ANNUAL REPORT 2022

CRÉDIT AGRICOLE

Crédit Agricole Italia Banking Group

REPORT AND FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2022

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FOREWORD BY THE CHAIRMAN

For the Italian economy 2022 proved an overall good year, despite the uncertain scenario, with the **GDP growth** (+3.9%) outperforming not only expectations but also the EMU average growth (+3.5%). This performance was powered by investments, a driver of the Italian economy, which, together with consumption of resident households and stable export results, supported aggregate demand. Growth was achieved in a less than simple scenario, with 2022 being impacted both by the effects of the Russia-Ukraine war, which determined dysfunction in the global value chains, and by hiking inflation; in such a scenario **Central Banks** did not fail to respond resolving significant and fast increases in key interest rates in order to control prices.

The **banking system** continued to meet demand for loans by households and businesses throughout the year. In 2022 profitability increased across the board for all Italian Banks, along with very strong fundamentals featuring virtuous levels of capitalization and loan quality in line with the EU average, fit to handle complex scenarios without suffering repercussions.

In 2022 the reform and investment projects in Italy's Recovery and Resilience Plan, which started in 2021, continued to be implemented under the Next Generation EU programme. The Plan's success will be crucial in order for Italy to win the challenges posed by the digital and ecological transition which is a must for all sectors of the economy no one excepted. Specifically, for banks and financial intermediaries, investments in technology and effective management of risks, including those associated with climate change, are key factors in order to increase the quality of their services, to improve profitability and, ultimately, to provide the economy with the support it needs.

In this scenario, **Crédit Agricole Italia S.p.A.** proved able to generate profits, as it did in the previous years, thanks to its balanced and diversified business model. 2022 consolidated net income stood at **559 million Euro**. The net profit stood at 433 million Euro excluding extraordinary and non-recurring elements (+22% YoY adjusted). Thanks also to the continuous increase in synergies, the set of the entities of **Crédit Agricole in Italy** posted an aggregate net profit of Euro 1,097 million (up by +11% YoY) and loans to the economy coming to Euro 99 billion.

CA Italia's **capital strength** was proved by its Common Equity Tier 1 at 13% and its Total Capital Ratio at 18.3%, with its capital well above the minimum requirements assigned by the ECB. Furthermore, Moody's confirmed its rating of Crédit Agricole Italia, the highest one in the Italian banking system. The market showed its appreciation for CA Italia's reliability during the first issue of Covered Bonds in 2022, for which the received orders exceeded by far the set amount.

The Group's dynamism substantiated in many actions aimed at supporting the economy. After the hardest phases of the pandemic, the productive and social fabric had to face surging costs of energy and commodities. To that effect, Crédit Agricole Italia S.p.A. deployed an extraordinary plan to provide support to households and businesses, with **16 billion Euro** allocated to initiatives such as the suspension of payment of mortgage loan instalments and measures to encourage ESG investments, which are essential to foster energy independence and economic recovery. In addition, agreements were signed with the main trade associations.

2022 was very distinctive also for the Group's engagement in providing support to the regions it operates in – always working side by side with its shareholder foundations – as well as in the fields of sustainability and initiatives to enhance the potential of young people and its personnel.

The geographical footprint of Crédit Agricole Italia S.p.A. was further strengthened with the absorption of Crédit Agricole FriulAdria, which was finalized in late November 2022. With that absorption, which followed the one of Creval, the "Single Bank" project was successfully completed.

CA Italia's attention to the environment and to an ethical way of doing business translated into the extension of its initiatives in the field of **Sustainability**, with special focus on three collective mobilization matters: acting sustainably for the climate and the transition to a low carbon emissions economy; strengthening social cohesion and inclusion; contributing to agrifood transition. Specifically, the Group revised its Lending Policies, which were supplemented with ESG factors and limits to financial support to players operating in sectors that are "sensitive" for the environment (Coal, Asbestos, Shale Oil&Gas).

These initiatives were joined by commitment to the new generations, our future. Out of the about **700 hires** in 2022, 620 were young people under 35. Furthermore, the Group achieved the Top Employer certification for the fourteenth year in a row and deployed many initiatives for its personnel, such as extending parental leave for fathers to 20 days in 2023, which will then increase to 28 in 2024. In the Diversity&Inclusion and ESG scopes, the "Charter of Respect" was updated and some very significant projects were developed for the promotion of the value of diversity and equal opportunity at work.

Last but not least, Crédit Agricole Italia S.p.A. continued to implement innovative services for complete omnichannel operations, a competitive driver in the market, with its digitalized customers hitting 80% and its customer satisfaction ranking at the top of the Italian banking system. This drive to innovation also substantiated in the continuous growth of the Italian **Le Village** innovation hubs: resident startups are now 150 as the total of Le Villages in Milan, Parma and Padua – the one in Padua was opened in September 2022 –, which now command renown as drivers of innovation in the respective regions and nationwide.

The 2022 Annual Report gives evidence of the leading role that Crédit Agricole Italia S.p.A. plays for Italy's economic and social fabric. The work of its personnel, its strength and its being part of a big international group have enabled us to safely overcome the economic challenges of these last few years, while also laying the foundations for future success thanks to investments in innovation, respect for the environment and human capital. Indeed, we do believe that they are essential factors in order to continue to be a virtuous point of reference for the regions we operate in and for society.

The Chairman
Ariberto Fassati

CORPORATE OFFICERS AND INDEPENDENT AUDITORS

Board of Directors

CHAIRMAN

Ariberto Fassati

DEPUTY-CHAIRPERSONS

Annalisa Sassi

Olivier Gavalda(^)

CHIEF EXECUTIVE OFFICER

Giampiero Maioli(*)

DIRECTORS

Evelina Christillin(°)

Anna Maria Fellegara(°)

Lamberto Frescobaldi Franceschi Marini(°)

Christine Gandon

Nicolas Langevin

Hervé Le Floc'h(*)

Michel Le Masson(*)

Michel Mathieu(*)

Gaëlle Regnard(*)

Marco Stevanato(°)

(^) In office since 23 March 2023
(*) Members of the Executive Committee
(°) Independent Directors

Board of Auditors

CHAIRMAN

Luigi Capitani

STANDING AUDITORS

Maria Ludovica Giovanardi

Francesca Michela Maurelli

Germano Montanari

Enrico Zanetti

ALTERNATE AUDITORS

Alberto Guiotto

Chiara Perlini

General Management

CO-GENERAL MANAGER

Roberto Ghisellini

RETAIL BANKING AND DIGITAL DEPUTY GENERAL MANAGER

Vittorio Ratto

RISK AND COMPLIANCE DEPUTY GENERAL MANAGER

Giliane Coeurderoy

MANAGER IN CHARGE OF THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS

Pierre Débourdeaux

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

KEY FIGURES

Income Statement highlights (thousands of Euro)[a]	2022	2021	2020
Net operating income	2,579,180	2,526,932	1,893,822
Operating margin	917,978	859,697	653,940
Net profit (loss)	432,612	354,650	206,174

Balance Sheet highlights (thousands of Euro)	2022	2021	2020
Loans to Customers	75,995,595	77,799,539	58,306,963
Of which government securities measured at amortized cost	*11,667,781*	*12,806,752*	*8,070,821*
Funding from Customers	72,184,520	74,682,621	54,959,033
Indirect funding from Customers	87,172,475	93,403,923	75,425,320

Operating structure	2022	2021	2020
Number of employees	12,671	13,096	9,740
Number of branches	1,123	1,230	871

Profitability, efficiency and credit quality rations/indicators	2022	2021	2020
Cost[b]/income ratio	60.7%	62.1%	61.2%
Net income[c]/Average equity (ROE)	5.8%	5.3%	3.2%
Net income[c]/Average tangible equity (ROTE)	7.4%	7.0%	4.5%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio) - With recognition of POCI assets	3.3%	3.3%	5.8%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio) - Without recognition of POCI assets	4.0%	4.6%	5.8%
Net non-performing exposures/Net loans to customers (net NPE ratio)	1.8%	2.1%	3.0%
Total adjustments of non-performing loans /Gross non-performing loans - With recognition of POCI assets	46.9%	38.2%	51.2%
Total adjustments of non-performing loans /Gross non-performing loans - Without recognition of POCI assets	56.5%	53.4%	51.2%

Capital ratios	2022	2021	2020
Common Equity Tier 1 ratio	13.0%	11.6%	14.0%
Tier 1 ratio	15.3%	13.9%	16.6%
Total capital ratio	18.3%	17.2%	19.7%

(a) 2020 data net of goodwill adjustments.
2021 adjusted data and 2022 data net of non-recurring components as per the reclassified financial statements given and commented on page 40.

(b) Ratio calculated excluding ordinary and extraordinary contributions to support the banking system and non-recurring expenses.

(c) Profit net of non-recurring effects. 2022 non-recurring effects regarded Creval integration expenses and tax items resulting from the realignment of tax bases to carrying amounts.)(a) In 2021 non-recurring effects were mainly associated with the completion of the Purchase Price Allocation process following Creval, purchase, the generational turnover project, adjustments of non-performing loans subsequent to the disposal of NPLs via securitization backed by the Italian State Guarantee on Securitization of NPLs (GACS), the development in the Group's assessment policies and the recognition of extraordinary tax items (DTAs emerging from the business combination and realignment of tax bases to carrying amounts). 2020 non-recurring effects regarded impairment on goodwill.

SIGNIFICANT EVENTS

JANUARY

Crédit Agricole Italia and Confartigianato Imprese signed a national agreement supporting the ecological and digital transition of enterprises, with an allocated amount of 50 million Euro to finance projects for green and circular economy investments, with innovative financial solutions also in the scope of Italy's Recovery and Resilience Plan, consistently with the Group's ESG vocation.

Crédit Agricole Italia successfully **finalized the first issue of Covered Bonds in the Italian market in 2022**.
The orders received for the CBs issued amounted to over 2 billion Euro, by far above the set amount, giving evidence of the market's appreciation for and trust in the Group.

For the 14th year in a row, Crédit Agricole Italia achieved the Top Employers certification.

Crédit Agricole Italia and Confagricoltura strengthened and innovated their agreement **support growth and development of the enterprises in the agricultural sector.**

FEBRUARY

From the Crédit Agricole Green Group Life a **28° Assiom Forex Congress**.

Crédit Agricole Italia was no. 2 in Italy in the **Potentialpark Talent Communication Rankings**, which assesses attractiveness for young people in web and social media communication, while being once again no. 1 among Italian banks.

MARCH

From the Crédit Agricole Green Group a **solidarity fund of 10 million Euro to support Ukrainian citizens**.

A **nationwide fundraising campaign was promoted by the companies of the Crédit Agricole Group in Italy supporting Save the Children to help Ukrainian children** hit by the war underway.

The **Basket Bond programme** was launched fostering issues of mini-bonds by SMEs and Small-Mid Caps operating in the Agrifood and Agri-industrial sectors to support their projects for growth.

Crédit Agricole Italia won, for the second year in a row, the **2022 ABI award** in the **Corporate category with "Sustainable Evolution"**. The Group gave once again evidence of its commitment to the world of enterprises and to sustainability thanks to its full-range approach to the ESG scope, being not only a lender but also a partner able to provide specialist advisory services and to identify practical and effective solutions to assist its customers on their sustainable transition paths.

Save the Children launched the **"Digital Connections" three-year project**. Thanks to its partnership with the Crédit Agricole Group in Italy, 6,000 students and 250 teachers from 100 lower secondary schools throughout Italy could be involved in order to improve the digital skills and digital active citizenship of boys and girls.

APRIL

The Crédit Agricole Group in Italy won several of the **Milano Finanza Global Awards**.

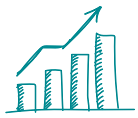
The Crédit Agricole Italia Banking Group also took the podium for:

- *The Leone D'oro category: the best institutional communication in its public tender offer for Creval.*
- *Accenture/Milano Finanza Innovation Award category: "Non Solo Impresa", a project the was awarded a prize in the Financial Services category.*
- *Best Banks category: Crédit Agricole FriulAdria was awarded as the best bank in the Friuli Venezia Giulia Region.*

#LinkedInTopCompanies: Crédit Agricole Italia inserita tra le 25 aziende più attrattive nel panorama italiano per sviluppare la propria carriera professionale.

The Group renewed its cooperation with AGIA, the Young Farmers Association of the Italian Farmers Federation, in order to provide the member young farmers with loans backed by ISMEA or FGC guarantees for the purchase of plots of land and/or for structural and environmental improvements aimed at long-term sustainability.

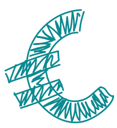
In order to support the growth of enterprises and the development of new business activities from a sustainability perspective to protect the environment, in cooperation with the Emilia Romagna Region, Crédit Agricole Italia made loans at subsidized interest rates available to the enterprises based in the Region.



In late April, the **merger of Creval into Crédit Agricole Italia was successfully completed**.

The partnership with Elis for the School Project was enhanced, which involved over 1900 students in 13 Italian cities in order to increase their awareness about future matters with special focus on sustainability and D&I and to provide them with guidance in their training and occupational orientation.

MAY

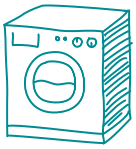


Crédit Agricole Italia and Confartigianato Imprese supported the Italian economic-entrepreneurial fabric nationwide structuring a shared action plan aimed at assisting artisans and craft trade micro and small enterprises in an economic phase featuring the ongoing international crisis, allocating an amount of 50 million Euro for loans and designing a set of bespoke solutions having immediate effect.

JUNE

Crédit Agricole was awarded the "**Premio dei Premi" National Prize for Innovation**, as it stood out in the Italian banking arena thanks to "**Non solo Impresa**" and "**Evoluzione Sostenibile**", two projects whereby the Group has redefined its relational model for enterprises, going beyond the traditional role of financial partner and stepping up also as an enabler providing distinctive, tangible and effective solutions.

→ JULY

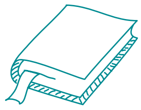


Award to our Group within the "**Disability Matters Europe**" 2022 event for its activity in the "Diversity & Inclusion" scope and for its social commitment substantiated with initiatives involving the communities and the empowerment of people with disabilities, such as our "**Lavanderia Solidale**" project.

→ SEPTEMBER

Crédit Agricole Italia proved again its tangible commitment to enterprises joining **SACE Garanzia SupportItalia**, a tool provided for in the Aid Decree in order to support enterprises that suffered economic repercussions caused by the Ukrainian crisis and by the higher energy costs.

Le Village by CA Triveneto was opened, which is the green open innovation ecosystem promoted by Crédit Agricole pursuing the goal of innovating the business model of the partner enterprises and of speeding up the development of new startups within 6 sustainability goals in the UNO's 2030 Agenda.



Volontari di Valore, the corporate volunteer work project of Crédit Agricole Italia in cooperation with Legambiente, operated in 2022 in 12 cities with over 150 volunteers who picked up more than 725 kg of waste. The result of an important commitment to increasing the awareness and taking action for environment protection!

→ OCTOBER

Crédit Agricole Italia rolled out a 16 billion Euro plan to provide households and businesses with support in this phase of high costs of energy and commodities. Some of the plan initiatives are: suspension of payment of mortgage loan and loan instalments, origination of subsidized interest rate loans to households and loans to SMEs, solutions to finance ESG investments aimed at boosting energy independence.

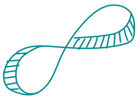
Crédit Agricole Italia was the main sponsor of Ride the Dreamland, a four-day cycling tour organized in the Veneto Region by PP Sport Events, a firm owned by former professional cyclist Filippo Pozzato.

The Group was a partner of "**Run For Inclusion**", the first non-competitive run to support the values of uniqueness, inclusion and sustainability.
The Run For Inclusion opened the **Month of Diversities**: 5 weeks of events, training and engagement initiatives to reflect together on diversity and inclusion matters linked by the "Enhancing uniqueness" common thread, consistently with our People Project.

Crédit Agricole Italia participated in "**4 weeks 4 inclusion**", for the first year, together with the entities of the Crédit Agricole Group in Italy, with an event on Care Work.

4 WEEKS
4 INCLUSION

NOVEMBER



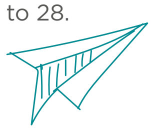
The Group received a prize at Palazzo Mezzanotte during the Private Banking Awards events. Crédit Agricole Italia was awarded the **Innovative & Sustainable Strategies Prize** for its constantly renewed range of products and services, providing customers with the quality of services of a big international Group thus enabling them to reach their financial goals thanks also to sustainable investing opportunities that are possible through its cooperation with Crédit Agricole Vita.

Crédit Agricole Italia was awarded a prize by Lifeed as a Caring company®, which acknowledges firms that enhance the work-life synergy, have a caring leadership model in force and can continuously put people with their diversities at center stage.

The **integration of Crédit Agricole FriulAdria into Crédit Agricole Italia** was successfully completed.

DECEMBER

Crédit Agricole Italia extended the leaves granted by the law to fathers in order to enhance the parental role and foster work-life balance. Starting from 2023 fathers will be entitled to a total of 20 days of 100% paid parental leave, which, from 2024, will be increased to 28.



The "What can you do with 100€?" Wealth Management campaign was awarded the prize for **The best Advertising Campaign** at the 54th Key Award event, in the Finance, Insurance and Large Retail category.

The Group launched **Crédit Agricole for Dream**, an effective tool to support 12 innovative projects in the field of environmental sustainability and social inclusion fields nationwide, in cooperation with and with the support of its 5shareholder Foundations: Fondazione Cariparma, Fondazione Carispezia, Fondazione S. Miniato, Fondazione Piacenza e Vigevano and Fondazione Lugo. 157 applications were received (128 associations, 19 social cooperatives, 5 foundations, 5 social enterprises).

THE CRÉDIT AGRICOLE GROUP

1°

- Retail Bank in Europe
- Asset Manager in Europe
- Insurer in France
- Provider of financing to the European economy

KEY FIGURES

53
million customers

47
Countries

147,000
employees

7.9 Bln€
Underlying net income

167.3%
Liquidity Coverage Ratio

17.6%
CET 1 Ratio

RATINGS

A+	Aa3	A+	AA(low)
S&P Global Ratings	Moody's	Fitch Ratings	DBRS

THE CRÉDIT AGRICOLE GROUP IN ITALY

Top 3
Player in the Italian consumer finance

3°
Asset manager in Italy

2°
CRI in Italy*

KEY FIGURES

5.5
million active customers

98.5 bln€
in loans

Approx. 17,000
employees

1,097 mln€
net income

317.5 bln€
total funding

4,365 mln€
revenues

* Strategic Customer Recommendation Index of Crédit Agricole Italia among universal banks.

THE PRODUCTS AND SERVICES OF THE CRÉDIT AGRICOLE GROUP IN ITALY

THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

The **Crédit Agricole Italia Banking Group** is a proximity banking player that covers all market segments, thanks to its distinctive positioning based on Customer centrality.

Over 2.7
million customers

Over 12,600
employees

433 Mln€*
net income - Group share

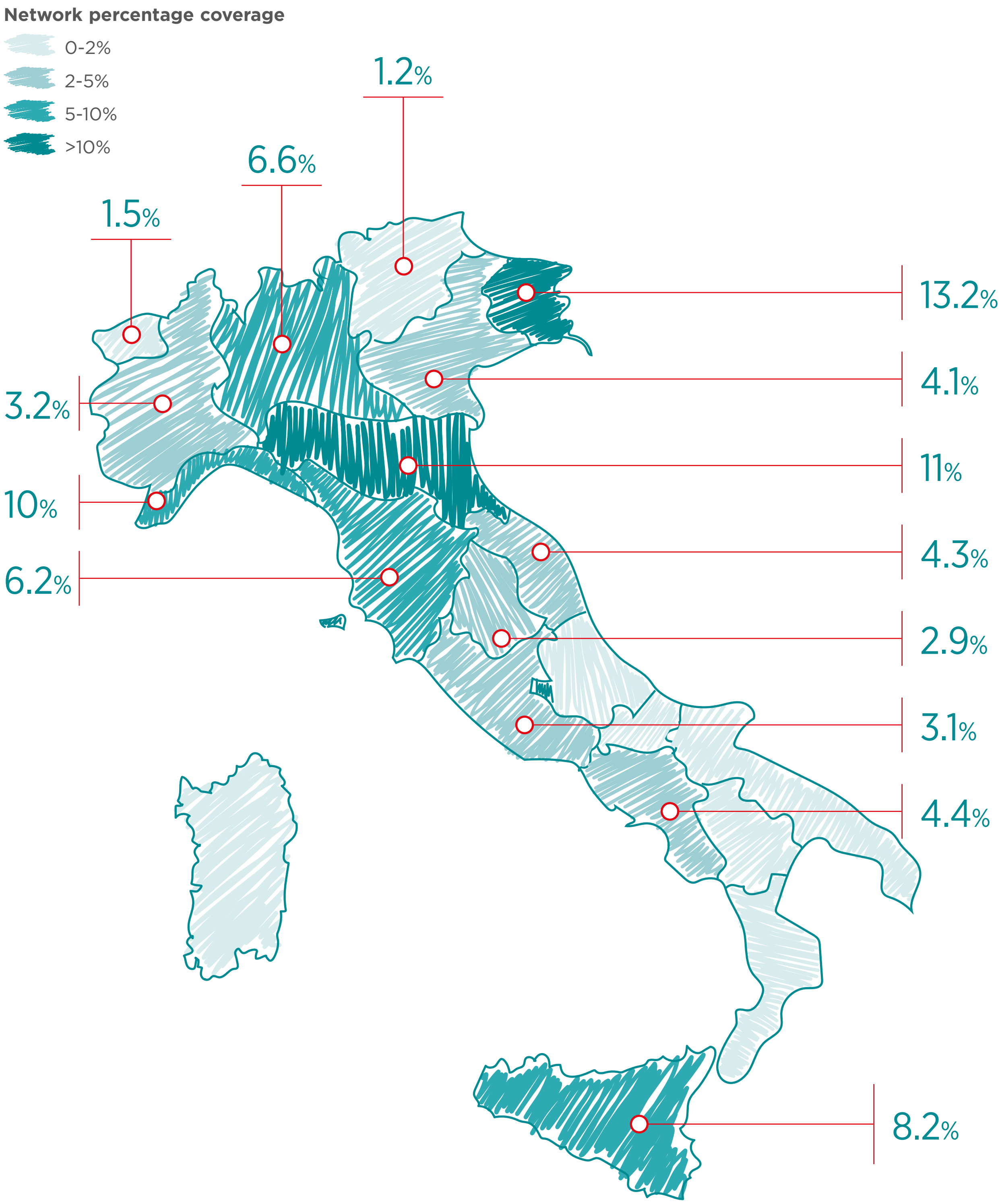
2.6 Bln€
net operating revenues

Over 1,300
points of sale

64.3 Bln€**
total loans

* Excluding non-recurring effects; 559 Mln€ including non-recurring effects.
** Excluding government securities at amortized cost.

BRANCH NETWORK PERCENTAGE COVERAGE BY REGION



CRÉDIT AGRICOLE

The Parent Company of the Crédit Agricole Italia Banking Group, it is one of the leading Italian banks, is strongly rooted in Italy and originated from local banks.

CRÉDIT AGRICOLE
LEASING

The Crédit Agricole Italia Banking Group's leasing entity. Crédit Agricole Leasing Italia **operates in the equipment, vehicle, real estate, seacraft and aircraft and renewable energy financial leasing segments. At the end of 2022, the loan portfolio amounted to Euro 2,769 billion.**

CRÉDIT AGRICOLE
GROUP SOLUTIONS

Consortium company of the Crédit Agricole Italia Banking Group is in charge of all activities relating to **Operational Processes, Information Systems, Technical Logistics, Safety and Security, Business Continuity, Purchases and Real Estate Management, as well as Human Resources Administration.**

Crédit Agricole Italia Banking Group

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2022

FINANCIAL HIGHLIGHTS AND ALTERNATIVE PERFORMANCE MEASURES

Income Statement highlights[(a)] (thousands of Euro)	31 Dec. 2022	31 Dec. 2021[(b)]	Changes	
			Absolute	%
Net interest income	1,310,650	1,239,446	71,204	5.7
Net fee and commission income	1,218,951	1,223,326	-4,375	-0.4
Dividends	13,356	11,421	1,935	16.9
Financial income (loss)	33,127	57,837	-24,710	-42.7
Other operating income (expenses)	3,096	-5,098	8,194	
Net operating income	2,579,180	2,526,932	52,248	2.1
Operating expenses	-1,661,202	-1,667,235	-6,033	-0.4
Operating margin	917,978	859,697	58,281	6.8
Cost of risk[(c)]	-311,426	-358,972	-47,546	-13.2
Of which net adjustments to loans	*-286,466*	*-339,890*	*-53,424*	*-15.7*
Creval consolidation difference (Badwill)	-	496,865	-496,865	-100.0
Net profit (loss) for the period attributable to the Parent Company	558,594	616,169	-57,575	-9.3
Profit (Loss) for the period net of non-recurring effects[(d)]	432,612	354,650	77,962	22.0

Balance Sheet highlights[(a)] (thousands of Euro)	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Loans to Customers	75,995,595	77,799,539	-1,803,944	-2.3
Of which government securities measured at amortized cost	*11,667,781*	*12,806,752*	*-1,138,971*	*-8.9*
Net financial assets/liabilities at fair value	189,662	196,292	-6,630	-3.4
Financial assets measured at fair value through other comprehensive income	3,520,018	4,115,240	-595,222	-14.5
Equity investments	33,197	45,151	-11,954	-26.5
Property, plant and equipment and intangible assets	2,855,365	2,918,176	-62,811	-2.2
Total net assets	90,800,715	90,398,911	401,804	0.4
Funding from Customers	72,184,520	74,682,621	-2,498,101	-3.3
Indirect funding from Customers	87,172,475	93,403,923	-6,231,448	-6.7
of which: asset management	*49,450,233*	*52,694,692*	*-3,244,459*	*-6.2*
Net due to banks	5,639,691	3,764,293	1,875,398	49.8
Equity	7,688,952	7,278,895	410,057	5.6

Operating structure	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Number of employees	12,671	13,096	-425	-3.2
Average number of employees[(e)]	12,132	12,369	-237	-1.9
Number of branches	1,123	1,230	-107	-8.7

(a) Income statement and balance sheet data are those restated in the reclassified financial statements shown on pages 40 and 53. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures.
(b) In order to ensure comparability of the data on the performance of operations in 2022 vs. 2021, the figures of the reclassified income statement as at 31 December 2021 were restated and adjusted to include Creval's profit or loss before the acquisition (January-April) and the effects of the final Purchase Price Allocation – PPA – as recognized in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021 and excluding non-recurring effects.
(c) The cost of risk includes provisioning for risks and charges, net impairment losses on loans and impairment losses on securities.
(d) 2022 non-recurring effects amounted to Euro 126 million, of which Euro -20.3 million in Creval integration expenses: net of tax and Euro 146.3 million for tax realignment.))(a) In 2021 non-recurring effects were mainly associated with the completion of the Purchase Price Allocation process following Creval, purchase, the generational turnover project, adjustments of non-performing loans subsequent to the disposal of NPLs via securitization backed by the Italian State Guarantee on Securitization of NPLs (GACS), the development in the Group's assessment policies and the recognition of extraordinary tax items (DTAs emerging from the business combination and realignment of tax bases to carrying amounts).
(e) The average number has been calculated as the weighted average of employees and atypical workers, where the weight is the number of months worked in the year; part-time personnel is conventionally weighted at 50%. The 2021 figure has been restated taking into account the average number of Creval's employees for 12 months.

Structure ratios[a]	31 Dec. 2022	31 Dec. 2021
Net loans/Total net assets	70.8%	71.9%
Direct funding from Customers/Total net assets	79.5%	82.6%
Asset under management/Indirect funding from Customers	56.7%	56.4%
Net loans/Direct funding from Customers	89.1%	87.0%
Total assets[c]/Equity	12.6	14.4

Profitability ratios[a]	31 Dec. 2022	31 Dec. 2021[b]
Net interest income/Net operating income	50.8%	49.0%
Net fee and commission income/Net operating income	47.3%	48.4%
Cost[d]/income ratio	60.7%	62.1%
Net income[e]/Average equity (ROE)[f]	5.8%	5.3%
Net income[e]/Average tangible equity (ROTE)[f]	7.4%	7.0%
Net income[e]/Total assets[c] (ROA)	0.4%	0.3%
Net income[e]/Risk-weighted assets	1.2%	1.0%

Risk ratios[a]	31 Dec. 2022	31 Dec. 2021[b]
Gross bad loans/Gross loans to Customers with POCI assets	0.8%	0.6%
Gross bad loans/Gross loans to Customers without POCI assets	1.0%	0.9%
Net bad loans/Net loans to Customers	0.2%	0.2%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio) with POCI assets	3.3%	3.3%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio) without POCI assets	4.0%	4.6%
Net non-performing exposures/Net loans to customers (net NPE ratio)	1.8%	2.1%
Net adjustments to loans/Net loans to Customers[g]	0.5%	0.5%
Cost of risk[h]/Income from operations	33.9%	41.8%
Net bad loans/Total Capital[i]	2.0%	2.3%
Total adjustments to non-performing loans /Gross non-performing loans with POCI assets	46.9%	38.2%
Total adjustments to non-performing loans /Gross non-performing loans without POCI assets	56.5%	53.4%
Total Impairments of performing loans/Gross performing loans	0.6%	0.6%

Productivity ratios[a] (in income terms)	31 Dec. 2022	31 Dec. 2021[j]
Operating expenses/No. of Employees (average)	137	135
Operating income/No. of Employees (average)	213	204

productivity ratios[a] (in financial terms)	31 Dec. 2022	31 Dec. 2021[j]
Loans to Customers/No. of employees (average)	5,302	5,254
Direct funding from Customers/No. of Employees (average)	5,950	6,038
Gross banking income[k]/No. Of employees (average)	18,438	18,844

Capital and liquidity ratios	31 Dec. 2022	31 Dec. 2021
Common Equity Tier 1[l]/Risk-weighted assets (CET 1 ratio)	13.0%	11.6%
Tier 1[m]/Risk-weighted assets (Tier 1 ratio)	15.3%	13.9%
Total Capital[i]/Risk-weighted assets (Total Capital Ratio)	18.3%	17.2%
Risk-weighted assets (Euro thousands)	35,709,777	34,456,466
Liquidity Coverage Ratio (LCR)	262%	277%
Net Stable Funding Ratio (NSFR)	133%	142%

(a) The Ratios are based on the balance sheet and income statement data of the reclassified financial statements shown on pages 40 and 53. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures.
(b) In order to ensure comparability of the data on the performance of operations in 2022 vs. 2021, the figures of the reclassified income statement as at 31 December 2021 were restated and adjusted to include Creval's profit or loss before the acquisition (January-April) and the effects of the final Purchase Price Allocation – PPA – as recognized in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021 and excluding non-recurring effects.
(c) Ratio calculated based on total assets as reported in the financial statement.
(d) Ratio calculated excluding ordinary and extraordinary contributions to support the banking system.
(e) Profit net of non-recurring effects.
(f) The ratio of net earnings to the equity weighted average (for ROTE net of intangibles).
(g) Ratio calculated net of the securities component. Figure as at 31 December 2021 net of the adjustments associated with the securitization of bad loans for a gross amount of €1.6 billion and with the evolution in the policies for measurement of non-performing loans.
(h) The cost of risk includes provisioning for risks and charges, net impairment losses on loans and impairment losses on securities.
(i) Total Capital: total regulatory own funds.
(j) The annual average figure of Creval employees was used.
(k) Loans to and receivables from Customers + Direct Funding + Indirect Funding.
(l) Common Equity Tier 1: Common Equity Tier 1.
(m) Tier 1: Tier 1 Capital.

MANAGEMENT REPORT TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE MACROECONOMIC SCENARIO AND THE FINANCIAL SYSTEM

THE INTERNATIONAL MACROECONOMIC SCENARIO IN 2022[1]

In 2022 the international economic scenario showed some slowdown after the strong rebound posted in 2021. The effects of the Russia-Ukraine war first and then the strong inflationary pressure increased the tensions that were already underway on the prices of many commodities, thus causing businesses to experience new difficulties in procurement. The combination of these factors, along with the zero-Covid policies enforced by China, negatively affected global value chains, causing the economic growth outlook to be revised downward worldwide, both for 2022 and for the following years: versus global growth estimated in April 2022 as being on average above 4%, growth was then estimated at about 3/3.5%.

Specifically, the macroeconomic scenario was strongly affected by the **Russian invasion** of Ukraine, which broke out in February and continued throughout the year. Not only did the aggression by Russia caused the population to suffer, but it also triggered strong repercussions on the economy, in Europe and beyond its borders. The war and the associated uncertainty considerably impacted business and household confidence. Responding to the war escalation, the Governments of the main Western Countries unanimously condemned the invasion and sided with the Ukrainian Government. The EU and the UK announced economic, financial and trade sanctions, which, initially, were imposed on Russian banks, individuals having personal and business interests tied to the Russian Government and high net worth, as well as trade sanctions imposed on the separatist regions of Ukraine, and were then extended to a wider perimeter. This caused tensions on commodity and energy prices, which hit the European Countries the hardest as they are the most dependent on imports from Russia, which, in their turn, generated inflationary pressure.

The growth trend in **inflation**, which started in H2 2021, picked up even further in 2022 reaching such high levels that triggered a response by Central Banks, which, after years of accommodative monetary policies, sped up towards a very restrictive approach aimed at price containment, and resolved significant and sudden increases in key interest rates, albeit to different extents.

The main cause of inflationary pressure, which was boosted by the material emergency measures, was the shock on the prices of commodities, driven by the higher prices of oil and raw materials, which impacted on the various phases of the pricing system. In Europe, the price of natural gas, after reaching its peak in August, decreased after the stockpiling goals were reached but remained high still, as oil prices decreased because of the general worsening in the economic scenario. On its part, the European Union also adopted price containment measures applying a cap on the prices of both Russian gas and oil, at 180 and 60 Dollars respectively.

In this macroeconomic scenario, **Europe** nonetheless showed several positive elements, which ranged from the unexpected resilience of domestic demand, to the robustness of the labour market, with households that contributed to maintaining propensity to save at higher levels than before the pandemic without affecting consumption, which remained essentially high. On the other hand, household and business confidence worsened, the symptom of expected weakness. Energy cost proved one of the critical points, especially

1 Prometeia, Forecast Report (December 2022). FMI, WEO Update January 2023.

for businesses, which continued to post a negative trend in received orders, albeit with some small signs of recovery in production expectations around the end of the year.

As a consequence of the stimulus plan deployed by the Biden Administration, in the **USA** the rise in inflation took place earlier than in Europe and, therefore, the Federal Reserve was the forerunner in the deployment of measures aimed at containing the increase in prices, achieving its slowdown as early as in the last months of 2022. The labour market continued to show excess demand, with that mismatch translating into pay increases, up by between 5% and 6%, whereby the decrease in purchasing power accumulated during the year could be offset partially only; this is the reason why the Federal Reserve clearly reasserted the need to continue to fight inflation, despite the encouraging signals emerged at the end of 2022.

In **China**, the GDP rebounding in Q3 offset its decrease in Q2, which was mainly caused by the restrictions imposed on the population in order to control the spreading of the pandemic, although its forward-looking growth has remained highly uncertain. The economic cycle indicators continued to hint at persistent weakness in domestic demand, which translated, amount other things, into lower absorption of products from abroad, restraining development in world trade.

Economic growth in 2022 has been estimated as uneven across developed Countries (+2.6%) and emerging Countries (+3.9%), although the latter were harder hit by the inflationary pressure and were affected by the Dollar appreciation caused by the restrictive monetary policy deployed by the Federal Reserve throughout the year. The Countries that are expected to post the best performances in terms of growth responding to the complex macroeconomic scenario include, besides China with +3.0% forecasted growth, the United Kingdom (+3.9% growth,albeit still below its pre-Covid levels) and, in the Euro Area (+3.4% growth), Spain (+4.6%) and Italy (+3.9%).

Monetary policies[2]

The shock on inflation caused by the increase in commodity prices triggered the response of Central Banks, which adjusted, except for the Bank of Japan (which remained the only one deploying an expansionary monetary policy), their programme for interest rate increase to a scenario featuring high inflation that was no longer temporary but rather persistent. Specifically:

- In 2022 the **Federal Reserve** hiked interest rates seven times, for a total increase of 425 bps (taking its key interest rates from the 0.0%-0.25% range in January 2022 to the 4.25-4.50% range in December 2022, the highest in the last 15 years), reasserting the need to keep a restrictive monetary policy stance until inflation is taken back to target ("*inflation on average at 2% over time*"). Those manoeuvres seemed to yield the first benefits in December 2022, when the USA inflation stood at 6.5%, after reaching its 9.1% peak in June 2022. Accordingly and due to the faster and more restrictive monetary policy deployed in the United States, the US Dollar considerably appreciated against the other currencies. In the reporting year (starting in May), the FED began to shrink its asset portfolio, at an initial pace of USD 47.5 billion a month and then at a faster pace of USD 95 billion, by not renewing the purchase of maturing securities;
- Following in the FED's footsteps, in order to fight inflation in the Euro Area, which, in October, posted a 10.6% growth, the **European Central Bank** considerably increased its key interest rates for four consecutive times in 2022,taking its main refinancing rate from 0% in January to 2.5% in December, while the rates on its marginal lending facility and on the ECB deposit facility were set at 2.75% and at 2.0% respectively in December 2022. Moreover, at its October meeting, the ECB Governing Council decided to change the terms and conditions applying to the remuneration of the third series of targeted longer-term refinancing operations (TLTRO III): effective as of 23 November, the interest rate applying to TLTRO III tranches was indexed to the average applicable key ECB interest rates over that period. Those changes generated essential indifference between financing sources, which caused some leading credit institutions to consider partial early repayments of TLTRO III loans. Furthermore, the ECB ended its Quantitative Easing, first discontinuing its *Pandemic Emergency Purchase Programme* (PEPP) in March and then its *Asset Purchase Programme* (APP) in July, while setting up an "anti-spread shield", the *Transmission Protection Instrument* (TPI), in order to counter fragmentation of the Euro Area bond markets;
- The **Bank of England** deployed a restrictive monetary policy in order to counter inflation growth, which reached +11.1% in October generating a recession risk. After the last interest rate hike of 50 bps in December 2022, the BoE's rate came to 3.5%, its highest since October 2008;

2 Source: Prometeia, Forecast Report (December 2022).

- Going against the trend of the other Central Banks' decisions, the **Bank of Japan** kept an ultra-expansionary monetary policy, leaving its key interest rate at its 2016 level (-0.1%), despite the growing inflation, because of which, in October, the core consumer price index had gone up by +3.6% on an annual basis, at its highest since about 40 ago. However, at the end of December, with a surprise move, the BoJ decided to change its tolerance threshold in the range of yields of 10-year government securities, widening it from 0.25% to 0.50% (vs. the -0.25%- 0.25% previous range). The adjustment was intended to "improve market functioning and encourage a smoother formation of the entire yield curve, while maintaining accommodative financial conditions".

Main economies[3]

The Gross World Product is expected to grow by between 3 and 3.5% in 2022, at a much slower pace vs. +6.3% in 2021. In the reporting year, the international scenario featured strong uncertainty due first to the effects of the Russia-Ukraine war and then to the strong inflation pressure, which caused an increase in the already existing tensions on the prices of many commodities, negatively affecting the global value chains:

- In Q3 2022, after contracting for two quarters in a row, the GDP of the **United States** sped up by +0.7% over the previous quarter, mostly thanks to the contraction in imports and to the increase in exports, which translated into an estimated annual growth of +2.0%. The restrictive policy deployed by the FED in 2022 succeeded in reducing inflation in the last part of the year, with positive effects both on the consumer price index (thanks to the decrease in energy prices) and on the *core component*, which came to 5.7% in December (vs 6.7% in March 2022). The market conditions gave evidence of low unemployment (3.5% in December 2022),but also of job openings outnumbering the unemployed, with consumers' purchasing power being eroded by inflation despite hourly pay increasing by about 5%-6%;
- In 2022 **China's** GDP grew by +3.0% vs. the previous year, although the Zero-Covid policies enforced by the Government materially affected that figure as they closed areas that are highly populated and strategic for logistics and production sites. In the last months of the year, growth showed negative signs, with retail sales contracting in nominal terms (trend -5.9%) and even more in real terms, and gross fixed investments in urban areas slowed down. In 2022 inflation grew by 4.0%;
- Despite an estimated economic growth in the year of 3.9%, in Q3 2022 the **United Kingdom's** GDP fell by -0.2% QoQ because of the decrease in real salaries, which caused consumption to contract by 0.5% QoQ. The general lack of confidence, which was worsened by the fall of two governments in but few weeks, caused investments to remain weak in the last part of the year, when the public part only continued to grow. Inflation acquired in 2022 was over 10% despite the actions deployed by the Bank of England, causing households to lose purchasing power in a labour market scenario with unemployment standing at 4.3% in 2022;
- in **Russia,** economic growth was severely hit by the sanctions in response to the war against Ukraine. In Q3-2022 the economy contracted by -4% vs. the same period in the previous year after falling by -4.1% in Q2, due to the drop in domestic demand. The GDP relied almost entirely on non-residential real estate expenditure and on the manufacturing sector thanks to the production associated with the war underway. The high prices of commodities drove exports in nominal terms.

The Euro Area

In Q3 2022 the European economic activity proved still strong and growing for the sixth quarter in a row, despite the continuous and strong increases in prices caused by the energy crisis; however Q4 preliminary data show the first signs of a slowdown. The good performance in the first nine months was based mainly on household consumption expenditure, which boosted the recovery of the tourism sector up to nearly its pre-pandemic figures. However, the construction sector considerably dropped in all the main European Countries, possibly due to the lack of materials and labour.

In October **inflation** hit its all-time high since the start of the Monetary Union (+10.6% YoY), being affected mainly by the exceptional increases in energy prices, which progressively moved also to the core components. Thanks to the measured deployed by the ECB, the inflation feature started to decrease in November and December, coming to 9.2% at the end of the year. Having regard to the main components of inflation in the Euro Area, energy hit its peak in October (+41.5% YoY) and then slowed down in December 2022 to +25.5% YoY (in line with December 2021), whereas food, alcohol and tobacco grew continuously and progressively by 13.8% YoY (vs. 3.2% in December 2021).

3 Source: Prometeia, Forecast Report (December 2022).

Industrial output[4] was affected by the difficulties in the value chain caused by the inflationary pressure and by the war against Ukraine, which translated into a performance that was was essentially volatile but showed an upward trend in November 2022 vs. November 2021.

The **unemployment rate**[5], which came to 6.5% in November, decreased vs. the previous year figure when it Stood at 7.1%.

In Q4 2022, the GDP of **Germany**[3] shrank by -0.2% a QoQ, which should result in a YoY figure of +1.9% (vs. +2.9% in 2021). The decrease in the last part of the year was mainly due to lower private consumption, which had given a decisive contribution to growth in the previous quarters.

In **France**[3] the 2022 GDP growth rate was 2.6% vs. 6.8% in the previous year, with modest growth (+0.1%) in Q4 The YoY change resulted from the positive contribution of domestic demand, whereas the foreign component was stable. The domestic demand items that grew the most were investments and the manufacturing sector, whereas constructions slowed down.

In Q4 the GDP of **Spain**[3] grew by +0.2% QoQ, at a faster pace than expected as the annual growth had been estimated at +4.6% (vs. +5.5% in 2021). Growth was driven both by domestic demand and by the foreign component. Household spending grew, as did that operating investments. The balance of payments worsened, with exports increasing less than imports.

Overall, the ratio of public budget deficit to the GDP in the Euro Area decreased to 3.8% in 2022 vs. 5.1% in 2021, after hitting its all-time high of 7.1% in 2020, subsequent to the extraordinary measures deployed to control the pandemic. Given the extreme instability caused by the war in Ukraine, concomitantly with the issuance of its 2022 European Semester Spring Package on 23 May 2022, the European Commission recommended that the general escape clause, which, as of March 2020, suspended the Stability and Growth Pact rules until the end of 2022, be applied throughout 2023. This would enable budgetary policies to adjust, if necessary, to changing circumstances. Among the recommendations to the Member States worth mentioning is the reference to prompt implementation of the National Recovery and Resilience Plans and, as regards Italy, the focus on public debt sustainability, in a scenario in which the higher cost of commodities and shortage of materials will affect the implementation of projects, especially public works.

The Italian economy

The Italian economy proved resilient and outperformed expectations and the average performance of the EMU (Italian growth in 2022 should hit 3.9% vs 3.5% in the Euro Area), despite higher and higher inflationary pressure, **with continuous expansion in all quarters**, albeit at uneven paces during the year. Indeed, in October inflation hit 12.8% period-over-period (vs 10.7% in the Euro Area) as it was driven by energy prices, and then came to 12.6% at the end of the year. Investments proved the driver of growth in the Italian economy, increasing by 9.4% YoY and, along with resident household consumption, which, in 2022, increased by +4.6% YoY, supported domestic demand net of stockpiles, giving a material contribution to the GDP growth.

Household final consumption expenditure[6] posted progressive growth throughout the first nine months of the year, increasing by +11.2% YoY (+10.6% QoQ), at a faster pace than the one consumer households' gross **disposable income** grew at, increasing by +5.4% in the same period, which partially reduced **propensity to sav**e to lower levels than it was before Covid down by -4.7 p.p. (Q1-Q3 2022 vs. Q1-Q3 2021).

In December 2022, the **consumer**[7] **confidence index** came to 102.5, decreasing vs. 2021 (117.7), but recovering vs. the negative trend it showed in the previous months, thanks to the improvements in the economic climate and in the future climate, whereas the personal climate and the current climate increased by a lesser extent than they did in the first part of the year. The scenario was similar as regards the **business confidence index,** which, in December 2022, came to 107.8, decreasing vs. the previous year (113.1), but improving across the board, except for the manufacturing sector, with market services and constructions posting the most considerable increases vs. the previous surveyed figures.

4 Source: Eurostat 8/2023 (January 2023).

5 Source: Eurostat 4/2023 (January 2023).

6 Source: ISTAT, Quarterly Account of Public Administrations, households income and saving and company profits(January 2023).

7 Source: ISTAT, Consumer and business confidence (December 2022).

In the first three quarters of 2022, the **Italian State**[6] posted total net debt amounting to -5.5% of the GDP, improving vs. -8.7% in the same period of 2021. In terms of weight on the GDP, the primary balance and the revenue balance were both negative, amounting to -1.3% (-5.2% in the same period of 2021) and to -1.5% (-3.3% in the same period of 2021), respectively. In the same period, the tax revenue to GDP ratio came to 41.2%, increasing by 0.9 pp vs. 40.3 in 2021.

In 2022 industrial output[8] slightly increased (up by +0.5%) vs. the previous year: the evolution in the year featured a QoQ drop in the first quarter, followed by recovery in the second quarter; another two drops occurred in the second part of the year. Of the economic activity sectors that posted positive period-over-period changes, worth mentioning are the manufacturing of basic pharmaceutical products and pharmaceutical preparations (+9.3%),textile manufacturers (+8.1%), manufacturing of computers and electronic products (+7.7%), and the manufacturing of machinery and equipment (+ 3.4%). The steepest drops occurred in the metalworking and manufacture of metal products industry (-4.8%), and in the manufacturing of rubber and plastic products (-4.8%).

Gross fixed investments[9] increased by +9.4% (+18.6% in 2021), with growth across all components: investments in buildings up by +11.6%, investments in machinery and equipment up by +8.6%, investments in means of transport up by +8.2% and investments in intellectual property products up by +4.5%.

The Italian economy expansion had positive effects also on **foreign trade**[10]: in 2022 the export growth (+19.9% YoY) was driven especially by sales of fast moving consumer goods and intermediate goods, whereas the higher growth in imports (+36.5% YoY) was driven mostly by higher purchases of energy products. The grand total of the trade balance for the period was negative, despite the positive performances in the last two months of the year, with the trade deficit at -31 billion Euro, vs. a surplus of over 40 billion Euro in 2021.

In 2022 **consumer prices**[11] grew by a year average of +8.1% (Consumer Price Index for the whole nation, Italian acronym NIC)), posting the largest increase since 1985 (when the increase hit +9.2%), mainly because of energy prices (year average of +50.9% in 2022, vs. +14.1% in 2021). Inflation grew throughout 2022, at a faster pace in the second half of the year, hitting its peak in November, with the Harmonized Index of Consumer Prices (HICP) hitting a monthly peak of +12.6% (on an annual basis). The December preliminary figure came to +12.3%, showing some signs of period-over-period slowdown, mainly due to energy prices, albeit continuing to grow at a fast pace: however, the core components continued on an increasing trend, up from +5.6% in November to +5.8% in December.

In 2022 the labour market continued to progressively improve: in December the **unemployment rate**[12] came to 7.8%, vs. 9.0% in December 2021. Likewise, the employment rate increased coming to 60.5%, up by 1.1 pp vs. December 2021, while the inactivity rate decreased by 0.5% coming to 34.3% in December 2022.

The implementation of the reform and investment projects contained in **Italy's Recovery and Resilience Plan (Italian acronym PNRR)**, which started in 2021, continued in accordance with the Draft Budgetary: Plan as the first deadlines in the time schedule were met, two tranches of the EU Recovery Fund, amounting to 21 billion Euro each, were paid in April and in November, after about 24 billion in pre-financing disbursed in August 2021. Furthermore, in December all 55 Milestones and Targets had been reached, as required in order for the tranche of 19 billion to be paid in H1 2023. As a whole, Italy's Recovery and Resilience Plan provides for investments and for a consistent package of reforms, to which resources for 191.5 billion Euro have been allocated to be financed by the Recovery and Resilience Facility (RRF) granted that intermediate milestones and targets are met, and, as to 30.6 billion, by complementary funding, for an expected funding total of 222.1 billion Euro. Italy's Recovery and Resilience Plan is based on six missions structured over three horizontal strategic priorities: digital transition, green transition and social inclusion.

8 Source: ISTAT, Industrial production (February 2023).

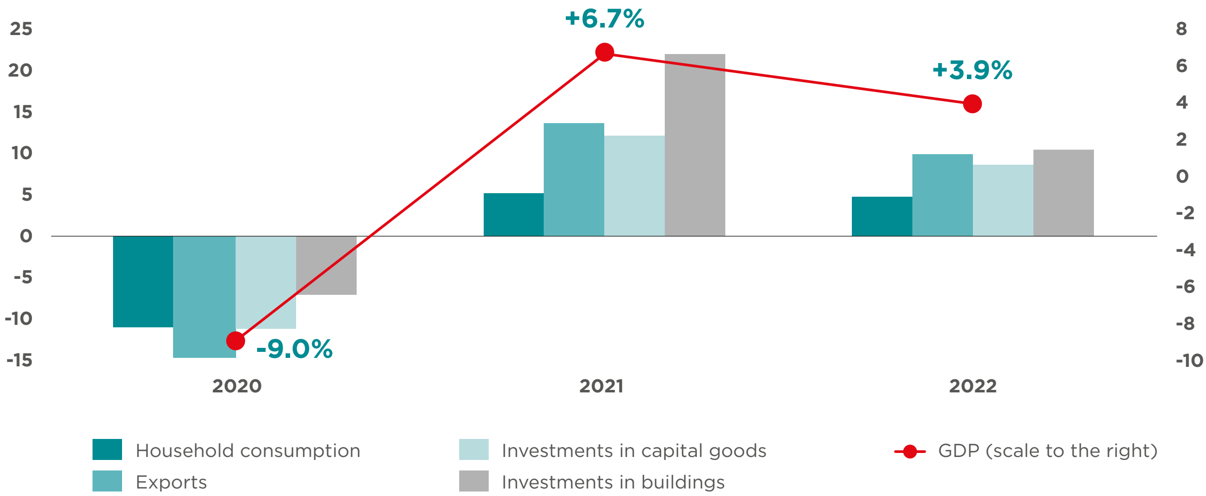
9 Source: ISTAT, GDP and STATE DEBT (March 2023).

10 Source: ISTAT, Foreign trade and import prices (February 2023).

11 Source: ISTAT: Consumer prices (January 2023).

12 Source: ISTAT Employment and Unemployment (January 2023, provisional data).

Italy: GDP and its components



Source: Prometeia, Forecast Report (December 2022).

The banking system

In 2022 the Italian banking industry **continued to meet the demand for loans by households and businesses**, despite the complex scenario, changing and adjusting the applied terms and conditions to the new key interest rates set by the European Central Bank during the year.

As regards profit or loss, the profitability of the banking system as a whole grew across the board, thanks to the combination of three elements: growth in revenues, reduction in operating costs and cost of risk at modest levels. The upward trend in revenues was driven by the progressive growth in net interest income, which resulted from the positive effects of the yield curve increase, especially around the end of the year, and from intense trading and capital market activity. The performance in terms of operating expenses resulted from policies for the rationalization of overhead items in order to steer service models in a market that is becoming more and more competitive due to "non-traditional" players, and to offset inflationary pressure. Investments in technology and cyber security have been increasing, driven by the stronger push towards digital transformation and by the need to control the higher and higher information and communication technology risks associated with increasing online transactions made by customers. Lastly, thanks to very low rates of non-performing loans, often the result also of intense derisking, the cost of risk could be kept at very modest levels, thus limiting the absorption of profitability suffered in previous years.

In H2 and concomitantly with the adoption of tighter monetary policies by Central Banks, the negative trend in bank share prices occurring in the first part of the year turned around thanks to the forward-looking improvement in profitability.

On an annual basis total loans increased with a similar growth trend for individuals and for the public administration; nevertheless, in the last part of the year, all sectors showed some slowdown. Bank funding dropped on an annual basis because of the decrease in resident customers' deposits, which mostly regarded the enterprise segment, after the exceptional increase in enterprises' deposits posted in the 2020-2021 two-year period when enterprises had lower needs for financing of their stock inventories and of their working capital. Assets under management also decreased, as they were affected by the global tensions on financial markets, with net inflows dropping on an annual basis.

The quality of bank loans remained under control, with risk indicators at modest levels, giving further evidence of NPL ratios at their all-time low thanks also to the derisking actions deployed in the last few years and to effective management of early non-performing phases. The leading Italian credit institutions having large exposures to Russia deployed corrective actions aimed at mitigating risk on directly involved assets.

In 2022 the emergency-related extraordinary measures that had been deployed to support credit ended (see Circular no. 4 issued by Italy's Guarantee Fund for SMEs on 24 May 2022). Specifically, 2.8 million **applications were received by Italy's Guarantee Fund for SMEs** for a total amount of over 256.8 billion Euro (from March 2020 to June 2022). Of these, 1.2 million referred to loans under the Italian Liquidity Decree Law up to Euro 30,000, with 100% coverage, for a loan amount of approximately Euro 23.1 billion and 694,919 guarantees for moratoria introduced by the Cure Italy Decree for a loan amount of about Euro 27 billion. Lastly, the total volumes of **loans backed by SACE guarantees within "Garanzia Italia"** increased to Euro 42 billion, with 6,361 applications received[13].

In the Italian banking system **capitalization** remains **strong** for essentially all significant banks, with capital ratios well above the minimum requirements applicable since 1 January 2022 as set by the Supervisory Authority after the SREP carried out in 2021, despite the impact generated both by exposures to Russia and Ukraine and by the negative change in provisions for FVOCI securities. As a consequence, as announced by the leading European banks, Italian banking groups resumed material dividend payment in 2022 (with payout ratios as high as 70% for some banks) thanks to the performances they achieved in 2021, and also bought back shares for about 6 billion Euro.

Lastly, sustainability **(ESG)** and climate-related risks are matters becoming increasingly core in business strategies, risk management and governance. By now, not only have ESG factors become core in business plans and communication to the market, but they have also become the object of considerable investments and a pillar of the regulation reform process. Indeed, given the higher attention to sustainability matters, Banks have started to revise their lending processes and policies, besides extending their range of ESG-oriented products and services. Furthermore, the European Central Bank conducted its first Climate Risk Stress Test to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk, in order to identify vulnerabilities, best practices and challenges banks face when managing climate-related risk. The outcomes of the European Central Bank 2022 climate risk stress test show that banks do not yet sufficiently incorporate climate risk and their vulnerability in a climate adverse scenario into their stress-testing frameworks and internal models.

That scenario resulted in the business performances[14] given below.

In December 2021 **loans to households and businesses** came to Euro 1,340 billion, increasing by +2.1% YoY. According to the Bank of Italy's official data, lending to non-financial corporations sped up in November 2022 by +2.8% YoY, reflecting needs for working capital financing; loans to households also increased by +3.8% YoY subsequent to higher demand for home loans (up by +4.8% YoY) and for consumer loans (up by +2.9% YoY), albeit the two categories showed opposite trajectories in the year: home loans slightly decreasing and consumer loans increasing.

The weight of non-performing loans on the total loans originated by significant banking groups decreased – both as the gross figure and as the figure net of adjustments – thanks to the *derisking* process pursued in the last few years, opting for **proactive management of NPLs** and continuing with **sales on the market of bad loans and UTPs**, reducing the gap vs. European banks. The **default rate remained modest**.

The stock of **net band loans** continued on its decreasing trend and, in November 2022, came to Euro 16.3 billion down by -7.4% YoY. The weight of net bad loans on total loans came to 0.92%, decreasing from 1.02% in November 2021.

Liabilities to the Eurosystem decreased both because of the end of Targeted Longer Term Refinancing Operations (TLTRO-III),sand because of the changes made by the ECB in the reporting period to the calculation of the remuneration for TLTRO III loans, following which the leading banks repaid their loans earlier.

In December 2022, total **direct funding** (deposits from resident customers and bonds) had decreased by -1.2% on a yearly basis. The medium/long-term funding component, which consists of bonds, remained unchanged vs. the previous year but, in the reporting period, there was some recovery in medium/long-term instruments placed (certificates of deposit and bonds) subsequent to the increase in interest rates; deposits decreased by 21.1 billion Euro vs. the previous year (-1.3%YoY). Albeit with the applicable legislation still in its development stage, **the placement of *Green, Social and Sustainability Bonds continued,*** which are intended exclusively to finance or refinance new and/or pre-existing ESG projects.

13 Press releases issued by the task force consisting of the Italian Ministry of the Economy and Finance, the Bank of Italy, the Italian Banking Association, Mediocredito Centrale, the Italian Ministry of Economic Development and SACE (6 July 2022).

14 ABI Monthly Outlook (January 2023).

As at December 2022, the **interest rates applied to loans to customers** were affected by the hikes decided by the European Central Bank: the average rate on total loans was 3.22%, (vs. 2.13% as at December 2021); the interest rate on newly originated home loans was 3.09% (vs. 1.40% in 2021), and the interest rate on new loans to businesses was 3.44% (vs. 1.18% as at December 2021).

Interest **rates** on **bank funding** were also affected by the hikes in key interest rates: as at December 2022 the average rate on total bank funding from customers came to 0.62% vs. 0.44% as at December 2021.

The **spread** between the average rate on loans to and the average rate on deposits from households and non-financial corporations gives a snapshot of the new interest rates applied as at December 2022 and it stood at 260 basis points, increasing vs. 171 basis points as at December 2021.

Having regard to the **asset management industry**[15], as at December 2022 the system reported net funding up by +20 billion Euro from the beginning of the year, posting a much slower growth vs. +92 billion Euro as at December 2021, taking assets under management – which were strongly impacted by the uncertainty on financial markets – to 1,216 billion Euro. Over total assets under management, the portion under collective management schemes (open-end and closed-end funds) stood at 1,160 billion Euro, equal to 52% of total AuM: investments in portfolio management came to 1,055 billion Euro and accounted for the remaining 48% of total AuM.

