market. In fact, its sales rose by 0.14%, with a 25.8% market share. FCA's performance was driven by the FIAT brand, which was up 25.8%, and Jeep, which saw its sales increase by 107%.

35. Proposed profit allocation

The financial statements as of and for the year ended 31 December 2019, which we submit for approval to the Shareholders, reported a net profit of €81,493,940.

In addition to the approval of the 2019 accounts, it is recommended that net profit be allocated as follows:

Net profit for the year	Euro	81,493,940
- 5% to the legal reserve, as rounded off to	Euro	4,074,697
- the remaining amount to "Retained earnings (accumulated losses)"	Euro	77,419,243

Turin, 17 February 2020

On behalf of the Board of Directors
The **Chief Executive Officer**
(Alberto Grippo)

LEASYS S.p.A.

Sole-Shareholder Company

Direction and Coordination under article 2497 bis:

FCA Bank S.p.A.

Registered Office: Turin – C.so Agnelli 200

Share Capital: €77,979,400 fully paid-in

Entered in Turin Companies Register

Companies Register number and Tax Code 08083020019, VAT number 06714021000

Turin Economic and Administrative Index number 960.205

REPORT OF THE BOARD OF STATUTORY AUDITORS

To the general meeting of shareholders convened to approve the financial statements as of and for the year ended 31 December 2019

(pursuant to article 2429 of the Italian civil code)

To the Shareholder of LEASYS S.p.A.,

The Board of Statutory Auditors hereby reports on the activity performed to fulfil its duties and on the results for the financial year and comments on the financial statements as of and for the year ended 31 December 2019, in keeping with the provisions of article 2429 of the Italian civil code.

The Company elected not to prepare its consolidated financial statements, as permitted by article 27, paragraph 3 of Legislative Decree no. 127 of 9 April 1991, as the parent company, FCA Bank S.p.A., headquartered in corso Agnelli 200, Turin, consolidates its financial statements and has them audited.

ACTIVITIES PERFORMED IN CONNECTION WITH THE OVERSIGHT FUNCTIONS

In the year ended 31 December 2019, the Board of Statutory Auditors acted in accordance with articles 2403 et seq. of the Italian civil code, ensuring – on the basis of its inspection and control powers – compliance with the law and the Articles of Association and adherence to best practices as well as, in particular, that the organizational, administrative and accounting system adopted by the Company is adequate and functioning effectively.

The oversight activity has been performed bearing in mind the “Principles of Conduct of the Board of Statutory Auditors” recommended by the governing body of the Italian accounting profession (“CNDCEC”)

Oversight of compliance with the Laws and the Articles of Association

Pursuant to article 2405 of the Italian civil code, we participated in the meetings of the Board of Directors and the General Meetings of Shareholders, which have always been convened and held in accordance with the Laws and the Articles of Association.

These meetings and general meetings have been carried out in accordance with the Articles of Association, laws and regulations that govern their proceedings and, as such, it is reasonable to assume that the relevant resolutions were compliant with the Law and the Articles of Association.

We participated in the General Meetings of Shareholders and the meetings of the Board of Directors, receiving from the Directors information on the activities carried out as well as on the Company’s performance and outlook.

We continued to perform audits, to ensure continuing compliance with the Laws, the Articles of Association and best practices and verified, directly and indirectly, the timely fulfilment of certain administrative, corporate and tax obligations.

We obtained information mainly from administrative and other operational staff.

We asked regularly the Compliance Officer and the Supervisory Board under legislative decree 231/01 for a summary of the respective activities and the most significant aspects brought to light by such activities.

We interacted with the audit firm of EY S.p.A., which is responsible for verifying that the accounting records are kept properly and that transactions are recorded correctly, in a process involving mutual information exchanges.

There were no reports of irregularities pursuant to article 2408 of the Italian civil code and there were no cases under articles 2406 and 2409 of the Italian civil code or cases that required further investigation by the Board of Statutory Auditors or that should be mentioned in this report.

Oversight of adherence to best practices

During the financial year just ended:

- We obtained information on the Company's performance and outlook as well as on the main transactions and their impact on the Company's financial condition, operating performance and cash flows;
- We did not see any atypical or unusual transaction based on meetings with the Board of Directors and with the heads of the various departments;
- We found that, to pursue its internationalization plans and the diversification of its long-term rental activities, the Company:
 - established, on 6 November 2019, Clickar S.r.l., subscribing to, and making a cash payment of €200,000 for, 100% of its share capital;
 - acquired, on 20 November 2019, full ownership of Leasys Polska sp.zp.p. for €13,500,000 from FCA Bank S.p.A.;
- We verified that the Board of Directors fulfilled all its obligations under the law.