REGULATORY AND SUPERVISION ACTIONS[16]

The **monetary policy measures** deployed by the Supervisory Authorities aim at reducing inflation to the target levels while safeguarding price stability in the medium term. To that effect the **ECB**:

- **Discontinued the programme and changed the terms and conditions applied to its third series of targeted longer tern refinancing operations (TLTRO-III):** the TLTRO III programme ended effective as of January 2022 and, on 23 June, the *second special interest period* ended, which applied another-50bps, taking the interest rate on TLTRO III tranches to a total of 100bps. Furthermore, from 23 November 2022 to the date of maturity or early repayment of each respective TLTRO-III outstanding tranche, the interest rate was indexed to the average of the ECB key interest rates applying to each operation in that period. Following those changes, the Governing Council also decided to give banks three additional dates for voluntary early repayment of their loans, which will contribute to the overall normalisation of its monetary policy by reducing the size of the Eurosystem's balance sheet.
- **Discontinued its Pandemic Emergency Purchase Programme (PEPP)** at the end of March 2022, after purchasing a total of 1,850 billion Euro. The maturing principal payments from securities purchased under the PEPP will be managed to avoid interference with the appropriate monetary stance and will be reinvested until at least the end of 2024.
- **Discontinued its net purchases of assets under the *Asset Purchase Programme*** in June 2022, after the last tranche amounting to 20 billion Euro. The principal payments from maturing securities purchased under the APP will continue to be reinvested in full for an extended period of time, and, as the ECB stated, in any case, for as long as necessary to maintain favourable liquidity conditions and an appropriate overall monetary policy strategy and stance. In December 2022, the ECB announced the start of the *Quantitative Tightening*, i.e. the unwinding of its portfolio of assets purchased under the APP from March 2023 onwards "*at a measured and predictable pace*", by an average of 15 billion Euro a month until June 2023, and its subsequent pace to be determined over time.
- **Approved its *Transmission Protection Instrument* (TPI)** in July 2022, which is intended to support the effective transmission of monetary policy and ensure that the monetary policy stance is transmitted smoothly across all Euro area countries. The Eurosystem will be able to make secondary market purchases of securities issued in jurisdictions experiencing a deterioration in financing conditions not warranted by country-specific fundamentals, to counter risks to the transmission mechanism to the extent necessary. The scale of TPI purchases would depend on the severity of the risks faced by the single Countries in terms of monetary policy transmission. The purchases will be subject to the condition that pre-established criteria are met, such as public sector securities with a remaining maturity of between one and ten years.

15 Source: Assogestioni, Monthly Map of Assets Under. Management (December 2022).

16 Source: Press Releases European Central Bank (ECB).

- Decided to adopt further measures **to include climate change** considerations in the Eurosystem's monetary policy, adjusting corporate bond holdings in the Eurosystem's monetary policy portfolios and its collateral framework, and introducing climate-related disclosure requirements via the enhancement of risk management practices.
  These measures aim to better take into account climate-related financial risk in the Eurosystem balance sheet and to support the green transition of the economy in line with the EU's climate neutrality objectives, while also providing incentives to companies and financial institutions to be more transparent about their carbon emissions and to reduce them.

THE SUSTAINABILITY PLAN

THE LEGISLATION AND REGULATORY FRAMEWORK

After the adoption of the Paris Agreement on climate change, of the United Nations' 2030 Agenda for sustainable development in 2015, and of the European Green Deal, world and European Countries – respectively – are taking steps forward in the transition towards more circular and low carbon emission economies on a global scale.

The ESG legislation and regulatory framework has sped up since 2018 with large impacts on all functions in the banking business; it follows that the financial sector will have a key role as the leading player in assisting customers on their way to transition and business reorganization to become sustainable.

The applicable legislation and regulations, both domestic and European, require that important and stringent commitments be made in order to assist, first of all, the firm and its stakeholders towards energy and climate transition.

In the scope of climate and environmental risks, the guidelines and expectations publshed by the Supervisory Authorities are many. According to the ECB, climate risks have been identified among the main risk factors in the risk mapping of the Single Supervisory Mechanism (SSM) for the Euro Area banking system. Therefore, in November 2020, the ECB published its Guide on climate-related and environmental risks, after a public consultation, which explains how the ECB expects banks to prudently manage and transparently disclose such risks under current prudential rules. In 2022 the ECB conducted a climate risk stress test as a joint learning exercise, to the benefit both of banks and of the Regulator, aimed at assessing vulnerabilities, the best practices and the challenges that banks face in managing climate-related risks.

In 2022, the Bank of Italy also published an initial set of Supervisory Expectations on the inclusion of climate-related and environmental risk into the corporate strategies, governance and control systems, risk management frameworks and disclosure requirements of supervised banking and financial intermediaries. Lastly, the EBA prepared the Implementing Technical Standards (ITS) and has required that the Pillar 3 disclosures of large listed banks report ESG risks and the related mitigation actions with that obligation in force as of 31 December 2022. In the 10 templates to be filled in, the EBA will ask banks to report: (I) Quantitative KPI on the exposure to physical and transition climate risks, (ii)mitigation actions to manage the exposures, (iii) Green Asset Ratio (GAR), (iv) Banking Book Taxonomy Alignment Ratio (BTAR), (v) in addition to qualitative information on strategy, governance and risk management.

Transparency to customers is also emphasized, requiring that banks strengthen their public disclosure on climate, environmental and social aspects, and, at the same time, upgrade their processes and products. On 22 November 2022 the European Commission approved the New Corporate Sustainability Reporting Directive (CSRD) which shall be transposed by the single EU Member States and will amend the Non-Financial Reporting Directive (NFRD) binding all large firms to the provision of detailed disclosure on sustainability in accordance with disclosure in different stages from 2024 to 2026. In accordance with the CSRD, the new European Sustainability Reporting Standards will be published in the short term, prepared by the EFRAG, on the request of the European Commission, in two steps: ESRS 1 Climate Change and ESRS 2 General Disclosure, which will require very capillary information on ESG with over 1000 data points.

The WM scope has also been very concerned by new transparency regulatory requirements, with The Sustainable Finance Disclosure Regulation (SFDR), which entered into force on 10 March 2021 pursuing the objective of making investment products more transparent thanks to a specific approach for the classification of ESG funds, laying down transparency requirements for products and firms. The first regulatory due dates fell as of August 2022. Having again regard to wealth management, new developments have been implemented which generate impacts on the investment process, both in terms of product management (for example product mapping in order to ensure consistency between product classification and the sustainability preferences expressed by customers) and in terms of advisory service process and of adequacy assessment to verify consistency between Customers' ESG preferences and goals.

The piece of applicable legislation that is going to impact the most from 2023 onwards is the EU Taxonomy for Sustainable Activities (Regulation (EU) 2020/852), to classify sustainable activities based on the European Union's environmental objectives and on compliance with some clauses. Indeed, activities shall, on the one hand, contribute substantially to one or more of the identified environmental objectives and shall not significantly harm the other five ("Do No Significant Harm – DNSH" clause), and, on the other hand, shall be carried out in compliance with the minimum safeguards laid down by the Regulation and shall comply with technical screening criteria that have been established by the Commission in accordance with the Regulation. All firms subject to the NFRD shall disclose information on how and to what extent the firm's activities are associated with economic activities that qualify as environmentally sustainable.

In developing the applicable legislation and regulations, the European Union intends to channel capital flows towards activities associated with the green revolution and transition, such as Italy's Recovery and Resilience Plan.
In this scenario, the Crédit Agricole Group has been engaged in its commitment to sustainability pursuing ambitious environmental and social goals in order to create a new development and value model for all its stakeholders. Within the Crédit Agricole Group's Social Project, one of the three pillars of its Medium-Term Plan,three matters for collective mobilization of the Crédit Agricole Group have been identified:

1. acting sustainably for the climate and the transition to a low carbon emission economy, in order to become a reference entity in the ESG scope contributing to the decarbonization process, also by upgrading the products and services of all the business lines of the Group;
2. strengthening social cohesion and inclusion;
3. facilitating a successful Agri-Food transition.

Having regard to the Crédit Agricole Group's commitment to the climate, worth mentioning is the fact that it voluntarily joined the Net Zero Banking Alliance in 2021.

THE COMMITMENT OF CRÉDIT AGRICOLE ITALIA S.P.A.

In line with the above reported facts, Crédit Agricole Italia S.p.A. is also continuing on its path to Sustainability with four macro-ambitions in this scope:

1. Developing the strategic vision and the tangible commitments in the Sustainability scope, in close connection and synergy with the Group, especially in the construction of the 2022-2025 MTP and as regards the commitments that the Group has taken by signing the Net Zero Banking Alliance to reduce CO_2 emissions by 2050;
2. Commercial focus especially on three scopes:
   a) Wealth Management products, instruments and advisory services, thanks also to the synergies with Amundi, the European market leader in this segment;
   b) Inclusive range of products and services, especially for the young people and green target, as regards mortgage loans;
   c) Tailor-made service model and products for the agri-food sector;
3. continuing to pay strong attention to the management of physical and transition risks;
4. Keeping a crosswise view in the management of the Plan activities.

GOVERNANCE

The present Sustainability Governance (consisting of the Sustainable Development Board Committee, of the ESG and Sustainability Managerial Committee and of the Sustainability Business Unit) has been strengthened, updating the Bank's Service regulations in order to assign ESG-specific responsibilities to the various organizational units, especially with the objective of enhancing the involvement of the control functions, consistently with the "hybrid" approach set out by the Bank of Italy in its "Supervisory expectations for climate-related and environmental risks", which provides for a pivotal structure, the aforementioned Sustainability Business Unit, tasked with coordinating and providing support to the other Organizational Units in climate-related and environmental issues. Furthermore, within the organizational units having high impacts in terms of Sustainability, ESG Owners have been appointed, who are about 30 resources tasked with the mission of providing support in the inclusion of the aforementioned ESG criteria in the Group's functions, processes and products.

STRATEGY

The strategy has been structured in our **Sustainability Plan** through the **activities** listed below, which are more exhaustively reported in the related individual sections:

- **Lending and Risks**:
    i. ESG rating combined with credit rating in the loan application processing and loan origination through the actions listed below: 1) The lending policies have been upgraded, in close synergy with CA.sa, laying down limitations and exclusions on carbon-intensive sectors; 2) implementation of a quantitative approach in lending processes (sector and counterparty ESG scores, climate-related physical risks); 3) ESG basic questionnaire for the counterparty qualitative assessment; 4) implementation of the counterparty ESG sheet, containing the previous information and providing activation in sustainability terms and the exposure in terms of ESG risks;
    ii. Monitoring the action plans regarding the ECB's 13 expectations on climate-related and environmental risks;
    iii. Conducting climate stress tests.
- **Direct carbon footprint and sustainable procurement**:
    i. The group's direct carbon footprint continued to be measured and reduced thanks to a detailed operational plan (e.g. revamping, relamping) in close synergy with Crédit Agricole S.A;
    ii. The Group continued to assist its suppliers and providers on their way towards sustainability;
    iii. The procedure to obtain the ISO 20400 certification started.
- **Commercial:**
    i. A specific Corporate Banking service model has been implemented for advisory services concerning ESG and Italy's Recovery and Resilience Plan and ESG products have been developed with flexible pricing in accordance with the ESG score in order to assist counterparties in climate transition;
    ii. The range of ESG products and services intended for the individuals segment has been extended in 5 areas (Home: "Energia leggera Green" mortgage loan, "CA Home" portal, "prestito Green Casa"; young people: online account, Home policy-discount for Customers under 36 years old "mutuo giovani"; social inclusion: CA Smart Advisory – affordability of savings investing for small amounts; Digitalization: fully digitalized debit card; Non-life insruance policies underwritten via the App, digitalization of the branch process for Agos loans, digital reporting of Life insurance policies; sustainable mobility: Green car loans);
    iii. The Agri-Food models have been enhanced with some dedicated products (e.g. Agri blu and Agri Energia) consistently with Crédit Agricole S.A. range of products.
- **Wealth Management**:
    i. The ESG rating has been defined and implemented;
    ii. The adequacy model has been supplemented with a sustainability control (implementing Regulation (EU) no. 2088 and the SFDR);
    iii. ESG matters have been integrated into Customer reports and the guidelines on Product Adverse Impacts have been implemented.

TRAINING AND ENGAGEMENT PLAN

Training continued to be provided to all the Group's personnel, from top to bottom. Specifically, an **ESG specialist training session was held for the Board,** with contents regarding scenario, trend, specialist and regulatory aspects. **Training courses were held for all personnel, with special focus on the specialist channels (for example Branch Managers, Affluent account managers, corporate bankers)** and on the most impacted central functions.

Furthermore, the activity of the **Sustainability Ambassadors** continued as the roles that were set up in order to disseminate the ESG culture throughout the Firm, both the Network and Central Departments, and to foster sustainable behaviours.

REMUNERATION

Since 2021, and in an increasingly wide and progressive manner since 2022, **ESG criteria have been implemented in the top management's MBOs**.

REGIONAL RELATIONS AND ART HERITAGE MANAGEMENT SERVICE

The function of the Regional Relations and Art Heritage Management Service, which is part of the Sustainability Business Unit, is to **plan and organize the Regional Committees** as well as to manage the activities, work groups and development of the project streams originating within the Committees. In 2019 the **Liguria, Tuscany** and **Romagna** Committees were set up, while, on 20 December 2022, considering the good experience gained with the setting up of the aforementioned Committees and the completion of the "Single Bank" project, which was finalized with the merger of Creval in April 2022 and with the absorption of CA FriulAdria in November 2022, the Executive Committee resolved to set up the **Lombardy Highlands**, **Sicily** and **Northeast** new Regional Committees.

The **objective** that the Regional Committees pursue is **liaising with the regions and developing and strengthening the relationships with the local stakeholders**, through several initiatives and projects aimed at generating economic and social value in the communities where the merged banks used to operate. Therefore, the purpose of the Regional Committees, which have external members selected from among people that are representative of the single regions, is mainly the achievement of the following goals:

- To preserve, create and develop the relationship between the Region and Crédit Agricole as a tangible expression of the Community Proximity Model;
- To maintain and strengthen the relationships with local Stakeholders, making proposals and liaising, while also promoting the Bank's image;
- To contribute to identifying, in order to design any proposals to be submitted to the relevant bodies of the Crédit Agricole Italia Group, for action (also in terms of donations) or for projects aimed at supporting and fostering the sustainable development of the Region.

Liguria, Tuscany, Romagna and March Regional Committees

The Liguria, Romagna and Tuscany Regional Committees regularly performed their activities, each holding formal meetings three times a year, as well as holding informal meetings and mixed work groups in which several representatives of the Bank participated and were involved. The Committees were always supported in their work with economic-statistical analyses of the Regions, prepared by external experts, thanks to which internal discussion was stimulated and fuelled and ideas were had for important projects. They started tangible project activities dealing with crosswise matters, such as sustainability, innovation and skills, besides finance and internationalization. In such very material scopes, the comprised projects had the purpose of setting up temporary innovation hubs, which are the implementations of an agile and participative innovation hub format, having partners from the region and being supported by sponsor firms and by the Le Village Network of Crédit Agricole Italia.

Liguria Committee

In 2020 it set up the "Nowtilus-Sea Innovation Hub", the first maritime economy temporary incubator operating throughout the region and in La Spezia, thanks to the cooperation between Crédit Agricole, Fondazione Carispezia, Wylab and Le Village by CA Milano. A value ecosystem was created consisting of various stakeholders, such as sponsor big companies, startups, Universities and Research Centers and regional institutions. In the two events that were held over 130 applications for participation were received and 35 potential startups were assisted with different training programmes. The partners, firms and Institutions that sponsored the initiative were over 30. The plan for Nowtilus evolution provides for the structural positioning of the initiative in 2023 towards a project model based on Cassa Depositi e Prestiti Venture Capital format. Within the network of accelerators based throughout Italy, Liguria has applied to host innovation programmes focusing on maritime economy. Wylab, with Confindustria (the Employers' Association) and the Liguria Regional Government is promoting several projects that will be developed in 2023.

Tuscany Committee

It promoted a study with the SESA Group aimed at designing a set of innovative digital services for the wine growing and wine making supply chain, which will go alongside the credit support provided by the Bank to winegrowers and winemakers with its revolving pledge on wine. This preliminary pilot activity resulted in the start of a wider project on innovation for the Tuscan agri-food sector. Then, an agreement was reached between the Technology Hub of Navacchio and Le Village by CA Parma to start an innovation path in the agrifood sector named "*Innesti*" (grafts in Italian) pursuing the mission of connecting the excellences of the Tuscan agri-food supply chain with the best startups and research centers in order to seize the opportunities generated by Open Innovation actions. Relying on the Le Village international network of Crédit Agricole, Le Village Parma makes available a network of 700 partner firms and over 1,200 startups. The project with the Technology Hub is intended for all the players in the supply chain that are interested in meeting and creating partnerships with startups, innovative SMEs, Universities and Research Centers, in order to achieve, in Q1 2023, the creation of a true hub in Tuscany as the leading driver of digital transformation in the agri-food sector.

Romagna Marche Committee

On 20 December 2022, the Executive Committee resolved to rename the Romagna Committee to Romagna Marche Committee, thus including the new geographical areas resulting from Creval integration.

The project stream developed by the Romagna Committee led to start of a new two-year university degree programme at the University Center of Forlì and Cesena in "Digital Management Transformation", supported by Crédit Agricole. That university programme is intended for students already holding a three-year university degree in economics or information technology in order to provide vocational training for specialists in the implementation and acceleration of businesses' digital transformation. The initiative obtained the approval of the University of Bologna and 240 applications for admission were received vs. 50 places available, giving evidence of the topicality of the subjects in the new university degree programme. Training and innovation have been identified BY THE Committee as decisive factors to meet the challenges of recovering after the pandemic. In Q1 2023 a meeting of the Committee was held focusing on innovation and the Romagna and Marche regions in cooperation with Le Village Parma and with an in-depth assessment on Italy's Recovery and Resilience Plan with Warrant Hub. Indeed, since 2022 a new crosswise stream has been added to the Regional Committees' responsibility, namely in-depth assessments of and opportunities from **Italy's Recovery and Resilience Plan**, and especially the energy and digital transition.

Sicily, Lombardy Highlands and Northeast Committees

Sicily Committee

The Committee was set up in 2022 and its work streams were defined and will be developed in 2023:

- Italy's Recovery and Resilience Plan and Sicily's agri-food supply chain;
- Innovation, focus on the region and potential synergies with the network of Les Villages by CA.

Afterwards, the matters of innovation and of Sicilian startups, as well as the potential cooperation with the network of Les Villages by CA will be dealt with in order to assess the possibility of setting up a Sicilian hub. Furthermore, with the help of Warrant Hub, a public meeting by invitation will be held with about thirty entrepreneurs on Italy's Recovery and Resilience Plan and the agri-food supply chain.

Lombardy Highlands Committee

After the kick-off meeting in December 2022, the Committee's members have identified some matters commanding high interest, which will be analyzed and developed in 2023:

- Italy's Recovery and Resilience Plan and SMEs.
- Energy transition – renewable energy, the water system Tourism, mountain economy and Winter Olympics.
- Innovation – Le Village by CA Valtellina.

Two work sub-groups were created which will focus on two key matters: Le Village Valtellina/Innovations and Italy's Recovery and Resilience Plan and SMEs.

Northeast Committee

In 2022 some key matters were identified and led to the setting up, in January 2023, of the Northeast Committee:

- "Human capital" as an essential resource for enterprises and for the economic development of the region;
- Training and skills of young people and the need to retain talents in the region;
- Innovation and digitalization with focus on Le Village by CA Triveneto, as the catalyzer of an ecosystem for enterprises and startups of Northeast Italy.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

The merger of Credito Valtellinese S.p.A. into Crédit Agricole Italia S.p.A.

In April 2021, thanks to the successful outcome of the voluntary public tender offer, Crédit Agricole Italia S.p.A. ended up holding 100% of the share capital of Credito Valtellinese S.p.A. (hereinafter Creval).

The business combination pursued the objective of continuing to develop a strong and profitable banking group strongly rooted in the communities where it operates creating value for all stakeholders, relying on Crédit Agricole Italia S.p.A.'s proven track-record of successful integrations. Please see the 2021 Annual Report and Financial Statements for an exhaustive description of the business combination made last year.

On 15 December 2021 the authorization for Creval merger was received from the ECB.

In 2022, on 24 April, the project for integration into the Crédit Agricole Italia Banking Group was finalized with the merger by absorption of Creval into the Parent Company Crédit Agricole Italia.

The merger of Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A.

On 16 June 2021, Crédit Agricole Italia publicly announced its decision to make a voluntary public tender offer for all the shares it did not already hold in its subsidiary Crédit Agricole FriulAdria S.p.A.. Considering the controlling shareholding in Crédit Agricole FriulAdria it already owned, as at the Offer settlement date (23 September 2021) the Parent Company held a total of 23,920,883 ordinary shares in the subsidiary, equal to 99.101% of its share capital.

Subsequently and consistently with what had been stated in the Offer document, Crédit Agricole Italia and Crédit Agricole FriulAdria found it appropriate to proceed with the merger, in order to pursue the following goals: (i) streamlining the corporate structure of the Banking Group, (ii) maximizing the harmonization and evenness in the application of commercial policies and strategic directions within the Banking Group, (iii) reducing the number of management and administration activities, creating cost synergies.

Following the approval of the merger plan by the Boards of Directors of the two entities, the obtainment of the authorization from the European Central Bank pursuant to Articles 56 and 57 of the Italian Consolidated Law on Banking on 13 September 2022[17], as well as the obtainment, on 28 July, of the clearance from the Italian Council of Ministers[18], the merger between Crédit Agricole FriulAdria S.p.A. and Crédit Agricole Italia S.p.A. was approved by the General meeting of the former's Shareholders on 20 October 2022 and by the latter's Board of Directors on 25 October 2022 with the consequent execution of the merger deed on 22 November 2022.

The merger took place with the absorption of Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A. having its effective date on 27 November 2022.

Lastly, Crédit Agricole Italia resolved a share capital increase servicing the share swap, whereby 836,504 ordinary shares were issued having a nominal value of Euro 1.00 each, which were allotted to the remaining shareholders of Crédit Agricole FriulAdria other than the absorbing entity and the absorbed entity (as the latter held treasury shares).

Share Capital increase

In H1 2022, at the proposal of the Board of Directors, the General Meeting of Crédit Agricole Italia Shareholders adopted a capital strengthening plan aimed to ensure that the capital ratios are constantly kept at appropriate levels considering the effects linked to Creval acquisition and specifically to the consequent increase in Risk Weighted Assets. On 25 January 2022 the extraordinary General Meeting of Crédit Agricole

17 With the merger plan then being entered in the relevant Business Registers.

18 Pursuant to Article 2 of Italian Decree-Law no. 21 of 2012.

Italia Shareholders resolved to increase its share capital by Euro 500 million through the issue of 121,951,220 shares having a nominal value of Euro 1 each to be offered in option to the shareholders at a unit price of Euro 4.10, of which Euro 1 as capital and Euro 3.10 as share premium.

Considering the shareholding structure and the large presence of retail Shareholders, it was appropriate to publish an information prospectus in accordance with the preliminary investigation procedure implemented by CONSOB. The share option offer period, which started on 16 May 2022 and ended on 30 May 2022. On 3 June, the pre-emption rights that had been exercised on the shares left unopted in the offer period were settled.

Therefore, the Group's equity rose due to the share capital increase of Euro 500 million, net of the future share capital increase contributions that had already been made by its French Parent Company Crédit Agricole S.A. in 2021 totalling Euro 417 million and allocated to a specific equity reserve.

On 30 November 2022, following the merger by absorption of Crédit Agricole FriulAdria into Crédit Agricole Italia, 836,504 new shares in Crédit Agricole Italia were issued having a nominal value of Euro 1 each servicing the swap of Crédit Agricole FriulAdria shares. Consequently, as at 31 December 2022, the CA Italia's share capital, fully paid in, consisted of 1,102,071,064 ordinary shares.

Realignment of carrying amounts and tax bases

Under Article 110 of Italian Decree Law 104/2020, as amended by Italian Law 178/2020 and Italian Law 234/2021, Crédit Agricole Italia and Crédit Agricole FriulAdria exercised the option for the realignment of the tax bases of some property, plant and equipment assets and some intangible assets to their higher carrying amounts by paying a substitute tax.

That option had already been exercised in the financial statements for the previous FY. Following clarifications given by the Italian Inland Revenue Agency, also in response to submitted applications for tax rulings, for Crédit Agricole Italia the possibility emerged to proceed with yet another realignment concerning the goodwill item.

More information is given in paragraph "Significant events in the reporting period" in part A of the Note to the financial statements.

PERFORMANCE OF OPERATIONS

In order to facilitate understanding by the Financial Report users, the comments on the comparisons with the previous FY have been made considering also the components developed by Creval in the first 4 months of 2021, before its acquisition.

Its performance in 2022 gives evidence of the Crédit Agricole Italia Banking Group's ability to generate profits, as it did in the previous years, thanks to its balanced and diversified business model. Consolidated statutory net income came to Euro 559 million, being driven also by the recognition of the tax realignment benefit for Euro 146 million and other non-recurring components associated with Creval integration. The figure net of these elements is Euro 433 million (+22% YoY adjusted).

Very good momentum in commercial growth thanks to a diversified business model whereby over 150 thousand new customers could be acquired (+8% YoY), consumer credit intermediated volumes could be expanded (+27% YoY); the placing of Wealth Management products could be strengthened (totalling Euro 9 billion), Euro 1.3 billion in "Ecobonus" loans could be originated, the non-life insurance business could be strengthened (+9% YoY); profitability also benefited with Income coming to over Euro 2.5 billion, up by +2% YoY adjusted, driven by the contribution of net interest income (+6% YoY adjusted).

The Customer Recommendation index also increased, which expresses Customers' appreciation and ranks Crédit Agricole Italia as no. 2 among universal banks in Italy.

THE PERFORMANCE OF BALANCE SHEET AGGREGATES

Reclassified Consolidated Balance Sheet

Assets	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Net financial Assets/Liabilities at fair value	189,662	196,292	-6,630	-3.4
Financial assets measured at fair value through other comprehensive income	3,520,018	4,115,240	-595,222	-14.5
Loans to Customers	75,995,595	77,799,539	-1,803,944	-2.3
Equity investments	33,197	45,151	-11,954	-26.5
Property, plant and equipment and intangible assets	2,855,365	2,918,176	-62,811	-2.2
Tax assets	2,764,573	2,730,874	33,699	1.2
Other assets	5,442,305	2,593,639	2,848,666	
Total assets	**90,800,715**	**90,398,911**	**401,804**	**0.4**

Liabilities	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Net due to banks	5,639,691	3,764,293	1,875,398	49.8
Funding from Customers	72,184,520	74,682,621	-2,498,101	-3.3
Tax liabilities	313,626	403,945	-90,319	-22.4
Other liabilities	4,267,096	3,384,215	882,881	26.1
Specific-purpose provisions	683,756	862,306	-178,550	-20.7
Capital	1,102,071	979,283	122,788	12.5
Equity instruments	815,000	815,000	-	-
Reserves (net of treasury shares)	5,268,193	4,943,382	324,811	6.6
Valuation reserves	-54,906	-66,213	-11,307	-17.1
Equity attributable to minority interests	23,074	22,636	438	1.9
Profit (Loss) for the period	558,594	607,443	-48,849	-8.0
Total equity and net liabilities	**90,800,715**	**90,398,911**	**401,804**	**0.4**

Reconciliation of the balance sheet and reclassified balance sheet

Assets	31 Dec. 2022	31 Dec. 2021
Net financial Assets/Liabilities at fair value	**189,662**	**196,292**
20 a. Financial assets held for trading	331,982	70,778
20 c. Financial assets mandatorily measured at fair value	186,729	200,556
20. Financial liabilities held for trading	-329,049	-75,042
Financial assets measured at fair value through other comprehensive income	**3,520,018**	**4,115,240**
30. Financial assets measured at fair value through other comprehensive income	3,520,018	4,115,240
Loans to Customers	**75,995,595**	**77,799,539**
40 b. Loans to Customers	75,995,595	77,799,539
Equity investments	**33,197**	**45,151**
70. Equity investments	33,197	45,151
Property, plant and equipment and intangible assets	**2,855,365**	**2,918,176**
90. Property, Plant and Equipment	1,262,134	1,291,516
100. Intangible assets	1,593,231	1,626,660
Tax assets	**2,764,573**	**2,730,874**
110. Tax assets	2,764,573	2,730,874
Other assets	**5,442,305**	**2,593,639**
10. Cash and cash equivalents	2,876,381	845,657
130. Other assets	1,852,948	890,812
50. Hedging derivatives (Assets)	1,318,646	634,497
60. Fair value change of financial assets in macro-hedge portfolios	-607,953	-3,906
120. Non-current assets held for sale and discontinued operations	2,283	226,579
Total assets	**90,800,715**	**90,398,911**

Liabilities	31 Dec. 2022	31 Dec. 2021
Net due to banks	**5,639,691**	**3,764,293**
40 a. Due from banks	-5,523,611	-14,468,960
10 a. Due to banks	11,164,887	18,234,985
To deduct: Lease liabilities	-1,585	-1,732
Funding from Customers	**72,184,520**	**74,682,621**
10 b. Due to Customers	62,145,427	63,322,922
To deduct: Lease liabilities	-359,501	-351,486
10 c. Debt securities issued	10,398,594	11,711,185
Tax liabilities	**313,626**	**403,945**
60. Tax liabilities	313,626	403,945
Other liabilities	**4,267,096**	**3,384,215**
10 a. Due to banks: of which lease liabilities	1,585	1,732
10 b. Due to customers: of which lease liabilities	359,501	351,486
40. Hedging derivatives (Liabilities)	3,815,534	1,020,311
50. Fair value change of financial liabilities in macro-hedge portfolios	-1,491,822	166,386
70. Liabilities associated with non-current assets held for sale and discontinued operations	-	16,400
80. Other liabilities	1,582,298	1,827,900
Specific-purpose provisions	**683,756**	**862,306**
90. Employee severance benefits	98,817	143,625
100. Provisions for risks and charges	584,939	718,681
Capital	**1,102,071**	**979,283**
170. Capital	1,102,071	979,283
Equity instruments	**815,000**	**815,000**
140. Equity instruments	815,000	815,000
Reserves (net of treasury shares)	**5,268,193**	**4,943,382**
150. Reserves	1,772,120	1,825,235
160. Share premium reserve	3,496,073	3,118,147
Valuation reserves	**-54,906**	**-66,213**
120. Valuation reserves	-54,906	-66,213
Minority interests	**23,074**	**22,636**
190. Minority interests	23,074	22,636
Profit (Loss) for the period	**558,594**	**607,443**
200. Profit (loss) for the period	558,594	607,443
Total liabilities and equity	**90,800,715**	**90,398,911**

Balance sheet aggregates

Loans to Customers

Items	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Current accounts	2,908,173	2,478,332	429,841	17.3
Mortgage loans	42,318,403	43,121,444	-803,041	-1.9
Invoice financing and credit facilities	17,070,920	16,813,861	257,059	1.5
Non-performing loans(*)	1,160,819	1,362,200	-201,381	-14.8
Non-government securities at amortized cost	869,499	1,216,950	-347,451	-28.6
Loans to Customers	**64,327,814**	**64,992,787**	**-664,973**	**-1.0**
Government securities measured at amortized cost	11,667,781	12,806,752	-1,138,971	-8.9
Total Loans to Customers	**75,995,595**	**77,799,539**	**-1,803,944**	**-2.3**

(*) Includes non-government securities at amortized cost.

Total loans to Customers, net of government securities, came to Euro 64.3 billion (-1% YoY). Considering the perimeter of performing loans (including the “Ecobonus” tax credits purchased from Customers, which have been classified under “other assets”) the growth was 1% YoY. Support to the real economy translated into:

- Origination of home loans for Euro 3.7 billion with the execution of over 30 thousand deeds including 3.6 thousand “mortgage loans for young people”, a product with which the Group joined the Italian Government’s campaign aimed at facilitating mortgage loan affordability for young people;
- Loans to businesses for Euro 2.7 billion, with a relational model based on assistance provided to the customer enterprises on their ESG transition path;
- Development of the Agri-Food segment – a core business segment of the Group – which, as at 31 December 2022 posted loans amounting to Euro 5.7 billion growing by +4% YoY, driven also by the introduction of new products designed for the energy transition of farms;
- Purchased “Ecobonus” tax credits for Euro 1.3 billion (considerably increasing vs. 2021).

Non-performing loans decreased by 15% consistently with the derisking action provided for by the Medium Term Plan.

Loans to customers: credit quality without recognition of Purchased or Originated Credit Impaired (POCI) assets

Items	31 Dec. 2022			31 Dec. 2021		
	Gross exposure	Adjustments	Net exposure	Gross exposure	Adjustments	Net exposure
- Bad loans	642,869	513,247	129,622	568,934	434,063	134,871
- Unlikely to Pay	1,979,148	979,950	999,198	2,327,746	1,124,555	1,203,191
- Past-due/overlimit loans	43,528	11,531	31,997	27,336	3,201	24,135
Non-performing loans	**2,665,545**	**1,504,728**	**1,160,817**	**2,924,016**	**1,561,819**	**1,362,197**
Performing loans - stage 2	3,826,397	226,138	3,600,259	4,763,833	227,989	4,535,844
Performing loans - stage 1(*)	59,720,848	154,110	59,566,738	59,239,871	145,125	59,094,746
Performing loans	**63,547,245**	**380,248**	**63,166,997**	**64,003,704**	**373,114**	**63,630,590**
Loans to Customers	**66,212,790**	**1,884,976**	**64,327,814**	**66,927,720**	**1,934,933**	**64,992,787**
Government securities at amortized cost	11,684,743	16,962	11,667,781	12,822,425	15,673	12,806,752
Total Loans to Customers	**77,897,533**	**1,901,938**	**75,995,595**	**79,750,145**	**1,950,606**	**77,799,539**

(*) Includes non-government securities at amortized cost.

Items	31 Dec. 2022			31 Dec. 2021		
	Gross/total exposure	Net/total exposure	Coverage ratio	Gross/total exposure	Net/total exposure	Coverage ratio
- Bad loans	1.0%	0.2%	79.8%	0.9%	0.2%	76.3%
- Unlikely to Pay	3.0%	1.6%	49.5%	3.5%	1.9%	48.3%
- Past-due/overlimit loans	0.1%	0.0%	26.5%	0.0%	0.0%	11.7%
Non-performing loans	**4.0%**	**1.8%**	**56.5%**	**4.4%**	**2.1%**	**53.4%**
Performing loans - stage 2	5.8%	5.6%	5.9%	7.1%	7.0%	4.8%
Performing loans - stage 1	90.2%	92.6%	0.3%	88.5%	90.9%	0.2%
Performing loans	**96.0%**	**98.2%**	**0.6%**	**95.6%**	**97.9%**	**0.6%**
Total	**100.0%**	**100.0%**	**2.8%**	**100.0%**	**100.0%**	**2.9%**

Loans to customers: credit quality with recognition of Purchased or Originated Credit Impaired (POCI) assets

Items	31 Dec. 2022			31 Dec. 2021		
	Gross exposure	Adjustments	Net exposure	Gross exposure	Adjustments	Net exposure
- Bad loans	514,091	384,469	129,622	415,193	280,322	134,871
- Unlikely to Pay	1,629,463	630,265	999,198	1,763,412	560,221	1,203,191
- Past-due/overlimit loans	43,079	11,082	31,997	25,401	1,266	24,135
Non-performing loans	**2,186,633**	**1,025,816**	**1,160,817**	**2,204,006**	**841,809**	**1,362,197**
Performing loans - stage 2	3,826,397	226,138	3,600,259	4,763,833	227,989	4,535,844
Performing loans - stage 1(*)	59,720,848	154,110	59,566,738	59,239,871	145,125	59,094,746
Performing loans	**63,547,245**	**380,248**	**63,166,997**	**64,003,704**	**373,114**	**63,630,590**
Loans to Customers	**65,733,878**	**1,406,064**	**64,327,814**	**66,207,710**	**1,214,923**	**64,992,787**
Government securities at amortized cost	11,684,743	16,962	11,667,781	12,822,425	15,673	12,806,752
Total Loans to Customers	**77,418,621**	**1,423,026**	**75,995,595**	**79,030,135**	**1,230,596**	**77,799,539**

(*) Includes non-government securities at amortized cost.

Items	31 Dec. 2022			31 Dec. 2021		
	Gross/total exposure	Net/total exposure	Coverage ratio	Gross/total exposure	Net/total exposure	Coverage ratio
- Bad loans	0.8%	0.2%	74.8%	0.6%	0.2%	67.5%
- Unlikely to Pay	2.5%	1.6%	38.7%	2.7%	1.9%	31.8%
- Past-due/overlimit loans	0.1%	0.0%	25.7%	0.0%	0.0%	5.0%
Non-performing loans	**3.3%**	**1.8%**	**46.9%**	**3.3%**	**2.1%**	**38.2%**
Performing loans - stage 2	5.8%	5.6%	5.9%	7.2%	7.0%	4.8%
Performing loans - stage 1	90.9%	92.6%	0.3%	89.5%	90.9%	0.2%
Performing loans	96.7%	98.2%	0.6%	96.7%	97.9%	0.6%
Total	**100.0%**	**100.0%**	**2.1%**	**100.0%**	**100.0%**	**1.8%**

In the complex economic and geopolitical scenario experienced in 2022, the Group increased its proactive monitoring on loan quality, whereby the default rate could be contained to 0.7%, in line with 2021. Furthermore, the derisking processed that started at the end of 2021 with the "Stelvio" transaction (whereby NPLs amounting to Euro 1.6 billion were disposed of) continued with a more selective approach disposing of single-name exposures for approx. Euro 0.2 billion.

Besides this, the coverage ratios were strengthened, thanks to which the ratio of net NPLs to total loans decreased to 1.8% (vs 2.1% as at 31 December 2021). The coverage ratio of NPLs came to **46.9%** (with the recognition of POCI assets[19]) increasing vs. **38.2%** as at 31 December 2021; without the recognition of POCI assets, the coverage ratio is higher, coming to 56.5% (increasing by 3 percentage points vs. the same figure as at 31 December 2021).

Funding from Customers

Items	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
- Deposits	3,197,704	1,566,594	1,631,110	
- Current and other accounts	57,819,406	60,862,281	-3,042,875	-5,0
- Other items	768,816	542,561	226,255	41,7
Due to Customers	**61,785,926**	**62,971,436**	**-1,185,510**	**-1,9**
Debt securities issued	10,398,594	11,711,185	-1,312,591	-11,2
Total direct funding	**72,184,520**	**74,682,621**	**-2,498,101**	**-3,3**
Indirect funding	**87,172,475**	**93,403,923**	**-6,231,448**	**-6,7**
Total funding	**159,356,995**	**168,086,544**	**-8,729,549**	**-5,2**

Total Funding, as the sum of Direct and Indirect Funding, came to Euro 159.4 billion, decreasing by 5% YoY, as it was affected by the negative performance of stock and bond markets. Net of the market effects, new inflows of Euro 2 billion resulted in total funding growing by 1%.

Direct funding from Customers came to Euro 61.8 billion (-2% YoY) because of the decrease in the least stable components, but increased in the second part of the year(+3%) driven by Customers' deposits and fixed-term funding.

The component of debt securities issued came to Euro 10.4 billion (down by Euro -1,3 billion YoY being affected, for Euro -1.7 billion, by the accounting effects resulting from the interest rate hedging on Debenture Loans); net of that effect the debt securities issued aggregate grew by Euro 0.6 billion, i.e. +5%.

The Group's attention and commitment to ESG matters stood out with the issue of Green Covered Bonds, for a total of Euro 500 million with 12-year maturity, which was made to finance or refinance a pool of residential mortgage loans that were selected based on sustainability criteria and originated for the purchase of high energy efficiency properties. The issue had the smallest spread ever recorded in any Covered Bonds of Italian issuers and gives evidence of the Group's appeal to investors.

19 In accordance with IFRS9, having regard to non-performing loans resulting from business combinations, loans classified as "Purchased or Originated Credit Impaired" (POCI) assets shall be recognized at their value at initial recognition which is their fair value determined in the PPA process, entailing mechanical reduction of the average coverage ratio of the Group.

Indirect funding

Items	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
- Wealth management	21,863,521	24,754,018	-2,890,497	-11.7
- Insurance products	27,586,712	27,940,674	-353,962	-1.3
Total assets under management	**49,450,233**	**52,694,692**	**-3,244,459**	**-6.2**
Assets under administration	**37,722,242**	**40,709,231**	**-2,986,989**	**-7.3**
Indirect funding	**87,172,475**	**93,403,923**	**-6,231,448**	**-6.7**

Indirect Funding came to Euro 87.2 billion, decreasing by Euro 6.2 million YoY (-7%) because essentially of the negative performance of stock and bond markets the year; net of that effects, considering the increase of Euro 4.5 billion (net production) in wealth deposited by Customers, the increase would be of +5%.

Assets under management stood at Euro 49.5 billion (-6%). Net of the market effect, the stock increased by 3% YoY, driven by the growth in net inflows, amounting to Euro 1.6 billion, and by the insurance component, which was less impacted by the fluctuations in financial markets.

Assets under Administration stood at Euro 37.7 billion (-7%); net of the market effect it increased by +7% YoY thanks to net inflows amounting to Euro 2.9 billion.

Net interbank position

As at 31 December 2022, the net Interbank Position reported a debt of Euro 5.6 billion resulting from the mismatch between due from banks amounting to Euro 5.5 billion and due to banks amounting to Euro 11.2 billion.

More than satisfying liquidity position, with the LCR at 262%.

Financial assets held

Items	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Financial assets and liabilities measured at fair value through profit or loss				
- Debt securities	1,520	2,451	-931	-38.0
- Equity securities and units of collective investment undertakings	185,298	198,202	-12,904	-6.5
- Loans	-	-	-	
- Derivative financial instruments with positive FV	331,893	70,681	261,212	
Total assets	**518,711**	**271,334**	**247,377**	**91.2**
- Derivative financial instruments with negative FV	329,049	75,042	254,007	
Total liabilities	**329,049**	**75,042**	**254,007**	
Net Total	**189,662**	**196,292**	**-6,630**	**- 3.4**
Financial assets measured at fair value through other comprehensive income				
- Debt securities	3,240,500	3,836,727	-596,227	-15.5
- Equity securities	279,518	278,513	1,005	0.4
- Loans	-	-	-	
Total	**3,520,018**	**4,115,240**	**-595,222**	**-14.5**

As at 31 December 2022 Financial assets measured at fair value through other comprehensive income amounted to Euro 3.5 billion, decreasing by -14% YoY, resulting also from the sale of government securities.

Government securities held

	31 Dec. 2022			31 Dec. 2021		
	Nominal value	Book value	Valuation reserve	Nominal value	Book value	Valuation reserve
FVSEL						
Italian Government securities	12	13	X	12	15	X
Argentinian Government securities	87	-	X	47	-	X
Financial assets through other comprehensive income						
Italian Government securities	3,304,000	3,240,500	-9,228	3,321,142	3,642,957	13,690
Financial assets carried at amortized cost						
Italian Government securities	11,130,300	11,667,781	X	11,537,500	12,499,666	X
French Government securities:	-	-	-	-	-	-
Spanish Government securities:	-	-	-	278,000	296,267	-
Portuguese Government securities	-	-	-	10,000	10,820	-
Total	**14,434,399**	**14,908,294**	**-9,228**	**15,146,701**	**16,449,725**	**13,690**

The closing total of **government securities held amounted to Euro 14.4 billion**, decreasing, in nominal terms, by Euro 0.7 billion vs. the opening figure(-5%) in the HTC portfolio.

Property, plant and equipment and intangible assets

As at the end of 2022, Property, Plant and Equipment and Intangible Assets amounted to Euro 2.9 billion (-2% YoY).

Specifically, “Property, plant and equipment” came to Euro 1.3 billion, (-2% YoY), due to the recognition of depreciation and of the change in assets recognized as “right of use” (in compliance with IFRS 16) and “Intangible assets” came to Euro 1.6 billion (-2% YoY) with this figure including goodwill for Euro 1.3 billion.

Specific-purpose provisions

Items	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Employee severance benefits	**98,817**	**143,625**	**-44,808**	**-31.2**
Provisions for risks and charges	**584,939**	**718,681**	**-133,742**	**-18.6**
a) commitments and guarantees given	73,904	62,105	11,799	19.0
b) post-employment and similar obligations	24,020	34,476	-10,456	-30.3
c) other provisions for risks and charges	487,015	622,100	-135,085	-21.7
Total specific-purpose provisions	**683,756**	**862,306**	**-178,550**	**-20.7**

Specific-purpose provisions came to Euro 684 million decreasing by Euro 179 million YoY (-21%): specifically, item “Other provisions for risks and charges” decreased by Euro 135 million, of which Euro 60 million because of the release of the extraordinary provisioning to the Voluntary Redundancy Fund for the 2021 Next Generation Plan and because of the use of provisions for Creval PPA.

Equity

Items	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Share capital	1,102,071	979,283	122,788	12.5
Share premium reserve	3,496,073	3,118,147	377,926	12.1
Reserves	1,772,120	1,825,235	-53,115	-2.9
Equity instruments	815,000	815,000	-	-
Reserve for valuation of financial assets through other comprehensive income	-15,939	-12,787	3,152	24.6
Reserves from valuation of actuarial gains (losses) relating to defined-benefit pension plans	-38,967	-53,426	-14,459	-27.1
Net profit for the period	558,594	607,443	-48,849	-8.0
Total (book) equity	**7,688,952**	**7,278,895**	**410,057**	**5.6**

As at 31 December 2022, book Equity stood at Euro 7.7 billion, increasing by Euro 0.4 billion YoY (+6%).

The increase resulted from the profit for the FY (Euro 559 million) and from the share capital increase made by Crédit Agricole Italia in early June 2022, which determined an increase in equity of Euro 83 million net of Euro 417 million in future capital increase contributions that had already been made in 2021 by the controlling company Credit Agricole S.A.. Conversely, the Group share of equity decreased subsequent to the distribution of dividends for Euro 166 million.

The "Equity instruments" item reports the amount of additional tier 1 (AT1) instruments issued.

The Group proved once more its capital strength, which is well above the minimum prudential requirements assigned by the ECB for 2022, with the ratios given below: **Fully-loaded Common Equity Tier 1 Ratio at 13.0% and Total Capital Ratio at 18.3%**.

Own Funds

Categories/Values	31 Dec. 2022	31 Dec. 2021
A. Common Equity Tier 1 - CET1 prior to the application of prudential filters	6,559,746	6,313,987
of which CET1 instruments subject to transitional arrangements	-	-
B. CET1 (+/-) prudential filters	-42,757	-44,516
C. CET1 gross of elements to be deducted and of the effects of the transitional regime (A +/- B)	6,516,989	6,269,471
D. Elements to be deducted from CET1	1,877,008	2,281,484
E. Transitional regime – Impact on CET1 (+/-), including minority interests subject to transitional arrangements	-	-
F. Total Common Equity Tier 1 (CET1) (C - D +/-E)	4,639,981	3,987,987
G. Additional Tier 1 (AT1) gross of elements to be deducted and of the effects of the transitional regime	815,000	815,482
of which AT1 instruments subject to transitional provisions	-	-
H. Elements to be deducted from AT1	-	-
I. Transitional regime - Impact on AT1 (+/-), including instruments issued by subsidiaries/associates and included in AT1 under transitional provisions	-	-
L. Total Additional Tier 1 (AT1) (G - H +/- I)	815,000	815,482
M. Tier 2 (T2) including deductible elements and the effects of the transitional regime	1,078,949	1,116,505
of which T2 instruments subject to transitional arrangements	-	*294*
N. Elements to be deducted from T2	-	-
O. Transitional regime – Impact on T2 (+/-), including instruments issued by subsidiaries/associates and included in T2 under transitional provisions	-	-
P. Total Tier 2 (T2) (M - N +/- O)	1,078,949	1,116,505
Q. Total own funds (F + L + P)	6,533,930	5,919,974

Categories/Values	Non-weighted amounts		Weighted amounts/requirements	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
A. RISK ASSETS				
A.1 Credit and counterparty risks	95,780,299	105,851,951	31,519,437	30,309,491
1. Standardized approach	62,939,901	66,837,046	24,021,986	21,631,749
2. IRB approach	32,838,965	38,665,911	7,483,823	8,295,099
2.1 Foundation	-	-	-	-
2.2 Advanced	32,838,965	38,665,911	7,483,823	8,295,099
3. Asset-backed securities	1,433	348,994	13,628	382,643
B. SUPERVISORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risks			2,521,555	2,424,759
B.2 Risk of value adjustments of loans			3,411	10,425
B.3 Regulatory risk			-	-
B.2 Market risks			734	656
1. Standardized approach			734	656
2. Internal models			-	-
3. Concentration risk			-	-
B.3 Operational risk			331,082	320,677
1. Basic indicator approach			6,485	5,786
2. Standardized approach			324,597	314,891
3. Advanced approach			-	-
B.5 Other measurement elements			-	-
B.6 Total prudential requirements (*)			2,856,782	2,756,517
C. RISK ASSETS AND CAPITAL ADEQUACY RATIOS				
C.1 Risk-weighted assets			35,709,777	34,456,466
C.2 Common Equity Tier 1/Risk-weighted assets (CET 1 capital ratio)			13.0%	11.6%
C.3 Tier 1/Risk-weighted assets (Tier 1 capital ratio)			15.3%	13.9%
C.4 Total own funds/Risk-weighted assets (Total capital ratio)			18.3%	17.2%

As at 31 December 2022 Common Equity Tier 1 came to Euro 4,640 million, increasing vs. the figure for the previous FY (up by Euro +652 million). The change resulted, on the one hand, from the evolution in the related book equity items - including the retained portion of the annual earnings and the share capital increases, which were respectively completed in early June to supplement Creval integration (another 83 million Euro on top of the contribution of 417 million Euro for future share capital increase made by the Controlling Company Crédit Agricole S.A. in 2021) and in late November subsequent to the merger by absorption of Crédit Agricole FriulAdria into Crédit Agricole Italia (0.8 million Euro servicing the share swap), as well as from the considerable reduction in DTA for losses (resulting from the provisions laid down in the 2021 Italian Budget Law, which provides for their conversion into tax credits in case of business combinations) and the annual interest paid on the stock of Additional Tier 1 instruments.

In the FY there were no issues or repayments of Additional Tier 1 subordinated notes, while, in April, a Tier 2 subordinated note of Euro 150 million was issued, with the concomitant buy back of the Tier 2 note issued by Creval in 2017.

Risk-weighted assets (RWA) came to Euro 35,710 million by Euro 1,253 million vs. 31 December 2021, which mainly reflects the developments in loans to Customers (an RWA add-on resulting from the Model Change project and amounting to Euro 1,059 million, the favourable impacts generated by the review of the prudential treatment of AIRB exposures backed by State guarantees (the State guarantee given in Q2 2022 on the securitization of bad loans (GACS) which was finalized at the end of 2021) and, lastly, by the sale of the entire equity investment held in Creval Più Factor SpA.

Following the above-reported developments the CET1 ratio as at 31 December 2022 came to 13.0% (11.6% as at 31 December 2021), the Tier 1 ratio to 15.3% (13.9% as at 31 December 2021) and the Total Capital ratio to 18.3% (17.2% as at 31 December 2021).

PROFIT OR LOSS

As represented in the Consolidated Financial Statements as at 31 December 2021, Creval and its subsidiaries joined the Crédit Agricole Italia Banking Group as of 30 April 2021 (the acquisition date).

In order to ensure the comparability of the data on performance of operations, the 2021 reclassified income statement and the tables breaking down profit or losses have been adjusted to include Creval's profit or loss before the acquisition (January-April) net of the estimated effects of the Purchase Price Allocation (PPA) for the same period and of some non-recurring components coming from Creval in FY 2021.

Furthermore, the non-recurring effects recognized by the companies of the Crédit Agricole Italia Banking Group in Q4 2021 have been neutralized.

The breakdown reconciliation statement is given below.

Reclassified Consolidated Income Statement as at 31 December 2021 adjusted

	30 June 2021 official	Creval before acquisition 1 Jan. 2021 30 April 2021	Adjustments	Non-recurring effects(*)	31 Dec. 2022 adjusted
Net interest income	1,130,740	112,723	(4,017)	-	1,239,446
Net fee and commission income	1,141,498	80,959	869	-	1,223,326
Dividends	11,429	867	(875)	-	11,421
Financial Income (loss)	62,069	12,669	(16,901)	-	57,837
Other operating income (expenses)	(4,508)	3,029	(3,619)	-	(5,098)
Net operating income	**2,341,228**	**210,247**	**(24,543)**	**-**	**2,526,932**
Personnel expenses	(1,079,914)	(83,824)	400	189,530	(973,808)
Administrative expenses	(444,863)	(43,943)	971	25,000	(462,835)
Depreciation and amortization	(215,952)	(13,875)	(765)	-	(230,592)
Operating expenses	**(1,740,729)**	**(141,642)**	**606**	**214,530**	**(1,667,235)**
Operating margin	**600,499**	**68,605**	**(23,937)**	**214,530**	**859,697**
Impairment on goodwill	-	-	-	-	-
Net provisions for risks and charges	(41,990)	(3,425)	-	27,500	(17,915)
Net adjustments to loans	(643,868)	(31,622)	-	335,600	(339,890)
Impairment of securities	(5,810)	(57)	-	4,700	(1,167)
Profit (loss) on other investments	(15,384)	2,824	-	19,400	6,840
Profit (loss) before tax from continuing operations	**(106,553)**	**36,325**	**(23,937)**	**601,730**	**507,565**
Taxes on income from continuing operations	249,242	(5,098)	1,206	(397,566)	(152,216)
Profit (loss) after tax from discontinued operations	-	-	-		-
Profit (loss) for the period	**142,689**	**31,227**	**(22,731)**	**204,164**	**355,349**
Profit (loss) for the period attributable to minority interests	(929)	-	230	-	(699)
Net profit (loss) for the period attributable to the Parent Company before non-recurring items	**141,760**	**31,227**	**(22,501)**	**204,164**	**354,650**
Negative difference on Creval consolidation	496,865	-	-	-	496,865
Restatement of non-recurring items of which others	-	-	-	(301,164)	(301,164)
Restatement of non-recurring items of which tax realignment effect	-	-	-	97,000	97,000
Restatement of non-recurring effects: Creval acquisition/integration expenses net of tax effect	(31,182)	-	-	-	(31,182)
Profit (loss) for the period attributable to the Parent Company	**607,443**	**31,227**	**(22,501)**	**-**	**616,169**

(*) In the "Non-recurring effects" column, the non-recurring effects have been neutralized in the respective rows and then reintroduced in rows "Restatement of non-recurring items: of which others" and "Restatement of non-recurring items: of which tax realignment effect".

Specifically, said adjustments mainly concerned:

- Item "Net interest income": PPA alignment for the first four months of 2021 because of the adjustments to the carrying amount of financial assets and liabilities measured at amortized cost (loans to customers, securities and funding from customers);
- Item "Financial Income": capital gains on Creval security portfolio realized before the acquisition, not in the scope of continuing operations;
- Item "Depreciation and amortization": PPA alignment for the first four months of 2021, subsequent to the recognition of the intangible assets consisting of customer relationship;
- Item "Taxes on income from continuing operations": tax benefits recognized by Creval in the period before its acquisition net of the tax effect of the above-reported neutralization;
- Item "Profit (loss) for the period attributable to minority interests": portion of profit attributable to Crédit Agricole FriulAdria minority interests accrued in 2021 and no longer existing in 2022 subsequent to its absorption into Crédit Agricole Italia.

Reclassified income statement

	31 Dec. 2022	31 Dec. 2021(*)	Changes	
			Absolute	%
Net interest income	1,310,650	1,239,446	71,204	5.7
Net fee and commission income	1,218,951	1,223,326	-4,375	-0.4
Dividends	13,356	11,421	1,935	16.9
Financial Income (loss)	33,127	57,837	-24,710	-42.7
Other operating income (expenses)	3,096	(5,098)	8,194	
Net operating income	**2,579,180**	**2,526,932**	**52,248**	**2.1**
Personnel expenses	(965,600)	(973,808)	-8,208	-0.8
Administrative expenses	(486,364)	(462,835)	23,529	5.1
Depreciation and amortization	(209,237)	(230,592)	-21,355	-9.3
Operating expenses	**(1,661,202)**	**(1,667,235)**	**-6,033**	**-0.4**
Operating margin	**917,978**	**859,697**	**58,281**	**6.8**
Net provisions for risks and charges	(16,528)	(17,915)	-1,387	-7.7
Net adjustments to loans	(286,466)	(339,890)	-53,424	-15.7
Impairment of securities	(8,432)	(1,167)	7,265	
Profit (loss) on other investments	7,198	6,840	358	5.2
Profit (loss) before tax from continuing operations	**613,750**	**507,565**	**106,185**	**20.9**
Taxes on income from continuing operations	(179,664)	(152,216)	27,448	18.0
Profit (loss) for the period	**434,086**	**355,349**	**78,737**	**22.2**
Profit (loss) for the period attributable to minority interests	(1,474)	(699)	775	110.9
Profit (loss) for the period attributable to the Parent Company before badwill and Creval integration expenses	**432,612**	**354,650**	**77,962**	**22.0**
Creval consolidation difference	-	496,865	-496,865	-100.0
Restatement of non-recurring effects of which others	-	(301,164)	-301,164	-100.0
Restatement of non-recurring effects of which tax realignment	146,251	97,000	49,251	50.8
Restatement of non-recurring effects: Creval acquisition/integration expenses net of tax effect	(20,269)	(31,182)	-10,913	-35.0
Profit (loss) for the period attributable to the Parent Company	**558,594**	**616,169**	**-57,575**	**-9.3**

(*) Data as at 31 December 2021 adjusted (breakdown on page 52).

Reconciliation between the income statement and the reclassified income statement

	31 Dec. 2022	31 Dec. 2021(*)
Net interest income	**1,310,650**	**1,239,446**
30. Net interest income	1,301,492	1,228,231
40. Fee and commission income: of which Deposit Fees and Commissions	4,336	5,746
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	(1)	(7)
230. Calit IAS gain	2,670	1,875
100. Profit (loss) on disposal or repurchase of:: b) financial assets measured at fair value through other comprehensive income	2,153	3,601
Net fee and commission income	**1,218,951**	**1,223,326**
60. Net fee and commission income	1,221,774	1,226,577
To deduct: Deposit fees and commissions	(4,336)	(5,746)
To deduct: Fees and commissions on disposal of investments	892	-
200. Other operating expenses/income: of which Commission income from Fast Loan Application Processing	621	1,026
To deduct Fee and commission expense: of which expenses for Creval acquisition/integration	-	1,469
Dividends and similar income = item 70	**13,356**	**11,421**
Financial Income (loss)	**33,127**	**57,837**
80. Net profit (loss) on trading activities	27,838	30,781
90. Net profit (loss) on hedging activities	(10,306)	(6,924)
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	1	7
100. Profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	2,817	23,031
100. Profit (loss) on disposal or repurchase of:: b) financial assets measured at fair value through other comprehensive income	14,744	16,217
To deduct: 100. Profit (loss) on disposal or repurchase of:: b) financial assets measured at fair value through other comprehensive income	(2,153)	(3,601)
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	(2,330)	(2,077)
100. Profit (loss) on disposal or repurchase of: c) financial liabilities	9,057	38
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(11,116)	(6,312)
To deduct: b) other financial assets mandatorily measured at fair value of which measurement of financial instruments	4,575	6,677
Other operating income (expenses)	**3,096**	**(5,098)**
200. Other operating expenses/income	332,903	837,181
250. Gains (Losses) on equity investments of which Price Adjustment for disposal of equity investments	120	-
To deduct: expenses recovered	(325,459)	(335,658)
To deduct: recovered expenses for the management of non-performing loans	(1,177)	(5,108)
To deduct: Commission income from Fast Loan Application Processing	(621)	(1,026)
To deduct: Calit IAS gain	(2,670)	(1,875)
To deduct: Creval consolidation difference	-	(496,865)
Adjustments to properties for not capitalized non-recurring expenses	-	(1,747)
Net operating income	**2,579,180**	**2,526,932**
Personnel expenses = item 190 a)	**(965,600)**	**(973,808)**
Administrative expenses	**(486,364)**	**(462,835)**
190. Administrative expenses: b) other administrative expenses	(852,631)	(867,930)
230. Other operating expenses/income: of which expenses recovered	325,459	335,658
190. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	9,524	25,030
To deduct: annual payment 1.5% DTA (Art. 11 D.L. 59/2016)	2,590	-
To deduct Administrative expenses: b) other administrative expenses: of which expenses for Creval integration	28,694	44,407
Depreciation and amortization	**(209,237)**	**(230,592)**
210. Net adjustments to/recoveries on property, plant and equipment	(112,978)	(129,283)
To To deduct: impairment of property, plant and equipment inventories	-	388
To deduct: impairment of properties taken back at the expiry of lease contracts	-	2,570
To deduct: adjustments to properties for not capitalized non-recurring expenses	-	1,747
To deduct: investment property impairment	2,013	-
To deduct: expenses for Creval integration	1,595	720
220. Net adjustments to//recoveries on intangible assets	(99,867)	(125,963)

(*) Data as at 31 December 2021 adjusted.

	31 Dec. 2022	31 Dec. 2021(*)
210.+220. Net adjustments to/recoveries on property, plant and equipment and intangible assets: Creval:write-off	-	19,229
Operating expenses	**(1,661,202)**	**(1,667,235)**
Operating margin	**917,978**	**859,697**
Impairment on goodwill = item 270	**-**	**-**
Net provisioning for risks and charges = Item 200 b) other net provisioning	**(16,528)**	**(17,915)**
170. Net provisioning for risks and charges; b) other net provisioning	(17,201)	(47,915)
To deduct: other net provision for risks and charges; b) other net provisions	673	30,000
Net adjustments to loans	**(286,466)**	**(339,890)**
100. Profit (loss) on disposal or repurchase of: a) financial assets measured at amortized cost	20,949	(110,552)
To deduct profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	(2,817)	(23,031)
To deduct: release of provision for impairment of securities measured at amortized cost	(1,650)	(622)
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss:of b) of other financial assets mandatorily measured at fair value: of which measurement of financial instruments	(4,575)	(6,677)
130. Net adjustments for credit risk to: a) financial assets measured at amortized cost:	(285,280)	(140,329)
a) To deduct: net adjustments for credit risk to: a) securities classified as financial assets measured at amortized cost	8,710	1,075
140. Profits/Losses on contract modifications without derecognition	(694)	(731)
190. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	(9,524)	(25,030)
To deduct: recovered expenses for the management of non-performing loans	1,177	5,108
200. Net provisioning for risks and charges: a) commitments and guarantees given	(12,089)	(6,531)
Impairment of properties taken back at the expiry of lease contracts	-	(2,570)
170. Net provisioning for risks and charges; b) other net provisioning	(673)	(30,000)
Impairment of securities	**(8,432)**	**(1,167)**
130. Net impairment losses for credit risk of: a) securities classified as financial assets measured at amortized cost	(8,710)	(1,075)
130. Net adjustments for credit risk of: b) financial assets measured at fair value through other comprehensive income	(3,702)	(2,791)
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	2,330	2,077
To deduct: release of provision for impairment of securities measured at amortized cost	1,650	622
Profit (loss) on other investments	**7,198**	**6,840**
250. Profit (losses) on equity investments	9,102	4,312
to deduct Profits (Losses) on equity investments: of which Price Adjustment on disposal of equity investments	(120)	-
260. Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	(810)	84
280. Profit (losses) on disposals of investments	1,930	2,832
210. Impairment of property, plant and equipment	(2,013)	-
210. impairment of property, plant and equipment inventories	-	(388)
50. Fee and commission expense: fees and commissions on disposal of investments	(892)	-
Profit (loss) on continuing operations before taxes	**613,750**	**507,565**
Taxes on income from continuing operations = item 300	**(179,664)**	**(152,216)**
300. Taxes on income from continuing operations	(20,803)	(136,802)
160. administrative expenses: b) other administrative expenses of which annual fee equal to1,5% DTA (Art. 11 D.L. 59/2016)	(2,590)	-
To deduct: taxes on expenses for Creval integration	(10,019)	(15,414)
To deduct: tax realignment	(146,251)	-
Net profit for the period	**434,086**	**355,349**
Profit for the period attributable to minority interest	(1,474)	(699)
Profit for the period attributable to the Parent Company	**432,612**	**354,650**
200. Other operating expenses/income - Creval consolidation difference	-	496,865
Restatement of non-recurring items of which others	-	(301,164)
50. Fee and commission expense: of which expenses for Creval integration	-	(1,469)
190. Administrative expenses: b) other administrative expenses: of which expenses for Creval integration	(28,694)	(44,407)
210.+220. Net adjustments to/recoveries on property, plant and equipment and intangible assets: of which expenses for Creval integration	(1,595)	(720)
300. Taxes on income for the period from continuing operations: taxes on expenses for Creval integration	10,019	15,414
300. Income taxes for the period: restatement of non-recurring items: among which tax realignment	146,251	97,000
Profit for the period attributable to the Parent Company	**558,594**	**616,169**

(*) Data as at 31 December 2021 adjusted.

Net operating income

The profit or loss from commercial activities reflects on the performance of **Income, which hit Euro 2,579 million, growing by +2% YoY** driven by the performance on Net Interest Income, which increased by +6% YoY.

Net interest income

Items	31 Dec. 2022	31 Dec. 2021(*)	Changes	
			Absolute	%
Business with customers	1,133,121	992,290	140,831	14.2
Business with banks	42,353	102,072	-59,719	-58.5
Debt securities issued	(105,524)	(123,907)	-18,383	-14.8
Spreads on hedging derivatives	(224,911)	44,521	-269,432	
Financial assets held for trading	8	9	-1	-11.1
Assets measured at fair value	440	139	301	
Securities measured at amortized cost	345,368	173,349	172,019	99.2
Securities through other comprehensive income	91,548	50,707	40,841	80.5
Other net interest income	28,247	265	27,982	
Net interest income	**1,310,650**	**1,239,446**	**71,205**	**5.7**

(*) Data as at 31 December 2021 adjusted.

Net interest income came to Euro 1,311 million, increasing by Euro 71 million YoY and benefited from the increase in the curve of yields on Loans and on the Security Portfolio, which was partially only offset by the increase in the cost of Funding from Customers and by the lower contributions from TLTRO (due also to the effect of the end of the additional benefit on borrowing rate in force until 30 June 2022).

Net fee and commission income

Items	31 Dec. 2022	31 Dec. 2021(*)	Changes	
			Absolute	%
- guarantees given	10,485	11,436	-951	-8.3
- collection and payment services	87,067	69,989	17,078	24.4
- current accounts	274,537	291,779	-17,242	-5.9
- debit and credit card services	65,423	63,792	1,631	2.6
Commercial banking business	**437,512**	**436,997**	**516**	**0.1**
- securities intermediation and placement	273,406	297,006	-23,600	-7.9
- intermediation in foreign currencies	7,514	7,784	-270	-3.5
- asset management	13,313	14,206	-893	-6.3
- distribution of insurance products	343,318	333,265	10,053	3.0
- other intermediation/management fee and commission income	62,462	46,283	16,179	35.0
Management, intermediation and advisory services	**700,013**	**698,544**	**1,469**	**0.2**
Tax collection services	**-**	**-**	**-**	
Other net fee and commission income	**81,425**	**87,785**	**-6,360**	**-7.2**
Total net fee and commission income	**1,218,951**	**1,223,326**	**-4,375**	**-0.4**

(*) Data as at 31 December 2021 adjusted.

Fee and commission income came to Euro 1,219 million, stable YoY, with growing performances in the insurance business, consumer credit and in the corporate banking segment, which offset the negative contribution from the sectors that were the hardest hit by the market performances. Specifically, good performances were achieved in collection and payment activities (up by Euro +17 million YoY), in the distribution of insurance products (up by Euro +10 million YoY) and in fee and commission income from intermediation and management (up by Euro +16 million YoY), which resulted from higher origination of direct and indirect loans achieved also in synergy with Agos, besides transactions carried out in the Corporate Banking scope with an important ESG portion of newly originated loans (30%).

Fee and commission income from securities intermediation and placement decreased YoY by Euro 24 million (-8%) as it was penalized by the high uncertainty on financial markets after the outbreak of the war against Ukraine and the energy crisis, which limited new investment flows from Customers.

Dividends

Dividends from equity investments came to Euro 13 million, mainly regarding the stake in the Bank of Italy for Euro 9 million, the equity investments in Unipol for Euro 1.2 million, in Fraer Leasing for Euro 0.9 million and in Fondo Antillia for Euro 0.9 million, all of which classified as "Financial assets measured at fair value through other comprehensive income".

Financial income (loss)

Items	31 Dec. 2022	31 Dec. 2021(*)	Changes	
			Absolute	%
Interest rates	25,537	21,324	4,213	19.8
Stocks	(89)	54	-143	
Foreign exchange	11,447	9,441	2,006	21.2
Commodities	-	-	-	
Credit derivatives in the trading boon	-	-	-	
Total profit (losses) on financial assets held for trading	**36,895**	**30,819**	**6,076**	**19.7**
Total profit (losses) on assets held for hedging	**(10,305)**	**(6,917)**	**3,388**	**49.0**
Net profit (loss) on financial assets and liabilities measured at fair value	**(6,541)**	**365**	**-6,906**	
Total profit (losses) on securities measured at amortized cost	**2,817**	**23,031**	**-20,214**	**-87.8**
Total profit (losses) on securities through other comprehensive income	**10,261**	**10,539**	**-278**	**-2.6**
Financial Income (loss)	**33,127**	**57,837**	**-24,710**	**-42.7**

(*) Data as at 31 December 2021 adjusted.

Total financial income came to Euro 33 million, decreasing by Euro 25 million YoY mainly because of the lower contribution of realized capital gains on the securities held considering the changed scenario of government interest rates; conversely the contribution from intermediation grew, whereby **Income on financial assets held for trading could be achieved amounting to Euro 37 million**, increasing by Euro 6 million YoY (+20%) thanks to strong demand by enterprises for **hedging products,** especially interest rate hedging.

Other operating income (expenses)

The balance of item "Other operating income (expenses)" was positive by Euro 3 million, increasing by Euro +8 million vs. 2021 because of benefits and contingent assets especially on the former-Creval perimeter. This item also reports expenses for "amortization of leasehold improvements" amounting to Euro 6 million.

Operating expenses

Items	31 Dec. 2022	31 Dec. 2021(*)	Changes	
			Absolute	%
Personnel expenses	**(965,600)**	**(973,808)**	**-8,208**	**-0.8**
- general operating expenses	(124,427)	(121,274)	3,153	2.6
- IT services	(159,803)	(130,034)	29,769	22.9
- direct and indirect taxes	(147,608)	(157,924)	-10,315	-6.5
- real estate property management	(19,175)	(15,287)	3,888	25.4
- legal and other professional services	(29,256)	(25,983)	3,273	12.6
- advertising and promotion expenses	(13,315)	(13,308)	7	0.1
- indirect personnel expenses	(7,384)	(4,610)	2,774	60.2
- contributions to support the banking system	(95,872)	(98,057)	-2,185	-2.2
- other expenses	(214,981)	(232,324)	-17,344	-7.5
- expenses and charges recovered	325,459	335,966	-10,507	-3.1
Administrative expenses	**(486,364)**	**(462,835)**	**23,529**	**5.1**
- intangible assets	(98,272)	(114,994)	-16,721	-14.5
- property, plant and equipment	(110,965)	(115,599)	-4,633	-4.0
Depreciation and amortization	**(209,237)**	**(230,592)**	**-21,355**	**-9.3**
Operating expenses	**(1,661,202)**	**(1,667,235)**	**-6,033**	**-0.4**

(*) Data as at 31 December 2021 adjusted.

Operating expenses came to Euro 1,661 million, slightly decreasing by 0.4% vs. 2021; net of the Contributions to Banking Resolution Funds System (amounting to Euro 95 million for 2022, -2% YoY) Ordinary Expenses **came to Euro 1,565 million**, down by Euro 4 million YoY. The aggregate reports a decrease in **Personnel Expenses (at Euro 966 million, -1%YoY)** which benefited from the effects of the generational turnover plan named “Next Generation” and a 7% increase in **Administrative Expenses** (net of the Contributions to Bank Resolution Funds because of higher costs regarding the transformation plan, innovation and growth in inflation, which impacted especially energy consumption; lastly, **Depreciation and Amortization, which came to Euro 209 million,** decreased by **-9%** mainly because of Creval integration into the Group with consequent decommissioning of its IT assets.

The **Cost/Income ratio** (net of the Contributions to Bank Resolution Funds) **stood at 60.7%** improving vs. FY 2021 by 1.4 percentage points.

Income from operations

Ordinary operating income came to Euro 1,014 million (up by +6% YoY).

Net Provisioning for risks and charges

Items	31 Dec. 2022	31 Dec. 2021(*)	Changes	
			Absolute	%
- revocatory actions	(2,731)	(2,827)	-96	-3.4
- non-lending-related legal disputes	(7,794)	(6,085)	1,709	28.1
- repayments to customers on defaulted securities	-	(7)	-7	-100.0
- other	(6,003)	(8,996)	-2,993	-33.3
Total specific-purpose provisions	**(16,528)**	**(17,915)**	**-1,387**	**7.7**

(*) Data as at 31 December 2021 adjusted.

Provisioning for risks and charges mostly regarded provisioning for lawsuits in which the Group is the defendant and revocatory actions, and amounted to Euro 17 million, down by -8% YoY.

Net adjustments to loans

	31 Dec. 2022	31 Dec. 2021(*)	Changes	
			Absolute	%
- bad loans	(66,542)	(93,960)	-27,418	-29.2
- Unlikely to Pay	(165,615)	(141,773)	23,842	16.8
- Past-due loans	(10,998)	(5,461)	5,536	101.4
Non-performing loans	**(243,155)**	**(241,195)**	**1,960**	**0.8**
- Performing loans - stage 2	(20,381)	(9,213)	11,168	121.2
- Performing loans - stage 1	3,448	(23,051)	26,499	115.0
Performing loans	**(16,933)**	**(32,264)**	**-15,331**	**-47.5**
Net losses on impairment of loans	**(260,088)**	**(273,459)**	**-13,371**	**-4.9**
Profits/Losses on contract modifications without derecognition	(694)	(731)	-37	-5.1
Impairment of securities	(4,575)	(6,677)	-2,102	-31.5
Expenses/recovered expenses for loan management	(8,347)	(19,922)	-11,575	-58.1
Provisions for possible expenses on sold loans	(673)	(30,000)	-29,327	-97.8
Net adjustments for guarantees and commitments	(12,089)	(6,531)	5,558	85.1
Impairment of properties taken back at the expiry of lease contracts	-	(2,570)	-2,570	-100.0
Net adjustments to loans	**(286,466)**	**(339,890)**	**-53,425**	**-15.7**

(*) Data as at 31 December 2021 adjusted.

Net adjustments to loans came to Euro 286 million decreasing by 16% vs. the previous FY.

The decrease in net adjustments resulted from effective management of loan quality, whereby the **default rate could be kept at low levels (0.7%)**, as well as from the positive impacts generated by the portfolio derisking actions that were deployed, especially from the securitization of bad loans for Euro 1.6 billion, which was finalized in Q4 2021 ("*Stelvio*" transaction).

The progressive improvement in Asset quality and the modest amount of new defaults generated a reduction in the Cost of Credit (Adjustments/Net Loans ratio), which came to 45bps vs. 47bps in 2021.

Profit on disposal of investments

In 2022, **Profits on disposal of investments came to Euro 7 million** (increasing by 5.2 YoY) and mostly resulted from the sale of an equity investment held in Generalfinance S.p.A. within the IPO and from the effects of the measurement of that equity investments with the equity method.

Gross profit (loss), taxes and Net income

Taxes on income for the FY were negative by approx. Euro 180 million. This item does not report the benefit of Euro 146 million generated by the tax realignment, which has been separately stated under non-recurring effects.

Consolidated statutory net income came to Euro 559 million vs. the 2021 figure of Euro 616 million, which included Euro 497 million in badwill from Creval acquisition. Excluding the non-recurring elements and the expenses[20] resulting from Creval acquisition, the 2022 profit hit Euro 433 million (+22% YoY adjusted).

20 In the reporting year expenses for Creval integration were also incurred totalling Euro 20 million after tax.

Comprehensive income

Items		31 Dec. 2022	31 Dec. 2021(*)
10.	**Profit (Loss) for the period net of non-recurring effects**	**434,086**	**355,349**
	Other comprehensive income after tax not reclassified to profit or loss		
20.	Equity securities designated at fair value through other comprehensive income	8,068	905
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Property, Plant and Equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	15,576	(704)
80.	Non-current assets held for sale and discontinued operations	-	14
90.	Share of valuation reserves on equity investments measured using the equity method	12	
	Other comprehensive income after tax reclassified to profit or loss		
100.	Hedges of investments in foreign operations	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	**Financial assets (other than equity securities) measured at fair value through other comprehensive income**	**(22,317)**	**(18,220)**
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Share of Valuation Reserves on equity investments measured using the equity method	-	-
170.	**Total other comprehensive income after taxes**	**1,339**	**(18,005)**
180.	**Comprehensive income (Item 10+170)**	**435,425**	**337,344**
190.	Consolidated comprehensive income attributable to Minority Interests	1,481	922
200.	Consolidated comprehensive income attributable to the shareholders of the Parent Company net of non-recurring items	436,906	338,266
	Non-recurring items, badwill and integration expenses	**125,982**	**261,519**
200.	**Consolidated comprehensive income attributable to the Parent Company**	**562,888**	**599,785**

(*) Data as at 31 December 2021 adjusted.

Comprehensive income posted a net positive effect of approx. Euro 1 million (down by Euro -18 million in 2021). The security portfolio posted decreases in value, which were recognized directly in equity reserves for Euro 14 million, whereas, on defined-benefit plans, equity increases were recognized for Euro 15 million, which mainly resulted from the interest rate increases vs. 31 December 2021.

Therefore, net of the above-reported non-recurring components, comprehensive income from continuing operations came to Euro 437 million (vs. Euro 338 million in 2021).

It is pointed out that the inclusion in comprehensive income of the item reporting “Financial assets measured at fair value through other comprehensive income” entails strong volatility that must be taken into account when analyzing the table.

Operations and profitability by business segment

As regards operations and profitability by business segment, please refer to the Note to the financial statements Part L – Segment Reporting.

STRATEGIC PLAN AND BUSINESS DEVELOPMENT LINES

STRATEGIC PLAN

In mid-2022 the Crédit Agricole Italia Banking Group **kicked off its new Medium Term Plan** (2022-2025), continuing on its transformation path it had started on in the previous three-year period, in order to firmly rank among the **top players in the Italian market** within the Group's ***Raison d'Être***, drawing on its distinctive factors: proximity and enhancement of regions, full and international range of products and services thanks to the Group and its product factories, relational excellence and specialization in key business lines.

Despite the current macroeconomic scenario, featuring geopolitical instability, negative impacts caused by inflation and persistent uncertainty on financial markets, the Group's long-term strategic ambitions have been confirmed, as have the centrality of the path towards transformation and the investments supporting it.

The new **Medium Term Plan (MTP)** focuses on the strategic **axes** listed below:

- **Technological Transformation**, to become a fully digital, data-driven bank, by:
  - **Increasing «Change the Bank» IT investments,** doubling the portion intended for innovation and development (e.g., **data centricity** and **A.I.,** digitalization, new platforms, stronger **cyber-security,** flexible and open application architecture) vs. the previous plan;
  - **Hiring specialized resources,** reducing outsourcing and bringing key skills in house;
  - Increasing the **delivery capacity for IT and digital development.**
- Business Model: **Customer-focused universal bank,** with specialist expertise on higher-value segments and focus on organic growth and relational excellence
  - Strengthening even further the Group's **leadership** in its **scopes of excellence** (Mortgage loans, Agri-Food, WM) and boosting the **businesses with high growth potential** (e.g., Private banking, Bancassurance), in synergy with the Group's Product Factories;
  - Fostering **organic growth** drawing on relational leadership and customer base renewal;
  - Strengthening **specialization** for enterprises, drawing also on synergies with CACIB and developing high-value businesses.
- **Omnichannel digital Service Model** in order for account managers' time to be "100% relational", by:
  - Firmly establishing the Group's positioning at the top of the market for **relational excellence** – also in a distance mode – ensuring full understanding of our Customers' needs and giving our Customers the choice of their preferred channel to interact with the Bank, thanks to an **advanced omnichannel model;**
  - Deep **reduction in administrative activities** to be performed by the Network, thanks to process digitalization;
  - Evolution of the **Customer Service from an omnichannel perspective;**
  - **Different approach to geographical areas** in accordance with the characteristic of the specific geographical area.
- **New Lending Model** data- and digital-driven in order to reduce the cost of credit and to have faster and more effective decision-making processes, by means of:
  - **Proactive and early loan management;**
  - **Evolution of the data infrastructure**, to make it fit to support the entire lifetime of loans and **predictive/ decision-making tools;**
  - **Full use of ESG criteria and score**s in the lending process to assess and assist the Group's counterparties in the climate transition.
- **Capital and risks**: oversight of regulatory ratios and RWA optimization, with continuous implementation of advanced approaches to the calculation of risk-weighted assets, in accordance with the development in the applicable legislation and regulations.
- **People Project**: centrality of Human Capital as a key driver for the achievement of the plan ambitions and for the path towards change:
  - **Continuing with the transformation plan underway** since 2019 (new managerial and leadership models, entrepreneurship, responsibility- and accountability-taking, new skills and new ways of working...);
  - **Enhancing the Relational Excellence Model** of the Group, by means of training focusing on the quality of the service to Customers and on the relationship management also in a distance mode;

- Continuing with the **"Next Generation"** extensive generational turnover plan, which started in 2021 and provides for young talents to be hired and their growth fostered so that profiles and skills can be diversified;
- Strengthening of the **onboarding, training and development** plan, with specific initiatives for young people and a more and more **tailor-made** approach in building **training** and **development paths;**
- **Targeted career paths** for **specialist profiles** (e.g., Tech, Data Scientists) and **up-re/skilling** programmes;
- Targeted initiatives to foster **gender equality and inclusion** in career paths (Equity&Gender Pay Gap – Specific paths for the enhancement of female employees with potential);
- **Work-life balance centrality**, also in the Network (e.g., agile, smart working);
- **Transformative programme** for digital evolution of the HR processes and tools, in line with the Group's new size and ambitions;
- **Top Employers certification for the 15th year** in a row;
- Continuing with the "**School project**" to accompany over 650 students on school and university orientation path aimed at increasing their awareness of topics such as Diversity&Inclusion, sustainability and digitalization.

- **Sustainability/ESG:**
  - Enhancement of **sustainability governance** by having ESG owners within the Bank structures;
  - **Cooperation** with Crédit Agricole S.A. within the **Net Zero Banking Alliance** project on the ten priority carbon-intensive industries, which account for 80% of GHG emissions;
  - Inclusion of **ESG criteria** in the lending processes and policies;
  - Developing a **range of products and services** to assist individuals (e.g..,"Energia Leggera Green" Crédit Agricole mortgage loan) and businesses on their path to climate transition, while also focusing on social inclusion and cohesion (e.g., the "Mutuo giovani" mortgage loan for young people);
  - **Enhancing** the Agri-Food service model and extending the related range of products and services (e.g., the Agri Energia and Agri Blu new products);
  - **Setting up an ESG/ITALY'S RECOVERY AND RESILIENCE PLAN Team** to assist the commercial network and, upon request, enterprises in obtaining funds under the Plan and with business support concerning related loans, partnerships and advisory activities;
  - **Integration** of sustainability control in the Wealth Management advisory model.
- **Geographical footprint** and real estate strategy:
  - New geographical footprint model with a different approach in accordance with each geographical area's potential;
  - Definition of specific development plans in the new areas of operations in order to maximize the synergies between the commercial channels and the product factories of the Group;
  - Identification of drivers for the optimization of the Group's real estate assets.

Along with the new MTP, other important strategic initiatives were carried out, including:

- **Full completion of the "Single Bank" project,** with the mergers of Creval, which took place in April 2022, and of Crédit Agricole FriulAdria, which finished in November 2022, with full integration and alignment of the information systems, service model and range of products. Furthermore, an important personnel training action was carried out and the Group's strong positioning with its stakeholders in the regions where it has long been operating was even more firmly established;
- **The third Le Village by CA, the Triveneto one, was opened** in Padua (following the ones in Milan and Parma): the first Le Village dedicated to **sustainability**, focusing on 6 sustainable development goals (good health and well-being, clean water and sanitation, affordable and clean energy, industry, innovation and infrastructure, sustainable cities and communities and responsible consumption and production) in the United Nations' 2030 agenda.

BUSINESS DEVELOPMENT LINES

In 2022 the Crédit Agricole Italia Banking Group continued to strengthen its customer-focused universal banking model, despite the complex and unstable geopolitical scenario, being affected by the war against Ukraine, by the worsening macroeconomic scenario, by inflation, by the increases in interest rates and energy costs, by fluctuating demand and by investments slowing down because of high prices and shrinking purchasing power.

In such a challenging scenario, the group worked to stand by its Customers and to be able to provide always appropriate solutions. The bank operated the following directions:

- Relational excellence based on deep knowledge of customers, which can provide them with bespoke experiences also remotely, and driven by the implementation of initiatives designed to improve the approach to customers;
- Strengthening remote selling processes, with more services that Customers can use autonomously via app and home banking and making digital tools available to manage the relationships with the Bank remotely;
- Digitalizing the processes intended for Customers and online acquisition by streamlining and dematerializing the process for current account online opening, thus improving the user experience;
- CRM tools to support higher and higher proactivity in engagement with Customers in order to convey pertinent solutions, catching and gaining insight into Customers' needs, behaviours and interests by means of predictive and advanced profiling models, direct marketing tools and tools designed to listen to Customers.

Customer Base development

In 2022, the Group continued to develop the Group's customer base via acquisition and retention actions that succeeded in keeping the acquisition rate in line with the previous years and in further reducing the churn rate. Specifically, in 2022 these activities followed some main directions:

- **Developing the existing customer base**, also with initiatives targeting our Customers' children in order to generate that generational turnover that is important in this phase in the Italian economy;
- **Developing specific targets that generate important customer catchment areas**: school/university (students/employees/teachers ecosystem), non-borrower customers in the affluent segment (focus on wealth accumulation), non-customer heirs (decumulation/generational succession);
- **Developing new markets**, such as volunteer associations and third sector entities, with targeted actions in favour of committees, employees and volunteers of the Italian Red Cross and the CSVNet network, i,e, the Italian national association of service centres for volunteering that represents them in Italy and in Europe;
- **Retention**, in general the focus was on proactively countering churn risk, as regards all Customers but especially former-Creval Customers. Furthermore, a **specific strategy was designed for retention and mitigation of churn risk** having regard to Customers of branches being rationalized with a structured approach for contacting them which ranges from the account management to the branch manager and to the sales senior manager at the relevant Regional Department.

Customer satisfaction and relational excellence

Since the Customer Satisfaction Business Unit was set up in October 2019, the ambition to reach relational excellence has been pursued every day with a series of initiatives targeting continuous improvement in customer experience and thus overall customer satisfaction with the Group.

The main challenges in 2022 have been reflecting the scenario in which we live and the changes generated in the interaction with the Bank and in Customers' expectations. The scenario gave again evidence of the strategic importance of the relational model based on profound knowledge of customers and able to ensure bespoke experiences also remotely.

In 2022 the Customer Satisfaction Business Unit continued to work in a structured manner on customer satisfaction as done in 2021, once again achieving good performances for the Crédit Agricole Italia Banking Group in the recommendation level.

In order to achieve excellence levels, initiatives continued aiming at an excellent multichannel relational approach, with special attention to the new regions.

To speed up the transformations underway and to support continuous improvement in Customer experience,,the work continued to make the new relational model fully operational.

In 2022, some specific projects started:

- Training and behavioural plan, to disseminate the best behaviours for an approach to customers fit to enhance all aspects of the relationship;
- Omnichannel relational model disseminating relational practices aimed at improving Customers' and Personnel's experience;

- Implementation of a communication plan profiled on the different customer targets;
- Expanding the range of ways of listening to our Customers' and Personnel's voices in order to identify areas for improvement to work on.

Furthermore, the activity to mitigate irritants continued, with special focus on all touch points for Customers (from branches to ATMs to Internet Banking assistance and so on) and with concomitant prompt resolution of any service malfunctioning impacting daily transactions and interaction with our Customers.

The achieved results featured growth in the Retail (Family, Affluent and Small Business), Corporate Bnkg and Private Bnkg channels.

Digital strategy and omnichannel mode integration

The Group's customers have been showing appreciation for and confidence in its way towards innovation, which has been substantiating in its increased ability to provide services remotely. The strategy is based on the following directions:

- Strengthening of remote selling processes, with more services that Customers can use autonomously via app and home banking and making digital tools available to manage the relationships with the Bank remotely;
- Digitalization of the processes intended for Customers and online acquisition by continuing to streamline and dematerialize the process for current account online opening, thus improving the user experience;
- Strengthening of digital acquisition via current accounts and with a campaign under a partnership with VISA con featuring full digital packages and combination of payment products, as well as launch of a targeted promotion to incentivize subscription. A Member Get Member campaign started with the creation of a new section on the App dove where Customers can display their promotion code and share it in a user-friendly manner via SMS, WhatsApp or Social Networks to invite their friends to open an Online Account. The Customer that has invited a prospect and the prospect that opens an account will receive a reward in order to foster organic growth and to improve customer experience;
- Improvement in the Current Account opening process implementing the videoselfie method, whereby the current account opening process has been streamlined and which has also become a good choice for young customers (before the videoselfie method implementation, to open an Online Account prospects had either to already have a current account or to have two identification documents). The technological innovations being implemented concern customer identification via the Italian Public Digital Identity System (SPID), the integration of the signing portal in the account opening process in order not to fragment customer experience and to improve application conversion;
- Further strengthening online acquisition for mortgage loans in the young people (under 36) target using State subsidies and the "Mutuo Card" implementation whereby those that are still house hunting can find out the amount financeable by the Bank in advance for their home purchase. Furthermore, those that are already Customers of the Group have been given the option to use a mortgage loan simulator directly on their App and to request to be contracted by an expert from the Bank in order to apply for the mortgage loan;
- After the trial phase in 2021 with digital acquisition of customers in high added value segments (Small Businesses, Self-employed Artisans and Sole Traders and Agri-Food players) via online lead generation followed by the network personnel recontacting the prospect with finalization of the product at branches, the generated volumes supporting the activity have improved;
- Enrichment of the Crédit Agricole Italia App's features, thanks to which CA Italia ranks as one of the most innovative players in the market. By directly listening to Customers within monitoring of stores, direct interviews and collection of a lot of feedback from our colleagues, in 2022 several features were released, including: push notifications of payments, the display of purchasable products, self-mode and distance selling of non-life insurance policies, self-mode selling of Visa Debit cards, some bespoke features for SMEs, self-mode management of recurring payments and digitalization of reports and statements on life insurance policies and other products. Furthermore, the order to strengthen the account manager-customer link and connection, the option has been given to exchange documents with one's advisor via the digital services and to update one's identity document with no need for help. Since May, our Customers also have the option to ask for assistance via an AI char or, if necessary, to speak with a representative of the Bank. Lastly, as already done by LCL in France, on the App there is a questionnaire aimed at supporting our Customers via information pills and at proposing them bespoke products and services fit to need their needs and requirements.

Customer Service evolution

The Customer Service has been continuing on its growth path reaching a total of 187 resources as at the end of 2022. New Customer Service hubs have been opened in Rome, Florence and Rimini, for a new total of 7 hubs in Italy. The inbound and customer care activity volume materially increased, due also to the support provided to Customers during the IT migrations of Creval and FriulAdria. Internet and mobile banking assistance volumes also increased. In synergy with the policies for online acquisition of new Customers, the activity for the management of mortgage loan leads from Crédit Agricole mortgage loans portal also grew.

Outbound commercial activities continued in order support branches by collecting expressions of interests from Customers and to manage appointments directly on the account managers' calenders. As regards new activities, in 2022 the management of Google reviews posted by Customers was added and, at the end of the year, the chatbot for the management of requests made on Crédit Agricole's website went live.

Mortgage loans

In the reporting year, the Group started on a deep path towards the revival and innovation of the Home Loans Business Line, going live with the "2022 Mortgage Loans Projects", structured into five pillars:

- Process revision: reducing the document set, speeding up the procedure before and after authorization decision, streamlining online paths;
- Evolving the range of products and services: go-live of the "Energia Leggera Green" campaign in partnership con energy provider EDISON, go -live of the "Mutuo Card CA" (authorization decision with no property) and of new home-related non-banking services, maintaining and reviving the range of products and services for young people under36;
- Technological innovation: go-live of a brokers' portal for third parties, opening of the "Crédit Agricole Home" new home-dedicated new marketplace, implementation of mortgage loan quotation feature on the Mobile APP;
- Commercial development: training and operation at full potential of former Creval areas, revival of relationships with third-party networks and organization of the first event dedicated to them (Punta Ala, September 2022);
- Organizational coordination: achievement of single ownership of the universe of mortgage loans, by setting up the Mortgage Loans Business, which has been tasked with responsibilities for marketing, distribution and operations.

Over 30,000 mortgage loans were originated, processing time was reduced by over 20 days on average and the bank's market share by originated mortgage loans increased to 6.67% (Q3 2022, source Bankit) up by +1.4% a/a (5.27% Q3 2021).

Wealth Management

In 2022 markets faced a complex and unexpected scenario, in which the pandemic gave way to other issues: the Russia-Ukraine war, the hikes in the costs of commodities (first and foremost gas), inflation at at its record high of 10 %, response by the Central Banks with interest rate increases, all of which had consequences on financial markets.

In such a challenging scenario, the Group worked to provided constantly appropriate solutions to its Customers, thanks to advisory services aimed at recalibrating Customers' portfolios in order to seize the opportunities given by the market, first by the interest rate increase and with steady focus on ESG matters.

in 2022 the Group continued its work to train its network of account managers in a distinctive manner, increasingly aiming at a full-range advisory approach that goes beyond mere financial advice and increasingly speeds up towards wealth management advisory services (on succession, social security and pension, real estate…), thanks to tools informed by and targeted at analysis and customer satisfaction such as "CA Value Advisory".

The Group has continued to worked to identify solutions aimed at fostering investments in order to protect wealth value over time, with characterizing orientation and positioning as regards ESG proposals.

Having regard to ESG matters, the Group ensured that the training of its commercial network continued, further strengthening knowledge of environmental, social and governance matters, which are becoming more and more essential and useful to wealth management and planning advisory services, in order to meet the needs and requirements of its Customers.

The Group's commitment to sustainability was enhanced thanks to events held in the regions where it operates at the presence of its Customers:drawing attention to ***circular economy*** matters through renowned partners, players of excellence based in the regions and industry specialists.

True to its *mission*, which was also enhanced its WM campaign, the Group worked to ensure affordability lowering the threshold to access the investment universe, thanks to tools of excellence, such as "CA Smart Advisory" in which the "Smart PAC" innovative service went live, a new service to recurrently invest part of liquidity in a bespoke manner and with no additional costs for the Customers.

Lastly, work continued in order to develop higher distinctiveness of the Private banking channel with specifically designed projects, among which further development of some distinctive services, such as CA VIP, and the strengthening of the Advisory structure in order for it to be able to support the group's bankers in providing bespoke and distinctive services to Customers.

Small Businesses

In a quite uncertain macroeconomic scenario, being impacted by international tensions and by the hikes in the costs of energy and commodities, the Bank has extended its activity also to regions where it did not operate before and has even more firmly established its strategy to provide its Customers with support via a whole range of initiatives and activities, among which:

- **Increasing distribution capacity in areas where the Group did not previously operated**,benefiting from Creval integration (24 new Small Business Centers);
- **Increasing the acquisition and development of high-potential customer segments** (e.g. sole traders and self-employed artisans) through campaigns, allocated amounts and specific product/service bundles;
- **Developing loans** with a focus on retention-effective technical forms, in some cases preauthorized;
- **Support to enterprises** that stand out for their **Green and Circular Economy** investments with environmental sustainability-oriented projects and **initiatives to cope with higher expenses**, to drive growth and ensure the economic fabric continuity, also via allocated funds;
- **Roll-out of several initiatives in favour of vulnerable regions** (e.g.. "Earmarked funds for catastrophe events" and "Amount allocated for earthquake in Central Italy", Campania Development, "Etna Area Earthquake");
- Advisory services and assistance to businesses in the scope of **Italy's Recovery and Resilience Plan**;
- **Support to action aimed at improving the energy efficiency** of building consistently with the wider social goals of the Bank's MTP (total 110% Superbonus - Ecobonus tax credits acquired in 2022 in the small business segment came to 725 million Euro, and the total acquired by the Bank from the tax measure entry into force in 2020 came to 1.8 billion Euro);
- **Increase in the synergies with the Group's Les Villages** in order to develop specific products and services for innovative startups and for those that are resident at Les Villages with the goal of supporting the new generation of entrepreneurs;
- **Constant oversight of risk management:**, thanks also to the Special Network activity.

Furthermore, work continued to innovate the Group's **service model in an omnichannel direction,** which comprised several initiatives with important expected benefits for both the Group's Customers and Personnel, among which:

- **Digital lending first release**, whereby a first customer target has been given the possibility of applying for and receiving short-term loans in a user-friendly and fast manner, from their Home Banking (14 million Euro in loans of which 9 million Euro fully online);
- **The process for customer digital acquisition made fully operational** via a landing page;
- **Process automation actions** (ST and MLT (automation of loan contracts, overdraft, icon elimination, DOL online application expiry ladder, Gefi Web and new Electronic loans application processing tool) thus increasing relational time with Customers.

Agri-Food

The agricultural and food sectors are core for Crédit Agricole Italia's business, with approximately 6 billion Euro in total loans to those sectors as at December 2022 with market shares in the regions where it operates of nearly 8%.

In 2022 loans to the Agri-Food sector grew by +5% vs. December 2021, which compares with the industry growth of +2% (source Bankit).

The Agri-Food sector has been identified in the Medium-Term Plan 2022-2025 as one of the strategic priorities for business development.

Therefore, several initiatives have been implemented and brought up to full operation aimed at increasing Crédit Agricole Italia's market share ans positioning in that sector.

The first step was **evolving the service model** with specialist expertise and a supply chain approach in order to provide the Customers of this business line with advisory services that are more and more specialized and tailor-made for the Customers' specific needs and requirements. Therefore, the **new Agri-Food Business Unit** was set up in order to ensure higher coordination and new roles as «Supply Chain Experts» and «Developers» to ensure high specialization and to achieve development in the new regions. To increase specialization in the network, the new role of **Agri bankers is going to be created in the Retail banking channel and the Food Banker role has already been set up in the Corporate Banking channel**. Furthermore, 25 **"Agri" specialist Small Business Centers** and new hubs in areas not yet covered have been identified Lastly, **Agro Specialists and Corporate Banking Advisors** were put on staff in order to develop the 20 top Supply Chains with a focus on M&A and private Equity.

To provide **Agri-Food sector players with support in their energy and sustainability transition** to new products were designed and launched, namely **Agri Blu and Agri Energia**, with the specific goal of providing Customers in this segment with tailor-made loans for the specific needs of the agricultural and agri-food sectors. Customers are thus assisted on on their way towards energy and sustainability transition not only with the aforementioned products, but also with **advanced advisory services concerning all calls for tenders under Italy's Recovery and Resilience Plan,**,which is possible thanks also to specific cooperation arrangements and centralized monitoring of calls for tenders.

To support **innovation**, the **cooperation with "Les Villages by CA"** has been further established and strengthened in order to assist, our Customers towards agriculture 4.0 by matching them to Les Villages' resident startups.

Furthermore, important **partnership** agreements have been signed with the **most important trade associations** and the **strategic synergy** between **Retail** Banking and **Corporate** Banking has been strengthened, in order to develop supply chains in regions that are of high interest for business growth.

Development of synergies between business lines

- **Bancassurance**: it continues to play a leading role in the Group development and business in this sector is pursue in partnership with the insurance entities of the Group, namely *Crédit Agricole Creditor Insurance, Crédit Agricole Assicurazioni* and *Crédit Agricole Vita.* In 2022 this line of business posted considerable growth thanks mainly to the following drivers:
  - **Selling process evolution**, with constant development of the omnichannel model via the enablement of the **APP channel for quotations and sale of non-life insurance products and continuous improvement in purchasing user experience**;
  - **Optimization of the contact plan**, supported by **advanced campaigns and effective and profiled promotion actions.** Actions driven by the behaviours and needs expressed by Customers (Omnichannel Customer Journey), with targeting based on propensity to purchase models;
  - **Enhancement of skills, with intensive training targeted to relationship management.** "InsuranceLab" new academy focused on the development of commercial skills, such as "remote digital selling" and "analyzing Customers' needs". On-demand product training with the possibility for the commercial network to choose which contents are to be examined in depth and when, via webinars held with the insurance companies;

  - **Restyling of the range of products in order to align them to new emerging needs.** New motor vehicle insurance policy that gives Customers higher flexibility and innovative coverage. Repricing of the Natural Catastrophe policy in order to make the coverage affordable also for Customers that reside in "high risk" areas;
- **Consumer Credit**: consumer credit continues to play a key role among the Group's development axes, through the partnership with AGOS, and, in 2022, consistently with the market performance, posted marked expansion. The main action lines followed in 2022 concerned the following scopes:
  - **Campaigns supporting Green mobility and housing**, to reward our Customers' sustainable choices by applying reserved promotional interest rates;
  - **A new process was released for selling Agos loans at branches which enables digital signing and electronic management of documents** and improves the user experience of Customers and Personnel, with time savings and ESG impacts;
  - **Optimization of the contact plan for the network**, with the support of advanced campaigns based on behaviours and needs expressed by Customers (Customer Journey), also identifying more specific clusters;
  - **The "Ready to Green" initiative went live**, in cooperation with the BiorFarm startup and with AGOS, in order to enhance the Group's green image and to raise awareness of ESG values.

PRIVATE BANKING CHANNEL

In 2022, the Crédit Agricole Italia Banking Group's Private banking channel proved again a key partner standing by its Customers in protecting and effectively managing personal and company assets; it constantly invested on **fundamental drivers, such as Customer satisfaction and the professional development of its personnel**.

Specifically, these investments resulted first and foremost in an **innovative and customer-centric service model**, with coverage models in line with Customers' needs. This evolutionary path started in 2021 with the creation, strengthening and development of **specific roles** to support the Private Banking Centers, pursuing better management of Customers: commercial coordinators, who ensure alignment between the Private Banking Centers and Central Department, facilitate support in developing specific geographical areas and work with the Private Bankers in managing high-standing Customers, financial advisors, credit advisors and wealth planners who are specialists supporting the Private Bankers in order to provide Private Banking Customers with full-range advisory services (financial, credit, succession planning and generational turnover management).
The second pillar in the Private Banking strategy of the Crédit Agricole Group is the strengthening of the commercial network by intensifying new hires and training in order to enhance technical and relational skills. In this scenario the skills required of Private Bankers are also constantly evolving, need specialization and diversification for the development of the Private Banker role that is increasingly becoming the main pivot of a relational hub, the points of reference and of contract for Customers' requirements, needs and projects, not only financial ones.

Cross-channel synergies, especially with the Corporate Banking channel, continued to be one of the pillars for the development of the Private Banking channel. In 2022 team work between the two structure was intensified, in order to give Customers a single entity as a partner able to meet their needs in a full-range manner. Synergies are one of the main strengths of the Private banking channel, thanks to its belonging to a big international Group such as Crédit Agricole, which can provide Customers with the expertise of all the specialist companies of the Group, extending to the various advisory scopes.

Crédit Agricole Italia's Private Banking approach to wealth management is based on understanding the needs, objectives, risk appetite and behavioural profile of its Customers, in order to propose bespoke and consistent solutions, constantly monitoring the overall portfolio risk.

This is the reason why, in 2022, the **specialists** supporting the Private Bankers were strengthened, thanks also to new roles aimed at creating teams of experts, who assist them at meetings with Customers, which, on the one hand, increases the perceived competence that is the result of belonging to a leading Group such as Crédit Agricole and, on the other hand, enables the Private 1Bankers of the Crédit Agricole Italia Group to establish even more firmly their role as full-range advisors and guide for their Customers:
- **Private Banking Commercial Coordinators**, in charge of coordination and liaising between Private Banking Markets and the Private Banking Central Department of Crédit Agricole Italia, supporting the development of specific geographical areas, the achievement of business objectives and oversight of performances.

The Commercial Coordinators also work alongside Market Heads and Private Bankers in managing high-standing Customers and participate in the de3velopment of the Channel evolution projects.

- **Private Banking Financial Advisors,** specialists supporting commercial awareness and socialization and entertainment activities, who work alongside Private Bankers at the periodic meetings with Customers, assist them in preparing proposals for investment, financial instruments, insurance products and "Model Portfolios" that are tailor-made on Customers' expectations and needs and in the analysis of existing portfolios. The Private Banking Financial Advisors also perform analyses on the financial instruments placed with Private Banking Customers and analyses on the trends and developments in financial markets and macroeconomic data, as well as benchmarking analyses;
- **Wealth Planners,** specialists in tax, legal and succession matters, crosswise skills enabling them to support the Private Bankers and Customers in the analysis of overall wealth in order to identify the solutions and tools that are useful to protect Customers' wealth in all stages of their life. In accordance with tailor-made logics, our Wealth Planners provide Customers with advisory services for managing generational turnovers and, more in general, for managing tax issues concerning Customers' wealth;
- The Group's specialist services have been supplemented with the **Credit Advisor role**. Credit Advisors are lending specialists with expertise in the types of credit services and lending products provided by the Group. Their task is studying the Customer's income and financial situation and identifying the best lending solutions to meet the specific requirements found. The Lending specialists support the network structures in managing loan applications ensuring appropriate advice and coordinating with the Credit Department.

1. **Stronger range of products and services**

   The Private Banking structure can rely on a complete range of products and services, built with an open architecture approach. The approach to wealth management is based on understanding the needs, objectives, risk appetite and behavioural profile of each Customer, in order to propose bespoke and consistent solutions, constantly monitoring the overall portfolio risk;

   The range of products and services includes asset management, OICR collective investment undertakings, insurance products, transaction services, advanced financial advisory services (CA VIP) and support in non-financial matters (e.g. legal and tax matters relating to wealth planning needs).

The **main actions in 2022 concerning the development of the range of products and investment Services** for the Private Banking channel were:

- **Bespoke issues of collective investment schemes**, in cooperation with Amundi SGR, focusing on specific investment themes (e.g. thematic investing and maturing bonds);
- **Bespoke issues of CACIB Certificates**, with different types of structure and underlying assets;
- **Review and enhancement** of the **CA Value Investing Private** (Ca VIP) explicit remuneration advisory service, besides increasing the minimum amount to receive the service from 200,000 Euro to 1,000,000 Euro, the advisory activities, previously performed by Amundi, were brought back in house at the advisory structure of the Investment Center Service.

2. **Stronger Channel and training programmes:**
   - In 2022, intense **recruiting,** both internal and external, continued, in order to strengthen the main strategic hubs and to improve the market positioning of the Crédit Agricole Italia Group's Private Banking Channel;
   - **Developing and strengthening skills** is a priority for the Crédit Agricole Italia Banking Group's Private Banking channel, which, in cooperation with the Personnel Training Service, designs **training course aimed at strengthening the technical and soft skills of the whole Private banking commercial network** (Managers, Bankers and Assistants **in order, on the one hand, to better understand needs and, on the other hand, to identify the best solutions to meet Customers' requirements and needs**;
   - **"NOI Più valore insieme"** was the title of the training course that led our Private Bankers on the path towards their role development, as done in 2021. This path focused on **Company Branding,** i.e. our Private Bankers' ability to convey the values and distinctive approach that characterise Crédit Agricole to their Customers, in order to establish relationships that are stable, strong and long-standing but especially inclusive (Customer – Private Banker – Crédit Agricole);
   - The evolution in the **Private Banking Assistant** role towards a more commercial approach went alongside with training aimed at strengthening cooperation with the respective team of Bankers and the relationship with Customers, at in-depth examination of technical factors concerning lending (applicable legislation and application), digital and successions.
3. The **cooperation with CA Indosuez Wealth Management Italia** remained, also in 2022, a cornerstone. The project, designed to optimize synergies within the Crédit Agricole Group, aims at achieving better positioning in the Italian Wealth Management market, strengthening commercial interaction between the

two entities and widening the range of investment products and services made available to Customers, thanks exactly to intra-group synergies, which are one of the main strong points of the Crédit Agricole Italia Banking Group.

Other significant initiatives in the year concerned:

- Increasing trend vs. the previous year in DOXA surveys on the satisfaction of Private Banking Customers, which gave once again evidence that our Private Bankers are the main drivers of promotion, especially in terms of competence, trust and personal relationship;
- Organization of events dedicated to Customers (e.g. Festival Verdi, art exhibitions, Champions roadshow, Les Villages Parma and Milano);
- Intensified communication activities, both in terms of communication to the internal network through digital workshops and seminars, in cooperation with the Private Banking Financial Advisory structure and the leading international Asset Managers, and in terms of external communication with relational DEMs and monthly newsletters with financial contents sent to Customers.

In the external communication scope, the Private banking channel signed an agreement with the We Wealth magazine for the publication of six articles over the year on the following topics:

1. Focus on entrepreneur Customers: the new way of Crédit Agricole Italia's PB;
2. Wealth advisory services: the target is 70% remotely in 2 years, interview with Stefano Bertolini, the head of the Private Banking Planning and Advisory Division;
3. The importance of synergies in Private Banking;
4. Private Banking of the future: Crédit Agricole Italia's development strategy;
5. Private Banking is undergoing deep transformations, but changes are opportunities. Taking stock of 2022 and looking ahead at the future of Crédit Agricole Italia's private banking Customers. Interview with Olaf Foschi, the head of Crédit Agricole Italia Private Banking Department;

- Crédit Agricole Private Banking channel received a prize for the second year in a row within the Private Banking Awards (BFC Media). In 2022 it was awarded the Innovative & Sustainable Strategies Prize for its constantly renewed range of products and services, providing customers with the quality of services of a big international Group thus enabling them to reach their financial goals thanks also to sustainable investing opportunities that are possible through its cooperation with Crédit Agricole Vita.

CORPORATE BANKING CHANNEL

In 2022 the Corporate Banking channel played an important role in supporting enterprises with full-range advisory services in the ESG scope, with new products and services and with constant Customer centrality, also considering the energy and geopolitical crisis that characterized this difficult year.

Through its innovative and sustainable approach, always centered on Customers and on the individual geographies, the Corporate Banking channel has extended its range of products and services and its sustainable business with the tools, services and activities listed below:

- **Supply chain specialization,** responding to the strong interest expressed by Customers in the whole range of services available on the Findynamic Platform (Confirming, Payment extension, Dynamic Discounting), thanks to up-to-date and innovative range of products and services enabling to optimize working capital and the management of the invoicing cycle; furthermore, thanks to the extension of ESG products and services, the supply chain lead becomes the promoter of the sustainable transformation of the the entire production chain enabling the most deserving suppliers to benefit from reductions in normally applied prices;
- **ESG products and services with sustainable evolution**: a project that was awarded the ABI Prize and the Prize of Prizes giving evidence of the initiative's value for the system as a whole. Assistance to corporate Customers with a full-range advisory approach in the sustainability scope with the specialist Team and distinctive products and services fit to meet not only Customers' financial needs (e.g. ESG-linked KPI Loan, ESG Linked Loan), but also in terms of ESG advisory services and non-traditional services (e.g. welfare);
- **Strengthening of the team in charge of services linked to Italy's Recovery and Resilience Plan** to develop a specific service model based on more and more specialist and advisory approach to corporate Customers, in cooperation with external partners, such as Warrant Hub and Dedagroup Business Solutions;
- **Support activities for the Ecobonus tax credits** with a team responsible for this specific activity and owners of these services in the network to assist enterprises;

- Cooperation with **Les Villages by CA** based in Milan, Parma, Padua – which was opened in September 2022 – and in Sondrio (opening soon). Les Villages by CA: are innovation hubs pursuing the goal of supporting the growth of startups and of the network of local businesses that are strong in innovation;
- Continuation of the "**Meet the Champions**" initiative, which, through on-the-road meetings with firms that proved the best performers in the year, enabled to network with Italian players of excellence, providing them with support and making all the Crédit Agricole Group's potential available to them;
- Support to enterprises with the origination of **new loans backed by the Central Guarantee Fund**, the renewal of the Italy Guarantee agreement with **SACE** until 30 June 2022 and afterwards the signing of the **Support Italy Guarantee** agreement under Italian Decree-law no. 50 of 17 May 2022, in in addition to the use of instruments and arrangements with financial institutions, in order to develop products and to facilitate access to credit for SMEs (EIB, European Investment Fund earmarked amount, ABI-CDP agreement for Capital goods funds);
- Constant **focus on Customers and on Customer Experience**, as proved by the continuously improving trend in the Customer Recommendation Index since 2020, in order to further increase the Group promotion and the number of its promoters thanks to a proactive relationship and to the distinctive features of the Crédit Agricole Group;
- Organization of **events and initiatives throughout the regions, thematic webinars and workshops** attended by Customers and Prospects prospect (e.g.: Champions, Coffee with Enterprises, Biomedical TedEx), sharing and analyzing in depth topics such as ESG, Italy's Recovery and Resilience Plan, Supply Chains, Internationalization, Structured Finance and M&A, along with participation at trade fairs (e.g.: Cibus, Cersaie, Tecna) and other initiatives throughout the regions pursuing commercial development and networking in the various communities;
- **Support to internationalization and exporting activities** with the services designed for Italian enterprises that want to expand their business, thanks to the specialists network, to the International Desk and to trade agreements, as well as to the Group being an international player. Specifically:
  - **Promotion of Crédit Agricole Italia's activities abroad** by participating in day events on this matter within the network of the Regional Banks and of LCL in France with the presentation of our services to French Customers;
  - **Cooperation with the Chambre de Commerce Francaise in Italia** (CCI) by participating in the Club del Mezzogiorno and in the activities of the France-Italy Accelerator.
- Continuation of the **ITACA (ITAlian Corporate Ambition)** initiative, focusing on range of products and services developed and enriched with the creation of new suite products (Cash settlement, Cross-currency exchange, KPI deal-contingent derivative), in synergy with CACIB for the Mid-Corporate segment, which promotes the synergies within the international Group in the interest of highest-end Corporate Banking Customers;
- Development of a **Team responsible for Corporate Banking-Private Banking synergies** supporting the Commercial network and pursuing the goals of making the activity more and more effective, especially from a qualitative standpoint, pursuing the ambition of being the partner of entrepreneurs in the strategic aspects of their corporate and personal life;
- Attention to **diversification of medium-term funding sources of enterprises,** whereby the Group has supported its Customers' investment plans with the subscription of bond issues co-investing with non-banking institutions (Cassa Depositi e Prestiti and Medio Credito Centrale). The Customer enterprises could benefit from a fixed ceiling to the cost of money thanks to a portfolio guarantee given by the European Investment Bank in favour of subscribers;
- **Support to growth, energy transition and environmental sustainability projects** of SMEs and Small-Mid Caps operating in the agri-food and agri-industrial sector by supporting the issues of mini-bonds. Through the Basket Bond programme, Crédit Agricole Italia operates as the arranger besides as an investor, along with leading institutional investors.

PERSONNEL

Thanks to the end of the Covid-19 emergency in the year the restrictions in force in the previous years could be eased, while keeping constantly updated the specific processes and protocols in order to ensure continuity of operations along with constant support to people.

In terms of number, resources on the Group employee ledger as at 31 December 2022 were **12,671** and are broken down by entity here below:

RESOURCES ON THE EMPLOYEE LEDGER	31 Dec. 2022
Crédit Agricole Italia	12,063
Crédit Agricole Group Solutions	548
Crédit Agricole Leasing Italia	60
Total Resources of the Crédit Agricole Italia Banking Group	**12,671**

At the Group level, in the reporting year there were 697 new hires and 1,118 terminations.

New hires were assigned by over 75% to the Network and to specialist channels. Recent graduates accounted for 87% of total new hires, consistently with our Group's values. On the other hand, retirement accounted for about 22% of terminations and the Voluntary Redundancy scheme accounted for 50% of them.

Personnel consists by **96.05%** of employees with permanent employment contracts, while, in terms of gender, women account for **48.55%** of total resources.

The Group operates in 14 Regions of Italy, while keeping strong roots in the Emilia-Romagna, Lombardy,Tuscany, Friuli Venezia Giulia, Veneto and Sicily Regions where over 79% of the Group personnel works.

The employees' average age is 46 years and 10 months (of which in years.months – Senior Managers 54.09 – Junior Managers 51.00 – Professional Areas 43.06) whereas average length of service is 19 years (of which in years.months – Senior Managers 17.10 – Junior Managers 22.00 – Professional Areas 16.08).

In 2022, the Group went on with the implementation of its 2022-2025 Medium Term Plan (MTP), which is based on three pillars: Customer Project, People Project and Social Responsibility Project. More specifically, the objectives to be achieved within the People Project concerned the development of **individual responsibility** and of collective strength to provide customers with a service of excellence, the reassertion of a **distinctive culture** to attract, involve and retain talents and to ensure the sustainability of our managerial culture and the dissemination of initiatives designed to reassert that the inclusion and plurality values are truly core for us.

The Group's People were provided training in a hybrid mode, both in person and through the Digital Academy, for a total of 602,000 hours of training (equal to approximately **80,270 man-days**) and an average of 47 hours of training per person.

Furthermore, the year snapshot gives evidence that training. Is one of the core factors in the Group's development logics and is provided thanks to an increasing plurality of channels and with more and more involving formats, which, in 2022, included also podcasts.

Some of the main training scopes were "Generation Empowerment", designed for new hires, aimed at responding to the generational turnover logics and at fostering the development of young people, "Relational Model", which will continue in 2023 and aims at preserving and improving the Group's ranking in terms of Customer Satisfaction, the "Network Smart Working" project, to increase the added value given to Customers also in distance relationships and to propose wider work flexibility, ESG training addressed to all resources via dissemination pills and specific activities to train our Sustainability Ambassadors. Furthermore, work continued also to further consolidating a D&I-supporting culture, with specific initiatives for managers and high-potential women.

Lastly, worth mentioning are all the initiatives aimed at the integration and onboarding of Creval colleagues, both as regards procedural and product aspects and as regards cultural aspects.

As regards the actions aimed at the growth and enhancement of people, initiatives continued in order to ensure crosswise and interfunctional development of the Bank's young talents, through a project named "Energia in Movimento" (Moving Energy) and addressed to over 400 young people under 32 years of age who joined the bank in the last 4 years and were invited to participate in several networking and development on a self-nomination basis.

Furthermore, a survey of the skills of the Commercial Account Managers in the Retail Banking channels went live at the Group level and will be completed in 2023 for both segments (Individuals and Small Businesses) with a grand total of over two thousand people mapped in terms of their technical, relational and managerial skills: this will enable to design the next training and development initiative in a bespoke manner based on the actual gaps found.

As in the last few years, also in 2022, the Crédit Agricole Italia Banking Group was certified as a **Top Employers** company. The annual survey carried out by the Top Employers Institute certifies the best companies in the world in the HR scope, those that provide excellent work conditions, that train and develop talents at all corporate levels and that make constant efforts to improve and optimize their Best Practices in the field of Human Resources.

Equal opportunities and Inclusion

As regards **Diversity&Inclusion** matters, in 2022 the Group continued on its inclusion path, which started over ten years ago, setting also the goal of fostering a cultural change that is necessary to achieve full enhancement of **of all diversities**, besides gender.

Some **important legs in the Group's paths**:

Before 2017

Its partnership with Valore D: an association that promotes gender balance and inclusive culture in organizations, Valore D gives us support in designing inclusive new organizational models through the provision of annual training programmes for all organizational levels, cross-company mentorship programmes and D&I events;

2017-2018 two-year period

- The signing of the "**Manifesto per l'occupazione Femminile**" (Women Employment Manifesto), a programme document conceived by the association and pursuing the objective of enhancing female talent in businesses;
- The go-live of smart working, easy learning and of several other work-life balance initiatives (laundry service at the main premises of the Group, package delivery, Good Life project – the wellbeing programme designed to promote psychophysical wellbeing of all the Group's personnel members – etc.);
- The partnership with Lifeed and the go-live of the "Lifeed Neogenitori" programme, a master's programme dedicated to mothers and fathers of children between 0 and 3 years old;
- The adoption of the'**Inclusion Impact Index**, developed by Valore D as a tool to measure inclusion policies, which also enables benchmarking vs. the market;

2019-2020 two-year period

- Subscription, as the first Italian Banking Group, to the "**Women in Banking**" **Charter**, which was promoted by the Italian Banking Association (ABI) to enhance gender diversity as a decisive factor driving sustainable development and growth;
- The **Agreement against gender violence** signed with the Trade Unions;
- The adoption of the"**Charter of Respect**," which lays down some principles and practical recommendations able to generate cultural evolution that contributes to building a more inclusive work environment;
- Subscription to the **ABI Protocol** providing for easy loan repayment terms to women that are victims of gender-based violence;

- Crédit Agricole Italia has been listed as one of the **Best Employers for Women** by the German Quality and Finance Institute (the certification was achieved again for 2020, 2021 and 2022);
- Start of the "Lavanderia solidale" welfare service, a social inclusion project that promotes support to people with disabilities, their employment in the community and circular and local economy through the collection of used clothes and accessories.