In 2019, Leasys S.p.A. continued to pursue its internationalization plans, including through the consolidation of its long-term rental activities in France, Spain, Germany, United Kingdom, Belgium and Netherland as well as with the opening in December 2019 of its seventh branch in Warsaw, Poland. It can be reasonably assumed that the actions taken by the Company's Board of Directors are compliant with the law and the Articles of Association and are not manifestly imprudent, reckless, in conflict of interest or in contrast with the resolutions adopted by the Body of Shareholders or such as to jeopardize the Company's assets. In particular, the decision-making process implemented by the Board of Directors appeared to be duly inspired by the principle of informed action.

Oversight of the adequacy of the organizational structure and its functioning

We had knowledge and oversaw the functioning and adequacy of the Company's organizational structure, including by gathering information from the heads of departments. To that end, there are no observations to bring to your attention.

Oversight of the adequacy of the administrative and accounting system and its functioning

We evaluated and oversaw the adequacy of the administrative and accounting system, as well as the reliability of such system in providing a true and fair view of Company transactions, by obtaining

information from the department heads and reviewing corporate records. To that end, there are no observations to bring to your attention

The periodic audits performed in 2019 did not bring to light any criticalities in the functioning of the internal control system which, in the Board of Statutory Auditors' opinion, should be considered sound and reliable as a whole.

OPINION ON THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2019

We reviewed the financial statements as of and for the year ended 31 December 2019, and the following are our comments.

First of all, it is noted that responsibility for the preparation of the financial statements rests with the Board of Directors of Leasys S.p.A., pursuant to article 2423 of the Italian civil code, while our responsibility is to express a professional opinion on such financial statements.

The accounting records and the financial statements were audited, pursuant to article 13 of legislative decree no. 39/2010, by the audit firm of EY S.p.A., with which periodic contacts were maintained to exchange data and information of significance for the respective duties. These contacts did not reveal any problems that should be mentioned in this report.

LEASYS S.p.A.'s financial statements as of and for the year ended 31 December 2019 consist of the balance sheet, the income statement, the cash flow statement and the notes, were prepared and approved by the Board of Directors and were duly submitted to the Board of Statutory Auditors in accordance with the law, together with the Report on Operations.

The financial statements as of and for the year ended 31 December 2019, which are submitted for your approval, show a net profit of €81,493,940. The tables below contain key operating and financial data (in euros):

Income statement			
Description / Year	2019	2018	Changes
Value of production	903,236,534	762,579,231	18.4%
Production costs	809,877,026	674,805,876	20.0%
Difference between value of production and production costs	93,359,508	87,773,355	6.4%
Financial income (expense), net	(18,148,428)	(14,326,082)	26.7%
Impairment of financial assets	(399,513)	0	N/C
Pre-tax profit	74,811,567	73,447,273	1.9%
Income tax for the period	6,682,374	11,078,674	-39.7%
Net profit (Loss) for the period	81,493,940	84,525,948	-3.6%

Balance sheet			
Description / Year	2019	2018	Changes
Intangible assets	21,311,211	19,644,534	8.5%
Tangible assets	2,688,622,467	2,091,688,873	28.5%
Long-term financial assets	99,439,768	86,009,150	15.6%
Total non-current assets	2,809,373,446	2,197,342,556	27.9%
Current assets	881,492,753	780,776,782	12.9%
Accrued income and deferred expenses	125,632,080	101,165,448	24.2%
TOTAL ASSETS	3,816,498,279	3,079,284,786	23.9%
Shareholders' equity	273,775,856	195,479,709	40.1%
Provisions for risks and charges	15,149,755	11,755,687	28.9%
Employee severance fund	2,457,681	2,525,277	-2.7%
Payables	3,434,053,203	2,796,642,243	22.8%
Accrued expenses and deferred income	91,061,784	72,881,870	24.9%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,816,498,279	3,079,284,786	23.9%

As we are not responsible for auditing the financial statements and for reviewing in detail the contents of the financial statements, we oversaw the general approach to their preparation, their compliance with the law, as far as their formation and structure are concerned and, to that end, we have no special issues to report.

In particular, regarding the balance sheet and the income statement, it is noted that:

- The structure of both are in keeping with articles 2424 and 2425 of the Italian civil code;
- The single items of the Balance Sheet are in keeping with article 2424-bis of the Italian civil code;
- Revenues, income, costs and charges have been recognized in the income statement keeping with article 2425-bis of the Italian civil code;
- Each amount is shown with the comparable year-earlier amount.

During the year, it was not necessary to express consents pursuant to article 2426, paragraph 1, sub-paragraphs 5 and 6 of the Italian civil code.

To the best of our knowledge, in preparing the financial statements as of and for the year ended 31 December 2019, the Board of Directors did not depart from the provisions of article 243, paragraph 4 of the Italian civil code.

In accordance with articles 2423 and 2423 bis of the Italian civil code, the financial statements have been prepared under the going concern assumption, in keeping with the principles of prudence and

relevance and the accrual basis of accounting, ensuring that the substance of a transaction or a contract prevailed over form.