2021:

- Crédit Agricole Italia and Agos joined **Parks – liberi e uguali**, a nonprofit organization that promotes the value of diversity at the member firms, with a specific focus on sexual orientation and gender identity (LGBT). In favour of **inclusion of people with disabilities**,the "Accessibility Project" was further structured, which is intended for personnel members with sensory disabilities by setting up an interfunctional work group and by defining specific objectives;
- The Group's commitment to **gender inclusion** was put in practice in an even more organic manner by designing a "Gender Inclusion" three-year plan comprising concrete activities and organized on 3 project streams concerning *Change Management* to promote diverse behavioural and leadership styles, *Work-life Balance*, to foster respect for work-life balance; *Equity&Pay Gap*, to ensure that all jobs within the firm are on the same level based on merit, role and remuneration irrespective of gender.

2022:

- The update of the **"Charter of Respect"** involving in house approximately 70 People of the Group as Influencers of Respect in order to make the Charter more tangible and more implemental;
- The go-live of the "Lifeed CARE" programme, a master's programme dedicated to Caregivers;
- The **Social Inclusion** programme to increase young people's awareness of future matters, with a focus on Sustainability and D&I and to support them in educational and work orientation through the **School Project**, in cooperation with ELIS;
- Prize as **Caring Company® 2022** awarded by Lifeed and a **special mention for its social inclusion activities in the community** within «Disability Matters Europe» 2022;
- The signing of the agreement for fathers' parental leave: from 2023 father will be entitled to a total of 20 days of 100% paid parental leave, which, from 2024, will become 28.

In **November** of every yea, the **Month of Diversities** is held: five days of initiatives and events involving all the People of the Group to provide food for thought on inclusion topics.

The central theme of the 2022 Month of Diversities: *Enhancement of uniqueness* The Month was structured on 4 main streams: inspiring *by means of virtuous examples*, accompanying *by means of external points of view*, inspiring *to be a driver of change* and increasing awareness *to reflect and generate culture.*

Next Generation Plan

In 2022, the Crédit Agricole Italia Banking Group continued in a significant manner to implement the generational turnover programme having strategic extent and value, which started in 2021 and will in a short time lead to having state-of-the-art competences and skills.

With the exit of the resources who are the oldest in age and have been on staff the longest and the concomitant entry of young resources having the knowledge and skills to "keep up with the times", the Group will the able to continue to effectively compete in its industry, which is undergoing deep transformation, not only in technology terms.

Based on the outcome of the management and organizational analyses as useful to achieve the Plan objectives, the Group started a voluntary redundancy scheme offering incentives for up to a total of 1,000 resources, with concomitant hiring of 500 recent graduates in the 2021-2023 period.

As regards voluntary redundancy with incentives, consistently with the previous successful experiences in 2012 and in 2016 and in accordance with the related practices in the industry, the following tool went live concerning the whole Group: access to the extraordinary benefits provided by the Solidarity Fund for Banking Sector Employees; it is a solution for those that meet the requirements for retirement in the period between H2 2022 and 2027.

On 1 October 2021 the Voluntary Redundancy Agreement was signed with the Trade Unions. For the 800 places available, 840 people applied for voluntary redundancy. Therefore, in order to be able to accept all the applications, another agreement supplementing the previous one was signed.

In order for the turnover to be appropriately gradual, four timeslots in 2022 and 2023 have been set for the resources who have taken the voluntary redundancy scheme to leave. In 2022, 555 resources of the various entities of the Group voluntarily left under the scheme and 300 young people were hired. In 2023, the remaining resources that opted for voluntary redundancy will leave and more young people will be hired in accordance with the Plan.

To handle the several voluntary redundancies, the Group made a large investment in upgrading the skills of its personnel, with specific upskilling and re-skilling paths, especially for the resources on staff in the commercial area, who work every day to meet Customers' needs: wealth management and Small Business segment are two of the main scopes of development.

Having regard to the generational turnover strategic and forward-looking initiative, with the Next Generation Plan a very ambitious selection pathway has been designed, whereby the Group can identify and recruit high-quality resources, in terms of both technical knowledge and personal characteristics, so that the Group can look at the future from a long-term perspective, starting the appropriate innovation processes: The work to diversify prod skills concomitantly continues with the entry of young people with university backgrounds in humanities, digital/IT and quantitative majors, as well as in economics and law.

Besides the selection, the activities undertaken also featured:

- The enhancement of the onboarding process in order to enable the selected young people to acquire appropriate knowledge of the Bank and of the Group, to convey and express their energy and innovation drive, as well as to benefit from the experience of different colleagues and operational scenarios, fostering vocational development paths that are crosswise and flexible;
- Special attention to gender, and inclusivity topics, consistently with the Business Plan guidelines;
- Periodical verification and monitoring of the resources onboarding and integration process, consistently with the Plan objectives.

Remuneration Policies

The guidelines and directions for the Group remuneration policy are set by the French Parent Company Crédit Agricole S.A. in order to ensure harmonized and consistent management at a global level; said guidelines and directions are then adopted by the Crédit Agricole Italia Banking Group, which implements them in its remuneration policies adapting them to its own reference scope, also in compliance with the Italian applicable legislation, and submits them to the Remuneration Committee, to the Board of Directors of each Entity (for Crédit Agricole Italia on 24 March 2022) and, then, to the single General Meetings of Shareholders of the Banks of the Group for final approval (for Crédit Agricole Italia on 27 April 2022).

The remuneration policies of the Crédit Agricole Italia Banking Group have been designed to create value and to pursue sustainable growth; they aim at attracting, motivating and retaining personnel, as the Group believes that a culture based on merit, fairness, competitiveness and abidance by the rules is a pillar and a driver of a positive sense of identity, which is essential for long term prosperity. The remuneration policies are different in accordance with the reference target personnel, both as regards corporate governance processes and as regards the remuneration systems and instruments used, and, also in accordance with the specific requirements of the Italian supervisory regulations, they are based on the following principles:

- Acknowledgement of merit, appropriately rewarding personal contributions expressed as performances, behaviours and enacted values. Individual contributions are measured in several ways and at several levels, through assessment processes that are structured also in order to ensure fairness – internal and external – of treatment. The remuneration policies also aim at acknowledging and rewarding team work and sense of belonging. Merit-based, fair and gender-neutral remuneration policies also ensure good attraction and retention levels. Specifically, the remuneration fixed component increases through merit-based initiatives, closely in accordance with the responsibility level managed or achieved, to the ability to consistently replicate the achieved performances (performance stability) and to the development of distinctive skills. Merit-based initiatives are promotions (the person is given a higher position) and increases in remuneration, which may regard the fixed or the variable component (the latter is linked to profitability indicators, appropriately adjusted for risk, as well as to the set capital and liquidity gates), or both;

- Focus on risk and compliance with the legislation, consistently with the Group's Risk Appetite Framework (RAF) and risk governance and management policies, including NPL management strategies, setting the preliminary conditions for access to incentive systems and determining conditions and limits, in order for the total amount of remuneration variable components does not affect capitalization levels and is appropriate for the risks taken. The remuneration policy implements a conservative and far-sighted approach ensuring that a strong capital base is always maintained and has been designed in order to foster full compliance with all applicable legislation and regulations and with the Articles of Association, the Code of Ethics and the Code of Conduct. It must take into account the cost and level of capital and liquidity necessary to meet the activities undertaken and must be structured in order to prevent incentives that conflict with the entity's interests, from a long-term perspective.

In awarding variable remuneration, including the use of malus and clawback arrangements, the policies are consistent with a conservative path towards the achievement of fully-loaded capital requirements (including the combined buffer requirement and the leverage ratio requirement) and with the SREP outcomes.

The remuneration policies and practices are also designed with special attention to credit risk management, ensuring appropriate strategies to monitor and manage NPLs and with the aim to prevent any conflicts of interests. Specifically, for identified staff engaged in loan origination, management and monitoring, the remuneration policies do not provide for any incentive to taking risks breaching the tolerance threshold and are aligned with the Group's long-term strategy, objectives and interests. The remuneration policies also provide for suitable measures to manage conflicts of interests, in order to protect consumers from any damage caused by the remuneration of sales personnel. To these ends, the process to measure performances and risks in order to determine the variable remuneration of the staff engaged in loan origination comprises appropriate credit quality metrics that are consistent with the entity's credit risk appetite.

In general, the remuneration policies of the Crédit Agricole Italia Banking Group are designed to prevent that its personnel's performances be assessed with methods that are incompatible with the duty to act in the best interest of customers; furthermore, they are informed by diligence, transparency and fairness in business relations with customers, strict control on legal and reputational risks, customer protection and retention, abidance by the code of ethics and the code of conduct. Specifically, the Crédit Agricole Italia Banking Group adopts remuneration policies that are not based exclusively on business objectives and that do encourage or incentivize its personnel to recommend any financial instrument to Retail Customers, if the investment firm can offer a different instrument that is more suitable for the Customer's needs or to sell or place products that are not adequate to the Customers' financial needs:

- Affordability of the remuneration and incentive systems, setting a relationship between labour cost and performances expected and achieved, in order for that relationship to ensure essential "self-funding" of the variable remuneration systems, affordability and income and financial equilibrium in the short, medium and long term, as well as to be consistent with the target market;
- Competitiveness through constant reference to market standards, also with the support of tools designed to analyse and measure work positions by specialized companies providing reference benchmarks for each type of position, company size and market, in order to attract and retain the best managerial and professional resources in the market;
- Gender neutrality, ensuring that, with equal activities performed and equal professional content of operations, all personnel members have the same remuneration level, also in terms of the conditions for its awarding and payment, in order to pursue the utmost equality of all personnel members. Consistently with this principle, in 2019 the "Charter of Respect" was published, which protects gender diversity and respect for all, while promoting an approach among based on cooperation, human relationship and dialogue. Furthermore, the Group has chosen to further strengthen its strategies for female talent enhancement and equal opportunities signing the ABI-promoted Charter of women in banking. The ABI Charter promotes the values of gender diversity and inclusion, at all stages and levels in work relationships. To give a tangible token of its closeness to abused women, on 25 November 2020, on the International Day for the Elimination of Violence against Women, the Group signed the ABI protocol laid down measures in favour of women that are victims of violence;
- Consistency with the climate and environmental (risk),approach, contributing, by deferring and defining performance criteria, to promoting a long-term approach for the management of climate and environmental risks,i in line with the Group's risk appetite and strategy. In order to encourage behaviours that are consistent with that approach, the variable remuneration has been linked also to the achievement of those goals, by defining qualitative objectives within the incentive schemes applying to employees;
- Alignment with the ESG objectives of the Crédit Agricole Italia Banking Group, in order to prevent conflicts of interest in corporate decision-making, to support the achievement of an appropriate risk culture,to

take into account the Group's long-term interests and foster behaviours consistent with the approach to environmental. social and governance (ESG) risks, which have also been been included in the internal governance arrangements.

The remuneration policies of the Crédit Agricole Italia Banking Group for 2022, which were prepared in agreement with the French Parent Company Crédit Agricole S.A., are compliant with the regulatory provisions contained in the 37th update of Bank of Italy Circular no. 285/2013, published on 24 November 2021. More specifically, the Group's Remuneration Policies are compliant with regulatory aspects, including those concerning: the obligations lying with "Identified Staff", the definition of the"Top Staff" perimeter, payout and paymix rules, the variable remuneration structure, the need to strengthen the link between the Risk Appetite Framework ("R.A.F.") and the incentive systems, the provisions regarding golden parachutes, non-competition agreements and agreements for prior notice extension, the malus and clawback clauses and the self-assessment process to determine the "identified staff". Moreover, the 2022 Remuneration Policies implement the new developments in the applicable legislation and regulations concerning the deferral of variable remuneration, the gender-neutrality of remuneration policies, ESG criteria, retention bonuses, the process to determine identified staff and disclosure to the public and, in compliance with the applicable legislation, have updated the so-called "particularly high amount".

Having regard to the gender-neutrality of its remuneration policies, the Group surveyed for first time in 2022 on the data as the end of 2021, a gender pay gap based on the approach defined by the Regulators (EBA and the Bank of Italy). Furthermore, consistently with the main market practices and with the issued regulations, which allow institutions to identify further approaches for gender pay gap analysis, the Group has implemented an internal model based on the "Equal Pay for Equal Work" principle, that is to say the survey of gender pay equality for positions of "equal value" in terms of complexity and with equal roles. That approach was endorsed by a leading consulting firm, which, in 2022, supported the Group in implementing the different stages in the project as given below:

- Assessment of the Group positions and determination of the grades (complexity grades);
- Survey of any gender pay gap with equal grade, role and seniority;
- Analysis of the results, identification of any issues and action priority;
- Definition of the forward-looking action plan.

Overall, with the application of the aforementioned approach, the analyses as at 31 December 2022 detected a pay gap for an amount rather modest and limited to a small panel of roles, accounting for approximately 1% of the women in the Group, markedly improving vs. 2021 (when it accounted for 2% of women), thanks also to the activities carried out in 2022. Furthermore, the analyses showed essential equality between the average remuneration of the two genders as regards positions having lower organizational complexity, essentially consisting of clerical jobs. The gap was found slightly wider, although still modest and decreasing vs. 2021, in the positions with high complexity and responsibility (especially in the senior management category) in which the smaller number of women and recent taking of the role determine a larger gap.

In 2022, based on the outcomes of the survey on the data as at 31 December 2021, the Group implemented some of the actions provided for by the forward-looking plan submitted to the Board of Directors:

- Management Policies: the Group continued to be true to its commitment to ensuring equal opportunities to men and women in the processes for human resources. New initiatives were carried out aimed at increasing the number of women in senior manager positions and in jobs with high responsibilities. Furthermore, all executives have been assigned a specific "key performance indicator" in the 2022 MBO system, in line with the Firm's goals.
- Remuneration Policies: in the reporting year, the positions of women showing gaps at the end of 2021 were assessed. Based on the gap significance, and along with considerations on merit, seniority in the role and performance, for some of them the pay was revised closing the gap or reducing it, in view of progressive and gradual pay alignment. Furthermore, from 2023, the decision-making criteria doe remuneration review will include the gender pay gap.

The gender pay gap is a dynamic figure, as it is affected by organizational revisions, merit campaigns and development initiatives in force at the relevant time; therefore, this figure will be measured on a yearly basis and will be monitored over time by the Human Resources Department.

For the Group, remuneration is an important strategic factor, which was even more central in the management of the acquisition of the Creval Group, which was finalized in 2021, as it is key to effectively handle competition reducing the risks associated with a more and more complex market scenario, developing a compliance culture and enabling optimal management of the available resources.

In accordance with the Remuneration Policies of the Crédit Agricole Group, the 2022 Remuneration Policies are informed by the principles of fairness, transparency and merit and have been designed to meet the primary objective of creating actual and stable added value for all the Group's stakeholders, internal and external, from a long-term perspective. Again in 2022 the close connection with the guidelines of our medium Term Plan was confirmed, while also strengthening compliance with the principles of corporate social responsibility, sustainability, protection of climate and of the environment, inclusiveness and gender neutrality, in accordance with the applicable legislation.

In compliance with the Bank of Italy regulation implementing the EBA Guidelines, the document on Remuneration Policies of the Crédit Agricole Italia Banking Group is available on its website, along with the disclosure given in the Investor Relations section.

Climate survey

In 2022 the Crédit Agricole Italia Banking Group took part in the climate survey conducted by Crédit Agricole S.A., which replaced the Engage&Recommendation Index ("ERI") with the Accountability Index (*Indice de Mise en Responsabilité*, or IMR), whereby, with a shorter formula and with some open-ended questions, the cultural and managerial transformation implemented by the People Project can be assessed.

The 2022 survey, in which 87% of the Crédit Agricole Italia Banking Group's personnel took part, reported that our people were eager to participate and give their opinion.

FINANCE

The directions followed by the Crédit Agricole Italia Banking Group concerning financial balances and management rest on three main guidelines:

- The management of interest rate risk;
- The management of liquidity risk;
- Capital management.

In accordance with the policies set by Crédit Agricole S.A., the Crédit Agricole Italia Banking Group, through the Finance Department, adopted a model to determine the "cumulative gap", measured using different metrics for the various financial statement items.

Consistently with the past, the governance of interest rate risk aimed at conservative asset-liability management by hedging the cumulative exposure.

As regards liquidity, the implemented refinancing strategies continued to pursue source diversification, with alternative funding sources consisting in the Covered Bonds market, access to EIB funds and to targeted longer-term refinancing operations (TLTRO-III).

Having regard to the Covered Bond market, in 2022 the Group confirmed its regular presence in the market placing two tranches of covered bonds totalling 1.5 billion Euro, in January 2022, for 1.0 billion Euro with 10-year maturity and 0.5 billion Euro with 20-year maturity, respectively.

Furthermore, within the ECB Targeted Longer-Term Refinancing Operations,(TLTRO) programme, between December 2019 and March 2021, Crédit Agricole Italia participated in TLTRO III.

Having regard to capital management, it is pointed out that, in H1 2022, the capital strengthening plan was implemented increasing Crédit Agricole Italia's share capital by a total of 500 million Euro, in order to ensure that the capital ratios are constantly kept at appropriate levels considering the effects linked to Creval acquisition and specifically to the consequent increase in Risk Weighted Assets.

Furthermore, in April 2022, Crédit Agricole Italia issued Tier 2 notes for 150 million Euro, which were subscribed by Crédit Agricole S.A.; concomitantly, before the merger, on the first early repayment date, Creval repaid its Tier 2 notes that is had issued in the market in 2017, whose interest rate conditions and the start of the amortization period for prudential purposes made those notes no longer useful.

Capital management was optimized also in order to ensure present and forward-looking compliance with the Pillar 2 MREL (*Minimum Requirement for own funds and Eligible Liabilities*), which is assigned yearly to Crédit Agricole Italia, on a consolidated basis by the Single Resolution Board.

The Board of Directors of the Parent Company Crédit Agricole Italia exercises control and coordination of financial activities, which also require the Board's approval.

RISK MANAGEMENT

Objectives and policies on risk taking, management and hedging

1.1 SUMMARY OF THE SYSTEM, PERIMETER AND ROLES

The Crédit Agricole Italia Banking Group attaches great importance to the measurement, management and control of risks, in order to achieve sustainable growth in a political-economic scenario, such as the present one, featuring high complexity and evolving rapidly.

Within the Crédit Agricole Italia Banking Group, the Parent Company Crédit Agricole Italia is responsible for overall steering, managing and controlling risks for the whole Group, triggering operational action plans that allow reliable control on all risk situations. In turn, the system set by Crédit Agricole Italia is based on the Supervisory regulations and on the directions issued by Credit Agricole S.A. concerning its subsidiaries. The Risk Management and Permanent Controls Department (Italian acronym DRPC) performs risk management and control activities for all the Companies of the Crédit Agricole Italia Banking Group.

The founding principles informing all activities for risk management and control are the following:

- Clear identification of risk-taking responsibilities;
- Measurement and control systems that are compliant with the Supervisory guidelines and consistent with the solutions more frequently adopted at an international level;
- Organizational separation between operating and control functions.

The perimeter of detected, monitored and integrated risks (taking account of diversification advantages) in the economic capital includes:

- Credit and counterparty risks; this category also includes concentration risk;
- Market risk of the Trading Book;
- Price risk of the Banking Book;
- Interest rate risk of the Banking Book;
- Liquidity risk;
- Foreign exchange risk of the Banking Book;
- Operational risk.

The Crédit Agricole Italia Banking Group updates, normally on a yearly basis, its Risk Strategy, which sets the levels of risk (credit, financial, market and operational risks) which the Group deems adequate to its development strategy. Based on the strategy, which is submitted to the Risk Committee of Crédit Agricole S.A. for its approval, global limits and alert thresholds are set and are appropriately supplemented with operational limits that are specific to each single Entity in the Group. This system, setting limits and/or alert thresholds, is submitted to the Boards of Directors of the Parent Company Crédit Agricole Italia S.p.A. and of the single Entities of the Group for their approval.

The Group's main Committee overseeing the specific risk scopes is the Risk and Internal Control Committee, which coordinates the structures that are the holders of control functions (Internal Audit, Compliance,and Risk Management and Permanent Controls), as well as the set of internal control arrangements, in compliance with the procedures adopted by the Crédit Agricole Italia Banking Group. The Risk and Internal Control Committee is responsible for examining and approving risk management guidelines and for deciding on any proposals submitted by operational work teams that handle the specific problems generated by the different risks.

In accordance with their respective responsibilities, the roles and department engaged in control functions sit also on other management Committees, including the New Activities and New Products Committee (Italian acronym NAP), the ALM Committee, the Investment Committee, the Loan Committee, the NPE Committee and the Performing Loan Monitoring Committee.

Lastly, the Departments engaged in control functions participate in and report to the Audit Committee for Internal Control; this is a Board Committee set up by the Parent Company's Board of Directors in order to have support in ensuring the effectiveness of the internal control system, pursuant to the "Supervisory provisions concerning banks' organization and corporate governance" issued by the Bank of Italy on 4 March 2008, which recommend that Board Committees be set up within entities that are large-sized or feature high complexity.

The Audit Committee for Internal Control also verifies whether the incentive system implemented by the Crédit Agricole Italia Banking Group is consistent with the applicable legislation and regulations.

1.2 RISK APPETITE FRAMEWORK

The Group's Risk Appetite Framework (RAF) expresses the approach and risk level that the Group is willing to take, as regards each type of risk. The Group's risk appetite has been determined based especially on its financial policy and on its risk management policy and is expressed through:

- A selective and responsible funding policy within a conservative lending policy that is set down in the Risk Strategy, consistently with the corporate social responsibility policy and with the system of decision-making powers in force;
- Orientation towards a low risk profile on all main financial risks, with specific focus on limiting the exposure to market risk;
- Strict oversight on exposure to operational risk;
- Orientation towards a low Information Technology (IT) risk profile;
- A system of controls aimed at managing non-compliance risk (identified and monitored);
- Careful measurement of risk-weighted assets;
- Integrated management of the Group's assets and liabilities.
- Careful mapping of all material or emerging risks that may generate impacts on the Group.

The Risk Appetite Framework structure consists in activities for the monitoring and control of risks, in order to ensure that they are managed, driving continuous development and improvement of the methods and models for their measurement.

To this end, the Crédit Agricole Italia Banking Group uses methods, measurement standards and risk control tools that are consistent throughout the Group and adequate to the type and extent of the risks taken, involving and informing the corporate bodies of the subsidiaries about the choices made as regards risk management procedures and policies.

Within the Risk Appetite Framework, limits and alert thresholds are set on Solvency, Liquidity, Asset Quality, Profitability, Credit/Concentration, interest Rate, operational and Compliance main ratios/indicators, which are fit to verify the affordability of the Group's Budget and MTP on a continuous basis, as well as to identify the first alerts in case such ratios/indicators worsen, in order for all corrective actions to be triggered and to return to normal operation.

Moreover, the Group's risk appetite is also expressed by controlling qualitative risks, inherent in its strategy and operations, in order to pursue sustainable development and effective management of risks.

The Risk Appetite Framework plays a pivotal role in the definition of the Governance framework, since it includes the business model and the strategic plan, the risk appetite, tolerance thresholds, risk limits, risk governance policies and the reference processes required to define and implement them.

Furthermore, the set of documents regarding the Group's Risk Appetite Framework was updated; specifically, in terms of Governance, the following items were revised:

- The RAF Policy, which defines the RAF scope of application, the process to determine and monitor the thresholds, in order to ensure consistency between the Group's operations, complexity and sizes;

- The Policy on Material Transactions (“*Operazioni di Maggior Rilievo*”, or with the Italian acronym OMR), which sets forth the methodological approach and the operational aspects of the MRT management process, including the related identification criteria in order to ensure full compliance with the applicable legislation;
- The Stress Test Policy in accordance with Crédit Agricole S.A. guidelines. The Policy sets forth the annual Stress Test programme of the Group, the Governance and the responsibilities of the various players involved and any improvement areas/points scheduled in the year;
- The Risk Appetite Statement (“RAS”), which sets forth the Risk Management and Governance process and the roles played by the Group’s bodies engaged in management and control functions and the map of material risks. This document also reports the quantitative ratios/indicators expressing the main risks the Group is exposed to, along with exhaustive description of the logic behind the determination of RAF thresholds and limits. For qualitative risks, the document sets forth the control processes and mitigation tools implemented by the Group.

In 2022, the Crédit Agricole Italia Banking Group carried out the usual process for the identification of material risks, in accordance with the layout received from the French Parent Company Crédit Agricole SA, and consistently with information given in the ICAAP document and in the Internal Control Annual Report (ICAR or with the Italian acronym RACI); 16 material risks were identified, falling into the credit risk, financial risks, strategic risk, operational risks and noncompliance risks macro-categories. Furthermore,, the Crédit Agricole Italia Banking Group and Agricole SA have always paid close attention to climate and environmental issues and, in 2022 climate risk, in its sub-categories of physical risk and energy transition, was included in the Group’s Risk Map, as done in in the previous years.

The Crédit Agricole Italia Banking Group is implementing the forward-looking action plans that it defined at the beginning of 2021, pursuing the goal of progressively including climate-related and environmental factors in its business model and strategy, in its governance and organization, in its risk management system and in its disclosure to the market, in accordance with the ECB “Guide on climate-related and environmental risks - Supervisory expectations relating to risk management and disclosure” and in accordance with the instructions given by the Parent Company.

The Crédit Agricole Italia Banking Group has structured its sustainability governance on four levels, setting up a specific Board Committee, a Managerial Committee, a Unit in charge of coordinating the various project activities and a network of owners belonging to operational structures and – in an independent position –to control structures. The structures engaged in control functions have extended their scope of activity also to ESG matters applying the model based on three lines of defence.

The actions deployed in 2022 concerned the training of the Board and of personnel, the remuneration policies, the lending policies and processes, the development and marketing of products and services, the provision of investment advisory services,, the monitoring of exposures and management reporting, data collection and management, the development of IT applications, disclosure to the public and reporting to the Supervisory Authorities.

Furthermore, as an entity of the Group, the Crédit Agricole Italia Banking Group took part in the ECB climate risk stress test and shares, with its French Parent Company, the Net-Zero Banking Alliance commitments in order to align the emissions of the various portfolios with the achievement of climate neutrality by 2050 and, to this end, supporting its Customers in their transition process.

In general terms, the Risk Appetite Framework of the Crédit Agricole Italia Banking Group is structured as follows:

- **Risk Appetite** (risk objective or risk appetite): level of risk (overall and by type) that the Group is willing to take in order to pursue its strategic objectives;
- **Risk Tolerance** (tolerance threshold): maximum allowed deviation from the Risk Appetite; the tolerance threshold has been set in order to ensure that, in all cases, the Group has sufficient margins to operate, also in stress scenarios, within its risk capacity;
- **Risk Capacity** (maximum risk that can be taken): the maximum level or risk that the Group is technically able to take without violating any regulatory requirements or other restrictions laid down by its Shareholders or by the Supervisory Authority;
- **Risk Profile**: the risk actually taken, as measured at a given point in time;
- **Risk Limits**: the structuring of risk objectives into alert thresholds and operational limits, set in accordance with the proportionality principle, by types of risk, business units and/or lines, product lines, types of Customers.

The Group's risk profile is monitored and submitted, with specific periodic reports, to the Risk and Internal Control Committee (RICC or with the Italian acronym CRCI) and to the Boards of Directors of the Parent Company Crédit Agricole Italia and of the other Entities of the Group, as well as to the Controlling Company Crédit Agricole S.A..

In case the tolerance and capacity levels of the RAF ratios/indicators are exceeded, an escalation process is provided for, which has been designed to involve the corporate roles responsible for defining the corrective actions needed to return to the normal risk levels and which is revised and updated at least on a yearly basis.

2. RISK MANAGEMENT AND HEDGING

Credit Risk

Within the Risk Management and Permanent Controls Department, the Credit Risk Control Division is responsible for overseeing the risks associated with the Bank's lending activity.

The Credit Risk Control Division's activity takes place both at a portfolio level, via continuous monitoring of the Bank's lending operations, and at the level of individual loan dossier analysis, via constant analysis of individual dossiers and structured controls on specific cases.

Specifically, the Credit Risk Control Division:

- Takes part in the design of the Risk Strategy as regards credit risks, and monitors compliance with the set limits. In that scope, data management is kept under control, which is intended for the production of the related reports, both summary and granular ones, necessary to that verification. The results of that activity are sent to the relevant structures engaged in credit risk management and to the Top Management, as well as discussed at the meetings of the relevant Committees. The data also feed the permanent controls system. Specific alerts are launched in case the Risk Strategy limits are breached, or when it is considered that the observed trends may lead to future noncompliance with the set thresholds;
- It is asked for its opinion on the applicable legislation, regulations and corporate policies on loans. This role is particularly important as regards the general regulations on loans, both performing and non-performing, lending and performing loan management policies and the policies for the collection of non-performing,loans, as well as individual provisioning policies on NPLs and the rules on the appraisal of properties pledged as collateral;
- It gives its opinion on the credit line proposals that are submitted to the collective bodies for each entity of the Banking Group. Its opinion is given in the form of an self-standing document that is independent of the considerations made by the proposing Structure, contains the assessments of compliance with the Bank's lending policies and of the risk taken, and its final opinion may contain recommendations addressed to the decision-making bodies. The opinion it expresses concerns proposals on both performing loans and non-performing ones;
- It carries out second-level permanent controls on credit risk, proposing, where appropriate, any changes in order to detect any new credit risk indicators;
- It reviews the regulatory portfolios via sample controls, based on identified risk clusters, on individual dossiers in accordance with the directives laid down by the Supervisory regulations. Specifically, the reviews of individual positions assess, for each position, the quality of the loan monitoring processes (including correct appraisal of guarantees) and of the processes for the collection of non-performing loans; furthermore, correct classification of the loan and the consistency of the related provisions are also reviewed;
- It carries out sectoral Portfolio reviews, in cooperation with the Sales and Lending structures, with special regard to the sectors worst hit by the Russia-Ukraine war and by the macroeconomic tensions on energy and commodity costs;
- It ensures proper application of the "Double Regard" principle to the ratings of counterparties and groups, while also ensuring compliance with the principle of separation between the proposing structure and the validating structure, through rating validation on the perimeter of Non-Retail Customers of the the Crédit Agricole Italia Banking Group. This activity is carried out based on the models set by the Parent Company with coverage also of counterparties that, for their very nature, do not present financial statements or standard characteristics, which are analyzed on with a judgemental ("a dir d'expert") approach. It constantly participates in work groups tasked with defining more and more efficient validation procedures;
- It takes part in Interfunctional Teams in charge of defining the actions to be deployed on the single matters concerning credit risk;

- Besides internally producing several reports that are necessary for its control activity, it periodically issues detailed analyses, which are distributed to the relevant Structures and to the Top Management.

IRB/Basel II advanced approach

For determining its capital requirement for credit risk, the Crédit Agricole Italia Banking Group has been using (since December 2013) internal ratings with an Internal Rating Based – Advanced approach (PD and LGD internal models) regarding “Retail Loan Exposures”, the so-called “Retail Portfolio”.

The exposures coming:

- From the subsidiary Crédit Agricole Carispezia, which was merged by absorption into Crédit Agricole Italia in 2019, are still treated with the standardized approach pending the go-live of the AIRB models that were approved by the ECB in June 2022 following the Material Model Change application filed in 2020;
- From Creval, which was merged by absorption into Crédit Agricole Italia in 2022, are treated with the AIRB approach using Creval metrics in force before its absorption (the Interim Period) as agreed on with the ECB within the Return to Compliance process, which provides for the revision/recalibration of the models of the Crédit Agricole Italia Banking Group on the target bank portfolio.

The present choice of treating all exposures referring to the subsidiary Crédit Agricole Leasing on a Permanent Partial Use (PPU) basis has been made considering the immateriality of the portfolio size and the specificities of the leasing company’s core business within the Crédit Agricole Italia Banking Group as a whole.

In 2021 Crédit Agricole Italia formalized its “explanatory note for PPU authorization”, regarding the required information in order to file a formal PPU application for the exposures treated with the standardized approach and not included in the IRB roll-out plan, which was approved by the Internal models Validation Committee on 17 February 2021.

The risk measurement system is fully integrated in the decision-making processes and in the management of corporate operations: the rating system has long played an essential role in loan authorization, risk management, internal allocation of capital and in the Bank governance functions, as well as in contributing to ensure risk prevention and mitigation. In order to ensure that lending processes and credit risk measurement are homogeneous, the internal models are used by all the Entities of the Crédit Agricole Italia Banking Group (that is to say, Crédit Agricole Italia, Crédit Agricole FriulAdria – which was merged into Crédit Agricole Italia in November 2022 – and Crédit Agricole Leasing Italia).

The above-described risk measurement: system is also subject to constant monitoring and updating by the Model Development Service of the Crédit Agricole Italia Banking Group. In 2020, an Application Package for Material Model Change was sent to the ECB concerning the Retail rating models and the extension of the advanced approach use to former Carispezia exposures; following the submittal of the Application Package, Crédit Agricole Italia underwent an Internal Model Investigation (IMI) in H1 2021 and, in June 2022, was informed by the ECB of the IMI outcomes and authorized to use the new models on the Retail perimeter. Concomitantly, following the acquisition of the former-Creval portfolio, parameter updating/calibration activities were carried out, which entailed the revision of the Retail internal models in 2022.

The rating systems are used within the main phases in the lending value chain. With specific reference to loan origination and monitoring, the management use of the rating system results in:

- Lending policies – the set lending policies govern the procedures through which the Banks and the Companies of the Crédit Agricole Italia Banking Group authorize loans and manage credit risk;
- Loan origination: creditworthiness assessment upon origination of the first loan and upon review of/change in credit lines, as well as for determination of decision-making powers concerning loan origination;
- Loan monitoring – the use of the performance-measuring PD, combined with other variables, for performance monitoring, in order to detect and correct non-performing positions before they are classified as defaulted;
- Collective impairment - the new IFRS9 entered into force on 1 January 2018 and introduced a new approach to calculate collective impairment of performing loans, using appropriately adjusted Basel metrics (PD and “point in time” LGD) to determine the provisioning value (ECL - Expected Credit Loss). The Loss Given Default (LGD) is to be estimated taking into account also a downturn in the business cycle (downturn LGD);
- Bank reporting – the use of the risk measures produced by the Bank’s reporting model.

Said full integration in the loan management processes allows the creation and development of internal models that support the measurement of creditworthiness and can be used to assess, with statistical objectivity, the probability that the counterparties default.

The calculation of capital requirements using internal rating-based approaches allows optimal management of the regulatory capital, as it also allows a “weighted” analysis of the loan portfolio, “aware” lending development considering the risks taken and, thus, better planning of loans and of credit risk over the medium-/long-term.

Lastly, more effective detection and measurement of risks ensures better disclosure and subsequent enhanced transparency in reporting, which is a key element to meet the requirements of the Group’s various Stakeholders.

Interest Rate Risk and Price Risk of the Banking Book

The measurement, management and control of financial balance (ALM) concern both modelled and non-modelled positions of the Banking Book. The Banking Book consists of typical positions in the Group’s business operations, which are lending and funding without trading objectives. Therefore, interest rate risk is measured with reference to all on-balance-sheet and off-balance-sheet transactions, excluding the supervisory trading book.

The Governance model adopted by the Crédit Agricole Italia Banking Group assigns the responsibility for the measurement and management of interest rate risk to the CFO, who, through the Finance Department of Crédit Agricole Italia, performs centralized management of this risk at Group level and for the single Entities of the Group, in accordance with the guidelines set down by Crédit Agricole S.A..

The Risk and Permanent Controls Department of Crédit Agricole Italia is responsible for independent control of the interest rate risk management system, by verifying its compliance with the risk measurement model.

In 2022, the hedging of interest rate risk continued using derivatives, namely Interest Rate Swaps and Interest Rate Options. The hedged items mainly were:

- Fixed-rate securities recognized as assets (micro-hedging);
- Covered Bonds issued (micro-hedging);
- Interest rate gaps shown by the internal model, handled with,macro-hedging transactions (macro hedging of current accounts, funding and mortgage loans);
- Floating-rate mortgage loans with cap option.

As regards the Crédit Agricole Italia Banking Group, the investment portfolio, comprising the HTC and HTCS business models and held for Liquidity Coverage Ratio (LCR) purposes and to support net interest income, mainly consists of Italian Government Securities with modest average duration, for amounts that have been set down by the Risk Committee of the Crédit Agricole Group and approved by the Boards of Directors of the Parent Company and of its Subsidiaries.

The assets at *fair value* comprise securities and units of funds whose management model provides for their sale should the opportunity arise.

The limits applying to the investment portfolio are defined on the basis of the type of instruments that can be held and are expressed with reference to the maximum nominal value that can be held by each bank of the Group.

Furthermore, the Crédit Agricole Italia Banking Group has implemented a system of limits and alert thresholds, consistently with the directions set by the Crédit Agricole SA Group, based on stress scenarios affecting asset prices.

The Risk and Permanent Controls Department of Crédit Agricole Italia is responsible for independent control of the Banking Book price risk management system, by verifying its compliance with the stress testing method set down by Crédit Agricole S.A..

In accordance with the guidelines issued by Crédit Agricole S.A. and with the applicable prudential regulations, the framework system for market risk is reviewed normally on a yearly basis within the Risk Strategy and is approved by the Board of Directors and by the Risk and Internal Control Committee.

The model for market risk management and governance has been applied to the entire consolidation perimeter.

Liquidity risk

Liquidity risk, both short-term and medium-/long-term, is the risk of not being able to promptly meet their payment commitments, due to the fact that they cannot obtain funding on the market (funding liquidity risk) and cannot sell their assets on the market (market liquidity risk).

The Governance model adopted by the Crédit Agricole Italia Banking Group assigns the responsibility for the measurement and management of liquidity risk to the CFO, who, through the Finance Department of Crédit Agricole Italia, performs centralized management of this risk, in accordance with the guidelines set down by Crédit Agricole S.A..

The Risk Management and Permanent Controls Department is tasked with the monitoring of liquidity risk, again in accordance with the guidelines set down by the Crédit Agricole Group.

The management of short-term liquidity, that is to say, the management of events impacting on the liquidity position of the Crédit Agricole Italia Banking Group in a time horizon from over-night to 12 months, has the main objective of maintaining the Group's ability to meet its recurring and non-recurring payment commitments, minimizing the relevant costs.

In order to monitor short-term liquidity management, the Crédit Agricole Italia Banking Group has implemented a system of limits in accordance with the provisions set down by the Crédit Agricole Group, which is based on stress scenarios in order to ensure surplus liquidity on various time horizons and in increasingly severe scenarios.

The stress assumptions used cover idiosyncratic crises, systemic crises and global crises. Specifically, a short-term interbank refinancing limit (LCT – *Limite Court Terme*) has been set, which aims at limiting short-term funding on the market over a one-year time horizon in a market featuring stress conditions.

In regulatory terms, the short-term liquidity risk threshold is the Liquidity Coverage Ratio (LCR), which, as at 31 December 2022 and as the Group LCR, came to 262%, once again well above the regulatory requirements. It is pointed out that, since 1 January 2018, the minimum requirement, on an individual basis, is 100%.

Medium-/long-term liquidity management entails the identification of alert thresholds and limits by determining the *Position en Ressources Stables* (Stable Resources Position, PRS) and *Concentration des échéances MLT* (a concentration limit to MLT maturities). They aim at ensuring the Group's balance between stable resources (medium-/long-term market resources, funding from Customers, own funds) and long-term uses (non-current assets, loans to Customers, medium/long-term market uses and liquidity buffers), as well as at limiting concentration of maturities within medium-/long-term funding. Positive levels of the Stable Resources Position (PRS) substantiate the Group's ability to support its assets during a crisis and, by monitoring the medium-/long-term due register, a balance can be kept between the maturities of resources and long-term uses.

In regulatory terms, since June 2021 longer term liquidity risk has been monitored using the Net Stable Funding Ratio (NSFR). The ratio, which shall be higher than100%, has the Available Stable Funding (ASF) figure as the numerator and the Required Stable Funding (RSF) figure as the denominator. As at 31 December 2022 the Group NSFR came to 133%.

Market risk of the Trading Book

Market risk results from the exposures on the Supervisory Trading Book. The entities of the Crédit Agricole Italia Banking Group do not typically engage in proprietary trading on financial markets and, therefore, the trading book mainly comprises residual positions from placing and trading financial Instruments on behalf of third parties. This is the reason why trading activities are to be deemed instrumental to and aimed at meeting customers' requirements.

The Crédit Agricole Italia Banking Group is subject to specific regulatory requirements that prohibit it from engaging in proprietary speculative trading, specifically the US Volcker Rule (Dodd-Frank Wall Street Reform and Consumer Protection Act AND THE Related updates and the "*Loi de séparation et de régulation des activités bancaires*" (French Act no. 2013-672). To control implementation of the aforementioned legislation, a Local Correspondent (the Local Officer in charge of the Volcker Rule) has been appointed within the Finance Department, who is responsible for ensuring full compliance of the operations of the Crédit Agricole Italia Banking Group with the aforementioned legislation.

Following the Volcker reform in 2020, the Crédit Agricole Italia Banking Group has been classified as an entity Totally Outside the US (TOUS); the entities that have no branches in the USA and do not engaged in direct operations in the US territory are exempted from the obligation to perform the specific controls previously required under the Volcker Rule, thus simplifying the programme for compliance with it.

The sale of derivative products to ordinary Customers by the banking entities of Group outside regulated markets (i.e. the sale of OTC derivatives) is made through a specialist team and for the only purpose of meeting Customers' operational requirements. Intermediated derivatives are hedged with back-to-back mirror transactions, in order to immunize position risk Furthermore, ISDA netting agreements with the relevant Credit Support Annexes(CSA) are signed for the exchange of collateral with the Financial Institutions the Group mainly operates with, in order to mitigate its exposure to counterparty risk.

Since 2017, the main counterparty of all new transactions has been CACIB, a financial company belonging to the Crédit Agricole Group.

In accordance with the guidelines issued by Crédit Agricole S.A. and with the applicable prudential regulations, the framework system for market risk is applied to the entire consolidation perimeter, is reviewed normally on a yearly basis within the Risk Strategy and is approved by the Board of Directors of the Parent Company.

Operational Risks

The definition of operational risk adopted by the Group is the one given in the document "Basel II - International Convergence of Capital Measurement and Capital Standards" prepared by the Basel Committee on Banking Supervision, which reads "Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition includes legal risk, which covers but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

The Risk Management and Permanent Controls Department is the holder of the operational risk management function for the Group as a whole and is responsible for ensuring that the overall management framework is complete and consistent. Through prompt perception of information, collection of operational events and implementation of mitigation actions, it ensures to General Management and to the Boards of Directors that regulatory and organizational control, as required by this type or risk, is in place and effective.

In this regard, the Risk Management and Permanent Controls Department proactively participates in the most important corporate projects, especially those with high organizational impact, in order to provide its contribution, from the earliest phases, for consistent and complete preparation of the mechanisms for the management of the risks that are inherent in each project.

The Risk Management and Permanent Controls Department (Italian acronym DRPC) performs risk management and control activities for all the Companies of the Crédit Agricole Italia Banking Group, including Crédit Agricole Leasing Italia and Crédit Agricole Group Solutions.

The management of operational risks requires sharing and proactivity by all corporate structures; therefore, in order be at all times fully aware of the risk issues associated with the different corporate processes, specialist control roles operate both within the Risk Management and Permanent Controls Department and within the structures engaged in operational functions and specifically:

- Operational Risk Manager (ORM or with the Italian acronym MRO), who is responsible for reporting on potential risks and actual risk events arising in the various operating corporate structures and for coordinating the implementation of permanent controls;

- Control by the Risk Management and Permanent Controls Department on Critical or Important Functions;
- MRSI (*Manager des Risques SI*), person in charge, within the Risk Management and Permanent Controls Department, of monitoring and control of IT risks on the Information System, on Physical security and on the Business Continuity Plan (BCP);
- CISO (Chief Information Security Officer), who is responsible for the security of corporate information;
- Information Security Manager (ISM): who is responsible for the implementation and management of the Information System operational security;
- Business Continuity Manager (BCM), who is responsible for the Group's Business Continuity Plan;
- Persons in charge of Controls, within the Distribution Network structures, with the task of performing 2nd degree 1st level permanent controls.

Risk control is also ensured through arrangements and tools designed for appropriate monitoring and management of mitigation/improvement actions, including:
- The Risk and Internal Control Committee, which is described above;
- The system for reporting internal controls on the Network, in order to report any non-compliance situations;
- Improvement Work Groups, meetings with the Branches that showed problems in the outcomes of permanent controls, of inspections carried out by the Internal Audit Department and in other verifications; during said meetings, together with the coordination structures Branches report to (Regional Departments), the problems detected are analyzed and an action plan for improvement is prepared.

The activities that are outsourced and contracted out to external vendors are always governed by a service agreement that, in addition to regulating the provision of the service, lays down a system of controls on the set qualitative and quantitative levels. In accordance with the various scopes, internal owners are identified within the Bank's structures, who report to the competent Departments of the Parent Company on the general reliability of the contract relationship.

Lastly, special controls are triggered where the outsourced activities can be defined as "critical/important functions" (CIF or with the Italian acronym FEI), pursuant to Bank of Italy–CONSOB (Italian Securities and Exchange Commission) joint regulation and to Bank of Italy Circular No. 285/2013; in this regard, the main corporate regulatory reference framework is a specific Regulation that implements the Group policy, transposes the applicable Supervisory provisions and organically defines the system of required controls.

RISKS AND UNCERTAINTIES

The risk monitoring, management and control policies continue to be key principles on which Banks will have to measure themselves both against each other and against domestic and international markets.

Making references to other parts of the Note to the financial statements for more exhaustive examination of the risks and uncertainties to which the Crédit Agricole Italia Banking Group is exposed (along with the techniques) for their mitigation), it cannot but be once again said that the Group and its Management pay constant and close attention to this matter.

Indeed, the Bank's governance bodies are fully aware that sustainable development and growth do require also effective analysis of the risks which the Crédit Agricole Italia Banking Group is exposed to and of the relating uncertainties, in terms of impacts that may be generated on its financial position, cash flows and performance; effective management and mitigation of said risks to acceptably low levels are another crucial requirement for sustainable growth, also in order to protect savings (and, with them, Customers' confidence) on the one hand, and loans (healthy drivers of growth) on the other.

The Crédit Agricole Italia Banking Group uses risk control methods, measurement standards and tools that are consistent throughout the Crédit Agricole Group as a whole and appropriate for the type and size of the risks taken, also in such a complex economic scenario as the present one.

The effects of the Russia-Ukraine war first and then of inflationary pressure caused an increase in the already present tensions on the prices of many commodities and led to a general downgrade of economic growth prospects worldwide, both for 2022 and for the following years.

In order to control inflation growing trend, Central Banks started to adopt a very restrictive approach aimed at containing prices and resolved significant and sudden hikes in interest rates. Despite the forecasted decrease in inflation in advanced economies in 2023, thanks to the expected stabilization of energy prices, average annual inflation, in a very uncertain scenario, may remain very high vs. the European Central Bank's targets.

In such a complex scenario, the analyses performed by the governance bodies based on the information currently available gave evidence to conclude that the Crédit Agricole Italia Banking Group will be able to address the risks and uncertainties generated by the situation.

The assessment giving evidence of the Bank's ability to continue as a going concern is based on the capitalization it has reached, which shows a reassuring buffer on top of the requirements set by the ECB, its present liquidity and the healthy and prudent management that has always been a distinctive feature of the Group, while ensuring steady development through sustainable growth strategies and the commitment to providing households and businesses with support.

3. INTERNAL CONTROLS SYSTEM

The Crédit Agricole Italia Banking Group has progressively upgraded its internal control system to the applicable Supervisory provisions (Bank of Italy Circular No. 285/2013) and to the model implemented by the Controlling Company Crédit Agricole S.A.; therefore, it implements a system aimed at:

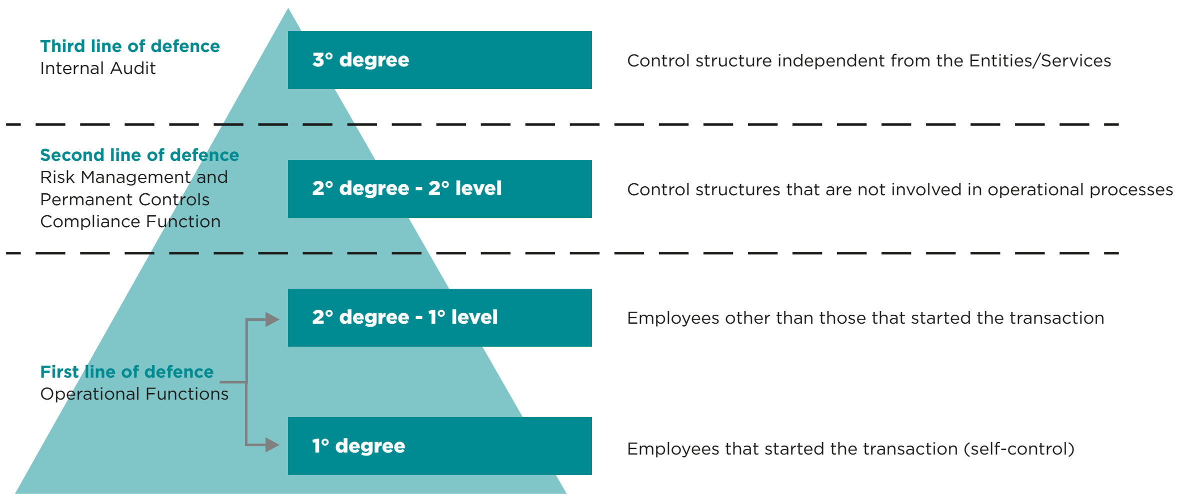
- Constant control of risks;
- Adequacy of the control activities to its organizational structure;
- Ensuring reliability, accuracy and promptness of reporting.

The internal control system provides for the involvement of the Collective Bodies, of the roles and structures engaged in control functions, of the "*Organismo di vigilanza*" (Body in charge of offence prevention -AML, Terrorism Financing, etc. - provided for by the Italian Law), of the Independent Auditors, of the Top Management of the Group' Companies and of all Staff members.

The analysis and monitoring of risks are carried out based on Group references, which provide for verification of abidance by the regulatory terms, of the reliability of process and their exercise, security and compliance.

The controls system provides for the use of an Internal Control Framework that implements the directions given by the Parent Company Crédit Agricole S.A., which require compliance with the expectations of the French Supervisory Authority ACPR set out in the document "*Arrêté du 3 novembre 2014 relatif au contrôle interne des entreprises du secteur de la banque, des services de paiement et des services d'investissement*".

The Internal Control Framework of the Crédit Agricole Italia Banking Group is implemented with the three defence lines set out in the chart below:



- First line of defence:
  - 1st degree controls: performed continuously, at the start of any transaction and throughout the process for its validation, by the employees that carry it out and by the persons they report to on a solid line, or performed by the automated systems for transaction processing;
  - 2nd degree – level 1 controls: performed by employees other than those that started the transaction.
- Second line of defence:
  - 2nd degree – level 2 controls: performed by the specialist structures engaged in last-level permanent controls, independent from structures and roles with business executive functions.

    1- and 2.1-degree controls aim at identifying, correcting and preventing any irregularities or anomalies in operations. 2.2-degree controls may be performed also based on the evidence found within lower-degree controls and, therefore, they may express also outcomes of lower -degree controls.
- Third line of defence:
  - 3rd degree controls performed by the Internal Audit Department.
    The updating of the system of normative instruments is also constantly focused on and, in addition to the upgrading to the regulations already implemented, also entails a coverage extension through specific policies that are in force for the Group as a whole.

The structures and roles engaged in 2nd-degree/2nd-level (2.2) and 3rd-degree controls report to the Boards of Directors of the single Companies on:

- Activities carried out;
- Main risks detected;
- Identification and implementation of the mitigation mechanisms and the effects of their implementation.

INTERNAL AUDIT

The Internal Audit Department is independent from any and operational, executive and decision-making structures or roles that entail risk-taking.

The Head of the Internal Audit Department (Chief Audit Executive CAE) reports on a solid line to the Bank's Board of Directors, whereas the Internal Audit Department (*Inspection Générale Groupe*) of the Parent Company Crédit Agricole S.A. is tasked with the oversight and coordination of Internal Audit activities. The Chief Executive Officer ensures management oversight and actual availability of the operational levers and of the appropriate financial and human resources for the Department's effective operation.

Concomitantly, the Internal Audit mandate vests the Board of Directors of the Parent Company Crédit Agricole Italia and, as relevant, the Boards of Directors of its Subsidiaries, with the responsibility for approving the annual and forward-looking audit plans, as well as for appointing to office and terminating the appointment of the CAE; the Internal Audit mandate also provides for the CAE to submit the main conclusions reached in the Department's activity, the progress in the internal audit plan and in the implementation of the requested corrective actions to the aforementioned Bodies.

The Internal Audit Department:

- Assesses, based on a forward-looking plan, whether the overall internal controls system operates effectively and whether it is fit to ensurea:
  - The effectiveness and efficiency of the corporate processes as implemented;
  - The protection of the value of Group's assets;
  - Protection from losses;
  - The reliability and integrity of accounting and management data;
  - Compliance of operations with both the policies set down by the corporate governance bodies, with all internal normative instruments and with the applicable legislation;
- Performs periodic review and controls on the processes and on the organizational units of all the Companies of the Crédit Agricole Italia Banking Group, as well as on Outsourced Critical or Important Functions, through constant and independent supervision on the regular course of operations, in order to prevent or detect any behaviours or situations that are irregular and/or risky; it provides the Top Officers, the Corporate Bodies and the French Parent Company Crédit Agricole S.A. with prompt and regular reporting on the activities carried out.

OTHER INFORMATION

COVERED BONDS

In January 2022, the Group went again to the market with a new dual-tranche issue of Covered Bonds with 10-year and 20-year maturities for 1 billion Euro and 500 million Euro, respectively.

DISPOSAL OF CREVAL PIÙ FACTOR

In June the Crédit Agricole Italia Banking Group finalized the sale of its entire controlling equity investment in Creval Più Factor S.p.A. of which it had become the direct owner in 2021 subsequent to the acquisition of Creval, to Eurofactor Italia S.p.A., a financial Intermediary specializing in factoring and belonging to the Crédit Agricole Group.

GENERALFINANCE LISTING

In 2022, the GeneralFinance company started the process that led to its listing on Euronext Milan STAR segment.

On 23 June 2022 the offer for the sale and subscription of the ordinary shares in the Company was successfully completed, which also provided for the sale by Crédit Agricole Italia S.p.A. of 2,105,777 shares and the granting to the Joint Global Coordinators of an overallotment option and greenshoe option regarding 491,356 shares.

In July, the greenshoe option was exercised for 436,540 shares; therefore, as at 31 December 2022, Crédit Agricole Italia held 16.29% of its share capital (20.44% of the voting right).

DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

Detailed information on intra-group transactions and on transactions with related parties, including information on the weight of the transactions or existing positions with said counterparties on equity, the financial situation and profit or loss, along with tables summarizing those effects, is given in Part H of the Note to the financial statements.

DISCLOSURE ON ATYPICAL AND/OR UNUSUAL TRANSACTIONS

The analysis of any atypical and/or unusual transactions, in accordance with the definition given in CONSOB Regulation 11971/99, is reported in Part H of the Note to the Financial Statements, to which reference is made. In the year, no atypical or unusual transactions were carried out whose size or features might have jeopardized or affected the protection of corporate assets and the interests of shareholders.

RESEARCH AND DEVELOPMENT

For information on research and development activities, please see other parts of this Report, specifically the chapter on the Strategic Plan and Business Development Lines as regards the creation of new products and services for Customers.

TREASURY SHARES

The Parent Company Crédit Agricole Italia does not hold treasury shares. No company of the Group holds shares in the Parent Company. For more information on equity, please see the Note to the financial statements.

PERFORMANCE OF THE CONSOLIDATED COMPANIES

THE PERFORMANCE OF CRÉDIT AGRICOLE GROUP SOLUTIONS OPERATIONS

Crédit Agricole Group Solutions was incorporated in 2015 with the purpose of improving the Group's operational efficiency and increasing the quality of the services provided in the ITC, operational processes, logical and physical security, and property management scopes.

For this reason, all the Group's structures operating in the aforementioned scopes were centralized in the Consortium, with the objective of identifying new synergies for the Group's entities.

In the reporting period, Crédit Agricole Group Solutions ensured the provision of ordinary services to the Banks, thus ensuring also regular functioning of the operational machine, and provided targeted and specialist services to some non-banking entities of the Group.

Operating expenses came to Euro 376 million increasing by nearly Euro 57 million (+18%) vs. 2021, with the increase mainly concerning administrative and personnel expenses.

HR costs came to Euro 72 million increasing vs. 2021 by Euro 7.4 million, with that increase resulting from more resources seconded to the Parent Company to strengthen its structure after Creval integration. The release of the extraordinary provision for the Voluntary Redundancy Scheme (Euro 7 million), which was set aside in 2021, partially offset the difference.

Administrative expenses came to Euro 220.5 million and essentially consisted of the costs incurred for the provision of services by the Consortium to the other entities of the Group. This item posted an increase of approximately Euro 48 million vs. the previous year, resulting from the extension in the perimeter served by the Consortium Company subsequent to Creval merger. Non-recurring expenses incurred for Creval integration amounted to Euro 21.7 million, vs. 17.9 million in 2021. Conversely, non-recurring costs to manage the Covid-19 health emergency decreased by approximately Euro 3.4 million vs. 2021.

Depreciation and amortization came to Euro 83 million, increasing by Euro 1.3 million (+2%) vs. the previous year. The increase resulted from the implementation of the IT investment plan to support the business for the achievement of the MTP objectives, and. For the considerable portion of Euro 4.6 million, it resulted from investments made in order to prepare for Creval IT migration.

Since the Consortium operates on a not-for-profit basis, all expenses borne for service provision were fully reallocated to the Consortium members and, consequently, the Income Statement for 2022 broke even.

THE PERFORMANCE OF CRÉDIT AGRICOLE LEASING ITALIA (CALIT) OPERATIONS

In 2022 the Italian leasing market gave tangible evidence of its strong resilience proving the viability and importance of leases as a financial tool supporting the Italian economy's backbone. In 2022 in the Italian leasing market 648 thousand new contracts were signed totalling over 31.5 billion Euro. The leasing business grew throughout the year and considerably sped up in December; on an annual basis, in 2022 the number of contracts increased by +5.6% and their value by +9.7% vs. 2021.

Having regard to finance leases only (therefore excluding long-term car rental and operating leases of capital equipment), the performance of the financial leasing market continued to grow in volumes, up by +6% YoY, whereas the number of transactions decreased by -1% YoY (being affected by the exclusion of long-term car rentals) (source Assilea).

In such a strongly competitive scenario,, Crédit Agricole Leasing Italia proved able to maximize the opportunities generated by its belonging to the Credit Agricole Group, proposing the most efficient lease solutions to meet Customers' needs and with increasing attention to green sustainability.

In 2022 production markedly grew vs. 2021: intermediation volumes came to Euro 1,255 million (+36% YoY). The number of new contracts also increased coming to 7,590 (+32% YoY).

In 2022 capital equipment accounted for approximately 66% of new production, motor-vehicles for 17% air sea and rail for 5% and renewable energy for 2%: a sector in which the Company proved again to be the leasing player by financed asset volumes (source Assilea) and, lastly, real estate accounted for approximately 10%.

Having regard to distribution channels, the synergy between the Company and the Crédit Agricole Italia Banking Group proved once again fruitful, with approximately 79% of the 2022 production volumes achieved through the bank commercial network on common Customers. In 2022 the weight of the Vendor channel further increased and, accounting for the remaining 21% of the production volumes, its performances markedly grew vs. 2021 (+58% YoY) offering Customers yet another important element in the range of solutions provided by Crédit Agricole Leasing Italia and by the Group.

Having regard to the Agri-Food sector, which is strategic for the Crédit Agricole Group, new production volumes grew again, up by +9% YoY.

Within the acquisition of Creval by Crédit Agricole Italia S.p.A. and within the business and corporate integration activities that led to the merger by absorption of Creval into the Parent Company Crédit Agricole Italia in April 2022, the Group planned the concomitant demerger of Creval's remaining leasing operations and their subsequent transfer to Crédit Agricole Leasing Italia. The demerger had the purpose of integrating Creval leasing operations into Crédit Agricole Leasing Italia, the leasing entity of the Credit Agricole Group in Italy, which has specialist skills, technologies, procedures, models and processes fit not only to distribute but also to manage lease contracts in all the various phases. The transfer to Crédit Agricole Leasing Italia S.r.l. of the lease loans, of the related contracts and underlying assets was the natural and logical solution from an industrial, management and organizational standpoint within the Crédit Agricole Group's business model.

With the demerger, 486 new loans were acquired for a total NBV as at the demerger validity date of Euro 230 million, of which Euro 206 million in performing loans and Euro 27.7 million in non-performing loans of which Euro 8.2 million in loans later intended for disposal. The disposal was finalized for the tranche having the higher amount (NBV of Euro 6 million) in November 2022, while the disposal of the remaining part (NBV of Euro 2 million) will take place in 2023, after completing the necessary technical activities on the underlying properties.

Gross loans came to Euro 2.8 billion, with a YoY increase in performing ones, coming to Euro 2.63 billion (up by Euro +505 million, i.e. +23.7% YoY) and a decrease in non-performing ones that came to Euro 141 million (down by Euro 5million, i.e. -3.5% YoY).

The weight of non-performing loans came to 5.1%, decreasing vs. 2021 (-1.4%) and constantly below the market figure (12.2% – the latest available figure is as at 30 September 2022 – source Assilea).

In terms of profit or loss, in FY 2022 the Company reports a net profit of Euro 9.1 million, appreciably higher than the 2021 figure (+88.7%), thanks to the combined positive effect of higher revenues and lower adjustments of loans.

Net operating revenues came to Euro 43 million, up by +20,2% YoY, driven by net interest income (Euro 35.1 million, up by +21.4% YoY), with the twofold positive effect of higher intermediation volumes and higher average return on the portfolio and of the service component – the sum of net fee and commission income and other operating income and expenses – (Euro 7.9 million vs. +15% YoY). This aggregate mainly consists of recurring revenues typical of lease transactions (Euro 8.6 million, +31% YoY) and capital gains on early termination of contracts (Euro 2.7 million, +42% YoY).

General expenses came to Euro 16.5 million, increasing by +4% YoY and comprised higher expenses for outsourced activities (linked to the higher number of new lease contracts signed, up by +32% YoY), for the increase in human resources (+9 people) and for the investments made in the industrialization and digitalization of the operating machine.

The Cost/Income ratio came to 38.3% vs. 44.3% in 2021.

Operating income came to Euro 26.5 million (up by +33.1% YoY).

The cost of risk came to Euro 12.6 million, decreasing by -3.2% YoY, and consisted mainly of the cost of credit, which came to Euro 11.6 million (down by -6.1% YoY), and to 46 bps vs. 57 bps in 2021. Despite the YoY increase in new non-performing loans (given than in 2021 Covid-related support measures were still in force), the considerable performance in terms of reduction in the NPE stock (management and collection activities with ordinary methods) enabled to further increase the coverage ratios (NPE cover at 43.3%, increasing by +2.1% YoY).

As regards Capital Ratios, the CET 1 Capital ratio came to 6.00% and the Total Capital ratio to 7.11% (vs. minimum regulatory requirements of 4.50% and 6.00%, respectively.

STATEMENT OF RECONCILIATION OF THE PARENT COMPANY EQUITY AND PROFIT (LOSS) AND CONSOLIDATED EQUITY AND PROFIT (LOSS) FOR THE PERIOD

	31 Dec. 2022	
	Equity	of which: Profit for the period
Parent Company's balances	**7,681,702**	**552,879**
Effect of consolidation of subsidiaries	7,806	4,446
Effect of the equity method accounting of significant equity investments	-556	3,620
Dividends received in the period	-	-2,351
Negative difference on Creval consolidation	-	-
Other changes	-	-
Consolidated balances	**7,688,952**	**558,594**

OUTLOOK

The 2023 macroeconomic and banking outlook is strongly linked to the inflationary pressure trend and to the response measures that Central Banks intend to deploy. Furthermore, the Russia-Ukraine war is going to continue to cause not only yet more suffering to the involved population, but also strong repercussions on the global economy, with a still considerable impact on consumer and business confidence, creating difficulties for values chains of the world trade as a whole, with potential consequences on the costs of energy and commodities. Considering also the scenario described in paragraph "MACROECONOMIC AND BANKING OUTLOOK FOR 2023", the Group's performance on operations will be mainly affected by the exogenous variables described.

Specifically, in 2023 the Group is going to be able to generate profits, as in the previous years, driven by higher revenues, with net interest income still benefiting in the coming months from the increase in interest rates, despite the progressive increase in the cost of funding. Fee and commission income will be driven by the commercial banking business, while the asset management business is going to be more complex because of market instability. Development in lending is going to go along with close attention to the quality of originated loans and monitoring of new defaults, in order to ensure early detection of any signs of worsening performance. Furthermore, high coverage of credit risk are going to be maintained, thanks also to the conservative approach that has been adopted in the last few years in the assessment of both performing and non-performing exposures.

Close attention is going to be given also to liquidity, which, subsequent to the end of the support given by the ECB with its TLTRO programme, has become a central matter for the banking system as a whole. A priority goal of the Group is to keep its liquidity ratios above the regulatory requirements thanks to organic development in funding from Customers and to new bond issue programmes.

SIGNIFICANT EVENTS OCCURRED AFTER THE REPORTING DATE

As regards the Crédit Agricole Italia Banking Group, it is reported that, from 31 December 2022 to the date of approval of this Report, no events occurred which could generate significant changes in the structure of the Crédit Agricole Italia Banking Group and in its profit (loss) for 2022.

Some of the uncertainty factors that may affect the future scenarios in which the Crédit Agricole Italia Group will operate are the possible effects on the global and Italian economy directly and indirectly generated the crash of some US Regional Banks, as well as by the planned acquisition of Crédit Suisse by UBS at the end of 2023.

Those events, which have increased the uncertainty associated with the macroeconomic scenario and the banking industry, were analyzed and it was assessed that they do not affect the Crédit Agricole Italia Group's ability to continue in operation and to serve its Customers, as it can rely on its very solid financial strength.

Furthermore, the Crédit Agricole Italia Banking Group has no direct exposure to US regional banks and to Crédit Suisse.

Given the current scenario, the Group is keeping a very prudent approach in its risk policy. Furthermore, the Group's solvency and liquidity (which are monitored on a daily basis), continue to be very strong.

The above-described events, which occurred in the period between the reporting date (31 December 2022) and the date of approval of the draft annual report and financial statements by the Board of Directors, can be reliably classified as "non-adjusting events" in accordance with IAS 10.

MACROECONOMIC AND BANKING OUTLOOK FOR 2023

MACROECONOMIC SCENARIO[21]

2023 will feature widespread uncertainty, with growth expected slower than in 2022. The restrictive monetary policies deployed by Central Banks to fight the strong inflationary pressure (in 2023 inflation is expected to be high and above the target levels, although at the end of 2022 some signs of its slowing down could be caught), along with high energy costs and the ongoing war in Ukraine, will generate negative impacts on consumption and productive activities, causing growth to slow down in 2023 vs. the previous year, which, in some cases, may generate recession phenomena. For those reason, in 2023 the Gross World Product (GWP) is expected to grow by +1.8% (vs. 3/3.5% in 2022), at a faster pace in developing economies (+2.8%) that in developed ones (+0.3%).

According to forecasts:

- As regards the **United States,** economic growth is expected to experience stagnation, with the estimated increase in the GDP at about +0.4% (vs. +2.0% in 2022), with modest contraction trends in h1 and with just as modest recovery in H2. According to the forecasts, business investments will be affected by the Federal Reserve's activity, as will household consumption, which, nonetheless, thanks to households' accumulated liquidity, will still retain some potential buffer to drive consumption. Inflation stands at 3.8%, below its 2022 level but nonetheless above the target,which is the reason why new interest rate increases are expected in the first part of 2023 (likely increases to take policy rates above 5%). In 2023 consumers will have to cope with shrinking real wages (because of a decrease in purchasing power not fully offset by the increase in nominal wages), with the labour market progressively weakening and the unemployment rate expected to increase to over 4%.
- In 2023, the **Emerging Countries'** economies are expected to have the same the same trend they had in 2022, with growth at about 2.8%, although inflation and geopolitical factors may fuel other shocks and concomitant review of expectations. Foreign trade is expected to slow down, with Chinese exports decreasing due to the microchip crisis that will hit many Asian Countries. Inflation has already reached its peak and started to relent in many Emerging Countries, especially in Latin America, whereas for India and the Philippines it will remain a problem. Monetary easing will be conservative, although in many Asian Countries inflation has decreased or stabilized, as the consumer price index is still at a higher level than the Central Banks' target. Lastly, the geopolitical scenario may cause malfunctioning in value chains: furthermore, the public health crisis will carry over material budget shortfalls to 2023, with social and political risks as a possible consequence.
- The outlook for **China** features high uncertainty because of the persistent problems caused by Covid-19 spreading. The GDP growth has been estimated at +4.4%, driven by strongly increasing domestic demand, with the foreign trade contribution expected to be negative. The 2023 challenge for the Chinese Government will be creating a sufficient confidence shock to free part of precautionary savings and stimulate consumption, with investments being still slowed down by the real estate sector restructuring. Lastly, inflation is expected to be lower than its 4% figure in 2022.
- In the **United Kingdom**, after the GDP growth and the strong inflationary pressure experienced in 2022, strong recession risk is expected in 2023. Indeed, inflation is expected to remain well above the Bank of England's target (the estimates show consumer prices increasing by 7% in 2023), despite the measures deployed by the Central Bank. Households' lack of confidence and loss of purchasing power generated, in late 2022, an unprecedented wave of strikes, which is going to have repercussions in the coming months. Labour market will also be complex to manage, with the unemployment rate expected to increase in 2023. That scenario will likely cause the Country to enter recession, with the an estimated negative growth in the GDP at -1.1%.

As regards **India,** its economy is expected able to grow by approximately 5.6%. The manufacturing sector (which will benefit from the reorientation of the global procurement chains away from China) and the construction sector are continuing on their way to strong recovery after the pandemic, whereas the slowdown in global growth and in trade will affect the Indian economy, along with increasing interest rates. Nonetheless, inflation will remain a significant problem throughout 2023, despite the actions deployed by the Central Bank, with subsequent erosion of households' purchasing power.

21 Sources: ECO, Macroeconomic scenario 2023-2024 (December 2022); Prometeia, Forecast Report (December 2022).

In **Russia**, with the continuation of the international sanctions imposed because of the invasion of Ukraine, in 2023 the GDP should shrink again (the estimate is -5.9%), with both domestic demand and foreign trade consequently also shrinking. The Country will face a period of very high uncertainty resulting from both the severance of its connections with the West and also from its own ability to improve its added value generation process, which is now severely disrupted.

EURO AREA

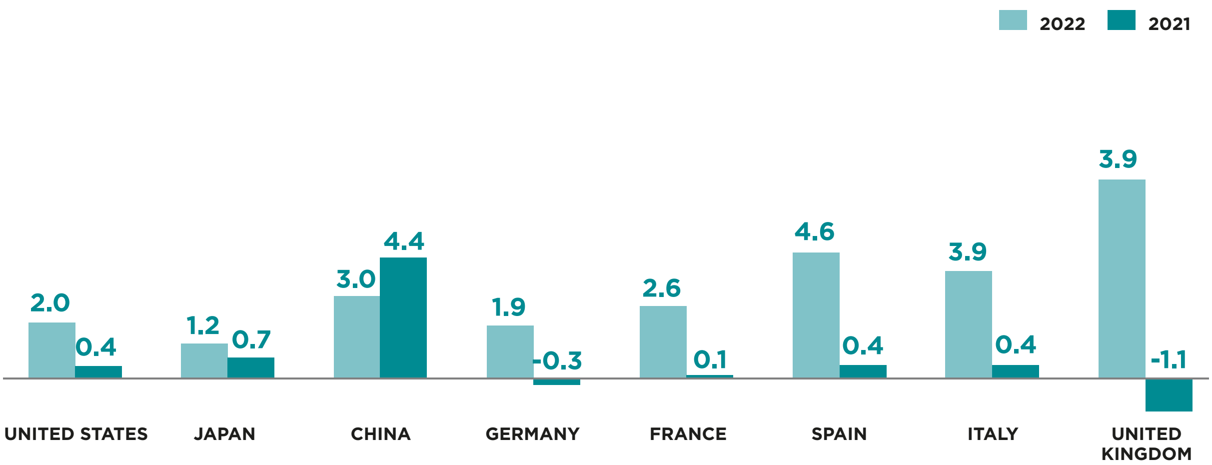
For the **Euro Area** Countries, stagnation is expected in 2023, with essentially no growth in the GDP (+0.1%), materially slowing down vs. +3.5% in 2022, due to the repercussions of the restrictive policy deployed by the ECB to fight too high inflation. The increase in prices is expected to slow down in 2023 (5.5% in 2023 vs. 8.6% in 2022), albeit remaining above the target of the European Central Bank (2%). In the first part of 2023 households' purchasing power should decrease because of inflation, with consumption likely to shrink after being driven in 2022 by the surplus savings accumulated during the pandemic, and is expected to recover later on in the year as inflationary pressure relents. The still present risk of new tensions on gas and electricity prices is keeping the ECB under high pressure, with further interest rate hikes expected in H1 2023, along with the Quantitative Tightening starting next March.

In this scenario expected in 2023 the Member States with high debt are required to implement a conservative budgetary policy, designed to keep the growth in primary current expenditure financed by the Government below the potential product growth. Yet another increase in the budget deficit is expected for next year (estimated at 4.3% of the GDP), due to the effects of slower growth and to higher spending to keep inflation effects down than stated in the Draft Budgetary Plans, both for Italy and for Germany, with expenditure for high energy prices in the EMU up to approximately 2% of the GDP.

The forecasts for the main economies in the Euro Area are given below:

- in **Germany**, the GDP growth is expected to slow down by -0.3% in 2023, vs. +1.9% in 2022, proving weaker than the EMU average. Household consumption will be the decisive element to quantify the recession intensity, with surveys giving evidence of lower propensity to spend and higher propensity to save. Indeed, while in 2022 growth was driven by the positive contribution of domestic demand (+3.3%,with exports down by -1.3%), domestic demand is not expected to be able to support the GDP in 2023, as it is expected to shrink by -0.6%.
- in **France**, the GDP growth is expected to be flat (+0.1%), vs.+2.6% in 2022, due to domestic demand no longer driving it, as it is expected to grow but slightly in 2023 (+0.2%) whereas in 2022 it was the key driver of economic growth. Net exports are expected to be essentially unchanged vs. 2022 (-0.1%), and inflation is expected to come to 4.0%, below the average of the EMU Countries.
- In **Spain**, the GDP should perform better than the EMU average, as it is expected to grow by +0.4% vs. +4.6% in 2022, with inflation estimated at +4.7%. While in 2022 both domestic demand and net exports contributed to growth, in 2023 the domestic demand contribution is expected to be higher (+0.5%), while that of foreign trade is expected to slightly decrease (-0.1%).

PIL: Variazione % a/a



Source: Prometeia, Forecast Report (December 2022).

THE ITALIAN ECONOMY[22]

After growing by +3.9% in 2022, the **Italian economy** is expected to show down in 2023 with estimated growth of +0.4%, above the EMU average and entirely driven by domestic demand net of stockpiles (+0.5%), while net foreign demand is expected to essentially flat (-0.1%). These performances will be possible thanks not only to the budgetary policy measures, which fought recession supporting households and businesses, but also to other determinants, among which inflationary pressure relenting in 2023.

Indeed, **inflation** is expected to slow down in 2023, albeit with still uncertain timeline and extent. Pressure remains on costs in the input stages of the price chain, especially for non-energy industrial goods, while internal energy prices remain very high, despite international prices decreased at the end of 2022. In spring 2023 the gas price is expected to materially decrease, which will go along with a likely decrease in inflation. Conversely, the decrease in the core component will be slower, as the shifting process after the boosts will continue for quite some time, fostered by the recovery in economic activity. Assuming that pressure driving the increases in commodity prices is modest in the coming months and oil prices and foreign exchange rates are stable, in 2023 inflation is expected to partially slow down, coming to a figure below 6%.

Furthermore, a necessary condition in order for growth estimates not to be revised downwards will concern the measures that the ECB will deploy in 2023, which, for the time being, should comprise smaller hikes than those applied at the end of 2022, with interest rates expected to increase in the first part of the year and then to remain stable. In 2023, the considerable slowdown in world trade should cause a just as considerable slowdown in both imports, expected at +2.1%, and exports, expected a +1.8%. The 2023 Budget Law, which was approved by Parliament on 29 December 2022, provides for a budget package of Euro 35 billion, the most part of which, approximately Euro 21 billion, is intended to be used to mitigate the effects of high energy consumption bills for households and businesses. In this scenario, it has been decided to increase the 2023 target budget deficit from 3.4% of the period-over-period GDP to 4.5%. The end of the PEPP, which was announced by the ECB, may entail an increase in risks for Italy, which will have to go back to the market as its only funding source. In this scenario, as the ECB will not renew the purchases of the maturing Italian Government securities, Italy may have to pay a premium on its sovereign securities because demand may be insufficient, with the cost of money that may increase in a high interest rates scenario.

Household consumption is expected to slow down in 2023 (+0.6% vs. 4.6% in 2022), with spending for food and services expected to recover in H2, thanks to gradual decrease in inflation. Nonetheless, the real value of accumulated savings and wealth is expected to decrease (-0.9% in 2023), with propensity to save also decreasing and quickly going back to its before-crisis levels.

Investments are also expected to slow down (+0.4% vs. +9.4% in 2022), despite the implementation of Italy's Recovery and Resilience Plan. After the two tranches of 21 billion Euro in April and November 2022, in December all the 55 Milestones required for the tranche of 19 billion Euro had been met and that tranche will be paid in 2023. The boosting effect of Italy's Recovery and Resilience Plan will be able to materially support the building sector after the sector performance was driven by the Ecobonus tax measure (it is expected to grow by +1.1% in 2023), albeit a lower additional impact of resources and longer completion time have been estimated, especially as regards infrastructure works.

After growing in 2022, the labour market is expected to slow down in 2023, due to the effects of forward-looking uncertainty, to slower economic growth and lower investments, which, especially in the manufacturing industry but also in the building sector, are particularly penalizing enterprises, and due to the increases in production costs. Therefore, the labour market is facing a decrease in demand, especially in the sectors that are the hardest hit by the increase in costs, although this situation is expected to improve in 2023. In this scenario, growth in Annual Work Units (AWU) should be +0.5% in 2023, slowing down vs. +4.3% in 2022, but doing slightly better than the GDP growth (+0.4%). After markedly improving in 2022 (8.1%), the unemployment rate is expected to be flat, with the number of employed people slightly increasing (60.7% in 2023 vs. 60.1% in 2022), also because of the demographic decrease in the workers base.

22 Sources: Prometeia, Forecast Report (December 2022); ISTAT (the Italian National Institute of Statistics) Italy's economic outlook 2022-2023 (December 2022).

THE BANKING SCENARIO

2023 will feature widespread uncertainty, with growth expected slower than in 2022 and inflation above the target levels. In this scenario the ECB has given indications towards still restrictive stances, albeit there is not consensus among analysts on the intensity of the next measures, while there is consensus on the the fact that there will be other increases in key interest rates.

The increases by the ECB In its key interest rates will be a material booster of banks' traditional profitability. Indeed, with the widening of the net interest spread, net interest income will drive the profitability of credit institutions in 2023, after giving signs of growth already in 2022. The contribution of interest income accrued on the security portfolio has also been increasing, given the higher yields on government securities, whereas the advantage resulting from negative interest rates on TLTRO loans will no longer apply because of the changes made by ECB to the related conditions. On the other hand, the macroeconomic scenario does seem to be favouring the outlook on fee and commission income from savings management and intermediation, which should resume growth but will continue to be penalized by the effects of inflation on household purchasing power, which will entail lower accumulation of savings. Indeed, in 2023 a change is expected in the allocation choices of individuals because inflation will reduce liquidity, with current accounts decreasing (-3.0% vs. the end of 2022) and with tied deposits and banking bonds increasing.

A scenario featuring higher tensions on prices will impact banks' cost items, also limiting the possibility to reduce them. In this scenario personnel costs should increase in 2023 because of the revision of the Italian national collective bargaining agreement of the banking industry, despite further reductions in the number of employees; administrative expenses are also expected to increase, being affected by high inflation. Investments in technology and in the ESG scope will continued to increase, giving further evidence of the need to go forward in the digital and green transition. Banks' efficiency level should improve, with the cost/income ratio that is expected to decrease in the 2023-2025 three-year period, thanks to the increase in revenues.

The worsening in the macroeconomic scenario will cause consumption to slow down, which, in its turn, will cause lending to grow at a slower pace in 2023 and 2024, despite the measures to support liquidity of the private sector, being affected by a decrease in purchasing power. Loans to businesses are also expected to slow down in 2023, because of both the deceleration in economic activity and higher borrowing costs that business will have to bear, although demand for loans is being driven by Italy's Recovery and Resilience Plan. Positive outlook for the development in indirect funding, with the assets under management stock expected back on the increase after a complex 2022, despite households are being penalized by the effects of high inflation.

The macroeconomic scenario and of the restrictive monetary policies in force will start to have effects also on loan quality in 2023. In accordance with forecasts, when economic growth slows down the most, new loan defaults will increase. This will cause the cost of risk for 2023 to increase, but the impact of non-performing loans will be in any case mitigated by disposals on the market and by proactive management of the NPL portfolio.

The capitalization of significant banking groups is expected to remain strong, at levels well above the requirements assigned by the Supervisory Authority and fit to ensure that any adverse scenario can be handled. Nonetheless, the leading banks hold their capital strength as a core matter and, in the coming years, capitalization levels are expected to be further strengthened, increasing buffers vs. the SREP requirements. Consequently, having regard to the dividends that will be paid out in 2023, the Supervisory Authorities, while announcing that they do not intend to block capital distribution in the banking sector, have nonetheless showed some concern for the worsening in the economic outlook and have therefore invited banks to be prudent in their forecasts and cautious in their dividend distribution plans.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE - INFORMATION PURSUANT TO ARTICLE 123-BIS PARAGRAPH 2, LETTER B) OF ITALIAN LEGISLATIVE DECREE 58/98 (THE ITALIAN CONSOLIDATED ACT ON FINANCE -TUF)

INTERNAL CONTROL SYSTEM

The Crédit Agricole Italia Banking Group has set its internal controls system in compliance with the model of the Controlling Company Crédit Agricole S.A. and with the Supervisory regulations (Bank of Italy Circular 285/2013).

The Group has an internal controls system in place aimed at managing risks and at ensuring constant adequacy of the control activities to its organizational structure, as well as at ensuring reliability, accuracy and promptness of reporting.

The Internal Controls System consists of the set of rules, functions, structures, resources, processes and procedures that have been designed to ensure, in compliance with sound and conservative management principles, the achievement of the following objectives:

- Verifying that the set corporate strategies and policies are properly implemented;
- Keeping risks within the limits set in the Risk Appetite Framework;
- Safeguarding the value of assets and protecting from losses;
- Effectiveness and efficiency of the corporate processes as implemented;
- Reliability and security of corporate information and IT procedures;
- Preventing the risk that the entities of the Group may be involved, also unintentionally, in unlawful activities (with specific regard to money/laundering, usury and terrorism financing);
- Compliance of corporate operations with the applicable legislation and supervisory regulations, as well as with the internal policies, regulations and procedures.

The internal control system provides for the involvement of the Top Management, of the Collective Bodies, of the *Organismo di vigilanza* (Body in charge of offence prevention – AML, Terrorism Financing, etc. – provided for by the Italian Law), of the structures engaged in control functions, of all Staff members and of the Independent Auditors.

The analysis and monitoring of risks are carried out based on Group references, which provide for verification of abidance by the regulatory terms, of the reliability of process and their exercise, security and compliance.

As pointed out in the paragraph on risk management, the internal controls system is based on both permanent control and periodic control mechanisms.

To further strengthen the internal controls system and in compliance with the regulations issued by the Bank of Italy, the "Group rules on internal whistleblowing systems)" have been formalized and made available to the Group-s employees to report events or behaviours that could violate the legislation governing the banking business, as well as any other irregular conduct they may become aware of. The whistleblowing system ensures that the identity of the reporting person remain confidential, thus ruling out the risk of retaliations, unfair or discriminatory behaviours.

Furthermore, the Group has specifically identified methods for coordination and cooperation between the roles and structures engaged in control functions and has implemented such methods in order to pursue an effectively integrated system of controls and to ensure adequate governance of all risks the Group is exposed to. In accordance with their respective responsibilities, the roles and structures engaged in control functions monitor the components of the Internal Controls System, as does the Group's Risk and Internal Control Committee, with the objective of strengthening interfunctional coordination and cooperation mechanisms related to the internal controls system and to foster the integration of the risk management process.

In this regard, the roles and structures engaged in control functions implement appropriate coordination and cooperation mechanisms, crosswise the various phases in the risk management process:

- Use of a shared language that is consistent with the Controlling Company's methods;
- Implementation of detection and measurement approaches and tools;
- Definition of risk reporting models;
- Setting of coordination meetings to plan activities;
- Establishing exchange information flows;
- Agreeing on the identification of corrective actions.

The updating of the system of normative instruments is also constantly focused on and, in addition to the upgrading to the regulations already implemented, also entails a coverage extension through specific policies that are in force for the Group as a whole.

The structures and roles engaged in 2nd level and 3rd level controls report to the Board of Directors and to Crédit Agricole S.A. on:

- Activities carried out;
- Main risks detected;
- Identification and implementation of the mitigation mechanisms and the effects of their implementation.

The main elements of the internal controls system are described below, also setting forth the structuring of the controls on financial reporting (as regards the activities of the Manager in charge and the statutory audit of the accounts), corporate roles and structures engaged in control functions, as defined in the Supervisory Provisions on the system of controls (risk control, regulatory compliance, internal audit, anti-money-laundering and validation) and the offence prevention models.

CORPORATE GOVERNANCE BODIES

In line with the features of the Crédit Agricole Italia Banking Group, in the traditional governance model of all the entities of the Group, the Board of Directors plays a key role in achieving an effective and efficient system for the management and control of risks.

Specifically, the body engaged in strategic oversight functions has implemented organizational models and operating and control mechanisms that are adequate to and complying with the applicable regulations and with corporate strategies.

The Boards of Directors of the subsidiaries implement the risk policies providing for the management and the mitigation of risks as approved by the Board of Directors of the Parent Company; moreover, the Boards of Directors of the Group Banks determine the responsibilities of the corporate structures and departments, in order for the respective duties and tasks to be clearly assigned and for potential conflicts of interest to be prevented.

The Board of Auditors performs the functions assigned to it by the applicable legislation and regulations in force at the relevant time. Specifically, it supervises compliance with the law and with the Company's Articles of Association, abidance by the principles of proper management and the adequacy of the organizational, administrative and accounting structure adopted by the Company and its actual good operation. The Board of Auditors of the Parent Company works in close coordination and interaction with the counterpart bodies of the Controlling Company. Furthermore, it supervises the financial reporting process, the statutory audit of annual accounts and on the independence of the audit firm tasked with the statutory audit of the accounts. It also verifies appropriate coordination of all the functions and structures involved in the internal controls system, including the independent audit firm tasked with the statutory audit of the accounts, promoting, where the case, appropriate corrective actions.

The Audit Committee for Internal Control, which is composed of Independent Directors, has the function to provide the Board of Directors with advice and proposals on the management of risks, of the accounting information system and on the internal controls system, in order to ensure an efficient and effective control system; it reports on a regular basis to the Board on these topics, expressing its opinions and assessments, and promptly triggering, where necessary, the appropriate corrective actions in case shortfalls or irregularities are detected.

In a specific document attached to the Annual Report and Financial Statements, both separate and consolidated, and to the condensed Half-year Financial Report, the Chief Executive Officer, together with the Manager in Charge, shall state that the administrative and accounting procedures used for financial reporting, both on a separate and consolidated basis, have been actually applied and are adequate for effective and reliable financial reporting.

CONTROL FUNCTIONS

The organization of the Crédit Agricole Italia Banking Group includes three main structures that are engaged in control functions and are independent; within their scope of action and in accordance with their functions, these structures ensure constant control on all corporate operations and on the risks generated by such operations:

- The Risk Management and Permanent Controls Department (which includes the Validation Unit) and the Compliance Department, which are responsible for second degree – second level controls;
- The Internal Audit Department, which is responsible for third-degree controls.

In 2022, the Board of Directors approved the setting up of the new role of Risks and Compliance Deputy General Manager, responsible for coordinating and overseeing the control functions (excluding the Internal Audit Function).

The Risks and Compliance Deputy General Manager reports on a solid line to the Chief Executive Officer and performs coordination functions on the activities of the Risk Management and Permanent Controls Department and of the Compliance Department, without prejudice to the independence and autonomy of the Control Functions Holders.

Moreover, in accordance with the provisions of Article 154-*bis* of the Italian Consolidated Act on Finance, the Manager in Charge has the task of monitoring and overseeing the internal controls system relating to accounting and financial reporting.

RISK MANAGEMENT AND PERMANENT CONTROLS DEPARTMENT

The Risk Management and Permanent Controls Department (Italian acronym DRPC) of the Crédit Agricole Italia Banking Group, which is engaged in the Function of Risk Management and Permanent Controls, is independent of any and all departments and roles engaged in management and decision-making functions that entail risk-taking: indeed, its organizational placement provides for its reporting on a dotted line directly to the Board of Directors of the Crédit Agricole Italia Banking Group and for its solid-line reporting to the Group Risk Management and Permanent Controls Department (DRG – *Direction des Risques et contrôles permanents Groupe*) of the Parent Company Crédit Agricole S.A..

In 2022, the Board of Directors approved the setting up of the new role of Risks and Compliance Deputy General Manager, responsible for coordinating and overseeing the control functions (excluding the Internal Audit Function).

As regards control of structural and operational consistency, as reported before, the Risk Management and Permanent Controls Department carries out the management and control of risks for all the Companies of the Crédit Agricole Italia Banking Group.

The Risk Management and Permanent Controls Department ensures that the relevant risks are monitored and oversees the relevant controls, through specialist structures that operate within the Department itself and are dedicated to the following scopes:

- Credit risks, including:
  - Concentration risks;
  - Counterparty risks;
  - Climate-related and environmental risks;
- Market and financial risks;

- Operational risks, specifically including:
  - Insurance Coverage risks;
  - Information and Communication Technology (ICT) Risk (Information System and Security of Information Systems);
  - Risks concerning the Business Continuity Plan (BCP);
  - Physical Security;
  - Risks concerning the provision of “Critical and Important Functions (CIF or with the Italian acronym FEI)”, which the Parent Company Crédit Agricole S.A. calls “Provision of Outsourced Essential Services (PSEE)”.

The Validation Function activities have the objective of providing independent verification of:
- Tools;
- Technical organizational mechanisms;
- The system of the controls implemented for risk measurement, for the calculation of the minimum regulatory capital requirements, in order to verify their consistency over time with the regulatory provisions applicable for the use of advanced approaches.

The Risk Management and Permanent Controls Department of the Crédit Agricole Italia Banking Group contributes to the definition and implementation of risk management policies, including ICT risk, which is managed through the activities of Crédit Agricole Group Solutions Specifically, within its scope of operation, it:
- Coordinates and leads the process for the definition of the Risk Appetite Framework and, once a year or more frequently where required by new scenarios and/or new needs, it proposes the Risk Capacity limits, the Risk Tolerance thresholds and the Risk Appetite (the risk appetite is set by the CFO Finance and Financial Reporting Governance);
- Coordinates also the annual definition of the Group Risk Strategy setting, in accordance with the requests made by the business structures, the system of operational limits, verifying afterwards its application and performance on a continuous basis;
- Gives its opinion on the main risk-taking instances, regarding all the types of risk falling in its scope of responsibility;
- Having regard to lending matters, besides giving prior opinions on the matters and positions in its scope of responsibility, takes part in the design of lending policies, defining and updating also sector riskiness, as well as in the definition of the regulations on performing loans, watch-list loans and non-performing loans, the related decision-making powers and the NPE strategy. Promotes and carries out periodic reviews of the loan portfolio on specific scopes, such as economic sector and/or customer segments, also through dedicated reporting flows and the second-level regulatory audits of the Performing and Non-Performing Loan portfolio;
- Manages the procedures for credit risk measurement:, with special regards to rating systems, about which it shall ensure the double regard process through the validation of corporate counterparty ratings. Also ensures proper application of the Group rules on collective provisions, managing the related process and the OMP IT procedure underlying it;
- Contributes to the definition of the ESG Corporate Plan, with special regard to full compliance with the regulatory obligations of physical and transition risk mapping, as well as to the related reporting and control on the policy guidelines and the loan portfolio quality;
- it participates in the definition of the regulations and policies on ICT and Outsourcing risks;
- Defines the regulations and policies on operational risks.

The Risk Management and Permanent Controls Department is responsible also for the Group risk reporting. These reports are prepared on a monthly or quarterly basis and are submitted on a quarterly basis to the Boards of Directors of the single Companies. The reporting produced by this Department covers, among other things, the following:
- The quality of new production of loans in the different economic sectors and customer segments;
- The outcomes of the quarterly controls on Performing and Non-Performing loans chosen on a sample basis;
- The adequacy of the recovery and management processes, as well as of coverage of Non-Performing loans;

- Compliance with the limits laid down within the Risk Strategy and the RAF, in order to present the performance of the key risk indicators for more effective and prompter preparation of the action plans required to mitigate, prevent or avoid risk factors;
- Monitoring of ICT and security risks, reporting directly to the Consortium's Board of Directors;
- The performance of operational risk.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department of Crédit Agricole Italia is independent from any operational structure or role of the Bank and of its subsidiaries.

In order to ensure the appropriate independence in exercising the Function, the Head of the Department (Chief Audit Executive or CAE) reports on a solid line to the Bank's Board of Directors. The independence of the Internal Audit Department is ensures also by the role of the Chief Executive Officer, who ensures management oversight and actual availability of the operational levers and of the appropriate financial and human resources for the Department's effective operation.

The Internal Audit Department (*Inspection Générale Groupe*) of the Frech Parent Company Crédit Agricole S.A. is responsible for steering and coordinating the activities of the Department; therefore, it defines the implementation guidelines for harmonized application in all the Companies of the Group (without prejudice to full compliance with the local legislation) of the audit model, methods and tools.

The CAE is appointed by the Board of Directors of the company, after obtaining the opinion of the Board of Auditors; his or her appointment may be terminated with the same methods and explicit reason.

The CAE is entitled to contract, independently and with no limitation, the Governance Bodies of the companies of the Group to report material information and sits on the Risk and Internal Control Committee.

The CAE also submits the Audit Plan to the Board of Directors of Crédit Agricole Italia, to the Internal Control Audit Committee of Crédit Agricole Italia, to the Board of Auditors, to the Chief Executive Officer of Crédit Agricole Italia, to the General Managers and to the Governance Bodies of the subsidiary companies.

In accordance with the supervisory expectations, the Internal Audit Department performs the internal audit and review functions for the Crédit Agricole Italia Banking Group, in order to detect any breaches or violations of procedures and of the applicable legislation and regulations, as well as to periodically assess the completeness, adequacy, proper operation (in terms of efficiency and effectiveness) and the reliability of the internal controls system and of the information system, at frequencies set based on the nature and severity of risks.

Specifically, based on a multiyear work plan:

- It ensures the performance of controls aimed at verifying:
  - Proper running of operations by the Group's entities;
  - The effectiveness and efficiency of the corporate processes as implemented;
  - The protection of the value of Group's assets;
  - Protection from losses;
  - The reliability and integrity of accounting and management data;
  - Compliance of operations with both the policies set down by the corporate governance bodies, with all internal normative instruments and with the applicable legislation;
- Performs periodic review and controls on the processes and on the organizational units of all the Companies of the Crédit Agricole Italia Banking Group, as well as on Outsourced Critical or Important Functions, through constant and independent supervision on the regular course of operations, in order to prevent or detect any behaviours or situations that are irregular and/or risky;
- Provides the Top Management, the Corporate Bodies and the French Parent Company Crédit Agricole S.A. with prompt and systematic reporting on the conditions of the controls system and on the outcomes of the activities carried out; Supports the Organismo di Vigilanza (body engaged in offence prevention required by Italian Legislative Decree 231/2001) in ensuring constant and independent surveillance action on proper running of operations and processes and in supervising compliance with and adequacy of the rules contained inModel 231.

The Department also provides support and assistance to other corporate structures (advisory activities), the nature and extent of which are agreed with the strictures concerned and which aim at improving governance, risk management and organization control processes, with no decision-making responsibility lying with the Internal Audit Department.

Following its verification and review activities, in case any areas for improvement have been detected, the Internal Audit Department issues recommendations and carries out analyses and monitoring on the identified mitigation actions, with special regard to the RAF, to the risk management process and to the tools to measure and control risks.

The Chief Audit Executive reports to the competent Bodies on the main outcomes of the performed activities,on the progress in the Audit Plan implementation and in the implementation of the requested corrective actions (recommendations) as well as on the evolution of the available resources.

The progress in the implementation of any recommendations issued is reported on every six months to the Board of Directors, to the Board of Auditors, to the Audit Committee for Internal Control, to the Top Management and to the Internal Audit Department of the French Parent Company Crédit Agricole S.A..

In case any activities that are material for the proper operations of he internal controls system are outsourced, the Internal Audit Department has the power to access also the activities carried out by any outsourcers.

The Internal Audit Department operates with staff that has the appropriate knowledge, expertise and skills, in accordance with the best practices and with the International Standards for the Professional Practice of Internal Auditing, as well as with the methods implemented by the Internal Audit Department of the Controlling Company Crédit Agricole S.A..

In performing its tasks, the Department uses structured risk assessment methods, consistently with those of the French Parent Company, in order to identify any points of attention and the main new risk factors.

In accordance with risk assessment outcomes and with the subsequent priorities, as well as with any specific requests for in-depth review made by Corporate Governance Bodies, by the Internal Audit Department of the French Parent Company and by the Top Management, the Internal Audit Department prepares an Annual Audit Plan, in agreement with the French Parent Company, based on which it operates during the year, as well as a multi-year Plan, which is submitted to the Internal Control Audit Committee and to the Board of Directors for its approval.

Lastly, on a yearly basis and jointly with the other Corporate Structures engaged in control functions, the Internal Audit Department sends the Report on the activities it carried out in the year to the Supervisory Authority (Integrated Report of the Holders of Control Functions).

COMPLIANCE DEPARTMENT

The Compliance Department is part of the internal controls system as a second-level function and is responsible for preventing the risk of judicial penalties or fines, of significant financial losses or reputational damage caused by any violation of the applicable legislation.

The Group Compliance Department reports on a solid line to the *Direction de la Conformité* of Crédit Agricole SA and on a dotted line to the Board of Directors of Crédit Agricole Italia.

The Compliance Department has the mission of controlling and managing noncompliance risks, by continuously identifying the legislation and regulations that apply to the Group, as well as by measuring and assessing their impact on the corporate processes and procedures and by defining the relevant prevention and control policies in the perimeter it is responsible for. Specifically, its objective is to ensure centrality of customers' interests, the prevention of offences pursuant to Italian Legislative Decree 231/01, the prevention of risks associated with money-laundering and terrorism financing, the prevention of risks regarding market abuse, the protection of personal data pursuant to the applicable legislation, the prevention and mitigation of corruption and fraud risks, the protection of the Group's Companies, employees and top officers against risks of penalties, financial losses and reputational damage, also through advisory services and assistance, risk control and compliance with internal regulations and external legislation on ICT (ICT compliance) pursuant to Bank of Italy Circular no. 285 of 17 December 2013, as well as with any applicable legislation for which specialist control is not already in place.

On a yearly basis, the Compliance Department submits its assessment of the exposure to non-compliance risk to the Boards of Directors of the Group Companies and provides them with reporting on the activities performed, specifically concerning the verifications made and the related outcome, as well as the measures implemented and/or planned to remedy any shortcomings, along with the annual compliance plan.

Furthermore, the Compliance Department provides the Top Management with support and advice in order to prevent conducts that could lead to penalties, generate losses or cause significant damage to the company's reputation. In this scope, compliance activities also contribute to increase the Company's value to the benefit of all stakeholders.

MANAGER IN CHARGE

Pursuant to aforementioned Article 154-*bis*, in a specific document attached to the Annual Report and Financial Statements, to the Annual Report and Consolidated Financial Statements and to the Half-yearly Condensed Financial Report, jointly with the Chief Executive Officer, the Manager in Charge shall state:

- The adequacy and actual application of the administrative and accounting procedures;
- The consistency of the corporate and accounting documents with the records in the corporate boos and with the accounts;
- That the above Reports and Financial Statements are fit to provide a true and correct representation of the financial and cash flow position, as well as of the performance of the Bank and of the Group.

The Manager in charge shall also state that the Management Report includes a reliable analysis of the performance and profit (loss) from operations, as well as of the situation of the Bank and of the Group, and the description of the main risks and uncertainties to which they are exposed.

FINANCIAL REPORTING PROCESS - EXISTING RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS (PURSUANT TO ARTICLE 123-*BIS* PARAGRAPH 2, LETTER B) OF THE ITALIAN CONSOLIDATED ACT ON FINANCE (TUF)

The "main features of the existing risk management and internal control systems regarding the financial reporting process" are given below, pursuant to Article 123-*bis* paragraph 2, letter b) of the Italian Consolidated Act on Finance (TUF). The Internal Control System on corporate reporting is the process that, involving several corporate structures, gives reasonable assurance on the reliability of financial reporting, the reliability of accounting documents and of compliance with the applicable legislation. There is close and clear correlation with the risk management process, which is the process for the identification and analysis of the factors that could prejudice the achievement of the set corporate objectives, in order to determine how these risks can be managed. A fit and effective risk management system can indeed mitigate any negative effects on corporate objectives, including reliability, accuracy, trustworthiness and promptness of accounting and financial reporting. Setting up and maintaining in place an adequate system for control on financial reporting and periodically assessing its effectiveness by the Bank require prior identification of a benchmark model for comparison purposes. The benchmark model must be generally accepted, strict and complete and, as such, able to guide proper implementation and correct assessment of the control system.

It has been decided to use the "COSO Report" principles and guidelines, a widely used, also internationally, benchmark model for the assessment of internal control systems, limited to the part on financial reporting. Based on the aforementioned model, the control system is set up through the stages of: comparison between the as-is situation and the adopted benchmark model; identification of any shortcomings or needs for improvement; implementation of corrective actions and assessment of the internal control system in order to provide supporting grounds to the statements made by the Manager in charge. The fact that an adequate system of administrative and accounting procedures is in place and properly operating over time is verified in accordance with specific methods set out in an internal methodological framework. The analysis scope takes into account also the components of the structure of the corporate internal controls that are relevant for financial reporting; these controls operate crosswise the single line corporate processes.

DESCRIPTION OF THE MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS IN PLACE REGARDING THE FINANCIAL REPORTING PROCESS

A) Steps in the risk management and internal control systems in place regarding the financial reporting process.

Identification of risks on financial reporting

First of all, risk identification is carried out by selecting the relevant entities (companies) within the Group and, afterwards, by analyzing the risks affecting the corporate processes that are the source of financial reporting. This entails the definition of quantitative criteria in accordance with the income and financial contribution given by the single entities in the latest accounts and the definition of selection rules with minimum thresholds of relevance. Qualitative elements may also be taken into account.

Once having determined the relevant entities, significant processes are identified and defined as such if they are associated with material data and information, i.e. accounting items that have a less than remote possibility to contain errors with potential material impact on financial reporting. Within every significant process, the most relevant "assertions" are then identified, again in accordance with assessment based on risk analysis. Assertions are claims regarding the requirements that each financial statement must meet in order to achieve the objective of true and correct representation. Assertions are existence and occurrence, valuation and classification, completeness, rights and obligations.

Assessment of risks on financial reporting

Risks are assessed both for the company as a whole and for each specific process. In the former case, the assessment aims at verifying actual existence of a corporate setting that is in general fit to mitigate risks of errors and improper conducts as relevant for financial reporting. In terms of process, the risks associated with financial reporting (operational errors, underestimate or overestimate of items, less than accurate reporting, etc.) are analyzed at the level of the activities making up processes. Risks and the pertinent controls, associated with the critical process of the Manager in charge, are assessed with a risk-based approach, which mandatorily requires prior accurate mapping of all corporate processes. The potential risk index gives a summary evaluation of the single risk event, the occurrence of which could cause direct/indirect damage in terms of income-cash flows, in financial terms, in terms of penalties or of the Group's image. The risk is detected within the process and is irrespective of the existing controls (inherent or potential risk). The risk index is assessed based on the severity of the potential damage.

Identification of controls based on the detected risks

First, the company-wide controls that somehow regard relevant data/information and relevant assertions are focused on; such controls are identified and assessed both through monitoring their effects on processes and at a general level. Company-wide controls can prevent or detect any significant errors, even though they do not operate on the single processes. Having adopted a risk-based approach, the identification of critical processes and, within them, of the accounting risks at process level, guides the analysis activities and entails the subsequent identification and assessment of the relevant controls, which can mitigate inherent risk and ensure that residual risk stays within acceptability thresholds.

Assessment of controls based on the detected risks

The implemented assessment of the control system is based on various elements: time frame and frequency, adequacy, operational compliance. The overall analysis of the controls on each risk is defined as the synthesis of the process to assess the adequacy and compliance grade of such controls. These analyses summarize subjective considerations on the effectiveness and efficiency of the controls on each single risk. The overall assessment of risk management can be broken down into assessment of existence, adequacy and proper operation/effectiveness. The risk assessment process ends with the measurement of residual risk, as the value resulting from the application of the overall assessment of controls to inherent riskiness. Reporting flows with the information on the activities carried out are sent every six months to the Audit Committee for Internal Control as reports prepared by the Manager in charge giving supporting grounds for the statements/claims on accounting documents. These reports include: the results of the identification of the critical scope of analysis, the identification of accounting risks with the related final measurement scores, focus points on any detected shortcomings and needs for improvement and the related mitigation procedures, along with a summary on the adequacy and proper operation of the controls at a company-wide level.

B) Roles and functions involved

The Manager in Charge is the top role in the system overseeing the Group's financial reporting preparation. In order to perform his mission, the Manager in Charge has the power to set the organizational directions for an adequate structure within his Department; he has the means and tools to perform his activity; he can cooperate with other organizational units. Many corporate roles and structures contribute to feeding income-financial information. Therefore, the Manager in Charge has established a systematic and fruitful relationship with such roles and structures. The roles and structures engaged in control functions provide the Manager in Charge with any elements and information that could contribute to the assessment and governance of any problems, such as anomalies falling under the scope of action of the Manager in Charge. The Organization Division cooperates with the Manager in Charge as regards the documentation on accounting processes and its updating over time. Every six months, the Manager in Charge prepares a report, submits it to the Audit Committee for Internal Control and sends it to the corporate roles and departments engaged in control functions for their information. The report is the information flow whereby the Manager in Charge reports on the activities performed and on the relevant findings. The Board of Directors is responsible for supervising and ensuring that the Manager in Charge is vested with adequate powers and has adequate means to perform the tasks assigned to him. The Manager in Charge shall promptly inform the Board of Auditors of any problems have accounting, financial or cash-flow nature. Thanks to the implemented model, sufficient assurance can be given of proper accounting and financial reporting. However, despite properly set and operating internal control systems, the occurrence of any malfunctioning or anomalies able to impact on the accounting and financial reporting cannot be ruled out.

STATUTORY AUDIT OF THE ACCOUNTS

The statutory audit of the accounts of the Crédit Agricole Italia Banking Group is assigned to an independent audit firm that carries out the activities provided for by Article 14, paragraph 1 of Italian Legislative Decree No. 39 of 27 January 2010.

In specific reports, the independent Audit Firm expresses its opinion on the separate and consolidated financial statements, as well as on the half-year financial report.

The statutory audit of the accounts has been assigned to the firm PricewaterhouseCoopers S.p.A. for the 2021-2029 period.

SOCIAL RESPONSIBILITY

The non-financial data and information of the Crédit Agricole Italia Banking Group are part of the Consolidated Non-Financial Statement prepared by the French Parent Company Crédit Agricole S.A.; therefore, the Crédit Agricole Italia Banking Group would be entitled to the exemption pursuant to Article 6 of Italian Legislative Decree No. 254 of 30 December 2016 (hereinafter "D.Lgs. 254/2016") for reporting entities that belong to a Group that prepares a Consolidated Non-Financial Statement. Nonetheless, in agreement with the Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group decided to prepare, on a voluntary basis, its Consolidated Non-Financial Statement (NFS) as at 31 December 2022 in compliance with D.Lgs. 254/2016.

The Non-Financial Statement of the Crédit Agricole Italia Banking Group reports the Crédit Agricole Italia's activities as at 31 December 2022 and is a stand-alone document separated from the Management Report, but an integral part of the 2022 Annual Report and Financial Statements The NFS reports information relating to environmental matters, social and employee-related matters, respect for human rights, fight against active and passive corruption, as relevant in accordance with the features of the Companies of the Crédit Agricole Italia Banking Group, for full disclosure and reporting on them and on the resulting impacts.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE NO. 58/1998

1. The undersigned Giampiero Maioli, Chief Executive Officer, and Pierre Débourdeaux, Senior Manager in charge of the preparation of the company accounting statements of Crédit Agricole Italia S.p.A., hereby certify, considering also the provisions of article 154-bis, paragraphs 3 and 4, of legislative decree No. 58 of 24 February 1998:
   - the adequacy in relation to the company's characteristics and
   - the actual application of the administrative and accounting procedures for the formation of the consolidated financial statement during the course of the 2022 financial year.
2. With regard to this, no significant aspects have emerged.
3. The undersigned certify also that:

   3.1 The consolidated report and financial statements as at 31 december 2022:

   a) have been drawn up in compliance with the applicable international accounting principles endorsed within the European Union pursuant to EC Regulation no. 1606/2002 of the European Parliament and of the European Council dated 19 July 2002;

   b) correspond to the results recorded in the accounting books and registers;

   c) furnishes a true and correct representation of the capital, economic and financial situation of the issuer and of the companies included in the consolidation.

   3.2 The management report includes a reliable analysis on the management trend and performance, as well as of the situation of the issuer and of the companies included in the consolidation, and a description of the major risks and uncertainties to which they are exposed.

Parma, 23 March 2023

Giampiero Maioli

Chief Executive Officer

Pierre Débourdeaux

Senior Manager in charge of the preparation of the Company accounting statements

REPORT OF THE BOARD OF AUDITORS ON THE ACTIVITIES PERFORMED AND ON THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022 – NON-FINANCIAL STATEMENT

Dear Shareholders,

The Board of Auditors (hereinafter also the "Board") has the duty to report to the General Meeting of the Shareholders of Crédit Agricole Italia S.p.A. (hereinafter referred to simply as "Crédit Agricole Italia" or "CA Italia") on the supervisory activities it performed in the financial year or on any omissions and any reprehensible facts detected pursuant to Article 2429, paragraph 2, of the Italian Civil Code. The Board of Auditors is also entitled to make observations and proposals on the Annual Report and Financial Statements, their approval and on the matters falling within its mandate.

In 2022, the Board of Auditors performed its institutional duties in compliance with the Italian Civil Code, with Italian Legislative Decrees 385/1993 (the Italian Consolidated Law on Banking, Italian acronym TUB), 58/1998 (the Italian Consolidated Law on Finance, Italian acronym TUF) and 39/2010 as amended and/or supplemented, with the Articles of Association and with the provisions issued by the competent Authorities exercising supervision and control, and in accordance also with the standards of conduct recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (the Italian National Council of Chartered Accountants and Accounting Experts, Italian acronym CNDCEC).

1. APPOINTMENT AND ACTIVITIES OF THE BOARD OF AUDITORS

The Board of Auditors was appointed by the General Meeting of Shareholders on 27 April 2022: on that date, the General Meeting appointed, with term of office until the approval of the Annual Report and Financial Statements as at 31 December 2024, Chairman Luigi Capitani and Standing Auditors Maria Ludovica Giovanardi, Germano Montanari, Enrico Zanetti and Francesca Michela Maurelli.

As to the Organismo di Vigilanza ((body engaged in offence prevention and required by Italian Legislative Decree 231/2001), the Board of Directors of Crédit Agricole Italia S.p.A., at its meeting of 27 April 2022, confirmed its decision to assign the relevant functions to a collective body other than the Board of Auditors and consisting of:

- An external advisor having specific knowledge, skills and professional experience;
- The Chief Compliance Officer of the Bank;
- A member of the Bank's Corporate Bodies, either an Independent Director or an Auditor (also) an alternate Auditor.

As regards the activities performed, in 2022 the Board held 60 meetings, having average duration of 2 hours. In 2023 and up to the date of this Report, the Board held 17 meetings.

In 2022, the Board of Auditors also attended:

1. All the General Meetings of Shareholders, all the meetings of the Board of Directors and Executive Committee; therefore, it can vouch that those meetings were held in compliance with the Articles of Association and with the applicable legislation governing the operations of the relevant Bodies and, at such meetings, the Board obtained exhaustive information on the exercise of the respective responsibilities and powers, as well as on the most material transactions;
2. The meetings of the Audit Committee for Internal Control, which is a BoD Committee, holding joint meetings, and constantly cooperated and coordinated with it;
3. The meetings of the Loan Committee of the Bank and of the Group, represented by its Chairman or another Auditor;
4. The meetings of the Related Party Committee in compliance with the "Regulation for Risk Assets and Conflicts of Interests with Associated Persons" of the Crédit Agricole Italia Group, as well as the meetings of the Appointments Committee and of the Remuneration Committee, represented by its Chairman and/or another Auditor;
5. The meetings of the Sustainable Development Committee, represented by its Chairman and by another Auditor;
6. The meetings of the Organismo di Vigilanza, set up pursuant to Italian Legislative Decree 231/01, represented by its Chairman and/or another Auditor.

In the reporting year, this Board supervised:

- Full compliance with the applicable rules of law and regulations and with the Articles of Association, correct management, the adequacy of the organizational and accounting structures (as regards the aspects falling within the Board's responsibility);
- The effectiveness and operation of the overall system of internal controls;
- The adequacy of the system for risk management and control;
- Correct exercise of strategic and management control carried out by CA Italia in its capacity as the Parent Company.

Specifically, the Board:

- Obtained information from the Directors, thanks to its participation in the meetings of the Board of Directors and of the Board Committees and in the meetings with the Chief Executive Officer and the Top Management on the general performance and outlook of operations, as well as on the material transactions, in terms of their size or features, carried out by the Company;
- Worked in close coordination with the Subsidiaries' Boards of Auditors;
- Verified, on 13 May 2022, that the fit and proper requirements for office were duly met;
- Implemented its annual work plan that provided for regular meetings especially with the Top Management, the Heads of Central Departments engaged in control functions (Compliance, Risk Management and Permanent Controls, Internal Audit) and the Heads of Departments and Divisions engaged in the management of operations and administration for the review of the reports prepared by them;
- Carried out professional refresher and training activities, also by participating in external events;
- Worked in cooperation, also through specific meetings and contacts, with the Organismo di Vigilanza, the Body in charge of offence prevention – AML, Terrorism Financing, etc. – provided for by Italian Legislative Decree No. 231/01.

Moreover, in 2022 and up to the date of preparation of this Report, the Board expressed its opinion on several matters, including:

- Awarding of the variable remuneration component to Top Officers;
- Annual report on the controls performed on Outsourced Critical or Important Functions;
- Reports prepared by the controls functions as required by the applicable legislation on investment services;
- Report on non-compliance risks;
- ICAAP and ILAAP Reports;
- Report and Self-assessment of money-laundering and terrorism financing risks;
- Report on internal validation activities and annual report prepared by the Internal Audit Department on the AIRB System;
- Nomination for the appointment of risk control function holders;
- Amendments to the Regulation on transactions with Associated Persons.

Based on the activities performed, no problems or matters to be reported were found.

2. MATERIAL TRANSACTIONS IN THE PERIOD

2.1 Atypical or unusual transactions and Transactions with related parties

The Annual Report and Financial Statements, the information obtained at the meetings of the Board of Directors and the information received from the Chairman and from the Chief Executive Officer, from the Management, from the Chief Audit Executive, from the Boards of Auditors of the subsidiaries and by the Statutory Auditor gave no evidence of the existence of atypical and/or unusual transactions carried out with third parties, with related or intra-group.

As regards intra-group transactions and transactions with related parties, this Board also acknowledges that, in paragraph 2 of "Part H" of the Note to the Financial Statements, the material transactions finalized in 2022 are properly reported.

2.2 Most significant transactions and Operazioni di maggior rilievo (material transactions)

In 2022, the CA Italia Banking Group carried out several material transactions, which the Board of Auditors constantly monitored, also through the verifications performed by the Risk Management and Permanent Controls Department on the so-called *Operazioni di Maggior Rilievo* (material transactions).

Of these, the following ones are to be specifically mentioned:

i. Merger of Credito Valtellinese S.p.A. into Crédit Agricole Italia S.p.A.: following the success of the voluntary public tender offer, Crédit Agricole Italia S.p.A. acquired 100% of Creval share capital; on 15 December 2021 the ECB authorized the merger by absorption of Creval, and, on 24 April 2022, the integration between the Crédit Agricole Italia Banking Group and Creval was completed.

ii. Merger of Crédit Agricole FriulAdria S.p.A.: on 19 and 12 May 2022, the Boards of Directors of Crédit Agricole Italia S.p.A. and Crédit Agricole FriulAdria S.p.A., respectively, approved the Merger Plan and the share swap ratio which was equal to 8 newly issued ordinary shares in Crédit Agricole Italia S.p.A. for each ordinary share in Crédit Agricole FriulAdria S.p.A.
Having obtained the authorization from the ECB on 13 September 2022, and clearance from the Italian Government on 28 July 2022, the merger was approved by the relevant Bodies of the two companies and, after signing the Merger Deed on 22 November 2022, the merger took place with the absorption of Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A. having its effective date on 27 November 2022. Lastly, Crédit Agricole Italia S.p.A. resolved a share capital increase servicing the share swap, whereby 836,504 ordinary shares were issued having a nominal value of Euro 1.00 each, which were allotted to the remaining shareholders of Crédit Agricole FriulAdria S.p.A. other than the absorbing entity and the absorbed entity.

iii. Share Capital increase: On 25 January 2022 the extraordinary General Meeting of Crédit Agricole Italia S.p.A. Shareholders resolved to increase its share capital by Euro 500 million through the issue of 121,951,220 shares having a nominal value of Euro 1 each to be offered in option to the shareholders. That transaction was carried within a capital strengthening plan aimed to ensure that the capital ratios are constantly kept at appropriate levels considering the effects linked to Creval acquisition and specifically to the consequent increase in Risk Weighted Assets. Therefore, Crédit Agricole Italia's equity rose due to the share capital increase of Euro 500 million, net of the future share capital increase contributions that had already been made by its French Parent Company Crédit Agricole S.A. in 2021 totalling Euro 417 million and allocated to a specific equity reserve.

iv. Demerger of Creval leasing operations: Within Creval merger, the Group concomitantly demerged Creval's residual leasing operations and transferred them to Crédit Agricole Leasing Italia.
With the demerger, 486 new loans were acquired for a total NBV as at the demerger validity date of Euro 230 million in performing loans and Euro 27.7 million in non-performing loans of which Euro 8.2 million in loans later intended for disposal. Subsequent to the demerger, the company's equity increased by a total amount of Euro 14 million, of which Euro 10.347 million as share capital and Euro 3.653 million as Demerger Surplus Reserve.

v. Realignment of the carrying amounts and tax bases of some property, plant and equipment and intangible assets: Under Article 110 of Italian Decree Law 104/2020, as amended by Italian Law 178/2020 and Italian Law 234/2021, Crédit Agricole Italia and Crédit Agricole FriulAdria exercised the option for the realignment of the tax bases of some property, plant and equipment assets and some intangible assets to their higher carrying amounts by paying a substitute tax.
That option had already been exercised in the financial statements for the previous year and now, following some clarifications received from the Agenzia delle Entrate, as well as tax rulings that were applied for, the possibility of further realignment emerged regarding goodwill.