Regarding the Notes to the financial statements, the Board of Statutory Auditors acknowledges that they were prepared in accordance with the mandatory guidelines of article 2427 of the Italian civil code.

The Notes to the financial statements are an exhaustive supplement to the information provided by the Balance Sheet and the Income Statement.

We also checked that the Report on Operations was in keeping with the applicable laws and, also in this respect, we have no issue to report. We think that the information provided in the Notes to the financial statements and the Report on Operations are consistent with the applicable laws and provide a true and fair view of the Company's situation, performance and outlook.

LEASYS S.p.A. is operationally autonomous and follows the operational and strategic guidelines set out by the parent company, FCA Bank S.p.A., which directs and coordinates its business pursuant to article 2497 of the Italian civil code.

Such direction and coordination activity produces positive effects for the Company and its results, as it allows it to achieve economies of scale, to use skills and specialized capabilities of rising qualitative levels and to focus its resources on the management of the core business.

In particular, such strategic and operational guidelines translate into financial, human resource and communication management policies. Moreover, Group coordination involves centralized treasury management and internal audit activities.

Dealings with the parent company and with companies under the parent's common control, which were analysed previously, involve the provision of services. All the relevant transactions have been carried out in the interest of the Company, in the course of its normal operations and take place at arm's length, that is at the price agreed upon by two independent parties.

In accordance with articles 2428, paragraph 3, sub-paragraph 2, and 2497-bis, last sub-paragraph, of the Italian civil code, the Report on Operations prepared by the Board of Directors indicates correctly the transactions with the other Group companies and the effects of the transactions with the parent company and the companies under the parent's common control on the financial condition, operating results and cash flows, including through a reference in the Notes to the financial statements. The Notes to the financial statements include the information under article 2497-bis of the Italian civil code, in the form of a summary table of key financial and operating data from the latest financial statements of FCA Bank S.p.A. prepared in keeping with IAS/IFRS.

The report of the audit firm of EY S.p.A. provides a positive opinion on the true and fair view of the financial statements as of and for the year ended 31 December 2019 of LEASYS S.p.A., in keeping with the rules governing their preparation. In addition to specifying the responsibilities of the Board of Directors, EY S.p.A.'s report, which has been prepared in the broadest form possible, refers in general terms also to the public interest entities under legislative decree 39/2010 – which do not include LEASYS S.p.A. – where the Boards of Statutory Auditors are called upon to act also as internal control and audit committees.

Other information

The Report on Operations and the Notes to the financial statements provided sufficient information on the more important events that marked the business, on the operating performance, on investments and on employment data.

In the Board of Statutory Auditors' opinion, the financial statements under review were prepared overall with clarity and provide a true and fair view of the of the financial condition, operating results and cash flows of LEASYS S.p.A. as of and for the year ended 31 December 2019, in accordance with the rules governing their preparation.

The Company considered post-balance-sheet events until 17 February 2020, the date of approval of the financial statements by the Board of Directors. In particular, in January 2020, bucking the trend that saw a drop of 5.9% in new car registrations for the market as a whole, Fiat Chrysler Automobiles' sales rose by 0.14%, with the performance driven mainly by the FIAT brand (+ 5.6%).

CONCLUSIONS

In concluding this report, we acknowledge that the oversight activity in financial year 2019 was normal and did not bring to light any event worth mentioning in this report.

Based on the above, and considering that the audit of the financial statements by EY S.p.A. did not reveal any deficiencies, the Board of Statutory Auditors hereby provides clearance for the approval of the financial statements as of and for the year ended 31 December 2019 of LEASYS S.p.A., as prepared by the Board of Directors.

The Board of Statutory Auditors also acknowledges that the allocation of the net profit of €81,493,940.00 proposed by the Board of Directors is compliant with the Law and the Articles of Association.

Turin, 03 March 2020

THE BOARD OF STATUTORY AUDITORS

Chairman Giorgio CAVALITTO

Standing Statutory Auditor Luca AMBROSO

Standing Statutory Auditor Ottavio DE MARCO

Leasys S.p.A.

Financial statements as at 31 December 2019

Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010

Independent

auditor's report pursuant to article 14 of Legislative Decree n. 39,
dated 27 January 2010

(Translation from the original Italian text)

To the Sole Shareholder of
Leasys S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leasys S.p.A. (the Company), which comprise the balance sheet as at December 31st, 2019, the income statement and statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31st, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

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 our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the 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, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and 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 have 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 have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 consider this matter in forming 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 have 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 have 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 identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Leasys S.p.A. are responsible for the preparation of the Report on Operations of Leasys S.p.A. as at December 31st, 2019, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of Leasys S.p.A. as at December 31st, 2019 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of Leasys S.p.A as at December 31st, 2019 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Torino, 2 March 2020

EY S.p.A.

Signed by: Stefania Boschetti, partner

This report has been translated into the English language solely for the convenience of international readers.