Therefore, with the realignment, the values of DTAs/DTLs showing pre-existing mismatches and new values were updated. This generated a positive effect on the "taxes" item of the income statement for the period of approximately Euro 146 million.

vi. Issue of Covered Bonds: In January 2022, the Group went again to the market with a new dual-tranche issue of Covered Bonds with 10-year and 20-year maturities for 1 billion Euro and 500 million Euro, respectively.

As to the so-called "Operazioni di maggior rilievo" (material transaction), besides those set forth above, this Board was informed of the opinions given by the Risk Management and Permanent Controls Department on the following topics:

- Issue of Covered Bonds;
- Plan for the merger by absorption of CREVAL;
- Transfer of Ecobonus tax credits;
- Review of the dossier on the loans to Alba Leasing SPA (decrease in the authorized amounts from Euro 300 mln to 200 mln);
- TLTRO III repayment.

3. SUPERVISORY ACTIVITIES

3.1 Supervisory activities on the adequacy of the internal control system

The Crédit Agricole Italia Banking Group has set its internal controls system in compliance with the model of the Controlling Company Crédit Agricole S.A. and with the Supervisory regulations (specifically, Bank of Italy Circular 285/2013).

Therefore, the Group has implemented an internal controls system consisting of the set of rules, functions, structures, resources, processes and procedures that have been designed to ensure the achievement of the following objectives:

- Compliance of corporate operations with the applicable legislation and supervisory regulations, as well as with the internal policies, regulations and procedures;
- Effectiveness and efficiency of the corporate processes as implemented;
- Verifying that the set corporate strategies and policies are properly implemented;
- Keeping risks within the limits set in the Risk Appetite Framework;
- Safeguarding the value of assets and protecting from losses;
- Reliability and security of corporate information and IT procedures;
- Preventing the risk that the entities of the Group may be involved, also unintentionally, in unlawful activities (with specific regard to money/laundering, usury and terrorism financing).

As set forth in the Report on Corporate Governance and Ownership Structure, the types of controls within CA Italia are structured as follows:

1. Permanent control, which comprises:
   - 1st-degree controls, exercised on a continuous basis by the employees performing the transactions, by the persons they report to on a solid line, or executed by the automated systems for transaction processing; the activities for the production of accounting data and for the preparation of the Annual Report and Financial Statements are subject to specific first-degree controls that are carried out within the accounting teams;
   - 2nd-degree/first-level (2.1) controls, which are carried out by persons engaged in operating tasks, but other than those directly involved in the transactions subject to control; specifically, within the central administrative structures, controls are performed to monitor all departments and roles that can access the accounting information system;
   - 2nd-degree/second level (2.2) controls, which are carried out by staff who is engaged in specialist functions for top level permanent controls and is not authorized to take risks, i.e. staff engaged in Compliance, Risk Management and Permanent Controls functions.
2. Periodic control, which is performed by the Internal Audit Department on a periodic basis through remote verifications, on-site inspections and audits of documents.

The Board of Auditors can reliably state that it supervised the effectiveness and proper operation of the overall system of internal controls, also through regular and constant meetings with the Risk Management and Permanent Controls Central Department, the Internal Audit Central Department, the Compliance Central Department and with the Manager in charge of the preparation of the company accounting documents, receiving copies of the reports prepared by the various Corporate Bodies and Committees engaged in control functions.

To this end, the Board of Auditors also supervised the operations of the subsidiary "Crédit Agricole Group Solutions Società Consortile per Azioni", a not-for-profit consortium company that was incorporated in 2015 and provides services, mainly but not exclusively, to or in the interest of its shareholders.

All the Group's activities relating to Operational Processes, Information Systems, Safety and Security, Business Continuity, Real Estate Management AND Maintenance, Human Resources Administration and Logistics were transferred to this Company.

3.2 Supervisory activities on the adequacy of the risk management system

The founding principles informing all activities for risk management and control deployed by CA Italia are the following:

- Clear identification of risk-taking responsibilities;
- Measurement and control systems that are compliant with the Supervisory guidelines and consistent with the solutions more frequently adopted at an international level;
- Organizational separation between operating and control functions.

The risks detected, controlled and integrated (considering diversification benefits) in the economic capital are defined as:

- Credit and counterparty risks; this category also includes concentration risk and climate-related and environmental risks;
- Market risk of the Trading Book;
- Price risk of the Banking Book;
- Interest rate risk of the Banking Book;
- Liquidity risk;
- Foreign exchange risk of the Banking Book;
- Operational risk.

The Crédit Agricole Italia Banking Group defines its Risk Strategy on a yearly basis, which sets the risk levels that the Group deems adequate to its development strategy. Based on the Strategy, which is submitted to the Risk Committee of Crédit Agricole S.A. for its approval, global limits are set (alert thresholds) and are appropriately supplemented with operational limits that are specific to each single Entity in the Group. This system, setting limits and/or alert thresholds, is submitted to the Boards of Directors of the Parent Company Crédit Agricole Italia S.p.A. and of the single Entities of the Group for their approval.

The Risk Management and Permanent Controls Department (Italian acronym DRPC) performs risk management and control activities for all the Companies of the Crédit Agricole Italia Banking Group.

3.3 Supervisory activities on the statutory audit of the accounts

Pursuant to Articles 16 and 19 of Italian Legislative Decree no. 39/2010, as amended by Italian Legislative Decree no. 135/2016 implementing Directive 2014/56/EU, the Board of Auditors has the role of Audit Committee in charge of internal control and of the statutory audit of the accounts and is responsible, among other things, for:

- Monitoring the financial reporting process and presenting any recommendations or proposals aimed at ensuring its integrity;
- Verifying the effectiveness of the systems of internal control, quality and risk management of the Company and, where applicable, of the internal audit, as regards financial reporting of the audited entity, with no breach of its independence;
- Monitoring the statutory audit of annual accounts, both separate and consolidated;

- Verifying and monitoring the independence of the audit firm tasked with the statutory audit of the accounts pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of the Decree and to Article 6 of Regulation (EU) 537/2014 of 16 April 2014, especially as regards the provision of services other than statutory audit (non-audit services) to the audited entity, in compliance with Article 5 of the Regulation;
- Supervising the procedure for the selection of statutory auditors or audit firms and recommending statutory auditors or audit firms to be appointed pursuant to Article 16 of Regulation (EU) 537/2014.

That being said, in order to perform its monitoring on the statutory audit and its independence, this Board worked in close cooperation with the independent audit firm PricewaterhouseCoopers S.p.A., performing, pursuant to the aforementioned Article 19, in 2022 and up to the date of this Report to the Shareholders, continuous monitoring of the activities carried out by the Independent Audit Firm.

To this end, regular meetings were held in the reporting period, both to examine the quarterly accounts and to exchange data and information as relevant for the performance of the respective tasks and for the analysis of the outcomes of the work carried out by the Audit Firm.

Besides exchanging information, the Board of Auditors examined the following reports issued by the Statutory Auditor PricewaterhouseCoopers S.p.A. on 6 April 2023:
- The Audit Report on the Consolidated Financial Statements issued pursuant to Article 14 of Italian Legislative Decree No. 39/2010 and to Article 10 of Regulation (EU) No. 537/2014, which is dealt with in the "Separate and Consolidated Financial Statements" paragraph;
- The Audit Report on the Separate Financial Statements issued pursuant to Article 14 of Italian Legislative Decree No. 39/2010 and to Article 10 of Regulation (EU) No. 537/2014, which is dealt with in the "Separate and Consolidated Financial Statements" paragraph;
- The Independent Auditors' Report pursuant to Article 3, paragraph 10 of Italian Legislative Decree No. 254 of 30 December 2016 and to Article 5 of CONSOB Regulation No. 20267 concerning the Consolidated Non-Financial Statement as at 31 December 2022;
- The Additional Report pursuant to Article 11 of Regulation (EU) No. 537/2014, including the annual confirmation of independence, also issued on the same date, pursuant to Article 6(2)(a) of Regulation (EU) No. 537/2014 and to paragraph 17 of International Standard on Auditing (ISA) Italia 260.

Overall, it is reported that the Independent Audit Firm did not inform this Board, at the regular meetings held or in its reports, of any remarks or findings of irregularities, problems and/or material inadequacy.

As regards verification of the statutory auditor's independence, in 2022 pursuant to Article 19 of Italian Legislative Decree No. 39/2010, the Board of Auditors verified and monitored the independence of the audit firm PricewaterhouseCoopers S.p.A. tasked with the statutory audit of the accounts, pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of the aforementioned Decree and to Article 6 of Regulation (EU) 537/2014, especially as regards the provision of non-audit services to the audited entity. Moreover, as reported in the previous paragraph, the Board of Auditors received the statement confirming the Audit Firm's independence, and found no inconsistencies.

3.4 Supervisory activities on the adequacy of financial reporting process

As regards financial reporting processes, this Board of Auditors carried out thorough reviews with both the Administration and Finance Department and the Manager in Charge of the preparation of the Company's accounting documents, as well as with the Independent Audit Firm: these reviews did not show any problems affecting the internal control system concerning the financial reporting process. The administrative and accounting procedures for the preparation of the separate and consolidated financial statements were designed and implemented under the responsibility of Manager in Charge, who, jointly with the Chief Executive Officer, vouches for their adequacy and actual implementation. At the aforementioned regular meetings, the Manager in Charge did not report any material shortcomings in the operational and control processes, which could bias the warranted adequacy and actual application of the administrative-accounting procedures, in order to given a true and correct income, financial and cash flow representation of operations, in compliance with the international accounting standards.

On 23 March 2023, the Manager in Charge and the Chief Executive Officer signed the certifications on the separate and consolidated financial statements as at 31 December 2022 required by Article 81-ter of the Issuers' Regulation approved by CONSOB with Resolution 11971/1999 as amended and supplemented.

This Board of Auditors also examined the half-yearly and annual reports prepared by the Manager in Charge and the Additional Report issued on 6 April 2022, pursuant to Article 11 of the aforementioned EU Regulation: no one of these documents reports any material shortcomings in the internal control systems concerning the Company's financial reporting and/or accounting system.

Based on the information it obtained and on the analyses it made, this Board of Auditors can deem the administrative and accounting system of the Crédit Agricole Italia Banking Group as overall adequate and compliant with the applicable legislation.

4. REMUNERATION POLICIES

The Board of Auditors can report that, at its meeting held on 24 March 2021, the Board of Directors approved the "Remuneration Policies of the Crédit Agricole Italia Banking Group for 2023" document, which shall be submitted to the General Meeting of Shareholders. That document defines the principles and standards used to design, implement and monitor the Group's remuneration systems and was reviewed by the Internal Audit Department, as was the appropriate application of the 2021 policies as regards the payment of the variable remuneration components awarded in 2022, with no anomalies found.

On this matter, in the reporting period, the Board of Auditors also participated, represented by its Chairman or by another of its Members, in the meetings of the Appointments Board Committee and of the Remuneration Board Committee.

5. RELATIONS WITH SUPERVISORY AUTHORITIES

Having regard to the relations with Supervisory Authorities, the Board of Auditors performed its duties in accordance with the applicable legislation, was regularly informed of all communications received and constantly followed the preparation of the related responses and requested activities.

Of the received requests and communications, the following ones are specifically reported:

- Consob communication of 10 January 2022, which was received after the audit conducted by the Regulator in the 2020-2021 period on the implementation of MiFID 2 in the Bank's procedures and specifically on procedural aspects concerning Product Governance and the adequacy assessment of transactions with Customers, with subsequent approval on 26 July 2022 by the Board of Directors of the "Consob Remediation Plan", which was sent to the Authority on the same date; on that Plan Consob requested some clarifications on 16 September 2022, which were given by the Bank on 17 October;
- Notification issued by the Autorità Garante della Concorrenza e del Mercato (the Italian Competition Authority) on 15 February 2022, whereby the Bank was informed of the end of the preliminary investigation procedures that had started in 2021 with the imposition of a fine for the methods used by the Bank to propose the SEPA Instant Credit Transfer – SCT Inst ("instant credit transfer") service to its Customers;
- Notification sent by the Bank of Italy on 9 September 2022, whereby Credit Agricole Italia was informed of some anomalies found during the audits on the machines used for cash recirculation; the Bank responded submitting its action plan containing the initiatives deployed and to be deployed, which was assessed by this Board as fit to ensure the correction of the anomalies found by the Bank of Italy.

In the reporting period and up to the date of preparation of this Report, no charges were filed pursuant to Article 2408 of the Italian Civil Code.

6. SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AND NON-FINANCIAL STATEMENT

6.1 Separate Financial Statements

The Annual Report and Separate Financial Statements as at 31 December 2022 are governed by Italian Legislative Decree no. 38 of 28 February 2005 and by Bank of Italy Circular no. 262 of 22 December 2005 as updated, and were prepared in accordance with the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) applicable as at 31 December 2022, and endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. In the Note to the Financial Statements, the Management Body stated that no exceptions were made to the application of the IAS/IFRS.

The Separate Financial Statements and the Management Report accompanying them are deemed adequate to provide information on the Bank's situation, its performance in the reporting period and outlook (also taking account of the indications given in the joint document issued by the Bank of Italy/CONSOB (Italian Securities and Exchange Commission)/ISVAP (Italian Insurance Supervisory Authority) No. 4 of 3 March 2010, on the application of the IAS/IFRS).

The Bank reported a profit of Euro 552,879 thousand; in that regard it is pointed out that the mergers of Creval and Crédit Agricole FriulAdria, which took place in 2022, make the 2022 figure not comparable to the 2021 one (a loss of Euro -71,836 thousand). For smoothed comparison, please see the Consolidated Financial Statements.

6.2 Consolidated Financial Statements

The Consolidated Financial Statements as at 31 December 2022 are governed by Italian Legislative Decree No. 38 of 28 February 2005 and by Circular No. 262 of the Bank of Italy of 22 December 2005, as updated, and were prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards (IAS/IFRS) as well as with the relevant interpretations issued by the IFRIC, endorsed by the European Commission pursuant to Regulation (EC) No. 1606/2002 of 19 July 2002. As specified by the Directors in the Note to the Consolidated Financial Statements, the consolidation perimeter consists, in addition to the Parent Company Crédit Agricole Italia S.p.A., of its subsidiaries of which in Section 3 of Part A of the Note to the Consolidated Financial Statements.

Having regard to the Consolidated Financial Statements as at 31 December 2022, the General Meeting is also informed that this Board supervised their general layouts, their general compliance with the applicable law in terms of preparation and layouts and, on this matter, no remarks are to be made. Moreover, this Board verified compliance with the standards concerning the preparation of the Management Report.

Having regard to the 2022 consolidated profit of Euro 558.6 million, it is pointed out that this figure was impacted by non-recurring components amounting to Euro 126 million, as exhaustively described in the Annual Report. As mentioned above, on 6 April 2022, this Board of Auditors received the Independent Auditor's Report pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010, and to Article 10 of Regulation (EU) No. 537/2014 on the financial statements as at 31 December 2022, whereby the Independent Auditors express their opinion that both the separate and consolidated financial statements provide "*a truthful and correct representation of the reporting entity's equity and financial position as at 31 December 2022, of its profit or loss and cash flows for the reporting year, in compliance with the International Financial Reporting Standards endorsed by the European Union and with the measures implementing Article 9 of Italian Legislative Decree No. 38 of 28 February 2005 and Article 43 of Italian Legislative Decree no. 136 of 18 August 2015*".

Furthermore, this Board acknowledged that, on 23 March 2023, the Manager in Charge and the Chief Executive Officer signed the certifications on the separate and consolidated financial statements as at 31 December 2022 required by Article 81-ter of the Issuers' Regulation approved by CONSOB with Resolution 11971/1999 as amended and supplemented.

Lastly, having regard to the Management Report and to some specific pieces of information contained in the report on corporate governance and ownership structure, it is pointed out that the statutory auditor's reports attest that they are consistent with the Group's Consolidated Financial Statements and with the Separate Financial Statements as at 31 December 2022 and have been prepared in compliance with the applicable law.

6.3 Non-Financial Statement

The CA Italia Group has chosen to present its Non-Financial Statement (hereinafter NFS) on a voluntary basis also for 2022, as done in the previous years, even though it is exempt from the obligation to prepare it under Article 6 of Italian Legislative Decree No. 254/2016.

Having regard to Italian Legislative Decree 254/2016 concerning the disclosure of non-financial information and to the related implementing Regulation issued by CONSOB with its resolution of 18 January 2018, this Board of Auditors supervised, in performing its functions, compliance with the provisions contained therein on the preparation of the Non-Financial Statement (hereinafter, which was approved by the Board of Directors on 23 March 2023 as a free-standing document separated from the Annual Report and Financial Statements.

Within its responsibilities and duties, in 2022 the Board of Auditors had meetings with the heads of the structures involved in sustainability matters and in preparing the Non-Financial Statement, participated – represented by its Chairman or another Auditor - in all the meetings of the Sustainable Development Committee and had meetings with the representatives of the appointed Audit Firm (PricewaterhouseCoopers S.p.A.), examining the documents made available. Lastly, this Board acknowledged the report issued by the Audit Firm on 6 April 2023 in which the Audit Firm attests that it found no elements that may lead to think that the NFS of the Crédit Agricole Italia Banking Group has not been prepared, in all its material aspects, in full compliance with the applicable legislation.

Therefore, the Board of Auditors supervised the adequacy of the organizational, administration, reporting and control system in accordance with the Group's strategic objectives in the suitability scope and has nothing to report as regards the above.

7. EVENTS OCCURRED AFTER THE REPORTING DATE

This Board deems it appropriate to draw the Shareholders' attention on some events that occurred in the period from the reporting date to the approval of the 2022 Annual Report and Financial Statements, although not reckoned such as to generate material changes to the assessments and considerations made by the Directors.

Specifically, some of the uncertainty factors that may affect the future scenarios in which the Crédit Agricole Italia Group will operate, are the possible effects on the global and Italian economy directly and indirectly generated the crash of some US Regional Banks, as well as by the planned acquisition of Crédit Suisse by UBS at the end of 2023.

Those events, which have increased the uncertainty associated with the macroeconomic scenario and the banking industry, were analyzed and it was assessed that they do not affect the Crédit Agricole Italia Group's ability to continue in operation and to serve its Customers, as it can rely on its very solid financial strength.

Furthermore, the Crédit Agricole Italia Banking Group has no direct exposure to US regional banks and to Crédit Suisse.

8. DIVIDEND DISTRIBUTION PROPOSAL

As regards dividend distribution, the Board of Directors of Crédit Agricole Italia S.p.A. has proposed:
- The allocation of Euro 24,567,280 to legal reserve;
- The allocation of Euro 2,200,000 to the fund for charity and support to social and cultural initiatives;
- The distribution of dividends for a total amount of Euro 299,983,744, which is equal to a dividend of Euro 0.2722 for each one of the 1,102,071,064 outstanding shares;
- The allocation of Euro 226,128,166 to extraordinary reserve.

Furthermore, it is pointed out that the General Meeting will have to resolve on the proposal for the reduction of the tax suspension constraint represented in the draft Annual Report and Financial Statements for 2022 by the specific equity reserve to Euro 712,135,880.18 with the surplus to be allocated to extraordinary reserve, as better explained in paragraph "PROPOSAL TO THE GENERAL MEETING OF SHAREHOLDERS" in the report to the Separate Financial Statements.

9. CONCLUSIONS

Dear Shareholders,

Considering the information and evidence obtained in its supervisory activities and reported above, considering the outcome of the activities performed by the firm tasked with the statutory audit of accounts "PricewaterhouseCoopers S.p.A." as contained in its Independent Auditor's Report pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010, and to Article 10 of Regulation (EU) No. 537/2014, and considering the Certifications signed by the Chief Executive Officer and by the Manager in charge of the preparation of the corporate accounting documents, the Board of Auditors unanimously deems that there are no reasons why you should not approve the draft Annual Report and Financial Statements as at 31 December 2022, as prepared and submitted to you by the Board of Directors.

This Board also agrees on the proposal for dividend distribution as made by the Board of Directors on 24 March 2022 and on the proposal for the reduction in the tax suspension constraint on the specific equity reserve and the allocation of the surplus amount to extraordinary reserve.

* * *

Parma, 6 April 2023

For the Board of Auditors
(Luigi Capitani)

INDEPENDENT AUDITORS' REPORT

Independent auditor's report

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

To the shareholders of Crédit Agricole Italia SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Crédit Agricole Italia Group (the Group), which comprise the consolidated balance sheet as of 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15.

Basis for Opinion

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

Key Audit Matters

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

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recoverability of the book value of goodwill arising from business combinations *Notes to the consolidated financial statements* *Part A – Accounting policies* *Part B – Information on the consolidated Balance Sheet, Section 10 of assets* As of 31 December 2022, the book value of goodwill arising from business combinations carried out by the Bank in previous years, as well as, deriving from the merger by incorporation "under common control" of Crédit Agricole FriulAdria SpA, was equal to Euro 1,316 million. The directors assess the recoverable value of goodwill, at least annually (impairment test). Such assessment, aimed at identifying any impairment losses, is based, pursuant to IAS 36 "Impairment of assets", on the comparison between the book value and the higher of fair value less costs of disposal and the value in use of the Cash Generating Unit or CGU. The estimate of the value in use of the CGU of the "Retail and Private" segment, to which this goodwill is allocated, was carried out using the Dividend Discount Model, in the excess capital version. This method, which is consolidated and recognised in the prevailing practice, requires the use of information, parameters and assumptions, which were also developed with the support of the parent company Crédit Agricole S.A.. The determination of the recoverable value of the assets subject to impairment test therefore requires the directors to make estimates that, by their nature, contain significant elements of professional judgement with particular reference to expected cash flows.	During the performance of our audit, we considered the internal control system relevant to the preparation of the consolidated financial statements. In order to identify audit procedures that are appropriate in the circumstances we also took into account the uncertain evolution of the macroeconomic scenario and of the consequent monetary policy measures. Specifically, we carried out the following main activities, also with the support of the PwC network experts in business valuation: • understanding and evaluating the process and methodology adopted by the directors to perform the impairment test; • verifying the consistency of the evaluation method adopted with the provisions of IAS 36, taking also into account the market practice; • assessing the reasonableness of the forecast data used to determine the prospective cash flows of the identified CGU, as well as the data consistency with the forecast plans; • comparing the forecast data prepared during the previous year with the actual data for the current year for the CGU, in order to verify the reasonableness of the assumptions adopted by the directors; • critical examination of the reasonableness of the main assumptions used by the directors, also by checking with external data where available, the main quantitative parameters (cost of capital, discount and growth rates) used to determine the recoverable amount of the CGU; • checking the accuracy of the

For the year ended 31 December 2022, the estimation process was even more complex, in consideration of the uncertain evolution of the macroeconomic scenario and of the consequent monetary policy measures. For the reasons set out above, we considered the recoverability of the book value of goodwill arising from business combinations to be a key audit matter of the consolidated financial statements as of 31 December 2022.	mathematical calculations underlying the valuation models used and their correctness; • evaluating the results of the sensitivity analyses carried out by the directors on the main quantitative parameters in order to consider the uncertain evolution of the macroeconomic scenario, and of the consequent monetary policy measures; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the provisions of international accounting standards and the applicable regulatory framework, as well as the communications of the Supervisory Authorities.

Recoverability of "non-convertible" deferred tax assets

Notes to the consolidated financial statement *Part A – Accounting policies* *Part B – Information on the consolidated Balance Sheet, Section 11 of assets* *Part C – Information on the consolidated Income Statement, Section 19* As of 31 December 2022, the line item 110 b) "Deferred tax assets" included Deferred Tax Assets (hereinafter also "DTAs") for an amount equal to Euro 1,694 million, of which Euro 926 million represented by tax assets which are not convertible pursuant to Law 214/2011. The directors carry out the periodic assessment of the recoverability of the DTAs through the development of a specific estimation process (probability test) aimed at verifying, in accordance with IAS 12 "Income Taxes", the availability of sufficient future taxable income, also in consideration of the Bank's participation in the tax consolidation regime of the Crédit Agricole S.A. Group in Italy.	During the performance of our audit, we considered the internal control system relevant to the preparation of the consolidated financial statements. In order to design audit procedures that are appropriate in the circumstances we considered the uncertain evolution of the macroeconomic scenario and of the consequent monetary policy measures. In particular, in order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts: • understanding and evaluating the process and methodology adopted by the directors to perform the probability test; • verifying the consistency of the methodology adopted with the provisions of IAS 12, taking also into consideration the professional practice, as well as the communications and

The assessment of the recoverability of DTAs requires the use of information, parameters and assumptions that have a high degree of subjectivity and complexity, with particular reference to the estimation of future taxable income.

For the year ended 31 December 2022, the estimation process was even more complex in view of the uncertain evolution of the macroeconomic scenario and of the consequent monetary policy measures.

For the reasons set out above, we considered the recoverability of the "non-convertible" deferred tax assets to be a key audit matter of the consolidated financial statements as of 31 December 2022.

recommendations of the Supervisory Authorities;

- assessing, also by comparison with external data, where available, the reasonableness of the main qualitative and quantitative assumptions (income flows, alternative scenarios, discount rate and growth rate);
- analysing the reasonableness of the assumptions used for the preparation of the probability test, based on the applicable tax regulations;
- verifying the consistency of the assumed income flows with the approach used in other relevant valuation processes;
- verifying the accuracy of the mathematical calculations underlying the probability test and their correctness;
- evaluating the results of the sensitivity analyses carried out by the directors on the recoverability of the DTAs when the parameters adopted change, in light of the current macroeconomic scenario and of the consequent monetary policy measures;
- verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the provisions of international accounting standards and the applicable regulatory framework, as well as the communications and recommendations issued by the Supervisory Authorities.

Valuation of performing loans to customers measured at amortised cost

Notes to the consolidated financial statements

During the performance of our audit, we considered the internal control system relevant to the preparation of

Part A – Accounting policies
Part B – Information on the consolidated Balance Sheet, Section 4 of assets
Pare C – Information on the consolidated Income Statement, Section 8
Part E – Information on risks and relative hedging policies – Section 1

As of 31 December 2022, performing loans to customers amounted to Euro 62,297 million representing 82 per cent of line item "*40 b) Financial assets measured at amortised cost – loans to customers*", and corresponding to 64 per cent of total assets of the consolidated financial statements.

Net adjustments to these loans recognised during the year amounted to Euro 17.5 million and are the best estimate made by the directors in order to recognise the expected credit losses (ECL) related to the loan portfolio at the consolidated balance sheet date, based on applicable accounting standards.

The estimation processes are characterised by a high degree of professional judgement and require significant assumptions to verify the Significant Increase in Credit Risk (SICR), and also to allocate portfolios to the various risk stages (Staging) and to determine the assumptions and input data for the Expected Credit Loss (ECL) models. These models incorporate the prospective information developed centrally by the parent company Crédit Agricole S.A., according to a multi-scenario approach.

For the year 2022, these estimation processes were affected by some methodological updates compared to the previous year.
In particular, in addition to the ordinary process of updating the input data and refining the risk parameters, the Group, in agreement with the parent company Crédit Agricole S.A., adapted the SICR parameters, as well as performed management overlays, in order to consider the evolution of the the consolidated financial statements.

In order to design audit procedures that are appropriate in the circumstances we took into account the modifications and adaptations made in consideration of the uncertain evolution of the macroeconomic scenario and of the consequent monetary policy measures.

In order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts:

- analysing the adequacy of the IT environment and verifying the operational effectiveness of the relevant controls governing the IT systems and applications used by the Group for loan assessment purposes;
- understanding and evaluating the design of relevant controls in the areas of loan monitoring, classification and evaluation and verifying the operational effectiveness of such controls;
- comparative analysis of the performing portfolio and of the related hedging levels, with reference to the most significant deviations from the previous year's figures and from sector information;
- understanding and verifying the appropriateness of the policies, procedures and models used for measuring SICR, staging allocation and determining ECL;
- understanding and verifying the methods to determine the main estimation parameters used in the models for calculating the ECL and the changes and corrections introduced during the year. In particular, we verified the reasonableness of the estimates made by the directors in defining

macroeconomic scenario and the consequent monetary policy measures, as well as to factor in certain valuation elements that were not adequately captured by the models used.

In view of the significance of the book value, as well as the complexity of the processes and methodologies adopted, and taking into account the reasons set out above, we considered the valuation of performing loans to customers measured at amortised cost to be a key audit matter of the consolidated financial statements as of 31 December 2022.

the expected macroeconomic scenarios and their weighting, the PD (Probability of Default) and LGD (Loss Given Default) risk parameters, which include the adjustments made to the models (management overlay) and incorporate the evolution of the macroeconomic scenario and of the consequent monetary policy measures;

- verification of the correct application of the valuation criteria defined for loans classified as performing (stage 1 and 2), the completeness and accuracy of the databases used to calculate the ECL, and the accuracy of the formulae used to calculate the PD, LGD and EAD (Exposure at Default) parameters;
- verification, on a sample basis, of the reasonableness of the classification under performing loans on the basis of information on the debtor status and other available evidence, including external evidence;
- evaluation of the results of the sensitivity analyses of the ECL against the macroeconomic scenarios carried out by the directors;
- verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the provisions of international accounting standards and the applicable regulatory framework, as well as the communications issued by the Supervisory Authorities.

Valuation of non-performing loans to customers measured at amortised cost

Notes to the consolidated financial

During the performance of our audit,

statements *Part A – Accounting policies* *Part B – Information on the consolidated Balance Sheet, Section 4 of assets* *Part C – Information of the consolidated Income Statement, Section 8* *Part E - Information on risks and relative hedging policies – Section 1* As of 31 December 2022, non-performing loans to customers (stage 3) showed a balance of Euro 1,160 million corresponding to 1.5 per cent of line item "*40 b) Financial assets measured at amortised cost – loans to customers*". Net adjustments to these loans recognised during the year amounted to Euro 257.6 million and include the best estimate made by the directors in order to recognise the expected losses relating to the loan portfolio at the consolidated reporting date on the basis of the applicable accounting standards. The estimation processes are characterised by high complexity and a high degree of professional judgement requiring the estimate of numerous variables; the use of significant assumptions is particularly relevant to the determination of expected future cash flows, their timing and the realisable value of collaterals, if any. For the year 2022, these estimation processes were affected by some updates of the valuation policies for non-performing loans in order to maintain a constant alignment with regulatory developments. In view of the significance of the book value, as well as the complexity of the processes and methodologies adopted and taking into account the reasons set out above, we considered the valuation of non-performing loans to customers measured at amortised cost to be a key audit matter as of 31 December 2022.	we considered the internal control system relevant to the preparation of the consolidated financial statements. In order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts: • analysis of the adequacy of the IT environment and verification of the operational effectiveness of the relevant controls governing the IT systems and applications used for loan assessment purposes; • understanding and evaluating the design of relevant controls in the area of loan monitoring, classification and evaluation and verifying the operational effectiveness of such controls; • comparative analysis for each category of non-performing loans of the related hedging levels, with reference to the most significant deviations from the previous year's figures and from sector information; • understanding and evaluating the valuation policies adopted by the Bank, also in light of the review of the valuation policies of the non-performing loans made during the year; • verifying, on a sample basis, the reasonableness of the classification under non-performing loans, based on information regarding the debtor status and other available evidence, including external evidence. Specific analyses were carried out on the assumptions made with reference to the identification and quantification of future cash flows expected from recovery activities, the valuation of the guarantees covering such exposures and the estimate of recovery times; • verifying the completeness and adequacy of the disclosure

	provided by the directors in the notes to the financial statements in accordance with the provisions of international accounting standards and the applicable regulatory framework, as well as the communications issued by the Supervisory Authorities.

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

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15, and in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the parent company Crédit Agricole Italia SpA or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

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

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

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

On 28 April 2021, the shareholders of Crédit Agricole Italia SpA in general meeting engaged us to perform the statutory audit of the Bank's and consolidated financial statements for the years ending 31 December 2021 to 31 December 2029.

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

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Crédit Agricole Italia SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Crédit Agricole Italia Group as of 31 December 2022, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Crédit Agricole Italia Group as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Crédit Agricole Italia Group as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Crédit Agricole Italia SpA are responsible for the preparation, on a voluntary basis, of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 6 April 2023

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets		31 Dec. 2022	31 Dec. 2021
10.	Cash and cash equivalents	2,876,381	845,657
20.	Financial assets measured at fair value through profit or loss	518,711	271,334
	a) financial assets held for trading	331,982	70,778
	c) other financial assets mandatorily measured at fair value	186,729	200,556
30.	Financial assets measured at fair value through other comprehensive income	3,520,018	4,115,240
40.	Financial assets measured at amortized cost	81,519,206	92,268,499
	a) due from banks	5,523,611	14,468,960
	b) Loans to customers	75,995,595	77,799,539
50.	Hedging derivatives	1,318,646	634,497
60.	Fair value change of financial assets in macro-hedge portfolios (+/-)	-607,953	-3,906
70.	Equity investments	33,197	45,151
90.	Property, Plant and Equipment	1,262,134	1,291,516
100.	Intangible assets	1,593,231	1,626,660
	- of which goodwill	1,315,925	1,315,925
110.	Tax assets	2,764,573	2,730,874
	a) current	1,070,187	418,478
	b) deferred	1,694,386	2,312,396
120.	Non-current assets held for sale and discontinued operations	2,283	226,579
130.	Other assets	1,852,948	890,812
Total assets		**96,653,375**	**104,942,913**

Liabilities and Equity		31 Dec. 2022	31 Dec. 2021
10.	Financial liabilities measured at amortized cost	83,708,908	93,269,092
	a) Due to banks	11,164,887	18,234,985
	b) Due to Customers	62,145,427	63,322,922
	c) Debt securities issued	10,398,594	11,711,185
20.	Financial liabilities held for trading	329,049	75,042
40.	Hedging derivatives	3,815,534	1,020,311
50.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	-1,491,822	166,386
60.	Tax liabilities	313,626	403,945
	a) current	248,361	271,013
	b) deferred	65,265	132,932
70.	Liabilities associated with non-current assets held for sale and discontinued operations	-	16,400
80.	Other liabilities	1,582,298	1,827,900
90.	Employee severance benefits	98,817	143,625
100.	Provisions for risks and charges	584,939	718,681
	a) commitments and guarantees given	73,904	62,105
	b) post-employment and similar obligations	24,020	34,476
	c) other provisions for risks and charges	487,015	622,100
120.	Valuation reserves	-54,906	-66,213
140.	Equity instruments	815,000	815,000
150.	Reserves	1,772,120	1,825,235
160.	Share premium reserve	3,496,073	3,118,147
170.	Capital	1,102,071	979,283
190.	Minority interests (+/-)	23,074	22,636
200.	Profit (Loss) for the period	558,594	607,443
Total liabilities and equity		**96,653,375**	**104,942,913**

CONSOLIDATED INCOME STATEMENT

Items		31 Dec. 2022	31 Dec. 2021
10.	Interest and similar income	1,383,343	1,086,187
	Of which: interest income calculated with the effective interest method	1,322,882	676,696
20.	Interest and similar expense	(81,851)	36,939
30.	**Net interest income**	**1,301,492**	**1,123,126**
40.	Fee and commission income	1,271,420	1,203,433
50.	Fee and commission expense	(49,647)	(58,603)
60.	**Net fee and commission income**	**1,221,773**	**1,144,830**
70.	Dividends and similar income	13,356	11,429
80.	Net profit (loss) on trading activities	27,838	30,096
90.	Net profit (loss) on hedging activities	(10,306)	(6,979)
100.	Profit (losses) on disposal or repurchase of:	44,750	(94,310)
	a) financial assets measured at amortized cost	20,949	(123,294)
	b) financial assets measured at fair value through other comprehensive income	14,744	28,946
	c) financial liabilities	9,057	38
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(11,116)	(2,584)
	b) other financial assets mandatorily measured at fair value	(11,116)	(2,584)
120.	**Net interest and other banking income**	**2,587,787**	**2,205,608**
130.	Net losses/recoveries for credit risk on:	(288,982)	(455,118)
	a) financial assets measured at amortized cost	(285,280)	(452,389)
	b) financial assets measured at fair value through other comprehensive income	(3,702)	(2,729)
140.	Profits/Losses on contract modifications without derecognition	(694)	(219)
150.	**Net financial income (loss)**	**2,298,111**	**1,750,271**
180.	**Net financial and insurance income (loss)**	**2,298,111**	**1,750,271**
190.	Administrative expenses:	(1,818,231)	(1,915,619)
	a) personnel expenses	(965,600)	(1,079,914)
	b) other administrative expenses	(852,631)	(835,705)
200.	Net provisions for risks and charges	(29,290)	(79,001)
	a) commitments and guarantees given	(12,089)	(7,011)
	b) other net provisions	(17,201)	(71,990)
210.	Net adjustments to/recoveries on property, plant and equipment	(112,978)	(118,139)
220.	Net adjustments to//recoveries on intangible assets	(99,867)	(122,467)
230.	Other operating expenses/income	332,903	824,438
240.	**Operating costs**	**(1,727,463)**	**(1,410,788)**
250.	Profit (losses) on equity investments	9,102	2,917
260.	Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	(810)	178
280.	Profit (losses) on disposals of investments	1,931	1,138
290.	**Profit (Loss) before tax from continuing operations**	**580,871**	**343,716**
300.	Taxes on income from continuing operations	(20,803)	264,656
310.	**Profit (Loss) after tax from continuing operations**	**560,068**	**608,372**
330.	**Profit (Loss) for the period**	**560,068**	**608,372**
340.	Profit (loss) for the period attributable to minority interests	(1,474)	(929)
350.	**Net profit (loss) for the period attributable to the Parent Company**	**558,594**	**607,443**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items		31 Dec. 2022	31 Dec. 2021
10.	**Profit (Loss) for the period**	**560,068**	**608,372**
	Other comprehensive income after tax not recycled to profit or loss		
20.	Equity securities designated at fair value through other comprehensive income	8,068	905
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Property, Plant and Equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	15,576	(704)
80.	Non-current assets held for sale and discontinued operations	-	14
90.	Share of valuation reserves on equity investments measured using the equity method	12	-
	Other comprehensive income after tax reclassified to profit or loss		
100.	Hedges of investments in foreign operations	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(22,317)	(18,220)
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Share of valuation reserves on equity investments measured using the equity method	-	-
170.	**Total other comprehensive income after taxes**	**1,339**	**(18,005)**
180.	**Comprehensive income (Item 10+170)**	**561,407**	**590,367**
190.	Consolidated comprehensive income attributable to Minority Interests	1,481	922
200.	**Consolidated comprehensive income attributable to the Parent Company**	**559,926**	**589,445**

It is pointed out that the inclusion in comprehensive income of the item reporting “Financial assets measured at fair value through other comprehensive income” entails strong volatility that must be taken into account when analyzing the table.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022

	Share capital: ordinary shares	Share premium reserve	Reserves: Retained earnings reserves	Reserves: other	Valuation reserves	Equity instruments	Treasury shares	Profit (Loss) period	Equity
GROUP SHAREHOLDERS' EQUITY AS AT 31 DEC. 2021	979,283	3,118,147	1,422,467	402,768	-66,213	815,000	-	607,443	7,278,895
MINORITY INTEREST AS AT 31 DEC. 2021	19,156	4,805	-5,142	2,939	-51	-	-	929	22,636
CHANGE TO OPENING BALANCES	-	-	-	-	-	-	-	-	-
GROUP SHAREHOLDERS' EQUITY AS AT 31 DEC. 2022	979,283	3,118,147	1,422,467	402,768	-66,213	815,000	-	607,443	7,278,895
MINORITY INTERESTS AS AT 1 JAN. 2022	19,156	4,805	-5,142	2,939	-51	-	-	929	22,636
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY									
Reserves	-	-	608,372	-	-	-	-	-608,372	-
Dividends and other allocations	-	-	-166,000	-	-	-	-	-	-166,000
CHANGES IN THE PERIOD									
Change in reserves	-	-	-10,102	-416,897	-	-	-	-	-426,999
Transactions on equity									
Issues of new shares	124,614	377,386	-	-	-	-	-	-	502,000
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-59,189	-	-	-	-	-	-59,189
Charity	-	-	-	-	-	-	-	-	-
Consolidation adjustments	-	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	135	-	-	-	-	135
Changes in equity interests	-525	-1,502	-8,829	-	9,997	-	-	-	-859
Comprehensive income	-	-	-	-	1,339	-	-	560,068	561,407
GROUP SHAREHOLDERS' EQUITY AS AT 31 DEC. 2022	1,102,071	3,496,073	1,786,114	-13,994	-54,906	815,000	-	558,594	7,688,952
MINORITY INTEREST AS AT 31 DEC. 2022	20,457	2,763	-4,537	2,939	-22	-	-	1,474	23,074

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

	Share capital: ordinary shares	Share premium reserve	Reserves: Retained earnings reserves	Reserves: other	Valuation reserves	Equity instruments	Treasury shares	Profit (Loss) period	Equity
EQUITY- GROUP SHARE AT 31 Dec. 2020	979,235	3,117,848	1,654,899	-14,224	-48,443	715,000	-	-53,437	6,350,878
MINORITY INTEREST AS AT 31 DEC. 2020	39,717	84,514	13,492	2,939	-697		-	8,224	148,189
CHANGE TO OPENING BALANCES	-	-	-	-	-	-	-	-	-
EQUITY- GROUP SHARE AT 01.01.2021	979,235	3,117,848	1,654,899	-14,224	-48,443	715,000	-	-53,437	6,350,878
MINORITY INTERESTS AS AT 1 JAN. 2021	39,717	84,514	13,492	2,939	-697	-	-	8,224	148,189
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY									
Reserves	-	-	-45,213	-	-	-	-	45,213	-
Dividends and other allocations	-	-	-91,319	-	-	-	-	-	-91,319
CHANGES IN THE PERIOD									
Change in reserves	-	-	573	416,897					417,470
Transactions on equity									
Issues of new shares	48	299	-	-	-	-	-	-	347
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-50,873	-	-	100,000			49,127
Charity	-	-	-	-	-	-	-	-	-
Consolidation adjustments	-	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	95		-	-	-	95
Changes in equity interests	-20,561	-79,709	-64,234	-	881	-	-	-	-163,623
Comprehensive income	-	-	-	-	-18,005	-	-	608,372	590,367
EQUITY- GROUP SHARE AT 31 Dec. 2021	979,283	3,118,147	1,422,467	402,768	-66,213	815,000	-	607,443	7,278,895
MINORITY INTEREST AS AT 31 DEC. 2021	19,156	4,805	-5,142	2,939	-51	-	-	929	22,636

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 Dec. 2022	31 Dec. 2021
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**458,797**	**1,818,399**
- profit (loss) for the FY (+/-)	558,594	607,443
- Gains/losses on financial assets held for trading and on financial assets/liabilities measured at fair value through profit or loss (-/+)	-6,436	-10,572
- Gains/losses on hedging activities (-/+)	-352,602	-12,526
- Net losses/recoveries for credit risk (+/-)	278,761	342,012
- Net impairment losses/recoveries on property, plant and equipment and intangible assets (+/-)	212,845	240,606
- Net provisioning for risks and charges and other costs/revenues (+/-)	29,290	79,001
- taxes, levies and tax credits not settled (+/-)	20,803	-264,656
- Other adjustments (+/-)	-282,458	837,091
2. Cash flow generated/absorbed by financial assets	**7,718,910**	**-4,948,568**
- financial assets held for trading	-254,768	35,867
- Financial assets mandatorily measured at fair value	13,827	35,088
- Financial assets measured at fair value through other comprehensive income	587,280	334,307
- Financial assets measured at amortized cost	10,635,189	-4,690,681
- Other assets	-3,262,618	-663,149
3. Cash flow generated/absorbed by financial liabilities	**-5,999,913**	**4,063,735**
- Financial liabilities measured at amortized cost	-8,386,183	4,357,933
- Financial liabilities held for trading	254,007	-32,539
- Other liabilities	2,132,263	-261,659
Net cash flow generated/absorbed by operating activities	**2,177,794**	**933,566**
B. INVESTING ACTIVITIES		
1. Cash flow generated by:	**86,871**	**33,396**
- sales of equity investments	63,765	-
- dividend received on equity investments	13,356	11,429
- sales of property, plant and equipment	9,750	21,967
2. Cash flow absorbed by:	**-92,028**	**-744,905**
- purchases of equity investments	-14	-2,687
- purchases of property, plant and equipment	-26,765	-15,717
- purchases of intangible assets	-65,249	-10,390
- purchases of business units	-	-716,111
Net cash flow generated/absorbed by investing activities	**-5,157**	**-711,509**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	83,276	-
- issues/purchases of equity instruments	-59,189	100,000
- distribution of dividends and other	-166,000	-91,319
Net cash flows generated/absorbed by funding activities	**-141,913**	**8,681**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**2,030,724**	**230,738**

RECONCILIATION

Financial Statement items	31 Dec. 2022	31 Dec. 2021
Opening cash and cash equivalents	845,657	614,919
Net increase/decrease in cash and cash equivalents for the period	2,030,724	230,738
Closing cash and cash equivalents	**2,876,381**	**845,657**

Key:
(+) generated
(-) absorbed

Consistently with the amendment to IAS 7, adopted with Commission Regulation (EU) 2017/1990 of 6 November 2017, applied as from the commencement date of the first financial year starting on or after 1 January 2017, the disclosures required by paragraph 44 B in order to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

	31 Dec. 2021	Changes from cash flows generated by financing activities	Changes from obtaining or losing control of subsidiaries or other businesses	Fair value changes (valore equo)	Other changes	31 Dec. 2022
Liabilities arising from financing activities (items 10, 20 and 40 of Liabilities)	93,344,134	-7,891,837	-	-1,414,340	-	84,037,957

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

PART A – ACCOUNTING POLICIES

A.1 GENERAL PART

Section 1 – Statement of compliance with IAS/IFRS

The consolidated Financial Statements of the Crédit Agricole Italia Banking Group (hereinafter referred to also as the "Group") have been prepared pursuant to Italian Legislative Decree no. 38 of 28 February 2005, in accordance with the International Accounting Standards issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission, as provided for by Regulation (EC) No. 1606 of 19 July 2002.

Therefore, the IAS/IFRS in force as at 31 December 2022 (including the interpretations documents called SIC and IFRIC) have been applied, as endorsed by the European Commission and listed in detail in the specific table in an annex to these Financial Statements.

The financial statements and the contents of the note to the financial statements have been prepared in compliance with the provisions laid down in Circular No. 262 "Banks' financial statements: layouts and preparation" issued by the Bank of Italy on 22 December 2005, within the exercise of its powers under Article 9 of Italian Legislative Decree No. 38/2005 and in compliance with the subsequent updates issued, the latest one of which is the 7th update of 29 October 2021 Furthermore, these financial statements have been prepared in accordance with the instructions given by the Bank of Italy on 21 December 2021 as regards the update of the supplements to its Circular 262 concerning the impacts of Covid-19 and the measures to support the economy. The 8th update of the Circular, published on 17 November 2022, shall apply to reporting periods closed on or after 31 December 2023.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION AND ENTERED INTO FORCE IN 2022

In compliance with IAS 8, the table below reports the new international accounting standards or the amendments to standards already in force, along with the Regulations endorsing them, that shall mandatorily be applied for reporting periods starting on or after 1 January 2021.

Standards, amendments or interpretations	Publication date	Date of first application
Annual Improvements 2018-2020 IFRS 1 - First time adoption of IFRS – Translation differences IFRS 9 - Financial instruments – Test for assessing whether a modification to the terms of a financial liability is substantial IAS 41 - Agriculture – Fair value of a biological asset	02 July 2021 (EU No. 2021/1080)	1 January 2022
Amendments to IAS 16 - Property, Plant and Equipment – Proceeds before intended use	02 July 2021 (EU No. 2021/1080)	1 January 2022
Amendments to IFRS 3 Reference to the Conceptual Framework 2018 on the definition of assets and liabilities	02 July 2021 (EU No. 2021/1080)	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Costs of fulfilling a contract to assess whether it is onerous	02 July 2021 (EU No. 2021/1080)	1 January 2022

Having regard to the new standards and amendments thereto in force as of 1 January 2022, the Group has not identified any significant impacts on its financial situation and profit or loss.

IFRS Interpretations Committee - TLTRO III Transactions (IFRS 9 and IAS 20)

In March 2019, the ECB announced a third series of targeted longer term refinancing operations, in order to preserve favourable bank lending conditions and support the accommodative stance of monetary policy.

In June 2019 the programme key parameters were set, including interest rates; some of those key parameters were modified by the Governing Council in September 2019 in the light of the less favourable economic outlook and, afterwards, in March, April and December 2020 having regard to the Covid-19 situation.

The borrowing rate is linked to the achievement of a target growth rate in lending (benchmark) to businesses and households. If eligible net lending in the set observation period is at least equal to the respective benchmark, the borrowing rate will be equal to the average interest rate on the deposit facility during the rest of the life of the same operation, except for the period between 24 June 2020 and 23 June 2021 (which was then extended to 23 June 2022), in which the borrowing rate will be 50 basis points below the average interest rate on the deposit facility but not higher than -1%.

Interest shall be settled at the maturity of each TLTRO III or upon early repayment.

The Group has implemented periodic monitoring of the level of eligible loans in order to assess the achievement of the pre-set thresholds in lending performance and to give grounds for the reasonableness of the used interest rate. The Management considered, based on the periodic monitoring of lending performances the outstanding loans from the ECB could be recognized at a-1% rate.

At its meeting on 27 October 2022, to ensure consistency with the monetary policy normalisation process, contributing to addressing the unexpected and extraordinary increase in inflation, the Governing Council decided to change the terms and conditions applied to the third series of targeted longer term refinancing operations (TLTRO III). Specifically, the Governing Council modified the applicable borrowing rate as of 23 November 2022:

- From the settlement date of each respective TLTRO III operation until 22 November 2022, the borrowing rate will be equal to the average interest rate on the deposit facility during the rest of the life of the same operation, except for the period between 24 June 2020 and 23 June 2022, in which the borrowing rate is 50 basis points below the average interest rate on the deposit facility but not higher than -1%.
- From 23 November 2022 to the date of maturity or early repayment of each respective outstanding TLTRO-III, the interest rate is indexed to the average of the ECB key interest rates applying to each operation in that period.

For recognition purposes, the Crédit Agricole Italia Banking Group has identified a method that keeps into account the application of the average rate, thus enabling borrowing interests to be allocated to the related accrual periods and getting progressively closer and closer to the effective borrowing rate that the ECB will apply at maturity of each operation.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION BUT NOT YET ENTERED INTO FORCE

The table below shows the international accounting standards and the international financial reporting standards that, as at 31 December 2022, had been endorsed by the European Union but had not yet entered into force and, therefore, were not applicable to the Group's consolidated financial statements.

Standards, amendments or interpretations	Publication date	Date of first application
IFRS 17 - Insurance Contracts (including Amendments to IFRS 17) (not applicable to the Crédit Agricole Italia Banking Group)	23 November 2021 (EU 2021/2036)	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates Errors Estimates and Errors. Those amendments clarify the differences between accounting policies and accounting estimates to ensure further consistent application of accounting standards and comparability of financial statements	03 March 2022 (EU No. 2022/357)	1 January 2023
Amendments to IAS 12 - Income Taxes Those amendments clarify how companies are to account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce diversity in the reporting of deferred tax assets and liabilities on leases and decommissioning obligations	12 August 2022 (EU No. 2022/1392)	1 January 2023
Amendments to IFRS 17 The amendment to the transition requirements in IFRS 17 allows companies to overcome one-time classification differences of comparative information of the previous reporting period upon initial application of IFRS 17 and IFRS 9 Financial Instruments. (Not applicable by the Crédit Agricole Italia Banking Group)	09 September 2022 (EU No. 2022/1491)	1 January 2023

The Crédit Agricole Italia Banking Group did not exercise the option for early adoption of the Regulations in force as of 1 January 2023, as where applicable, the amendments are not expected to generate any material impacts on the financial situation and profit or loss of the Group.

IFRS 17 Insurance Contracts published in May 2017 replaces IFRS 4. It will be applicable to reporting periods starting on or after 1 January 2023. IFRS 17 lays down new principles in terms of measurement and recognition of insurance contract liabilities and measurement of their profitability, as well as in terms of presentation. The standard does not apply to the Group.

INTERNATIONAL ACCOUNTING STANDARDS NOT YET ENDORSED BY THE EUROPEAN UNION

The standards and interpretations that, as at 31 December 2022, had been published by the IASB but had not yet been endorsed by the European Union are not applicable by the Group.

Document title	Issued by IASB on	Date of entry into force of the IASB document	Expected date of endorsement by the EU
Amendments to IFRS 16 - Leases Lease Liability in a Sale and Leaseback	22 September 2022	1 January 2024	TBD
Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current Date classification of Liabilities as Current or Non-current - Deferral of Effective Date Non-current Liabilities with Covenants	31 October 2022	1 January 2024	TBD

Section 2 - General preparation principles

The Annual Report and Consolidated Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Note to the Financial Statements, as well as of the Management Report on the performance of operations, on the profits (losses) made and on the Group's financial and cash flow position.

In accordance with Article 5 of Italian Legislative Decree No. 38/2005, the Euro has been used as the reporting currency. The amounts in the Financial Statements, in the Note to the Financial Statements and in the Management Report are expressed in thousands of Euro, where not otherwise specified.

The Annual Report and Financial Statements have been prepared in compliance with the general presentation principles set down by IAS 1 and with the specific accounting standards endorsed by the European Commission and reported in Part A.2 of this Note.

No exceptions were made in applying the IASs/IFRSs.

Furthermore, the 2020 Annual Report and Financial Statements were prepared taking into account, where applicable, the communications and the interpretation documents of the various Regulatory and Supervisory Authorities (ESMA, EBA, ECB, Bank of Italy) giving recommendations on the disclosures and transparency required of financial institutions and information supporting the application of the accounting standards as regards the consequences of the Covid-19 pandemic, which, due to its pervasiveness, impacts on several areas of annual financial reporting.

In performing their role as competent Supervisory Authorities for prudential purposes, the European Central Bank and the Bank of Italy published press releases and letters intended to clarify the reference regulatory framework and their guidance and expectations on this matter. EBA guidelines complete the reference framework for banks about expected credit losses, staging allocation and measures to support the economy.

The main communications and interpretations provided by the Supervisory Authorities and taken into account for the preparations of the 2021 annual report and financial statements, which, to a large extent, had already been applied to the 2021,annual report and financial statements, are reported in the table below.

Document title	Issue date	Title
EBA - European Banking Authority		
Statement	25 March 2020	Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of Covid-19 measures
Guideline	2 April 2020 25 June 2020 02 December 2020	Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis
ESMA - European Securities and Market Authority		
Recommendation	11 March 2020	ESMA recommend action by financial market participant for Covid-19 impact
Statement	25 March 2020	Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9
Statement	13 May 2022	Implications of Russia's invasion of Ukraine on half-yearly financial reports
Statement(1)	28 October 2022	European common enforcement priorities for 2022 annual financial reports
IFRS Foundation		
Statement	27 March 2020	IFRS 9 and Covid-19 – Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic
ECB - European Central Bank		
Communication	20 March 2020	ECB Banking Supervisor provides further flexibility to banks in reaction to coronavirus
Letter	1 April 2020	IFRS 9 in the context of the coronavirus (Covid-19) pandemic
Letter	4 December 2020	Identification and measurement of credit risk in the context of the coronavirus (Covid-19) pandemic
Bank of Italy		
Communication	21 December 2021	Update of the provisions supplementing Circular no. 262 "Banks' financial statements: layouts and preparation" concerning the impacts of the Covid-19 pandemic and of the measures to support the economy.
Consob		
Warning notice no.1/21	16 February 2021	Covid -19 - Measures to support the economy - Warning notice on the information to be provided by supervised issuers, supervisory bodies and audit firms in relation to the 2020 financial statements prepared in accordance with international accounting standards;
Warning notice	18 March 2022	Consob draws the attention of supervised issuers on the impact of the war in Ukraine on insider information and financial reporting

(1) In its document on 2022 annual reports and financial statements, ESMA reminds issuers' management and supervisory bodies of the importance of giving appropriate disclosure on the analyses carried out and the effects found regarding climate change, especially in order to ensure consistency in the judgements, estimates and uncertainties represented in financial and non-financial reporting and to prevent potential greenwashing. Having regard to the implications of Russia's invasion of Ukraine, ESMA calls for limited presentation of the effects on the financial statements in the light of the pervasiveness of those impacts and for preference to qualitative disclosure on judgements and assumptions and related effects on profit and loss Lastly ESMA urges issuers to assess the challenges that the present macroeconomic scenario poses to issuers, especially for matters such as the pandemic, interest rate increase, inflation and geopolitical situation, providing clear and detailed information to investors about the issuers' exposure to interest (rate risk, liquidity risk...) and the impacts on the recoverable amount of tangible and intangible assets and the amount of recognized liabilities.

Going concern basis

The Annual Report and Consolidated Financial Statements as at 31 December 2022 have been prepared on a going-concern basis, as the Group is believed to continue in operation in the foreseeable future.

Having regard to the disclosure required by IFRS 7 of the risks the Group is exposed to, appropriate information is given in the Management Report and in the Note to the financial statements.

The Note to the Financial Statements also reports the verifications that were carried out in order to assess any impairment of financial assets and intangible assets (including goodwill).

USE OF ESTIMATES AND ASSUMPTIONS IN PREPARING THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

To prepare the Annual Report and Consolidated Financial Statements, estimates and assumptions must be made, which can generate significant effects on the values recognized in the Balance Sheet and in the Income Statement, as well as on the information on contingent assets and liabilities reported.

Making such estimates entails the use of the information that is available at the relevant time and of subjective assessments.

By their very nature, the estimates and assumptions used may vary from one period to another. Therefore, it cannot be ruled out that the recognized values for this reporting period may vary, even to a significant extent, in future periods, subsequent to any changes in the subjective assessments used. The economic effects generated by the Covid-19 epidemic and the uncertainties in the macroeconomic scenario driven by the Russia-Ukraine war have required a thorough analysis and weighting of the new economic situation in the models for measuring the recoverable amount of the Group's assets. Said estimates and assessments are therefore difficult and entail unavoidable elements of uncertainty.

The main instances that require the use of subjective assessments to be made by the Senior Management are the following:

- Quantifying losses resulting from the impairment of loans and of other financial assets in general;
- Using measurement models for the recognition of the fair value of financial instruments that are not listed on active markets;
- Using measurement models for equity investments;
- Assessing the consistency of the value of goodwill and of the other intangible assets and property, plant and equipment;
- Quantifying the provisions for staff and for risks and charges;
- Estimating the recoverability of deferred tax assets;
- Calculating the fair value of financial instruments to be used for financial reporting purposes.

The description of the accounting policies applied to the main aggregates reported in the financial statements provides detailed information on the major assumptions made and subjective assessments used in preparing the financial statements.

CONTENTS OF THE FINANCIAL STATEMENTS

The financial statement layouts and the content of the Note to the financial statements are compliant with Bank of Italy Circular no. 262 "Banks' financial statements: layout and preparation" of 22 December 2005 and specifically with its 7th update issued on 29 October 2021.

That update is intended to align financial reporting to EU harmonised consolidated supervisory financial reporting (FINREP). The update, which consists in a full revision of the Circular, applies to financial statements for reporting periods closed or underway on 31 December 2021 and, therefore, was applied by the Group to its 2021 Annual Report and Financial Statements.

On 17 November 2022, the Bank of Italy published the 8th update to Circular no. 262 "Banks" financial statements: layout and preparation" of 22 December 2005 in order to consider the new IFRS 17 Insurance Contracts and the subsequent amendments to other international accounting standards/international financial reporting standards, including IAS 1 Presentation of Financial Statements and IFRS 7 Financial Instruments:

disclosures. The 8th update, which consists in a full revision of the Circular, shall apply to financial statements for reporting periods closed or underway on 31 December 2023. No significant impacts are expected as the new standard is not applicable to the Crédit Agricole Italia Banking Group.

Bank of Italy – Communication of 21 December 2021 – Update of the provisions supplementing Circular no. 262 "Banks' financial statements: layouts and preparation" concerning the impacts of the Covid-19 pandemic and of the measures to support the economy.

With its communication of 21 December 2021, the bank of Italy published the supplemented provisions governing banks' financial statements (Circular no. 262 of 2005) in order to provide the market with information on the effects that the Covid-19 pandemic and the measures to support the economy generated on the strategies, objectives and risk management policies, as well as on the profitability and financial situation of intermediaries. The update of the supplemented provisions published in December 2020, taken into account the developments in the EU legislation on the treatment of moratoria, the updates of supervisory reporting and financial reporting circulars and the Covid-related amendments to IFRS 16 "Leases". Due to the temporary nature of the Covid-19 emergency and of the support measures, the supplemented provisions on financial reporting related thereto shall be in force until the Bank of Italy communicates otherwise.

The Bank of Italy confirmed its expectations that specific qualitative and quantitative disclosures be rgiven in the tables in the Note to the financial statements, specifically in Part B (Information on the Balance Sheet), Part C (Information on the Income Statement) and Part E (Information on risks and relative hedging policies), regarding loans under "moratoria" or other concession measures in force as at the reporting date, or loans providing new liquidity and backed by public guarantees.

Balance Sheet and Income Statement

The Balance Sheet and Income Statement contain items, sub-items and further information (the "of which" for items and sub-items) and comply with the templates supplied by the Bank of Italy with Circular No. 262 of 22 December 2005, as updated.

In the Income Statement, revenues are set forth without a sign, while expense figures are set forth in parenthesis.

In accordance with general provisions laid down in Bank of Italy Circular no. 262/2005, in case of business combinations, in the financial statements the comparative data for the previous period (T-1) are accounted for with those of the acquirer under IFRS 3, preventing smooth comparison with the data for the reporting period.

Creval and its subsidiaries became part of the Crédit Agricole Italia Banking Group on 30 April 2021 (acquisition date), therefore, the 2021 comparative balances given in the financial statements are unchanged vs. the same figures presented by the Crédit Agricole Italia Banking Group in its Consolidated Financial Statements as at 31 December 2021.

The Management Report gives the information as useful for data comparability; specifically, in order for the income statement figures to be compared on a smooth basis to the tables breaking down profit or loss performance figures, an "adjusted" income statement was prepared including Creval profit or loss from 1 January 2021.

Statement of Comprehensive Income

The Statement of Comprehensive Income consists of items presenting the changes in the value of the assets recognized in the year offsetting the valuation reserves, net of the related tax effect.

The Statement of Comprehensive Income contains also the items with no amounts for the reporting year, and with no amounts for the previous year.

Negative amounts are set forth in parenthesis.

Statement of Changes in Equity

In order to facilitate understanding of the figures, the rows and columns of the Statement of Changes in Equity were inverted with respect to the same statement layout provided for by the above Bank of Italy Circular No. 262/2005. The statement shows the composition and movements of the shareholders' equity items during the reporting year of the consolidated financial statements and in the previous one, broken down into share capital (ordinary shares and savings shares), capital reserves, retained earnings reserves, comprehensive income and net profit or loss.

The value of treasury shares is deducted from equity.

No equity instruments other than ordinary shares have been issued.

Statement of Cash Flows

The statements of cash flows for the reporting period of the conslidated financial statements and for the previous one were prepared using the indirect method, based on which cash flows from operating activities are represented by the profit or loss for the year, adjusted for the effects of non-monetary transactions.

Cash flows are broken down into flows generated by operating activities, investment activities and funding activities.

In the Statement, cash flows generated in the period are reported without sign, while those absorbed are reported with a negative sign.

CONTENTS OF THE NOTE TO THE FINANCIAL STATEMENTS

The Note to the Consolidated Financial Statements contains the information required by Bank of Italy Circular no. 262/2005, with its updates and specifications already applicable, as well as further information required by IAS/IFRS.

In the tables relating to the Income statement items, revenues are set forth without a sign, whereas expense figures are set forth in parenthesis.

Section 3 – Scope and method of consolidation

SCOPE OF CONSOLIDATION

In addition to the Parent Company, Crédit Agricole Italia S.p.A., the consolidation perimeter includes its subsidiaries, joint arrangements and associates specified below.

In accordance with IFRS 10, Subsidiaries are companies in which Crédit Agricole Italia S.p.A., directly or indirectly, holds at the same time:

- The power to influence the Investee's relevant activities, i.e. the activities that significantly affect the investee's returns;
- Exposure and/or rights to variable returns of the Investee;
- The ability to exercise its power over the Investee to affect the amount of its returns.

The companies in which Crédit Agricole Italia S.p.A., directly or indirectly, holds over 50% of the rights to vote in the General Meeting of Shareholders are considered subsidiaries.

Control exists also where the Group, even though not holding the majority of the voting rights, has sufficient rights to unilaterally manage and direct the investee's relevant activities or where it holds:

- Substantial potential voting rights through underlying call options or convertible instruments;
- Rights that result from contractual agreements and that, combined with its voting rights, make the Group actually able to manage and direct production processes, other management or financial activities, i.e. activities that significantly affect the investee's returns;
- Power to affect, under the investee's articles of association or other agreements, its governance and decision-making processes concerning relevant activities;

- The majority of voting rights under formally executed agreements with other holders of voting rights (for example, voting agreements and shareholders' agreements).

Special-purpose entities/special-purpose vehicles (SPE/SPV) have also been included, when the requirements are met, also irrespective of the existence of a majority shareholding.

Joint arrangements are arrangements of which two or more parties share control under contractual or other agreements which require unanimous consent of all the parties sharing control in order for strategically material financial and management decisions to be made. This occurs when the voting rights and control of the investee's business activity are shared on an equal basis by the Parent Company, directly or indirectly, and by another external entity. Furthermore, an equity investments also qualifies as a joint arrangement if, despite voting rights are not held on an equal basis, in order to make decisions on material activities and strategic directions, the unanimous consent of all the entities sharing control is required.

Associates, i.e. subject to significant influence, are companies in which Crédit Agricole Italia holds, directly or indirectly, at least 20% of the voting rights or has the power to participate in determining the financial and operating policies of the Investee, despite holding less than 20% of the voting rights, due to specific legal ties such as being party to shareholders' voting agreements.

Likewise, despite holding at least a 20% equity investment, significant influence may not be exercised due to legal ties, voting agreements or other relevant elements that affect the entity's governance.

Changes in the consolidation scope occurred in 2022

The main changes in the consolidation scope vs. 31 December 2021 resulted from:
- The merger by absorption of Creval into Crédit Agricole Italia S.p.A., which took place in April 2022;
- The merger by absorption of Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A., which took place in November 2022;
- The disposal of the controlling equity investment in Creval Più Factor S.p.A. in June 2022;
- The exclusion from the consolidation scope of Quadrivio SME 2018 S.r.l following the completion in Q1 2022 of the securitization transaction carried out by Creval through that special-purpose entity;
- Disposal of the equity investment in the Creval Covered Bond S.r.l. special-purpose entity;
- Disposal of the equity investment in Sondrio Città Futura S.r.l..

The main transactions are described below in paragraph "Significant events in the reporting period".

CONSOLIDATION METHODS

As regards consolidation methods, subsidiaries, joint ventures and investees on which the Group exercises significant influence have been consolidated on a one-line basis in accordance with the equity method.

Full consolidation involves the line-by-line aggregation of the Balance Sheet and Income Statement items.

After attributing the relevant portion of the equity and profits or losses to minority interests, under a separate dedicated item, the value of the equity investment is derecognized with the remaining value of the equity of the subsidiary as the balancing item.

Positive differences resulting from this operation are reported under "Intangible assets" as goodwill or other intangible assets, after recognition – where any – under other asset and liability items of the subsidiary. Negative differences are taken to the Income Statement.

Business combinations are recognized using the acquisition method provided for by IFRS 3, applied starting from the date of acquisition, that is to say, from the moment in which control of the business is actually achieved In accordance with this method, the identifiable assets acquired and the identifiable liabilities taken (including contingent ones) shall be recognized at their respective fair values as at the acquisition date. After initial recognition of a contingent liability with the "acquisition method", the acquirer shall recognize a provision in the Income Statement if the liability fair value, determined in accordance with IAS37, is higher than the original fair value recognized at acquisition.

Moreover, for each business combination, any minority interests in the acquired company are recognized proportionally to the minority interest in the identifiable net assets of the acquired company.

Profit or losses of a subsidiary acquired in the period are reported in the Consolidated Financial Statements starting from the date of acquisition. Conversely, profit or losses of a subsidiary sold in the period are reported in the Consolidated Financial Statements up to the date on which control is transferred.

Consolidation using the equity method provides for initial recognition of the equity investment at cost and, subsequently, for its value adjustment based on the portion held of the investee's equity. Any differences between the value of the equity investment and the equity portion held are included in the book value of the investee.

Any changes in the equity value occurred after the first-time adoption are recognized under item 250 of the consolidated Income Statement "Profit (Losses) on equity investments" to the extent those changes are attributable to profits or losses made by the investees, and directly in equity for the remaining part.

If any elements are found giving evidence of any possible impairment of the equity investment, its recoverable amount is estimated; if the recoverable amount is lower than the carrying amount, the difference is taken to the income statement.

The other main consolidation operations include:

- Adjustments needed to harmonize accounting standards within the Group;
- Elimination of dividends paid or declared by consolidated companies.

The data on equity investments have been taken from the 2022 annual reports and financial statements approved by the General Meetings of the investees' Shareholders or, where not available, the draft annual reports and financial statements approved by the investees' Boards of Directors. For equity investments in joint arrangements or in investees subject to significant influence, if that information is not available, the latest available balance sheets and income statements have been used.

Where necessary – and with the exception of marginal instances – any Financial Statements prepared by the consolidated companies on the basis of other accounting standards are adjusted to be fully compliant with the Group's accounting policies. In a few marginal instances, the companies do not apply the IASs/IFRSs and, therefore, for such companies it was assessed that application of the IASs/IFRSs would have caused no material effects on the Consolidated Financial Statements of the Crédit Agricole Italia Banking Group.

1. Equity investments in subsidiaries

The following table shows the equity investments included in the scope of consolidation, reporting:

- The name and ;headquarters;
- The type of control;
- The capital shares owned, directly or through fiduciary companies or third parties, by the parent company and by each one of its subsidiaries;
- The percentage of voting rights in the ordinary general meeting of shareholders held in total by the investor, separately setting forth actual and potential ones.

Company name	Headquarters	Type of control(1)	Equity investment		Actual effect % of votes available(2)
			Investor	% held	
A. Companies					
Parent Company					
Crédit Agricole Italia S.p.A.	Parma, Italy				
A1. Companies consolidated on a line-item basis					
1. Crédit Agricole Leasing Italia S.r.l.	Milan, Italy	1	Crédit Agricole Italia S.p.A.	85.00%	85.00%
2. Sliders S.r.l. in liquidation	Milan, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
3. Crédit Agricole Italia OBG S.r.l.	Milan, Italy	1	Crédit Agricole Italia S.p.A.	60.00%	60.00%
4. Credit Agricole Group Solutions S.c.p.a.	Parma, Italy	1	Crédit Agricole Italia S.p.A.	97.83%	97.83%
			Crédit Agricole Leasing Italia S.r.l.	1.19%	1.19%
5. Crédit Agricole Real Estate Italia S.r.l.	Parma, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
6. Agricola Le Cicogne S.r.l.	Faenza, Italy	1	Crédit Agricole Italia S.p.A.	50.01%	50.01%
7. San Piero Immobiliare S.r.l. in liquidation	Cesena, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
8. San Giorgio Immobiliare S.r.l. in liquidation	Cesena, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
9. Le Village by CA Parma S.r.l.	Parma, Italy	1	Crédit Agricole Italia S.p.A.	66.67%	66.67%
10. Stelline Real Estate S.p.A.	Sondrio, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
11. Le Village by CA Triveneto S.r.l.	Padua, Italy	1	Crédit Agricole Italia S.p.A.	51.00%	51.00%

Key:

(1) Type of control:
1 = Majority of the voting rights in the General Meeting of Shareholders.
2 = dominant influence in the ordinary General Meeting of Shareholders.
3 = agreements with other shareholders.
4 = other forms of control.
5 = unitary management pursuant to Article 39, paragraph 1, of Italian Legislative Decree 136/2015.
6 = unitary management pursuant to Article 39, paragraph 2, of Italian Legislative Decree 136/2015.

(2) Votes in the ordinary General Meeting separately setting froth actual and potential votes.

2. Joints arrangements and investees subject to significant influence

As at 31 December 2022 no changes had occurred in the perimeter of joint arrangements and investees subject to significant influence.

It is reported that, subsequent to the IPO process completed by the Generalfinance company in H1 2022, the equity investment held by Crédit Agricole Italia S.p.A. in Generalfinance S.p.A. decreased from 46.81% to 16.29% (20.44% in terms of voting rights). For more details, please see the following paragraphs (“Significant events occurred in the reporting period”).

As regards joint arrangements and investees subject to significant influence, please see Part B of the note to the financial statements.

3. Significant considerations and assumptions to determine the scope of consolidation

As specified above, subsidiaries are companies regarding which Crédit Agricole Italia S.p.A. is the investor that is exposed to or has right to variable returns from its involvement with such investees and, at the same time, has the ability to affect those returns through its power over such investees.

Specifically, the Group takes the following factors into account to assess whether control is held:

- The investee's purpose and structure, in order to identify the entity's objectives, its relevant activities, i.e. the activities that significantly affect the investee's returns, and how such activities are directed;
- Power, in order to understand whether the Group has contractual rights giving the ability to direct the relevant activities;
- Exposure, or rights, to variable returns from its involvement with the investee, in order to assess whether the return received by the Group could potentially change based on the investee's performance.

In accordance with IFRS 10, "relevant activities" are only those activities that significantly affect the investee's returns.

In general terms, when relevant activities are directed through voting rights, the following factors give evidence of control:

- Holding, directly or indirectly through its subsidiaries, more than half of the voting rights of an investee, unless, in exceptional cases, it can be clearly proved that holding more than half of the voting rights does not amount to holding control;
- Holding half or less than half the voting rights that can be exercised at the general meeting and practical ability to direct the relevant activities unilaterally through:
  - Control over more than half of the voting rights through a contractual arrangement with other investors holding voting rights;
  - The power to determine the investee's operating and financing policies pursuant to the entity's articles of association or to a contract arrangement;
  - The power to appoint or remove the majority of the members of the board of directors or of the equivalent corporate governance body;
  - The power to exercise the majority of the voting rights at meetings of the board of directors or of the equivalent corporate governance body.

In order to exercise power, the rights held by the Group over the investee must be substantive; in order for rights to be substantive, their holder must have the practical ability to exercise them when decisions on relevant activities are made.

The existence and effect of potential voting rights, if substantive, are taken into account in assessing whether the power to direct another entity's operating and financing policies is held.

Sometimes, the Group may have the "practical ability" to exercise control over some entities, when, despite holding less than a majority of the voting rights, it has rights that are sufficient to give it the power to direct the investee's relevant activities unilaterally.

Structured entities - securitization special-purpose entities. To verify whether the requirements are met for control on special-purpose entities, the factors taken into considerations are the ability to exercise power on the investee's relevant activities to the investor's advantage and the ultimate purpose of the transaction, as well as the involvement of the investor/sponsor in structuring the transaction.

For these entities, the subscription of essentially all notes by companies of the Group is considered evidence, especially in the structuring phase, of the power to manage the entity's relevant activities to influence the returns on the transaction.

4. Equity investments in subsidiaries with significant minority interests

4.1 MINORITY INTERESTS, AVAILABILITY OF MINORITY INTEREST VOTES AND DIVIDENDS DISTRIBUTED TO MINORITY INTERESTS

Company name	Minority interest %	Minority interest votes available %	Dividends distributed to minority interests
1. Crédit Agricole Leasing Italia S.r.l.	15.00%	15.00%	–

The stake is held by Crédit Agricole Leasing & Factoring, company of the Group Crédit Agricole S.A..

4.2 INVESTEES WITH SIGNIFICANT MINORITY INTERESTS: ACCOUNTING DATA

Company name	Cash and cash equivalents	Financial Assets	Property, plant and equipment and intangible assets	Financial liabilities	Shareholders' equity	Net interest income	Net banking income	Operating costs	Profit (losses) after tax on discontinuing operations	Profit/ (Losses) for the period (1)	Comprehensive income (3)=(1)+(2)
Crédit Agricole Italia Leasing S.r.l.	2,868,487	2,780,941	26,861	2,597,048	135,885	35,119	38,789	14,019	-	9,136	9,185

5. Significant restrictions

No significant restrictions are to be reported pursuant to IFRS 12.13.

6. Other information

CAPITAL INCREASE

In H1 2022, at the proposal of the Board of Directors, the General Meeting of the Shareholders of Crédit Agricole Italia S.p.A. adopted a capital strengthening plan aimed to ensure that the capital ratios are constantly kept at appropriate levels considering the effects linked to Creval acquisition and specifically to the consequent increase in Risk Weighted Assets. On 25 January 2022 the extraordinary General Meeting of Crédit Agricole Italia S.p.A. Shareholders resolved to increase its share capital by Euro 500 million through the issue of 121,951,220 shares having a nominal value of Euro 1 each to be offered in option to the shareholders at a unit price of Euro 4.10, of which Euro 1 as capital and Euro 3.10 as share premium.

Considering its shareholding structure and that it is publicly held, the rules of public offer apply with specific regard to the obligation ot publish an information prospectus approved by Consob. After the completion of the preliminary proceeding, during the option offer period, which started on 16 May 2022 and ended on 30 May 2022, 751,857,352 option rights were exercised and, subsequently, 93,982,169 new shares were subscribed, accounting for 77.07% of the offered shares, for a countervalue of Euro 385,326,892.90.

With value date on 3 June, the pre-emption rights that were exercised for the remaining 27,969,051 new shares, accounting for 22.93% of the offered shares, were settled, for a countervalue of Euro 114,673,109.10. The new shares have the same characteristics and give the same rights as the Crédit Agricole Italia S.p.A. ordinary shares already issued.

Therefore, the Group's equity rose due to the share capital increase of Euro 500 million, net of the future share capital increase contributions that had already been made by its French Parent Company Crédit Agricole S.A. in 2021 totalling Euro 417 million and allocated to a specific equity reserve.

As more exhaustively reported in section "Significant events occurred in the reporting period", in November the subsidiary Crédit Agricole FriulAdria S.p.A was merged by absorption into its parent company Crédit Agricole Italia S.p.A..

The merger entailed the cancellation of the shares in Crédit Agricole FriulAdria S.p.A. and the allotment of new ordinary shares in Crédit Agricole Italia S.p.A. to the shareholders of the absorbed entity based on the share swap ratio determined by the two Banks' Boards of Directors (except for the shares held by Crédit Agricole Italia S.p.A. and Crédit Agricole FriulAdria S.p.A. treasury shares).

As a consequence of the above, 836,504 new shares in Crédit Agricole Italia S.p.A. were issued on 30 November 2022 having a nominal value of Euro 1 each servicing the swap of Crédit Agricole FriulAdria S.p.A. shares.

Therefore, as at 31 December 2022, the share capital of Crédit Agricole Italia S.p.a. amounted to Euro 1,102,071,064.

Section 4 – Events occurred after the reporting date

From the reporting date to the approval of the 2022 Annual Report and Financial Statements, no such events occurred as to entail any material change in the assessments made by the Directors and represented in the balance sheet, income statement and statement of cash flows of the Group.

The Management Report and Section 5 "Other aspects" below point out the risks and uncertainties associated with the present macroeconomic scenario; with special regard to the effects on its generated by the war between Russia and Ukraine.

Section 5 – Other aspects

Risks, uncertainties and impacts generated by the Covid-19 epidemic and by the Russia-Ukraine war

In 2022 the international economic scenario showed some slowdown after the strong rebound posted in 2021. The effects of the Russia-Ukraine war first and then the strong inflationary pressure increased the tensions that were already underway on the prices of many commodities. The combination of these factors, along with the zero-Covid policies enforced by China, negatively affected global value chains, causing the economic growth outlook to be revised downward worldwide, both for 2022 and for the following years.

The main uncertainties in making forecasts result from the difficulty in foreseeing the developments in the was and in the international sanctions imposed by the European Union, as well as the implications of the energy crisis, especially in Europe.

The growth trend in inflation, which started in H2 2021, picked up even further in 2022 reaching such high levels that triggered a response by Central Banks, which sped up towards a very restrictive approach aimed at price containment, and resolved significant and sudden increases in interest rates. Despite the forecasted decrease in inflation in advanced economies in 2023, thanks to the expected stabilization of energy prices, average annual inflation, in a very uncertain scenario, may remain very high vs. the European Central Bank's targets.

In 2022 the extraordinary measures to support lending came to an end, as did the moratoria for SMEs, which had been deployed by Governments to respond to the Covid pandemic; in 2022 the Group continued to monitor the situation with specific analyses, aimed at identifying the best action approaches to credit risk measurement and forecasting systems, aligning them to the developments in the situation.

In such a complex scenario, the analyses performed by the governance bodies based on the information currently available gave evidence to conclude that the Group will be able to address the risks and uncertainties generated by the situation.

The assessment giving evidence of the Bank's ability to continue as a going concern is based on the capitalization it has reached, which shows a reassuring buffer on top of the requirements set by the ECB (the CET 1 ratio at 13.0%, well above the SREP requirement of 7.98%), its present liquidity (LCR at 262%) and the healthy and prudent management that has always been a distinctive feature of the Group, while ensuring steady development through sustainable growth strategies and the commitment to providing households and businesses with support.

Applying some accounting standards necessarily entails the use of estimates and assumptions, which can generate significant effects on the values recognized in the Balance Sheet and in the Income Statement, as well as on the information on contingent assets and liabilities. The economic scenario and the above-described uncertainty factors required careful analysis and weighting in the models used to measure the recoverable amount of the Group's assets.

Covid-19 effects

To address the emergency experienced in 2020, the banking system has strengthened its policies for the monitoring, management and control of risks, especially of credit risk. The extraordinary measures deployed by the Group in favour of businesses and households ensured provision of strong support to customers, while constant attention was paid to the credit quality of the originated loans and to the assessment of their recoverability. Given the impact of the crisis caused by the Covid-19 pandemic, specific criteria were defined for the identification of the portfolio to be subjected to closer monitoring on a priority basis – also with new review processes supplementing ordinary ones. In 2022 the evolution in the situation related to the pandemic was monitored, assessing time by time any impacts on the main estimates of the Group.

ECL governance and measurement

Impairment on the performing loans portfolio is calculated with a tool that is centralized on the Information Systems of the French Parent Company Crédit Agricole S.A. using the information and parameters of each entity as inputs. In compliance with IFRS 9, the ECL is estimated weighting forward-looking scenarios; therefore, the various scenarios were weighted by their probability of occurrence, as given above. The main macroeconomic indicators used to define the scenarios were prepared by the ECO structure of the French Parent Company Crédit Agricole S.A. specializing in macroeconomic studies.

These scenarios were updated considering the developments linked to the economic scenario and the main assumptions can be summarized as follows:

- Central scenario: the war in Ukraine persists and with it the weight of the sanctions imposed by the West on Russia also persists. Consequently, the export of Russian gas is expected to decrease and the diversification of energy sources deployed by European Countries via LNG proves insufficient. Inflation decreases to 6.6% in 2023, after reaching a Euro Area average figure of 8.3% in 2022. Monetary policies remain restrictive but less aggressive;
- Moderately adverse scenario: full stoppage of Russian gas supply. Gas rationing plans in Europe, aimed at protecting households, hit businesses. Gas prices remain high throughout 2023. Inflation increases aggressively again to 8.6%. Throughout the Euro Area there is an average annual decrease in the GDP of -0.7%. Being affected by a judgement of inadequacy of monetary policies, sovereign rates significantly increase with consequent widening of the spreads. Gradual improvement starting not before 2024;
- The stress scenario envisages a deadlock in the Russia-Ukraine war, a cold winter that hits the agri-food sector and worsen the prices of agricultural commodities and, therefore, of food products. This, combined with the tensions in the energy sector, causes the inflationary shock to persist also in 2023. As a consequence, in the Euro Area monetary policies are strongly tightened, with strong decreases in equity and real estate markets;
- The favorable scenario is also the least likely one. Russia materially downsizes its war effort in Ukraine. This eases the tensions in the energy sector, generates a positive impact on the prices of commodities and consumer goods. This, combined with sufficiently credible monetary policies, mitigates long-term inflation expectations and, therefore, some relief in key interest rates in 2023.

The weights to be given to the four scenarios – which may change each time the parameters are re-estimated – have been set for the Crédit Agricole Group as a whole (Crédit Agricole SA Economic Research Department - ECO) and validated by the Crédit Agricole Group IFRS9 Guidance Committee, on which the Risk Management and Permanent Controls Department of the Crédit Agricole Italia Banking Group also sits.

The evidence about the assessment model, the main macroeconomic indicators taken into account in redesigning the scenarios, the corrective factors (post model adjustments) introduced to manage the uncertainty of the effectiveness of the economic stimulus measures is fully reported in Part E – Credit Risk of this Note to the financial statements. The same section also reports an analysis of the sensitivity of the ECL figure to the different macroeconomic scenarios given by the Crédit Agricole Group Economic Research Department - ECO, which is a specialist in macroeconomic studies.

Significant increase in credit risk

For each financial instrument, the Crédit Agricole Italia Banking Group assesses any increase in credit risk from origination to every reporting date. Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

To address the emergency, the Group has strengthened its policies for the monitoring, management and control of risks, especially of credit risk.

Some recent implementations in the used models concerned also the review of the thresholds of significant increase in credit risk (SICR) with the purpose of further strengthen the approach of the PD change in relative terms, providing for the classification in Stage 2 of all the exposures whose PD as at the reporting date is strictly higher than the PD calculated upon origination, multiplied by a threshold that is different for each portfolio. In Part E – Credit risk of this Note to the financial statements breakdown disclosure is given.

In order to ensure early detection and management of latent risk situations associated with moratoria, over time the Crédit Agricole Italia Banking Group constantly monitored the exposures benefiting from concessions and applied – where necessary – the appropriate adjustments in terms of staging and coverage, besides actions aimed at mitigating the impacts of the impairment of exposures backed by State guarantees not correctly factored in the ECL calculation.

Furthermore, given the changes in the macroeconomic scenario associated with the Russia/Ukraine war, from Q1 2022 the Group implemented appropriate coverage supplements (management overlay) which were then reversed after the review of the macroeconomic scenarios made in the year. Within the determination of the Local Forward-looking ECL in December 2022, the Group added yet another "management overlay" to the aforementioned action, in order to strengthen its provisions covering exposures to counterparties operating in the most energy-intensive sectors to take into account the higher riskiness resulting from the international, economic and geopolitical situation. In Part E – Credit risk of this Note to the financial statements breakdown disclosure is given.

Covid-19-related contractual modifications

It is pointed out that, in March 2020, the Crédit Agricole Italia Banking Group started to give its Customers the possibility to suspend repayment of mortgage loans and other loans, concomitantly extending their maturity by the suspension period. The offered suspension measures were progressively aligned with the applicable legislation ("Cure Italy" Decree Law and afterwards the "Support-bis Decree Law) and with the agreements between the Italian Banking Association and the trade associations, which the Group immediately signed in order to ensure the utmost possible protection to its Customers.

The specific tables expected by the Bank of Italy in Part B and Part E of the Note to the financial statements report the exposures as at 31 December 2022.

IFRS 16 – Covid-19-related concessions

In 2020, the IFRS Foundation approved an amendment to IFRS 16 in order to clarify how Covid-19-related concessions should be recognized by lessees that prepare their financial statements in accordance with IAS/IFRS (the possibility of qualifying them as "variable rent" recognizing the lower payments due in the Income Statement).

On 31 March 2021, the IASB issued document "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)" whereby the eligibility period for the application of the amendments to 'IFRS 16 (paragraphs 46A and 46B) concerning Covid-19-related rent concessions was extended by one year (from June 2021 to June 2022).
This amendment was endorsed by the European Union with Regulation (EU) 2021/1421 of 30 August 2021.

A done in FY 2021, the Crédit Agricole Italia Banking Group had no impact on profit or loss in 2022 generated by the application of the amendment to IFRS 16 "COVID-19-related Rent Concessions" after 30 June 2021" (Regulation EU 2021/1421), as no Covid-19-related rent concessions were recognized in 2022.

Impairment testing of assets of the Group

The exercise comprising impairment testing of goodwill and probability testing of deferred tax assets was based on a macroeconomic scenario that incorporates the impacts of the war against Ukraine, which broke out in February 2022, and that featured – throughout 2023 – material slowdown in the Italian economy, interest rate hikes and high inflation, associated especially with the energy crisis.

The situation goes back to normal in 2024 with the GDP gradually recovering, inflation and interest rates decreasing, thanks also to the EU monetary policies and to the completion of the process for the replacement of Russian energy up to balance levels that are reached at the end of the fifth year in the plan time horizon.

Any worsening in the geopolitical situation or the ineffectiveness of the monetary policy measures being deployed by the ECB is an uncertainty factor for the Group with repercussions on its profit or loss (in terms of higher default rates, higher costs for for stock downsizing) that cannot be quantified.

Detailed information on the results of the impairment testing exercise is given in Part B dof this Note to the financial statements (Section 10 - Intangible assets and Section 11 - Tax assets and tax liabilities).

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Creval merger

In April 2021, thanks to the successful outcome of the voluntary public tender offer, Crédit Agricole Italia S.p.A. ended up holding 100% of the share capital of Creval.

The business combination pursued the objective of continuing to develop a strong and profitable banking group strongly rooted in the communities where it operates creating value for all stakeholders, relying on Crédit Agricole Italia S.p.A.'s proven track-record of successful integrations. Please see the 2021 Annual Report and Financial Statements for an exhaustive description of the business combination made last year.

In 2022, on 24 April, the project for the integration between the Crédit Agricole Italia Banking Group and the Creval Group was finalized with the merger by absorption of Creval into the Parent Company Crédit Agricole Italia S.p.A..

From an accounting standpoint, in accordance with the IAS/IFRS, it is a "business combination of entities under common control". Those combinations are usually made to achieve simply corporate reorganization purposes within a group and, therefore, IFRS 3 "Business Combinations" does not apply to them.

In compliance with the practices of the Crédit Agricole Italia Banking Group for the accounting of this type of transactions, the combination was recognized in the Parent Company's separate financial statements in accordance with the predecessor basis of accounting (or continuity of values recognized in the consolidated financial statements), which is also referred to by the Italian Association of Audit Firms (Assirevi) in its Preliminary Interpretation Guidance.

For the merger, the application of the predecessor basis of accounting (or continuity of values) determined the recognition in the Parent Company's separate financial statements of all balance sheet, income statement and equity balances of the absorbed bank, as well as the related consolidation adjustments recognized in the Group's consolidated financial statements, with accounting effectiveness as of 1 January 2022.

Furthermore, the following were eliminated:
- Intercompany receivables and payables;
- The costs and revenues resulting from transactions made between the surviving entity Crédit Agricole Italia and the absorbed entity;
- the amount of the equity investments from the Parent Company's separate financial statements;
- The equity balances of the absorbed entity.

The merger did not generate accounting impacts on the Group's consolidated equity.

Merger of Crédit Agricole FriulAdria S.p.A.

On 16 June 2021 Crédit Agricole Italia announced a voluntary public tender offer for the outstanding ordinary shares in its subsidiary Crédit Agricole FriulAdria S.p.A, representing 17.233% of its share capital. When it started the public tender offer,, Crédit Agricole Italia held 82.302% of Crédit Agricole FriulAdria S.p.A.'s share capital, exercising management and coordination activities on and controlling Crédit Agricole FriulAdria S.p.A. pursuant to Article 93 of the Italian Consolidated Law on Finance. Following the acceptance of the voluntary public tender offer, Crédit Agricole Italia came to own 99.101% of the share capital of Crédit Agricole FriulAdria S.p.A..

Subsequently to the public tender offer and consistently with what had been stated in the Offer Document, Crédit Agricole Italia S.p.A and Crédit Agricole FriulAdria S.p.A found it appropriate to proceed with the merger by absorption of Crédit Agricole FriulAdria S.p.A into Crédit Agricole Italia S.p,A. in order to pursue the following goals: (i) streamlining the corporate structure of the Banking Group, (ii) maximizing the harmonization and evenness in the application of commercial policies and strategic directions within the Banking Group, (iii) reducing the number of management and administration activities, creating cost synergies.

On 19 and 12 May 2022, the Boards of Directors of Crédit Agricole Italia S.p.A. and Crédit Agricole FriulAdria S.p.A., respectively, approved the Merger Plan and the share swap ratio[23] which was equal to 8 newly issued ordinary shares in Crédit Agricole Italia S.p.A. for each ordinary share in Crédit Agricole FriulAdria S.p.A..

Following the approval of the merger plan by the Boards of Directors of the two entities, the obtainment of the authorization from the European Central Bank pursuant to Articles 56 and 57 of the Italian Consolidated Law on Banking on 13 September 2022[24], as well as the obtainment, on 28 July, of the clearance from the Italian Council of Ministers[25], the merger between Crédit Agricole FriulAdria S.p.A. and Crédit Agricole Italia S.p.A. was approved by the General meeting of the former's Shareholders on 20 October 2022 and by the latter's Board of Directors on 25 October 2022 with the consequent execution of the merger deed on 22 November 2022.

The merger took place with the absorption of Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A. having its effective date on 27 November 2022.

Lastly, Crédit Agricole Italia S.p.A. resolved a share capital increase servicing the share swap, whereby 836,504 ordinary shares were issued having a nominal value of Euro 1.00 each, which were allotted to the remaining shareholders of Crédit Agricole FriulAdria S.p.A. other than the absorbing entity and the absorbed entity (as the latter held treasury shares).

From an accounting standpoint, in accordance with the IAS/IFRS, it is a "business combination of entities under common control". Those combinations are usually made to achieve simply corporate reorganization purposes within a group and, therefore, IFRS 3 "Business Combinations" does not apply to them.

In compliance with the practices of the Crédit Agricole Italia Banking Group for the accounting of this type of transactions, the combination was recognized in the Parent Company's separate financial statements in accordance with the predecessor basis of accounting (or continuity of values recognized in the consolidated financial statements), which is also referred to by the Italian Association of Audit Firms (Assirevi) in its Preliminary Interpretation Guidance.

For the merger, the application of the predecessor basis of accounting (or continuity of values) determined the recognition in the Parent Company's separate financial statements of all balance sheet, income statement and equity balances of the absorbed bank, as well as the related consolidation adjustments recognized in the Group's consolidated financial statements, with accounting effectiveness as of 1 January 2022.

23 It is pointed out that, in accordance with the law, the share swap ratio was determined in agreement by the Boards of Directors of Crédit Agricole FriulAdria and of Crédit Agricole Italia with the help of a financial advisor and was then assessed as fair by an expert working for both parties and appointed by the Law Court of Bologna as stated in the expert's report prepared under Article. 2501-Sexieso of the Italian Civil Code.

24 With the merger plan then being entered in the relevant Business Registers.

25 Pursuant to Article 2 of Italian Decree-Law no. 21 of 2012.

Furthermore, the following were eliminated:
- Intercompany receivables and payables;
- The costs and revenues resulting from transactions made between the surviving entity Crédit Agricole Italia and the absorbed entity;
- the amount of the equity investments from the Parent Company's separate financial statements;
- The equity balances of the absorbed entity.

The merger did not generate significant accounting impacts on the Group's consolidated equity.

Stelvio Project

Within the derisking actions deployed on the NPE portfolio, in 2021 the Crédit Agricole Italia Banking Group successfully completed disposals of non-performing loans for a gross book value of about Euro 1.6 billion.

Having regard to the Stelvio Project (please see the 2021 Annual Report and Financial Statements for the details on the transaction), as at 31 December 2022 the Crédit Agricole Italia Banking Group held:
- 100% of the Senior notes in the Hold to Collect portfolio, which were admitted to the Italian State Guarantee on Securitization of NPLs (GACS) on 29 April 2022;
- 5% of the Mezzanine and Junior notes in the portfolio of instruments mandatorily measured at fair value through profit or loss.

As regards the Senior notes, at the end of 2021 the application for admission to the Italian State guarantee scheme on securitization of NPLs (GACS) was submitted to the Italian Ministry of the Economy and Finance. The application was accepted and the related notification was received on 26 April 2022.

Demerger of Creval leasing operations

Within the acquisition of Creval by Crédit Agricole Italia S.p.A and within the business and corporate integration activities that led to the merger by absorption of Creval into the Parent Company Crédit Agricole Italia in April 2022, the Group planned the concomitant demerger of Creval's remaining leasing operations and their subsequent transfer to Crédit Agricole Leasing Italia S.r.l..

The demerger had the purpose of integrating Creval leasing operations into Crédit Agricole Leasing Italia, the leasing entity of the Credit Agricole Group in Italy, which has specialist skills, technologies, procedures, models and processes fit not only to distribute but also to manage lease contracts in all the various phases. The transfer to Crédit Agricole Leasing Italia S.r.l. of the lease loans, of the related contracts and underlying assets was the natural and logical solution from an industrial, management and organizational standpoint within the Crédit Agricole Group's business model.

The portfolio of lease assets subject to the demerger consisted of: (i) All lease contracts originated and signed by Creval in force as at the demerger date, (ii) all assets (including capital assets, real estate assets, appurtenances and ancillary assets) underlying the lease contracts, (iii) the loans under said lease contracts, iv) the financial liabilities consisting of due to banks within the aforementioned operations, and (v) any other assets and liabilities associated with the aforementioned operations.

With the demerger, 486 new loans were acquired for a total NBV as at the demerger validity date of Euro 230 million, of which Euro 206 million in performing loans and Euro 27.7 million in non-performing loans of which Euro 8.2 million in loans later intended for disposal.

Subsequent to the demerger, the company's equity increased by a total amount of Euro 14 million, of which Euro 10.347 million as share capital and Euro 3.653 million as Demerger Surplus Reserve.

The transaction described above, which was carried out between two subsidiaries of CA Italia consolidated on a line-item basis, determined no changes in the book value of the transferred financial assets to be recognized in the Group's consolidated financial statements and no impacts on profit or loss.

Crédit Agricole Leasing Italia S.r.l. share capital increase

Servicing the demerger and because of the set share swap ratio – on 8 March 2022 the General Meeting of Crédit Agricole Leasing Italia S.r.l. Shareholders approved a share capital increase in kind for a total amount of Euro 10.347 million, made by issuing new shares having the same amount and allotted to its majority shareholder Crédit Agricole Italia S.p.A., in its capacity as the sole shareholder of Creval.

Because of the demerger and the subsequent share capital increase, the shareholding owned by Crédit Agricole Italia S.p.a. increased hitting 86.33% of the share capital of Crédit Agricole Leasing Italia S.r.l.. (85% before the demerger).

The minority shareholder Crédit Agricole Leasing & Factoring (hereinafter referred to also as“CAL&F”) informed the shareholder Crédit Agricole Italia S.p.A. of its intention to restore its equity investment in the share capital of Crédit Agricole Leasing Italia S.r.l., taking it back to 15%.

In order for CAL&F to increase its shareholding from 13.67% to 15%, it was necessary to increase the share capital of Crédit Agricole Leasing Italia S.r.l. for a consideration by a total of Euro 1.826 million to be paid in in money, which was carried out by issuing new shares and allotting them to CAL&F.

Therefore, following the transaction resolved by the General Meeting of Crédit Agricole Leasing Italia S.r.l. Shareholders on 16 June 2022, the nominal capital of Crédit Agricole Leasing Italia S.r.l. (subscribed and paid in) now amounts to Euro 118,842,941.00 owned by its present Shareholders as follows: 85% owned by Crédit Agricole Italia S.p.A. for a countervalue of Euro 101,016,500.00, 15% owned by CAL&F.

Bulk disposal of a portfolio of leasing NPE of Crédit Agricole Leasing

In order to maintain the loan quality and NPE ratio parameters of the company as they were before the acquisition of the lease contracts of Creval, after accurate and thorough analyses, the process was started for the marketing and sale of disposable portion of the NPE portfolio coming from Creval.

Upon completion of all the collateral activities provided for by the agreements, in November 2022 the sale contracts were executed whereby the NPE were sold and the ownership of the related leased assets was transferred for a total of 112 positions and a total gross exposure amount of Euro 31.3 million as at the date of disposal and collection of the related price of Euro 7.5 million.

As at the reporting date, there were still 10 NPEs in the portfolio for a total gross exposure of Euro 15.4 million, which will be sold in 2023, at a pre-set price of Euro 2.7 million; their disposal was delayed due to technical reasons only, as the works to make the leased properties sellable had not yet been completed and their completion is necessary to execute the related sale and purchase deeds.

The total exposure of the positions that will be sold in 2023 has been recognized in the Balance Sheet under Asset item “110. Non-current assets held for sale and discontinued operations” for an amount of Euro 2.3 million.

Given the contractual constraints and obligations in force, all the impacts generated by this transaction on profit and loss, including those regarding the portion that will be sold in 2023,were fully recognized in the 2022 financial statements.

The disposal as a whole generated a profit of Euro 0,673 million.

Disposal of Creval Più Factor

In June the Crédit Agricole Italia Banking Group finalized the sale of its entire cpntrolling equity investment in Creval Più Factor S.p.A. of which it had become the direct owner in 2021 subsequent to the acquisition of Creval, to Eurofactor Italia S.p.A., a financial Intermediary specializing in factoring and belonging to the Crédit Agricole Group.

After obtaining the required authorizations from the Supervisory Authorities, the transaction was closed with the payment of a consideration of Euro 9.4 million, following the distribution of the extraordinary reserve amounting to Euro 36 million by Creval Più Factor S.p.A. to its sole shareholder Crédit Agricole Italia S.p.A.

The equity investment sale was in line with the equity amounts after the distribution of reserves and, therefore, it did not generate any material impacts on the consolidated income statement as at 31 December 2022.

The sale of Creval Più Factor S.p.A. falls into the wider scope of the reorganization of the Group's operations in Italy pursuing the objective of enhancing the structure efficiency in accordance with the core model of the Crédit Agricole Group, which is organized based on lines of business ("lignes métiers").

Listing of Generalfinance S.p.A.

Subsequent to Creval absorption, Crédit Agricole Italia S.p.A. became the owner of a 46.81% equity investment in Generalfinance S.p.A., a company authorized to engage in financial activities under Articles 106 and 107 of the Italian Consolidated Law on Banking and that specifically engages in lending to the public and in providing financial, commercial and administrative services and services of equity investment holding and purchase of business receivables.

In the current financial year, the company started the process that led to its listing on Euronext Milan STAR segment.

On 23 June 2022 the offer for the sale and subscription of the ordinary shares in the Company was successfully completed, which also provided for the sale by Crédit Agricole Italia S.p.A. of 2,105,777 shares and the granting to the Joint Global Coordinators of an overallotment option and greenshoe option regarding 491,356 shares.

In July, the green-shoe option was exercised for 436,540 shares; therefore, as at 31 December 2022, Crédit Agricole Italia S.p.A. held 16.29% of its share capital (20.44% of the voting right).

Realignment of the carrying amounts and tax bases of some property, plant and equipment and intangible assets

Realignment of the carrying amounts and tax bases of some property, plant and equipment and intangible assets: the CA Italia Group exercised the option under Article 110 of Italian Decree Law 104/2020 (as amended by Italian Law 178/2020 and Italian Law 234/2021) whereby the tax bases of some property, plant and equipment and intangible assets could be realigned to their higher carrying amounts with payment of a substitute tax of 3% (the first instalment of which paid on 30 June 2021). The option for realignment is exercised with the specific indication in the income tax return and entails that a constrain be established on a reserve, as defined by the General Meeting of Shareholders within the approval of the 2022 Annual Report and Financial Statements. In case the reserves are distributed, they contribute to the income of the Company and of its shareholders. That option had already been exercised in the financial statements for the previous FY. Following clarifications given by the Italian Inland Revenue Agency, also in response to submitted applications for tax rulings, the possibility emerged to proceed with yet another realignment concerning the goodwill item, generating its effects on the 2022 financial statements. With that further realignment, besides provisioning for the related substitute tax, the values of DTAs showing pre-existing mismatches and new values were updated. This generated a positive effect on the "taxes" item of the income statement for the period of approximately Euro 146 million.

The table below summarizes the additional realignment and the related effects (figures in million of Euro):

Realigned amount	Substitute tax	Net effect on the income statement (Recognized DTA - tax)	Constraint on the reserve
488	15	146	473

Having thus defined the amount of the realignment, the constraint on the reserve, therefore taking into account the realignments already reported in the financial statements for the previous FY and the events occurred thereafter, is expected to be in a amount of about Euro 712 million.

Issue of Covered Bonds

In January 2022, the Group went again to the market with a new dual-tranche issue of Covered Bonds with 10-year and 20-year maturities for 1 billion Euro and 500 million Euro, respectively.

OTHER INFORMATION

Purchase of Tax Credits - Ecobonus

Within the measures deployed by the Italian Government to support the economy, Decree Law no. 34/2020 (known as "Relaunch" Decree) gives the possibility to deduct certain types of expenses as tax credits. Under the "Ecobonus" and "Sismabonus" schemes, as well as under other incentive schemes for building works, the incentive may be obtained also as a rebate in the price due to the vendor with the related tax credit transferred to the vendor.

The Crédit Agricole Italia Banking Group rolled out the service for the purchase of tax credits from Customers and concomitantly, in accordance with the instructions given by the Bank of Italy (Bank of Italy/Consob/Ivass Document no. 9 of 5 January 2021) implemented a specific accounting policy. In accordance with the applicable legislation, said policy provides for the recognition of purchased tax credits as assets in the Balance Sheet, under item 120 "Other assets", with initial recognition at fair value, equal to the purchase price paid to the Customers. Furthermore, for these tax credits, the Group has defined the possibility to choose between the "Hold to collect" business model (i.e. investment to be held to maturity) with consequent recognition with the amortized cost method or, as an alternative, the "Hold to collect and sell" business model (i.e. realization of cash flows as provided for by the related contract or by selling the instrument) with recognition at fair value through other comprehensive income (the latter not yet applied in 2022).

The income component of the rebate (delta between the credit nominal value and cash outflow) has been recognized in the Income Statement under item 10 "Interest and similar income". Said interest income over the credit life has been allocated with the amortized cost method.

Considering the constraints laid down by the applicable legislation concerning the use in time of the purchased tax credits, their amount has been determined based on future offsettable payments estimated first of all on a historical basis and in accordance with the applicable legislation currently in force, for the years in which the tax credits will be offset. In order to mitigate the potential risk consisting in failure to offset the purchased tax credits, the estimate has been decreased by a conservative percentage of the annual offsetting capacity.

As at 31 December 2022 the balance of the purchased tax credits was recognized under"Other assets" and amounted to Euro 1,278 million.

Option for the Italian national tax consolidation scheme

In March 2016, the national tax consolidation scheme was adopted, with effects since the 2015 tax period, by the Crédit Agricole Group in Italy; such scheme was introduced with Article 6 of Italian Legislative Decree No. 147 of 14 September 2015, according to which also the Italian "sister" companies, whose controlling Company is resident in an EU Member State, may exercise the option for consolidated taxation.

Initially, 18 Companies of the Group opted to join the tax consolidation scheme and, having been designated by Crédit Agricole S.A., Crédit Agricole Italia S.p.A. has undertaken the role of Consolidating Entity. Taking into account the new entities that joined the scheme in previous years and those that were terminated, as at 31 December 2022, the tax consolidation scheme consisted of 22 entities.

This regime provides for the consolidated companies to transfer their taxable income (or their tax loss), as regards the Italian corporate income tax (IRES), to the consolidating Entity Crédit Agricole Italia, which calculates a single taxable income or a single tax loss for the Group, as the algebraic sum of the income and/or losses of the single Companies, and recognizes a single tax account payable to or receivable from the Italian Inland revenue Service.

As balancing item of taxes/lower taxes for tax losses and Allowance for Corporate Equity (ACE) benefits to be transferred to the consolidation scheme or withholdings, detractions and the like, the companies in the consolidation scheme recognize due and payables/receivables from the consolidating entity.

In its separate Financial Statements, the Consolidating Entity recognizes matching items of due and payables to/receivables from the entities in the consolidation scheme.

Specifically, the intra-group balances resulting from the tax consolidation scheme are recognized in the items:

- "Financial assets measured at amortized cost - due from banks", or "Financial assets measured at amortized cost - loans to customers", in accordance with the kind of counterparty, for estimating the corporate income tax (IRES) transferred by the member entities to the tax consolidation scheme;
- "Financial liabilities measured at amortized cost - due to banks", or "Financial liabilities measured at amortized cost - due to customers", in accordance with the kind of counterparty, for the transfer of tax losses or ACE benefits by the member entities to the tax consolidation scheme.

Lastly, the tax consolidation scheme's tax account payable to or receivable from the Italian Inland Revenue Agency is recognized under current tax liabilities or assets based on whether the IRES payable amount is higher or lower than the down-payments made.

Option for the VAT Group

In November 2018, the option for a VAT Group scheme pursuant to Article 1 paragraph 24 of Italian Law no. 232 of 11 December 2016 was exercised, with effects as of 1 January 2019; the VAT Group includes the subsidiaries of Crédit Agricole Italia S.p.A. having, at the same time, financial, economic and organisational links in force between them, as provided for by Italian Ministerial Decree of 6 April 2018 and by Circular no. 19/2018.

Crédit Agricole Italia S.p.A. is the Group's Representative Member. Subsequent to some mergers by absorption finalized in previous years and to the closure of other entities, the perimeter of the VAT Group, initially of 15 entities, consisted of 9 entities of the Group as at 31 December 2022. Thanks to this scheme, the member entities operate, for VAT purposes, as a single taxable person in their transactions with external companies, with a single VAT registration number. The main advantage generated by the exercise of this option is that, in general, the transactions between the Group member entities are not subject to VAT.

Publication of the Annual Report and Financial Statements in ESEF

Directive 2013/50/EU – amending Directive 2004/109/EC (so-called "Transparency Directive") laid down that, as of 1 January 2020, the Annual Reports and Consolidated Financial Statements of issuers whose securities are admitted to trading on a regulated market,shall be prepared in a single communication electronic format.

Considering the difficulties that firms faced due to the Covid-19 pandemic, the Transparency Directive was amended giving Member States the power to postpone the aforementioned obligation and Italy, with the so-called "Milleproroghe" Decree, exercised it establishing that the ESEF Regulation shall apply, for Italian companies, to "annual reports and financial statements for reporting period starting on or after 1 January 2021".

Nonetheless, the Crédit Agricole Italia Banking Group qualifies for the exemption under Article 83 of CONSOB Issuer Regulation, which reads "Obligations for the preparation and publication of financial reports as envisaged in article 154-ter of the Consolidated Law shall not apply to: (…) *b) issuers whose home Member State is Italy, which exclusively issue debt securities listed on a regulated market whose unit par value comes to at least 100.000 Euro, or an equivalent value in the event of currencies other than the Euro. (…)*".

For this reason, the Annual Report and Consolidated Financial Statements of the Crédit Agricole Italia Banking Group as at 31 December 2022 will not be published in ESEF format.

Audit of the accounts

The Annual Report and Consolidated Financial Statements are audited by PricewaterhouseCoopers S.p.A, implementing the Resolution passed by the General Meeting of Shareholders on 28 April 2021, whereby this Firm was assigned the audit task for the period 2021-2029.

Publication of the Annual Report and Financial Statements

The Board of Directors approved the draft Annual Report and Consolidated Financial Statements as at 31 December 2022 of the Crédit Agricole Italia Banking Group and authorized their publication on 23 March 2023, pursuant also to IAS 10.

A.2 PART REPORTING ON THE MAIN FINANCIAL STATEMENT ITEMS

The IAS/IFRS that were adopted for the preparation of the annual report and consolidated financial statements as at 31 December 2022 are given below broken down by financial statement item, having regard to classification, recognition, measurement and derecognition of asset and liability items, as well as the methods to recognize revenues and costs. Said standards are the same ones used for the preparation of the annual report and consolidated financial statements as at 31 December 2021.

FINANCIAL INSTRUMENTS (IFRS 9, IAS 39 AND IAS 32)

DEFINITIONS

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, or any contract establishing contractual rights and obligations to receive or deliver cash or other assets.

Derivative instruments are financial assets or liabilities the value of which evolves in accordance with that on an underlying instrument; they require low or no initial investment and are settled at a later date.

Financial assets and liabilities have been recognized in the financial statements in accordance with IFRS 9, as endorsed by the Europe Union.

IFRS 9 lays down the bases for:

1. Classification and measurement of financial instruments;
2. Impairment of the exposure for increase in credit risk;
3. Hedge accounting, excluding macro hedging.

However, it is pointed out that the Crédit Agricole Italia Banking Group, in accordance with the instructions of its French Parent Company Crédit Agricole S.A., has exercised the option, which is given to IFRS 9 first-time adopters, to continue to fully apply IAS 39 as regards hedge accounting. Therefore, pending the entry into force of the future provisions contained in the new "dynamic risk management accounting model", all hedging relationships are governed by IAS 39.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Initial measurement

At their initial recognition, financial assets and liabilities are measured at fair value, as defined in IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants that have reasonable knowledge of it and are willing to trade without pressure.

Subsequent measurement

After their initial recognition, financial assets and liabilities shall be measured, in accordance with their classification, at amortized cost using the effective interest rate (EIR) method for debt instruments or at fair value. Derivative instruments shall always be measured at fair value.

Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition, including directly attributable transaction costs, minus principal repayments, plus or minus the cumulative amortization calculated using the effective interest (EIR) method of any difference (discount or premium) between that initial amount and the maturity amount. In case of a financial asset measured at amortized cost or at fair value through other comprehensive income, its amount may be adjusted, where necessary, as impairment.

The effective interest rate (EIR) is the rate that discounts the estimated future cash flows (paid or collected) from the financial instrument through its expected life to the net book value of the financial asset or liability.

FINANCIAL ASSETS

Financial assets other than derivatives (debt instruments or equity instruments) shall be classified in one of the three categories given below:

- Financial assets at fair value through profit or loss (FVTPL);
- Financial assets at amortized cost; (for debt instruments only);
- Financial assets at fair value through equity (with recycling to profit or loss for debt instruments, without recycling to profit or loss for equity instruments).

The classification and measurement of financial assets depend on the financial asset nature, whether it qualifies as:

- Debt instrument (i.e. loans and securities with fixed or determinable payments);
- Units in OICR collective investment undertakings;
- Equity instruments (i.e. shares).

Debt instruments

The classification and measurement of a debt instrument is determined at its initial recognition and is based on two joint criteria: the business model and the analysis of its contractual characteristics in order to assess that the financial asset contractual terms provide for, at set dates, cash flows that are are ‘solely payments of principal and interest on the principal amount outstanding’ (the “SPPI test”), unless the fair value option is exercised. In that case, it is a specific designation of instruments to be measured at fair value through profit or loss.

Business Model

The business model expresses how a cluster of financial assets is collectively managed in order to order to pursue a set corporate objective, thus representing the strategy of the Crédit Agricole Italia Banking Group in managing its financial assets. The business model is determined for an asset portfolio, rather than specifically for a single financial asset.

There are three business models:

- Hold to Collect (HTC), the objective of which is to hold the financial asset to collect its contractual cash flows throughout its useful life; this model does not require that all the assets be held until their contractual maturity; however, any sale of the assets is subject to restrictions in terms of frequency and significance. In the financial year, sales are permitted as long as they do not breach a non-significance threshold that, in accordance with the Group policy, varies based on the portfolio average duration;
- Hold to Collect and Sell (HTC&S), the objective of which is to hold the financial assets both to collect their contractual cash flows and to sell them; in this model, both the sale of financial assets and the collection of their cash flows are permitted;
- Other, this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not qualify for the previous categories (Hold to Collect and Hold to Collect and Sell). In general, this classification applied to a portfolio of financial assets whose management and performance are measured based on fair value.

In accordance with the standard and with the choices made by the Group, the sale of financial assets classified in the HTC business model are allowed, as described below, based on whether the sale concerns a security portfolio or a loan portfolio.

Sales of **securities** are allowed for the following reasons:

a) increase in credit risk;
b) Debt instruments close to maturity;
c) The sales are frequent but not significant;
d) Infrequent sales.

Specifically:

a) *Sales allowed due to an increase in credit risk*

   The Crédit Agricole Italia Banking Group has identified the following criteria to allow the sale of debt securities classified in the Hold to Collect Business Model; the sale shall be allowed when even just one of the following criteria is met.

   - Accounting indicator: downgrade from Stage 1 to Stage 2 or to Stage 3;
   - Risk indicator: downgrade of 3 notches in the issuer's long-term external rating (or the equivalent for internal rating) since the instrument purchase; downgrade of 2 notches in the issuer's country risk since the instrument purchase;
   - Market indicators:
     - Material increase in the issuer's credit spread between the date of purchase and the date of sale of the instrument;
     - Material evolution in the issuer's premium CDS between the date of purchase and the date of sale of the instrument;

b) *Sales permitted as the debt instruments are close to maturity*

   Financial assets in the Hold to Collect portfolio may be sold if they are close to maturity and the proceeds from their sales approximate the collection of the remaining contractual cash flows.

   In order to judge such sales consistent with the Hold to Collect Business Model, the following parameters were defined:

   - Time to maturity considered admissible of 6 months;
   - A maximum difference between the proceeds from the sale and the remaining contractual cash flows (amortized cost) of 3% (without taking fair value hedge effects into account).

c) *Frequent but not significant sales*

   In the financial year, sales are permitted up to a 15% limit; this non-significance threshold varies in accordance with the portfolio average duration.

d) *Infrequent sales*

   - Changes in the tax legislation entailing higher tax expenses generating a not negligible impact for the Group;
   - Non-recurring transactions by the issuer/the issuer's Group (i.e. mergers, sales of business units and, in general, any other non-recurring transaction impacting on the entity's equity);
   - changes in the applicable legislation or regulations;
   - Need to strengthen capital requirements.

Sales of **loans** are allowed for the following reasons:

- Increase in credit risk;
- Loans close to maturity and with a sale price that approximates the remaining contractual cash flows;
- Frequent but not significant sales;
- Infrequent sales that are potentially significant.

Specifically:

a) *Sales allowed due to an increase in credit risk*

   The Crédit Agricole Italia Banking Group has identified the following criteria to allow the sale of loans classified in the Hold to Collect Business Model; the sale shall be allowed when even just one of the following criteria is met:

   - Accounting indicator: downgrade from Stage 1 to Stage 2 or to Stage 3;
   - Risk indicators (applying to large-corporate customers only): downgrade of 3 notches in the issuer's long-term external rating (or the equivalent for internal rating) since the date of the instrument first recognition; downgrade of 2 notches in the issuer's country risk since the date of the instrument first recognition;

b) *Sales permitted as the loans are close to maturity*

The sales of loans in the Hold to Collect portfolio shall be allowed if all the following criteria set by the Group are met:

- The financial assets to be sold have residual life of less than 6 months;
- The value of the assets to be sold is close to the amortized cost of the financial asset (also in case of frequent sales);
- The difference between the sale price and the amortized cost of the loan shall not be higher than 3% without taking into account fair value hedge effects.

c) *Frequent but not significant sales*

In the financial year, sales are permitted up to a 15% limit; this non-significance threshold varies in accordance with the portfolio average duration.

d) *Infrequent sales.*

- Changes in the tax legislation entailing higher tax expenses generating a not negligible impact for the Group;
- Non-recurring transactions by the issuer/the issuer's Group (i.e. mergers, sales of business units and, in general, any other non-recurring transaction impacting on the entity's equity);
- changes in the applicable legislation or regulations;
- Need to strengthen capital requirements.

The contractual characteristics ('Solely Payments of Principal & Interest' or SPPI test):

The SPPI test provides for a set of criteria to be examined as a whole, whereby it can be determined whether the contractual cash flows are consistent with the characteristics of a basic lending arrangement (repayments of face principal and payment of interests on the face principal still outstanding).

The test is passed if the loan entitles exclusively to principal repayment and the collected interests represent the time value of money, the credit risk associated with the instrument, other costs and risks of a classic lending arrangement, such as liquidity risk as well as a reasonable profit margin for the bank.

If no conclusion can be made with this qualitative analysis, a quantitative analysis (or benchmark test) shall be made. This additional analysis consists in comparing the contractual cash flows of the asset under analysis to the cash flows of a benchmark asset (an asset with characteristics that are similar to those of the asset under analysis but "simple").

If the difference between the cash flows of the financial asset and those of the benchmark instrument is not deemed significant, the asset shall be considered a basic lending arrangement.

Furthermore, a specific analysis for each single tranche shall always be carried out if the financial asset provides for payments with different priorities linked to flows from other benchmark financial assets (e.g. In case of Credit Linked Instruments (CLI) or instruments issued by Special Purpose Entities (SPE) incorporated within Project Finance schemes). In this case, the SPPI tests requires that the characteristics of the contractual cash flows of the asset in question and of the underlying assets be analyzed, in accordance with a «look-through» approach, and that the credit risk implicit in the subscribed tranches be verified in comparison to the credit risk of the underlying assets.

The recognition of debt instruments resulting from the definition of the business model along with the SPPI test is presented below:

Debt instruments		**Management models**		
		To collect only (HTC)	**To collect and sell (HTC&S)**	**To sell only (Other)**
SPPI testing	Passed	Amortized cost	Fair value through equity with recycling to profit or loss	Fair value through profit or loss
	Not passed	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss

Debt instruments at amortized cost

Debt instruments shall be measured at amortized cost if they classified in the HTC model and if they pass the SPPI test.

They are recognized at the settlement date and their initial measurement includes accrued interest and transaction costs.

The amortization of any premiums/discounts and transaction costs of loans, receivables and securities are recognized in the Income Statement with the effective interest rate method.

This category of financial assets is subject to impairment in accordance with the criteria set forth in the specific paragraph "Impairment for credit risk".

Debt instruments at fair value through equity with recycling to profit or loss

Debt instruments shall be measured at fair value through equity with recycling to profit or loss if they are eligible for the HTC&S model and if they pass the SPPI test.

They are recognized at the settlement date and their initial measurement includes accrued interest and transaction costs. The amortization of any premiums/discounts and of transaction expenses is recognized in the Income Statement with the Effective Interest Rate (EIR) method.

These financial assets are then measured at fair value and fair value changes are recognized through equity (with recycling to profit or loss) as the financial asset balancing item (excluding interest accrued taken to the Income Statement with the EIR method).

In case of sale, any fair value changes recognized through Equity are transferred to the Income Statement.

This category of financial instruments is subject to value adjustments for expected losses in accordance with the criteria set forth in the specific paragraph "Impairment for credit risk" (without any resulting impacts on the fair value on the balance sheet).

Debt instruments at fair value through profit or loss (FVTPL)

Debt instruments are measured at fair value through profit or loss in the following cases:

- The instruments are classified in the portfolio held within the Other Business Model (or financial assets held for trading or held with the main objective of selling them): financial assets held for trading are assets acquired or generated by the company mainly in order to sell them in the short term or part of a portfolio of instruments managed collectively in order to generate a profit from price fluctuations in the short-term or from the profit of the operator. Although contractual cash flows are collected in the period in which the Crédit Agricole Italia Banking Group holds the assets, the collection of such contractual cash flows is not essential but rather incidental;
- Debt instruments mandatorily measured at FVTPL as they do not comply with the SPPI test requirements;
- The financial instruments classified in portfolios for which the entity opts for fair value measurement. In that case, it is a specific designation of instruments to be measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognized at fair value, excluding transaction costs (directly recognized in the income statement) and including accrued interest. Debt instruments are recognized at their settlement date.

Afterwards, they are measured at fair value and value changes are taken to the income statement, as the balancing item of the balance sheet item reporting the financial assets.

This category of financial assets is not subject to impairment.

Units in OICR collective investment undertakings

Units in OICR collective investment undertakings for which the defined business model is "Hold to Collect" or "Hold to Collect & Sell are classified in the "financial assets mandatorily measured at fair value" portfolio as they fail the SPPI test.

If they are managed for trading, units in collective investment schemes are classified in the "financial assets held for trading" portfolio.

Those financial assets are measured at fair value and value changes are taken to the income statement, as the balancing item of the balance sheet item reporting them.

Equity instruments

Equity instruments are recognized at fair value through profit or loss (FVTPL) unless an irrevocable option for their measurement at fair value through equity (in this case "without recycling to profit or loss") is exercised.

Equity instruments at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially recognized at fair value, excluding transaction costs (directly recognized in the income statement). These assets are recognized at their settlement date.

Afterwards, they are measured at fair value and value changes are taken to the income statement, as the balancing item of the value of the financial assets on the balance sheet.

This category of financial assets is not subject to impairment.

Equity instruments at fair value through equity without recycling to profit or loss (irrevocable option)

The irrevocable option to recognize equity instruments at fair value through equity without recycling to profit or loss may be exercised for each single transaction and shall apply as of the date of initial recognition. These financial instruments are recognized at their settlement date. The initial fair value includes transaction costs.

At subsequent measurements, fair value changes are recognized in equity. In case of sale, these changes are not recycled to profit or loss; therefore, the profit or loss from the sale is recognized in equity.

Only collected dividends are recognized in profit or loss if:
- The entity's right to collect their payment is set;
- It is likely that the economic benefits associated with the dividends will go to the entity;
- The dividend amount can be reliably measured.

Reclassification of financial assets

In the very few cases of a significant change in the business model used for managing financial assets (which may occur in case of start of a new activity, acquisition of entities, disposal or discontinuation of a business line), a reclassification of these financial assets is necessary.

In such cases, the reclassification shall apply from the date of reclassification and the reporting entity does not redetermine profits, losses and interests as previously recognized.

Where any "Financial assets measured at fair value through profit or loss" is reclassified under "Financial assets measured at amortized cost", the fair value as at the reclassification date shall become the new gross book value; the date of reclassification shall be the date of initial recognition for assigning the credit risk stage in order to estimate impairment. Where the financial asset is reclassified under "Financial assets measured at fair value through other comprehensive income", the financial asset shall continue to be measured at fair value. The effective interest rate shall be determined based on the asset fair value as at the reclassification date.

If the financial asset is reclassified from measured at amortized cost to measured at fair value through profit or loss, its fair value shall be measured as at the reclassification date. The profits or losses from any difference between the previous amortized cost of the financial asset and its fair value shall be recognized through profit or loss.

If the financial asset is reclassified from measured at fair value through other comprehensive income to measured at amortized cost, the financial asset shall be reclassified at fair value on the reclassification date. However, accumulated profit (loss) previously recognized through other comprehensive income shall be derecognized in equity and adjusted to the fair value of the financial asset as at the reclassification date. Consequently, the financial asset shall be measured as at its reclassification date as if it had always been measured at amortized cost. The effective interest rate and the measurement of expected credit losses shall not be adjusted subsequent to reclassification.

If the financial asset is reclassified from measured at amortized cost to measured at fair value through other comprehensive income, its fair value shall be measured as at the reclassification date. The profits or losses from any difference between the previous amortized cost of the financial asset and its fair value shall be recognized through other comprehensive income. The effective interest rate and the measurement of expected credit losses shall not be adjusted subsequent to reclassification.

If the entity reclassifies a financial asset from measured at fair value through other comprehensive income to measured at fair value through profit or loss, the financial asset continues to be measured at fair value. Accumulated profit (loss) previously recognized through other comprehensive income shall be reclassified from "through equity" to "through profit or loss" with a reclassification adjustment as at the reclassification date.

Reclassification is not allowed for equity securities.

Temporary investments in/disposals of securities

Temporary disposals of securities (loans of securities, securities disposed of under repurchase agreements) do not generally fulfil the conditions for derecognition.

Securities lent or sold under repurchase agreements remain on the balance sheet. In the case of securities under repurchase agreements, the amounts received, representing the liability to the transferee, are recognised on the liabilities side of the balance sheet by the transferor.

Securities borrowed or received under repurchase agreements are not recognised on the balance sheet of the transferee.

In the case of securities disposed of under repurchase agreements, an account receivable from the transferor is reported on the balance sheet of the transferee and offset against the amount paid. If the security is subsequently resold, the transferee recognizes a liability measured at fair value representing its obligation to return the security received under repurchase agreements.

Revenue and expenses relating to such transactions are recognized to profit and loss on an accrual basis, except in the case of classification of assets and liabilities at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or group of financial assets) is fully or partially derecognized if:
- The contractual rights to the cash flows from the financial asset expire;
- The contractual rights to the cash flows from the financial asset are transferred or are deemed as such because all the risks and rewards of the financial asset are transferred.

In this case, all remaining rights or obligations in force are recognised separately as assets and liabilities.

If the contractual rights to the cash flows are transferred but a part only of the risks and rewards of ownership or control is retained, the financial assets continue to be recognised to the extent of the entity's continuing involvement in the asset.

Furthermore, impaired financial assets may be derecognized when the entity can no longer reasonably expect to recover a financial asset (write-off). A financial asset may be written off before the conclusion of the legal actions for its recovery and this does not necessarily entail waiver by the Bank of its legal right to collect the credit claim. In this case, the gross nominal value of the loan remains unchanged, but its gross book value is written down by the write-off amount. The write-off may concern the entire amount of a financial asset or part thereof and is equal to:
- The reversal of total value adjustments as the balancing item of the financial asset gross value;
- For any portion exceeding the amount of total value adjustments, the recognition of the financial asset impairment directly through profit or loss.

Any amounts collected after the write-off are recognized in the income statement as recoveries.

FINANCIAL LIABILITIES

Financial liabilities are classified on the balance sheet in the two accounting categories given below:

- Financial liabilities at fair value through profit or loss, either by their nature or by designation;
- Financial liabilities at amortized cost;
- Financial liabilities at fair value through profit or loss by their nature.

Financial instruments issued primarily to be bought back in the short term, instruments belonging to an identified portfolio of financial instruments which are managed collectively and for which there is evidence of a strategy pursuing short-term profit-taking, and derivatives (with the exception of certain hedging derivatives) are measured at fair value by their nature.

Any changes in the fair value of this portfolio are recognized through profit or loss.

Financial liabilities designated at fair value through profit or loss

At initial recognition, the bank may irrevocably designate the financial liability as measured at fair value when:

a) By doing so,it removes or materially reduces any inconsistency in the measurement or recognition that would otherwise result from the measurement of the assets or liabilities or from the recognition of the related profits or losses on different bases;

b) A group of financial liabilities or of financial assets and liabilities is managed and the return on it is measured on a fair value basis in accordance with a risk management or investment strategy;

c) The contract contains one or more embedded derivatives and the host contract is not an assets falling in IFRS 9 scope of application.

This designation option is irrevocable and applies mandatorily from the date of initial recognition of the instrument.

Upon subsequent measurement, these financial liabilities are measured at fair value through profit or loss for changes in fair value not related to own credit risk and with balancing item through equity with no recycling to profit or loss for value changes related to own credit risk.

Financial liabilities measured at amortized cost

All other liabilities fulfilling the definition of a financial liability (excluding derivatives) are measured at amortised cost.

These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest rate method.

Reclassification of financial liabilities

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is allowed.

Distinction between debt - equity instruments

Securities are classed as debt instruments or equity instruments based on the economic substance of the contracts.

A financial liability is a debt instrument if it includes a contractual obligation to:

- provide another entity with cash, another financial asset or a variable number of equity instruments;
- exchange financial assets and liabilities with another entity at potentially unfavourable conditions.

An equity instrument is a non-redeemable financial instrument which offers discretionary return representing a residual interest in a company after deduction of all its financial liabilities (net assets) and which is not qualified as a debt instrument.

Treasury share buyback

Treasury shares or equivalent derivative instruments such as options on shares bought with a fixed strike ratio, including shares held to cover stock option plans, do not meet the definition of a financial asset and are recognized as reduction in equity. They do not generate any impact on the income statement.

Derecognition of and change to financial liabilities

A financial liability is derecognised in full or in part:
- When it is extinguished;
- When it has been substantially modified in case of restructuring.

A substantial modification in an existing financial liability shall be recognized as the extinction of an initial financial liability and the recognition of a new financial liability (known as novation). Any difference between the book value of the extinguished liability and the new liability shall be recognised immediately in the income statement.

If the financial liability is not derecognised, the original effective interest rate (EIR) shall be maintained and the book value shall be modified through profit or loss on the modification date, discounting the new future cash flows (as resulting from the modification) to the modification date using the original EIR. This impact is then spread over the residual lifetime of the instrument based on the original effective interest rate.

DERIVATIVE FINANCIAL INSTRUMENTS

Classification and measurement

Derivative instruments are financial assets or liabilities classified by default as derivative instruments held-for-trading unless they can be considered to be hedging instruments.

They are initially recognized at fair value on the settlement date and then measured at fair value.

At each reporting date, the fair value changes on derivative contracts shall be recognized:
- Through profit or loss for derivative instruments held for trading or for fair value hedging;
- Through equity for derivative instruments held as cash flow hedges or hedges of net investments in foreign operations, for the effective portion of the hedge.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that meets the definition of a derivative product. This definition applies only to financial liabilities and non-financial contracts. Embedded derivatives must be accounted for separately from the host contract if the following three conditions are met:
- The hybrid contract is not measured at fair value through profit or loss;
- The embedded component taken separately from the host contract has the characteristics of a derivative;
- The characteristics of the derivative are not closely linked to those of the host contract.

Conversely, financial assets with an embedded derivative are classified as a whole as separation is not allowed: in these cases, the instrument as a whole shall be classified under ”financial assets measured at fair value through profit or loss”.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

In accordance with IAS 32, the Crédit Agricole Italia Banking Group offsets a financial asset against a financial liability and recognizes a net amount when and only when it has a legally enforceable right to offset the recognized amounts and intends either to settle the net amount or to realize the asset and settle the liability simultaneously.

The derivative instruments and the repurchase agreements handled with clearing houses that meet the two criteria required by IAS 32 have been offset on the balance sheet.

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

Net gains (losses) on financial instruments at fair value through profit or loss

For financial instruments recognised at fair value through profit or loss, this item notably reports the following income statement elements:

- Dividends and other revenues from equities and other variable-income securities which are classified under financial assets at fair value through profit or loss;
- Changes in fair value of financial assets or liabilities at fair value through profit or loss;
- Gains and losses on disposal of financial assets at fair value through profit or loss;
- Changes in fair value and gains and losses on disposal or termination of derivative instruments not included in a fair value hedging relationship or cash flow hedge.

This item also reports the ineffective portion of hedges.

Net gains (losses) on financial instruments at fair value through equity

For financial assets recognised at fair value through equity, this item notably reports the following income statement elements:

- Dividends from equity instruments classified as financial assets at fair value through equity without recycling to profit or loss;
- Gains (losses) on disposals and net income associated with the termination of hedging relationships on debt instruments classified as financial assets at fair value through equity with recycling to profit or loss;
- Net income on disposals or associated with the termination of fair value hedging instruments of financial assets at fair value through equity when the hedged item is sold.

FINANCING COMMITMENTS AND FINANCIAL GUARANTEES GIVEN

Financing commitments that are not designated as fair value through profit or loss or not treated as derivative instruments within the meaning of IFRS 9 are not recognised on the balance sheet. However, they are covered by provisions in accordance with IFRS 9.

A financial guarantee contract is a contract under which the issuer must make specific payments to reimburse the guarantee holder for a loss incurred due to a specific debtor's failure to make a payment when due under the initial or amended terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value and subsequently at the higher of:

- The value adjustment amount for losses determined in accordance with IFRS 9;
- The amount originally recognised less, where applicable, the costs recognised in accordance with IFRS 15.

IMPAIRMENT FOR CREDIT RISK

Scope of application

In compliance with IFRS 9, the Crédit Agricole Italia Banking Group recognizes impairment with write-downs representing Expected Credit Losses (ECL) on the categories of financial assets given below:

- Financial assets consisting of debt instruments and recognised at amortised cost or at fair value through equity with recycling to profit or loss (loans and receivables, debt securities);
- Financing commitments which are not measured at fair value through profit or loss;
- Guarantee commitments that fall within IFRS 9 scope of application and that are not measured at fair value through profit or loss;
- Lease receivables falling in the IFRS 16 scope;
- Trade receivables generated by transactions under IFRS 15 scope of application.

Equity instruments (at fair value through profit or loss or at fair value without recycling to profit or loss) are not concerned by the rules on impairment.

Derivative instruments and other instruments at fair value through profit or loss are subject to the calculation of counterparty risk which is not covered by the ECL model.

Credit risk and impairment (provisioning) stages

Credit risk is defined as risk of loss related to default by a counterparty leading to its inability to meet its commitments to the Group.

The model of impairment (provisioning) for credit risk has three stages:

- Stage 1: from the initial recognition of the financial instrument (loan, debt security, guarantee…), the entity shall recognize expected credit losses over 12 months;
- Stage 2: if there is a significant increase in credit risk (versus initial recognition) for a given transaction or portfolio, the entity shall recognize the losses expected up to maturity;
- Stage 3: when one or more default events have occurred on the counterparty with an adverse effect on the estimated future cash flows, the entity shall individually recognize the incurred credit loss calculated over the residual life of the instrument. Subsequently, if the conditions for classifying financial instruments in stage 3 are not met, the financial instruments are reclassified in stage 2, or in stage 1, based on the decrease in credit risk.

Definition of default

It is also pointed out that, since September 2020, the Group has implemented the New Definition of Default. Albeit confirming the concepts of late payment and unlikeness to pay of the debtor as the default bases, the new definition has introduced some considerable changes mainly concerning:

- "relative" and "absolute" materiality thresholds to identify pastdue determining classification in the default status. It is automatic is two thresholds (relative and absolute) are jointly breached for 90 days in a row. More specifically:
  - The relative threshold was lowered to 1% (vs. 5% as previously in force), to be compared to the ratio of the total pastdue and/or overlimit amount to the total amount of recognized exposures to the same borrower;
  - The absolute threshold was set at Euro 100 for Retail Customers and at Euro 500 for Non-Retail Customers, to be compared to the total pastdue and/or overlimit amount of the borrower;
- Banks are not allowed to net existing pastdue and/or overdraft exposures on some credit lines of the debtor against existing available margins on other credit lines of the same borrower;
- A 3-month probation period shall be applied, running from the moment the positions no longer meet the conditions to be classified as defaulted and during which no pastdue instances must occur, before classifying the loan, and therefore the Debtor, back to a non-default status. The regulation previously in force did not provide for said probation period and, therefore, allowed reclassification to a performing status upon settlement of the pastdue and/or overlimit positions:
- Specific rules (known as "triggers") shall be applied, which require automatic classification as non-performing of exposures meeting even one only of the following characteristics:
  - Loss of more than 1% on restructured exposures (suspensions, rescheduling, renegotiations) because of financial difficulties experienced by the debtors;
  - Disposal of performing loans and consequent recognition of a loss of more than 5%. Therefore, the new rules are much stricter, especially as regards the lowering of materiality thresholds (relative and absolute) and the fact that no netting is allowed of the pastdue or overdraft amounts against available margins on other credit lines held by the same debtor.

Definition of Expected Credit Loss ("ECL")

ECL is defined as the weighted expected value of the discounted credit loss (principal and interest). It is the present value of the difference between contractual cash flows and expected ones (including principal and interest).

ECL governance and measurement

The Risk Management and Permanent Controls Department is responsible for defining the methodological framework and for overseeing the process for ECL-related impairment of exposures and provisioning.

To define the IFRS 9 parameters required to calculate ECL, the Crédit Agricole Italia Banking Group has primarily relied on its internal rating system and on the other regulatory processes already implemented.

Therefore, in compliance with the requirements laid down by the standard, in order to estimate parameters, forward-looking scenarios are used and weighted by the related probability of occurrence. In agreement with its French Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group uses four different macroeconomic scenarios:

- **Central scenario,** i.e. the most likely scenario;
- **Moderately adverse scenario,** i.e. the economic scenario in moderately adverse conditions;
- **Budget stress scenario,** i.e. the most adverse scenario used within the Stress exercise at the end of the budget preparation;
- **Favorable scenario,** i.e. the economic scenario in favorable conditions.

The weights to be assigned to the four scenarios – which may vary at each new estimate of the parameters – are determined by the Economic Research Department (ECO) of Crédit Agricole S.A., while the Crédit Agricole Banking Group updates the estimate of the parameters at least every year. The ECL calculation formula comprises the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD;
- Exposure At Default (EAD).

The standard requires a Point-in-Time analysis as at the reporting date, while taking account of the historical loss data and forward-looking macroeconomic data.

Therefore, based on the above, the accounting approach is different from the prudential framework, where analyses are multiyear and Through the Cycle to estimate the Probability of Default (PD); moreover, such analyses shall include the Downturn in the estimate of the Loss Given Default (LGD), whereas this effect is not envisaged in the IFRS 9 LGD.

ECL calculation approaches are different for financial instruments or off-balance sheet instruments. Expected credit losses are discounted at the effective interest rate (EIR) used for the initial recognition of the financial instrument. The models used are backtested at least annually by the Risk Management and Permanent Controls Department.

Significant increase in credit risk

For each financial instrument, the Crédit Agricole Italia Banking Group assesses whether any significant increase in credit risk has occurred from the date of initial recognition to the reporting date, in order to assign the financial instrument to the right risk stage given that increase.

Monitoring for any significant increase in credit risk shall cover every financial instrument, unless specific exceptions apply.and contagion is not required for the downgrading of financial instruments of the same counterparty from stage 1 to stage 2.

Moreover, monitoring shall consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

For each exposure, any significant increase in credit risk is assessed using thresholds (SICR) that measure any changes in the PD from the date of initial recognition to every reporting date. The thresholds and their respective methods of use are exhaustively reported in Part E of this Note.

For exposures without an internal rating model, the Crédit Agricole Italia Banking Group uses non-payment as at the reporting date or in the previous 12 months. In case of non-payment, as at the reporting date or in the previous months, the exposure is downgraded to stage 2.

For exposures (with the exception of securities) for which internal rating models have been implemented and applied (all the more so if the rating models have been validated), the Crédit Agricole Italia Banking Group considers that all of the information incorporated into the rating systems allows for a more detailed assessment than the non-payment for over 30 days criterion alone as a back-stop threshold.

Other factors for downgrading to stage 2 are:

- PD thresholds being breached by b 12% for the corporate banking portfolio and by 15% for the retail banking portfolio;
- No rating as at the assessment date if regarding loans originated over six months before;
- The exposure being classified as forborne performing.

If the conditions that triggered downgrading to stage 2 no longer apply, the exposure may be taken back to stage 1.

For security portfolios, the Crédit Agricole Italia Banking Group applies an absolute level of credit risk, in accordance with IFRS 9, at the breaching of which exposures shall be classified in stage 2 and provisioned for based on ECL at maturity.

Therefore, the following rules apply for monitoring significant increase in the credit risk of securities:

- "Investment Grade" (IG) securities, at the reporting date, shall be classified in stage 1 and provisioned for based on 12-month ECL;
- "Non-Investment Grade" (NIG) securities, at the reporting date, shall be subject to monitoring for significant increase in credit risk, since origination, and shall be classified in Stage 2 (lifetime ECL) where any significant increase in credit risk is found.

The related increase in credit risk shall be assessed prior to the occurrence of a known default (Stage 3).

Post-model adjustments

After calculating the Forward-looking ECL, the Crédit Agricole Italia Banking Group makes some "management overlays", which can be broken down as follows:

- **Adjustments made to specific positions:**
  - If the expected credit loss value associated with a specific counterparty does not accurately reflect its riskiness, the provisioning on the counterparty may be adjusted manually to a level deemed appropriate. Single-name adjustments also include adjustments of the ECL value associated with exposures to the Bank of Italy, to the State Treasury and to intra-group positions;
  - A correction factor is applied to adjust any calculation anomalies following absorptions and non-recurring transactions;
- **Adjustments made through massive spreading** of the identified amounts over all positions proportionally to the ECL:
  - **Recalibration of the IFRS 9 parameters** in accordance with the **New DOD** and with the new Retail AIRB models that have been validated by the ECB but not yet implemented in production;
  - Actions concerning the **shifting from a regulatory FIRB LGD to a management one**, also for the Corporate segment and the implementation of a **Forward-Looking Local model** also for the LGD value;
  - Forward-looking action to take into account the upcoming modification to the Corporate PD model;
  - Action on the most energy-intensive sectors in order to take into account their higher riskiness resulting from the economic and geopolitical international situation.

Impairment model on stage 3

The impairment model for the non-performing portfolio is based on the estimate of a forward-looking and multi-scenario ECL, which is obtained combining the internal collection scenario with an alternative collection scenario, via the disposal of the single non-performing exposure on the market.

This calculation is consistent with the objectives set in the NPL strategy of the Crédit Agricole Italia Banking Group, which primarily identifies the reduction of the NPL stock (especially bad loans), through the sale of certain portfolios or through NPE recovery.

IFRS9 reads that "the entity shall measure expected credit losses in a way that reflects:

a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b) The time value of money;
c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions".

Specifically, IFRS 9 defines loss as the difference between all the contractual cash flows due and the cash flows that the entity expects to receive. Consequently, if the entity intends to sell a non-performing loan to a third party in order both to increase its cash flows as much as possible and to implement a specific strategy for NPL management, the ECL estimate shall reflect also the sale scenario and, thus, the cash flows from the sale. In accordance with IFRS 9, sales scenarios that are merely possible may be taken into account and, as such, shall be smoothed with others that are deemed more likely.

Having said that, in the measurement of loans, the Crédit Agricole Italia Banking Group considers the various assumed recovery strategies in order to proportionally align them to a probability of sale determined consistently with the Group's NPL Plan.

Consequently, to the "ordinary" scenario, which assumes a recovery strategy based on loan collection typically through legal actions, realization of mortgage collaterals, contracts with loan collection firms, also the scenario of loan sale was added.

Measuring the loss requires the assessment of the future cash flows that are deemed recoverable in the most likely scenario.

The methods to assess the loan recovery forecasts, in compliance with the ECB Guidance, consist in an estimate of future cash flows made based on two general approaches:
- In a scenario where the borrower is assumed as a going-concern, the cash flows from operations continue to be generated and can be used to repay the financial debt; the "Going Concern Approach";
- In a scenario where the borrower is assumed to discontinue operations, no cash flows from operations are generated to be used for debt service; the "Gone Concern Approach".

The Going Concern Approach is mainly applied to cases in which the cash flows from the borrower's operations are material (vs. the debt) and can be reliably estimated, as well as in all cases in which the exposure is not backed with collaterals or is limitedly secured and to the extent collaterals can be realized without prejudicing the borrower's ability to generate future cash flows.

In measuring generated cash flows, also the cash flows from operations of any guarantor may be taken into account.

The Gone Concern Approach shall apply where there are no significant cash flows from operations vs. the debt or where the exposure is largely secured and the related collaterals are essential to generate cash flows.

CONTRACT MODIFICATIONS OF FINANCIAL ASSETS

When the original contractual conditions are modified by the parties, it is to be verified whether the financial asset shall continue to be recognized or the original financial asset is to be eliminated recognizing a new financial instrument.

To this end, it is to be assessed whether the modifications to the contract terms and conditions as renegotiated are substantial or not.

In case of substantial modifications, the entity shall derecognize the financial instrument affected by the modification and shall recognize a new financial asset based on the contract as modified, irrespective of whether the renegotiation is finalized by signing a new contract or by modifying the existing one.

Renegotiations are deemed substantial if they introduce specific objective elements affecting the characteristics and/or cash flows of the financial instrument or if they concern customers that are not experiencing financial difficulties, in order to align the contract onerousness to the current market conditions. In the latter case, it is to be specified that, if the Bank did not agree to a renegotiation of the contractual conditions, the customer would be able to borrow from another intermediary with the subsequent loss by the bank of the revenue flows under the renegotiated contract; in other words, in case of renegotiation for commercial reasons, no loss in to be recognized by the bank in its income statement subsequent to the alignment to the current market conditions that are more favourable for its customers.

Conversely, in case of renegotiations deemed not substantial, the entity shall redetermine the present value of the new cash flows subsequent to the renegotiation, based on the original rate of the exposure in force before the renegotiation. The difference between said value and the book value before the modification shall be recognized in the specific item of the income statement as profit or loss from contract modifications with no derecognition ("modification accounting").

RESTRUCTURING DUE TO FINANCIAL DIFFICULTIES (FORBEARANCE MEASURES)

Financial instruments that are restructured due to financial difficulties are those for which the entity has modified the initial financial conditions (interest rates, maturity) for business and legal reasons linked to the financial difficulties experienced by the borrower, in ways that would not have been applied in other circumstances.

This concerns all debt instruments, irrespective of the category the security has been classified into based on the deterioration in credit risk since initial recognition.

Loan restructuring includes all the modifications made to one or more loan contracts, as well as any other loans or credit facilities granted in consideration of the financial difficulties experienced by the customer.

This restructuring concept shall be assessed with regard to the contract rather than with regard to the customer (no contagion). The definition of restructured loans subsequent to financial difficulties experienced by the customers is based on two cumulative criteria:

- Contract modifications or loan refinancing;
- The Customer's difficult financial situation.

"Contract modifications" are, for example, situations in which:

- There is a difference in favour of the borrower between the modified contract and the conditions before contract modification;
- The modifications made to the contract lead to conditions that are more favourable for the concerned borrower than those that other borrowers of the Bank, having similar risk profiles, could have obtained at that moment in time.

"Refinancing" means a new debt/loan is granted to the customer to repay, fully or in part, another debt as regards which the customer cannot comply with the contract conditions because of its financial situation.

The restructuring of a loan (whether performing or defaulted) is a sign of possible incurred loss risk. Therefore, the restructured/forborne exposure shall be accordingly assessed for any impairment/provisioning (restructuring does not systematically entail adjustment for incurred loss and classification as defaulted).

The classification as "restructured loan" or "Forborne exposure" is temporary.

If the restructuring transaction is carried out in accordance with the instructions of the European Banking Authority (EBA), the exposure retains the "restructured/forborne" status for at least 2 years, if it was performing upon restructuring, or for 3 years if it was defaulted upon restructuring. These periods shall be longer if some events provided for in the Group's principles occur (for instance "reoccurrence").

With no derecognition, the reduction in future flows granted to the counterparty or the deferral of such flows over a longer time horizon than the one before the restructuring shall entail recognition of impairment in the Income Statement.

The impairment for the restructuring shall be calculated as the difference between:

- The loan book value;
- The sum of the restructured future flows discounted at the original Effective Interest Rate (EIR).

In case of waiver of the claim to part of the principal, this amount shall be immediately recognized as an impairment adjustment of the loan.

Upon impairment, the portion regarding the passage of time shall be recognized under net interest income.

PURCHASED OR ORIGINATED CREDIT IMPAIRED ASSETS

Pursuant to IFRS 9, a financial asset is considered impaired upon initial recognition if credit risk is very high and it is purchased with significant rebates vs. the residual contractual debt.

If, based on the classification drivers (SPPI test e Business Model), these financial assets are classified as assets measured at amortized cost or at fair value through other comprehensive income, they shall be classified as "Purchased or Originated Credit Impaired Assets" ("POCI") and shall be subject to specific treatment as regards impairment.

As regards these exposures, IFRS 9 requires:

- Their initial recognition at fair value;
- That the expected credit loss be always estimated based on the expected loss over the lifetime of the financial instrument;
- That recognized interests be determined applying the "credit-adjusted effective interest rate" ("Credit Adjusted EIR") or the interest rate that, upon initial recognition, discounts all estimated future cash flows to the amortized cost of the asset, taking account in the estimate also of expected credit losses.

HEDGE ACCOUNTING

General framework

In compliance with the decision made by the Crédit Agricole Group, the Crédit Agricole Italia Banking Group has not applied the "hedge accounting" section of IFRS 9, exercising the option given by IFRS9 itself. All hedges have continued to be reported in accordance with IAS 39, up to the date of application of the supplement on fair value macro hedging (after its endorsement by the European Union). However, the eligibility of financial instruments for hedge accounting in accordance with the IAS 39 takes into account the bases of classification and measurement of financial instruments pursuant to the IFRS 9.

In accordance with IFRS 9 and with the IAS 39 hedging principles, eligible fair value and cash flow hedges are debt instruments at amortized cost and at fair value through equity with recycling to profit or loss.

The Group hedges interest rate risk in order to immunize the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the interest rate curve, or of reducing the uncertainty of cash flows linked to a specific asset/liability in an integrated balance sheet perspective. Specifically, fixed-rate debenture loans have been hedged (micro-hedging), as have the mortgage loans with cap to Customers (macro-hedging), government securities in reserves (asset-swap hedging) and fixed-rate gaps detected by the internal model, which have been subject to macro-hedging. The hedges were made exclusively by purchasing Interest Rate Swaps and Interest Rate Options.

Documentation

Hedging relationships shall comply with the following principles:

- Fair value hedges have the purpose of protecting the entity against exposure to changes in the fair value of a recognize asset or liability or of an irrevocable commitment not recognized, attributable to the hedged risk or risks and able to impact on the income statement (for instance, total or partial hedge of fair value changes due to interest rate risk on a fixed-rate debt);
- Cash flow hedges have the purpose of protecting the entity against exposure to changes in future cash flows of a recognized asset or liability or of a transaction deemed very likely, attributable to the hedged risk or risks and able (in case of an expected transaction not occurred) to impact on the income statement (for instance, hedging of all or part of the payment of future interests on a floating-rate debt);
- Hedges of net investments in foreign operations have the purpose of protecting the entity against the risk of any unfavourable change in fair value associated with the foreign exchange risk within an investments in foreign operations in a currency other than the Euro.

When an entity intends to use hedges, the following conditions shall be met in order to benefit from hedge accounting:

- Eligibility of the hedging instrument and of the hedged instrument;
- Formalized documentation since inception, specifically including the individual designation and the characteristics of the hedged item, of the hedging instrument, the type of hedging relationship and the nature of the hedged risk;
- Evidence of the hedge effectiveness, at inception (i.e. prospectively) and retrospectively, through tests made at each reporting date.

For interest rate risk hedging of a portfolio of financial assets or financial liabilities, the Crédit Agricole Italia Banking Group prefers a fair value hedge documentation, as permitted by the IAS 39 endorsed by the European Union (carve out version).

Specifically:

- The Group documents these hedging relationships based on a gross position of derivative instruments and hedges items;
- The effectiveness of these hedging relationships is proved with effectiveness tests.

Measurement

The measurement of the derivative at fair value is recognized as follows:

- Fair value hedges: the derivative remeasurement is recognized in the income statement matching the remeasurement of the hedged item. The income statement reports only the net amount of any ineffective portion of the hedge;
- Cash flow hedges: the derivative remeasurement is recognised as a balancing item of a specific profit or loss account directly recognized through equity with recycling to profit or loss for the effective portion and any ineffective portion of the hedge is recognised through profit or loss. Accumulated profits and losses through equity are then recycled to the income/through profit or loss when the hedged cash flows occur;
- Hedges of net investments in foreign operations: the derivative remeasurement derivative is recognised as a balancing item through equity with recycling to profit or loss and the ineffective portion of the hedge is recognized through profit or loss.

Where the conditions for benefiting from hedge accounting are no longer met, the following accounting treatment shall be applied prospectively:

- Fair value hedges: only the hedging instrument continues to be remeasured through profit or loss. The hedged item is wholly recognized in accordance with its classification. For debt instruments at fair value through equity with recycling to profit or loss, fair value changes after the termination of hedging relationship shall be fully recognized through equity. For hedged items measured at amortized cost, which were hedged for interest rate risk, the remaining portion of the remeasurement difference shall be amortized over the remaining life of the hedged items;
- Cash flow hedges: the hedging instrument is measured at fair value through profit or loss. The amounts accumulated through equity and regarding the effective portion of the hedge shall remain in equity until the hedged element affects profit or loss. Interest-rate hedged items shall be recognized through profit or loss as interests are paid. The remaining portion of the remeasurement difference is then amortized over the remaining life of the hedged items;
- Hedges of net investments in foreign operations: the accumulated amounts in equity regarding the hedge effective portion shall remain in equity as long as the net investment is held. When no longer within the scope of consolidation, net investments in foreign operations shall be recognized through profit or loss.

MAIN FINANCIAL STATEMENT ITEMS

1. Financial assets measured at fair value through profit or loss (FVTPL)

CLASSIFICATION

This category comprises the financial assets not classified as "Financial assets measured at fair value through other comprehensive income" or as "Financial assets measured at amortised cost".

The "Financial assets measured at fair value through profit or loss" item consists of three sub-items:

a) *"Financial assets held for trading":* this category consists of financial assets (debt securities, equity securities, loans and units in OICR collective investment undertakings) managed in order to realize cash flows through their sale and, therefore, under the "Other" Business Model; this category also includes derivative instruments (except for those classified as hedging derivatives or financial guarantee contracts);

b) *"Financial assets designated at fair value":* this category consists of financial assets (debt securities and loans) so designated upon initial recognition and where the related requirements are met (fair value option). As regards this category, an entity may irrevocably designate a financial asset at fair value through profit or loss if, and only if, by doing so it removes or materially reduces any measurement inconsistency;

c) *"Financial assets mandatorily measured at fair value",* consisting of the financial assets that are managed with the "Hold to Collect" or "Hold to Collect and Sell" business model, but that do not meet the requirements to pass the SPPI test (as their contractual terms do not solely envisage payments of principal and interest on the principal amount outstanding) or that are managed under the "Other" business model but are not held for trading. This category reports also units in OICR collective investment undertakings; this item also reports equity securities that are not held for trading, for which, at first recognition, the entity did not exercised the option to classify them at fair value through other comprehensive income.

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned (IFRS 9 para. 4.4. and 5.6). In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS32)" paragraph in Part A.2 herein.

RECOGNITION

Debt and equity securities and units in OICR collective investment undertakings are initially recognized at the settlement date, while derivative contracts are recognized on the date they are signed. Loans are recognized on their origination date.

Specifically, upon recognition at the settlement date, the reporting entity recognizes any changes in the fair value of the asset to be received occurred between such date and the previous trading date, in the same way the purchased asset is recognized.

On initial recognition, "Financial assets measured at fair value through profit or loss" are recognized at fair value; unless otherwise specified, it consists of the price paid to execute the transaction and any transaction costs or revenues attributable to the instrument are not taken into account but are taken directly to the Income Statement.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, “Financial assets measured at fair value through profit or loss” are stated at fair value.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

To measure the fair value of financial instruments that are quoted in an active market, market prices are used. Where there is no active market, fair value is measured using generally accepted estimation methods and measurement models that take account of all the risk factors correlated to the instruments and that are based on information available on the market, such as: the measurement of the price of listed instruments with similar features, discounted cash flows, option pricing models, values reported for recent comparable transactions, etc.

For equity securities and derivative instruments that have equity securities as underlying assets, not quoted in an active market, the cost approach is used as the fair value estimate only to a residual extent and limited to very few cases, that is to say when there is a wide range of possible fair value measurements of which cost is the most significant estimate.

The effects of the application of this measurement approach are recognized in the Income Statement, under item 80 “Net profit (loss) on trading” for “Financial assets held for trading” and under item 110 “Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss” for “Financial assets designated at fair value” and for “Financial assets mandatorily measured at fair value”. The same items report the derecognition of such financial assets. For more information on fair value measurement, please refer to paragraph 16 “Other Information - Fair Value Measurement” and to “Part A.4 - Fair value reporting”.

DERECOGNITION

Financial assets are derecognized if one of the following cases occurs:

- Contractual rights to the cash flows from the assets have expired;
- The financial asset is sold with substantial transfer of all risks and rewards resulting from its ownership. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred. Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.
- The entity retains the contractual right to receive the cash flows from the assets, but it concomitantly undertakes the contractual obligation to pay such flows to a third party (pass-through arrangements).

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

CLASSIFICATION

This category consists of financial assets that meet both the following conditions:

- The financial asset is managed in accordance with the “Hold to Collect and Sell” Business Model whose objective is achieve both by collecting the contractual cash flows and by selling the asset, and
- The contractual terms of the financial asset provide for, at specified date, cash flows that are solely payments of principal and interest on the principal amount outstanding and, therefore the SPPI test.

Therefore, this category includes debt securities and loans that are managed in accordance with the “Hold to Collect and Sell” Business Model and that have passed the SPPI test. This category also includes equity instruments, not held for trading, for which the irrevocable option was exercised upon initial recognition for their designation at fair value through other comprehensive income.

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS32)" paragraph in Part A.2 herein.

RECOGNITION

These financial assets are initially recognized at the settlement date for debt and equity securities and, as regards loans, at their disbursement date. At initial recognition, these assets are recognized at fair value that equal to, unless otherwise stated, the price paid for the transaction execution, including any costs or revenues directly attributable to the instrument.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, Assets classified at fair value through other comprehensive income, consisting of debt securities and loans, are measured at fair value, recognizing the impacts generated by the amortized costs application in the Income Statement. For amortized cost measurement, please refer to paragraph 16 "Other information - Amortized Cost Measurement". Profits and losses on fair value measurement are recognized in a specific equity reserve (item "120. Valuation reserves"), which shall be recycled to the income statement (item 100b "Profit/losses from disposal/repurchase of financial assets measured at fair value through other comprehensive income) upon derecognition of the financial asset.

"Financial assets measured at fair value through other comprehensive income" - being them debt securities and loans - are subject to impairment testing in accordance with the IFRS 9, as are Assets at amortized cost, with subsequent recognition of value adjustments in the Income Statement for expected losses.

These adjustments are recognized in the Income Statement under item "130. Net losses/recoveries for credit risk", as the balancing item of the specific valuation reserve in equity (item "120. Valuation reserves"); the same applies, in a mirror-like way, to recoveries on part or all write-downs made in previous periods.

Equity instruments for which the option was exercised for their classification in this category are measured at fair value; profits or losses from fair value measurement are recognized as a balancing item of a specific equity reserve (item "120. Valuation reserves"). These reserves shall never be recycled to the income statement, including where allocated by selling the asset; in that case, the accumulated balance of the reserve is not recycled through profit or loss, but it is classified under retained earnings reserves in equity (item "150. Reserves"). Moreover, these assets shall not be written down in the Income Statement as they are not subject to impairment. The only component recognized in the Income Statement is collected dividends.

Fair value is determined using the standards adopted for "Financial assets measured at fair value through profit or loss". For the equity instruments included in this category, which are not quoted in an active market, the cost approach is used as the fair value estimate to a residual extent only and in very few circumstances, i.e., when all the measurement methods referred to above cannot be applied, or when there is a wide range of possible measurements of fair value, of which cost is the most significant estimate. For more information on fair value measurement, please refer to paragraph 16 "Other Information - Fair Value Measurement" and to "Part A.4 - Fair value reporting".

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been sold are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, without relevant delay to other third parties.

3. Financial assets measured at amortized cost

CLASSIFICATION

This category consists of financial assets, specifically debt securities and loans, that meet both the following conditions:

- The financial asset is managed in accordance with the "Hold to Collect" Business Model whose objective is achieve by collecting the contractual cash flows;
- The contractual terms of the financial asset provide for, at specified date, cash flows that are solely payments of principal and interest on the principal amount outstanding and, therefore the SPPI test.

More specifically, this category includes loans to customers and banks – in any technical form – and debt securities that meet the requirements referred to above. This category also includes receivables originated by finance lease transactions under IFRS 16 and operating loans and receivables linked to the provision of financial services, as defined by the Italian Consolidated Law on Banking (T.U.B.) and by the Italian Consolidated Law on Finance (T.U.F.) (e.g. for the distribution of financial products and servicing activities).

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS32)" paragraph in Part A.2 herein.

RECOGNITION

These financial assets are initially recognized at the settlement date for debt securities and, as regards loans, at their origination date. This asset item reports separately:

- Due from banks;
- Loans to customers.

Specifically, for loans, their origination date is usually the same as the date of contract signing. Should this not be the case, upon contract signing a commitment to disburse funds shall be recognized and derecognized on the loan disbursement date.

Loans and receivables are initially recognized at their fair value that is is equal to the amount disbursed, or subscription price, including costs and revenues directly attributable to the individual loan and determinable from the inception of the transaction, even if settled at a later time.

The initially recognized amount does not include costs that can be classified as normal administrative overhead costs, despite having the above characteristics.

Repurchase agreements or reverse repurchase agreements are recognized as funding or lending transactions. Specifically, repurchase agreements are recognized as due and payables for the spot amount received, whereas reverse repurchase agreements are recognized as loans and receivables for the spot amount paid.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Following initial recognition, these financial assets are measured at amortized cost using the effective interest rate method.

Measurement at amortized cost entails that the asset is recognized at an amount equal to its initial recognition value less principal repayment, plus or minus accumulated amortization in accordance with the aforementioned effective interest rate method, of the difference between the initial amount and the amount at maturity (typically attributable to costs/income directly pertaining to the individual asset) and adjusted by any loss coverage provision.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the asset in terms of principal and interest, to the amount disbursed including costs and revenues attributable to the asset. Expected cash flows shall be estimated taking account of all contractual terms of the financial instrument, but irrespective of expected losses on loans and receivables. The calculation includes all fees and commissions, transaction costs and all other premiums or discounts. This measurement method uses a financial approach and allows the economic effect of the costs/income directly attributable to a financial asset to be spread over its expected remaining lifetime. For more exhaustive reporting on this matter, please refer to paragraph 16 “Other information - Amortized Cost Measurement”.

The amortized cost method is not used for assets that have short lifetime, as their discounting is expected to have negligible effects, for those with indefinite maturity and revocable loans. These assets are measured at historical cost and the costs/revenues attributable to them are recognized in the Income Statement on an accrual basis throughout their contractual term of validity.

The book value of financial assets at amortized cost is adjusted in order to report any provision for expected loss coverage. Indeed, at every reporting date, these assets are tested for impairment in order to estimate any Expected Credit Losses (ECL).

This scope includes non-performing loans (known as “Stage 3” loans) classified as bad, unlikely- to-pay or non-performing past due in accordance with the rules issued by the Supervisory Authorities; this scope also includes performing loans classified as “Stage 1” and “Stage 2”, to which the “Expected credit losses” concept applied on a 12-month or lifetime basis, respectively.

The used bases of measurement are exhaustively described in the paragraph “Financial instruments (IFRS9, IAS 39 and IAS32) - Impairment for credit risk)” in Part A.2 of this document and, as already said, are strictly linked to the classification of these instruments in one of the three stages (credit risk stages) provided for by IFRS 9.

The model of impairment (provisioning) for credit risk comprises:

- Stage 1: from the initial recognition of the financial instrument (loan, debt security, guarantee…), the entity shall recognize expected credit losses over 12 months;
- Stage 2: if the credit quality deteriorates significantly for a given transaction or portfolio, the entity shall recognize the losses expected up to maturity;
- Stage 3: when one or more default events have occurred on the counterparty with an adverse effect on the estimated future cash flows, the entity shall recognize incurred credit losses up to maturity. Subsequently, if the conditions for classifying financial instruments in stage 3 are not met, the financial instruments are reclassified in stage 2, or in stage 1, based on the decrease in credit risk.

Impairment losses are recognized in the income statement under item “130. Net losses/recoveries for credit risk”.

The original value of the financial assets is written back in following financial years if the exposure credit quality improves vs. the one that entailed the previous write-down. Impairment recoveries are recognized in the Income Statement under the same item and the value of the loan after the writeback shall in no event exceed the amortized cost that the asset would have had if the prior adjustment had not been made.

For non-performing exposures, accrued interests recognized in the Income Statement under item “10. Interest and similar income” are calculated based on amortized cost. The same item reports interest income due to the passage of time, calculated within the measurement of non-performing financial assets based on the original effective interest rate.

A specific item in the income statement reports interest income calculated with the effective interest method in accordance with Bank of Italy Circular 262.

DERECOGNITION

Financial assets are derecognized if one of the following cases occurs:

- Contractual rights to the cash flows from the assets have expired;
- The financial asset is sold with substantial transfer of all risks and rewards resulting from its ownership. Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred. Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.
- Financial assets are written off where their recovery can no longer be reasonably expected, including in case of waivers of the rights to the asset;
- The entity retains the contractual right to receive the cash flows from the assets, but it concomitantly undertakes the contractual obligation to pay such flows to a third party (pass-through arrangements).
- The contract undergoes modifications that qualify as "substantial". In case of substantial modifications to the contract (i.e. modifications that affect the characteristics and/or the cash flows of the financial instrument), the entity shall derecognize the financial instrument affected by the modification and shall recognize a new financial asset based on the contract as modified, irrespective of whether the renegotiation is finalized by signing a new contract or by modifying the existing one.

4. Hedging

In compliance with the decision made by the Crédit Agricole Group, the Crédit Agricole Italia Banking Group has not applied the hedge accounting rules laid down by IFRS 9, exercising the option given by IFRS9 itself. All hedges have continued to be reported in accordance with IAS 39, up to the date of application of the supplement on fair value macro hedging (after its endorsement by the European Union). Nonetheless, having regard to classification and measurement, IFRS 9 has been applied.

CLASSIFICATION

The "Hedging Derivatives" asset and liability items report financial derivatives held for hedging, which, as at the reporting date, have positive or negative fair values, respectively.

Hedging transactions are used to neutralize potential losses occurring on a given item or group of items attributable to a given risk, should the risk event take place.

The following types of hedges are used:

- Fair value hedges: these are used to hedge exposures to changes in the fair value (attributable to the different types of risk) of assets and liabilities or portions thereof, groups of assets and liabilities, irrevocable commitments and portfolios of financial assets and liabilities, including core deposits, as permitted by IAS 39, which was endorsed by the European Commission;
- Cash flow hedges: these are used to hedge exposures to changes in future cash flows caused by certain risks associated with financial statement items. This type of hedge is essentially used to stabilize interest cash flows from variable-rate funding to the extent it concerns fixed-rate loans. In some cases, similar hedges are used for some variable-rate loans;
- Hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency.

RECOGNITION

Hedging derivatives, like all derivatives, are initially recognized on their subscription date and measured at fair value.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Hedging derivatives are measured at fair value. Specifically:

- in case of fair value hedging, changes in the fair value of the hedged item are offset against changes in the fair value of the hedging instrument.
  This offsetting is recognized in the Income Statement under item "90. Net profit (loss) on hedging activities" by reporting value changes regarding both the hedged item and the hedging instrument. Any difference that may arise, since it represents the partial ineffectiveness of the hedge, also represents its net effect through profit or loss;
- Cash flow hedges: these are used to hedge exposures to changes in future cash flows caused by certain risks associated with financial statement items. This type of hedge is essentially used to stabilize interest cash flows from variable-rate funding to the extent it concerns fixed-rate loans. In some cases, similar hedges are used for some variable-rate loans; Changes in the fair value of the derivative are recognizes in equity (item "120. Valuation reserves"), for the effective portion of the hedge, and are recognized through profit or loss only when the cash flow change to be offset occurs regarding the hedged item;
- Hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency and it is recognized as cash flow hedges are.

The derivative instrument is classified as held for hedging where there is formal documentation of the relationship between the hedged item and the hedging instrument and where it is effective at inception and throughout its life.

The effectiveness of the hedge depends on the degree to which changes in fair value of the hedged instrument or the relative expected cash flows are offset by changes in that of the hedging instrument. Accordingly, the actual effectiveness is gauged by comparing the above-mentioned changes, taking into account the intention of the company at the inception of the hedge.

Hedging is deemed effective when changes in the fair value (or the cash flows) of the hedging instrument almost entirely – i.e. within an interval of between 80% and 125% - offset changes in the value of the hedged item for the hedged risk factor.

Effectiveness is assessed at every reporting date, using:

- Prospective tests, which justify the application of hedge accounting, since they demonstrate the expected effectiveness of the hedge;
- Retrospective tests, which show the degree of effectiveness of the hedge achieved during the reference period. In other words, they measure how actual results deviate from the perfect hedge.

Any hedge ineffectiveness caused by economic circumstances that are expected to return to normal as confirmed by prospective tests is not taken into account.

DERECOGNITION - TERMINATION OF THE HEDGING RELATIONSHIP

It the hedge effectiveness is not proved by the verifications and tests carried out, from that time on hedge accounting, as described above, shall be terminated, the derivative contract shall be reclassified to "Financial assets measured at fair value through profit or loss" and, specifically, to "Financial assets held for trading".

In case of fair value hedges, the hedged item is measured with the original measurement approach of the category it belongs to; for instruments measured at amortized cost, any accumulated recoveries/losses recognized subsequent to the fair value change of the hedges risk are recognized in the Income Statement under interest income and interest expense throughout the residual life of the hedged item, based on the effective interest rate. If the hedged item is sold or repaid, the fair value portion that has not yet been amortized shall be immediately recognized in the Income Statement.

Furthermore, the hedging relationship terminates when:

- The derivative matures, is terminated or exercised;
- The hedged item is sold, matures or is repaid;
- The hedged future transaction is no longer highly probable.

Hedging of portfolios of assets and liabilities

The hedging of portfolios of assets and liabilities ("macrohedging") and its consistent recognition can be done after:

- Identifying the portfolio to be hedged and breaking it down by maturity;
- Designating the item to be hedged;
- Identifying the interest rate risk to be hedged;
- Designating the hedging instruments;
- Determining effectiveness.

The portfolio hedged against interest rate risk may comprise both assets and liabilities. This portfolio is broken down by maturity in terms of collection or repricing of the interest rate, after analyzing the cash flow structure. Fair value changes occurred in the hedged item are recognized in the Income Statement under item "90 Net profit (loss) on hedging activities" and in the Balance Sheet under item "60. Fair value change of financial assets in macro-hedge portfolios" or under item "50. Fair value change of financial liabilities in macro-hedge portfolios". Fair value changes occurred in the hedging instrument are recognized in the Income Statement under item "90. Net profit (loss) on hedging activities" and in the Balance Sheet under asset item "50. Hedging Derivatives" or under liability item "40. Hedging derivatives".

In case of early termination of fair value macrohedging, the accumulated recoveries/losses are recognized in the Income Statement under interest income or interest expense throughout the residual duration of the original hedging relationships, granted that it is verified that the related requirements are met.

5. Equity investments

CLASSIFICATION

This item reports equity investments held in associates and joint ventures that are recognized using the equity method.

Joint ventures are companies in which the voting rights and the control of its business activities are shared equally, directly or indirectly, between the Parent Company and another party. Joint arrangements also include equity investments in which, despite the lack of equal voting rights, control over the business activities and the strategic policies of the investee company is shared with other parties under contractual agreements.

Associates are companies in which the Group exercises a significant influence, holding, directly or indirectly, at least 20% of the voting rights (including "potential" voting rights that may be exercised) or having the power to participate in determining its financial and management policies, despite holding less than 20% of the voting rights, owing to specific legal ties, such as being party to a shareholders' agreement.

RECOGNITION

These financial assets are initially recognized at the settlement date. At initial recognition, these financial assets are recognized at cost, including any goodwill paid upon acquisition which, therefore, is not separately recognized.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Equity investments are measured using the equity method. After initial recognition, the carrying amount of the financial asset is increased or decreased in order to recognize the portion of profit and losses of the investees attributable to the Group and realized after the equity investment acquisition, as the balancing item of the Consolidated Income Statement item "250. Profit (losses) on equity investments". Dividends received from an investee are recognized as a reduction in the book value of the equity investment.

Where there is evidence that the value of an equity investment may be impaired, its recoverable value is determined, taking into account the present value of future cash flows that the equity investment could generate, including its value upon divestment.

If the recoverable amount is lower than the carrying amount, the difference is recognized in the Income Statement.

If the reasons for the impairment are removed subsequent to an event occurred after the impairment loss recognition, a writeback is taken to the Income Statement.

DERECOGNITION

Equity investments are derecognized in case of any sale that transfers essentially all rights and rewards associated with their ownership.

In case significant influence or joint control can no longer be exercised, any residual investment shall be reclassified to the portfolios of financial assets in accordance with the IFRS 9.

6. *Property, Plant and Equipment*

CLASSIFICATION

"Property, plant and equipment" includes land, operating property, investment property, technical plants, furniture, furnishings and equipment of any type, works of art and property, plant and equipment inventories governed by IAS 2.

These assets are held to be used in production or supply of goods and services (property, plant and equipment used in operations in accordance with IAS 16), or to be rented out to third parties or for investment purposes (investment property governed by IAS 40) and are intended to be used for longer than one period.

This item also reports the rights-of-use of property, plant and equipment assets acquired with lease contracts in which the Bank is the lessee, irrespective of their specific legal form.

RECOGNITION

"Property, plant and equipment" items are initially recognized at cost, which includes, in addition to the purchase cost, all costs directly attributable to purchasing and placing the asset in service. Extraordinary maintenance expenses that increase the future economic benefits generated by such assets are recognized as an increase in the value of the assets, while ordinary maintenance costs are recognized in the Income Statement.

The initial measurement of the right-of-use asset includes the present value of future lease payments, the lease payments made on or before the lease contract effective date, initial direct costs and any estimated costs for dismantling, removal or restoration of the lease underlying asset, less any lease incentives received by the lessee.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Property, plant and equipment assets, including investment property and right-of-use assets, are measured at cost less depreciation and impairment.

These assets are systematically depreciated over their useful life on a straight-line basis, as reported in the table below:

Description	Duration
Land	No depreciation
Operating property	33 Years(1)
Other investment property	
- Other	33 Years(1)
- High-end property and property inventories (IAS2)	No depreciation
Furniture, fittings, alarm systems and vehicles	From 4 to 10 years
Computers and electronic equipment	From 3 to 10 years
Works of art	No depreciation

(1) It is specified that, in few specific cases and for specific property units, their useful life, appropriately calculated, may have different duration.

Lease right-of-use assets are depreciated on a straight-line basis over the lease term.

Properties are depreciated at a rate based on a useful life deemed fit to appropriately represent the deterioration of the assets over time due to use, taking into account any extraordinary maintenance costs, which increase the value of the asset, and ordinary maintenance costs, which maintain the value of the assets for longer periods of time. However, the assets' remaining useful life is verified on a regular basis.

The depreciation cost for property, plant and equipment is recognized in the Income Statement in the item "210 Net adjustments of/recoveries on property, plant and equipment".

The following assets are not depreciated:

- land, whether acquired separately or incorporated in the value of the building, since it has an indefinite useful life. Where its value is incorporated in the value of the building, under the components approach, the land is considered separable from the building. The division between the value of the land and the value of the building is based on appraisals by independent experts, only for buildings entirely owned by, and, therefore, fully available to the Company, including the land;
- High-end property;
- Property, plant and equipment inventories under IAS 2measured at the lower between their cost and net realizable value, that is to say their market value net of completion and selling costs;
- Works of art, as they have indefinite useful life and their value does not normally decrease over time.

If there is evidence of impairment of the asset, the asset's book value is compared to its recoverable value, that is to say the higher between their fair value and their value in use For more exhaustive reporting, please refer to paragraph "16 Other Information - Method to calculate impairment losses - Other non-financial assets".

Any adjustments are recognized in the Income statement under item "210 Net adjustments of/recoveries on property, plant and equipment".

If the reasons for impairment cease to exist, a writeback is recognized. The book value following the writeback shall not exceed the value the asset would have had, net of depreciation, in the absence of the prior writedown.

DERECOGNITION

Property, plant and equipment items are derecognized when disposed of or when the asset is permanently withdrawn from use and no future benefits are expected from its disposal.

7. Intangible assets

CLASSIFICATION

Intangible assets are non-monetary assets that are identifiable and not physical, stem from legal or contractual rights, are held to be used for several years and are expected to generate future economic benefits. The main types of intangible assets are:

- Software acquired from external sources or with licence for use;
- In-house developed software;
- Residual goodwill recognized as the difference between purchase cost and the fair value of the assets and liabilities acquired and contingent assets and liabilities recognized upon acquisition in accordance with the IFRS 3 determination criteria;
- The intangibles representing business with Customers are recognized subsequent to the application of IFRS 3.

RECOGNITION

Separately acquired and internally generated intangible assets are initially recognized at cost adjusted by any ancillary expenses, only if the economic benefits from the asset are likely to be generated and if its cost can be reliably determined. Otherwise, the intangible asset cost is recognized in the Income Statement for the period in which it is borne. Intangible assets acquired through business combinations are recognized at fair value as at the acquisition date.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, intangible assets are recognized net of the accumulated amortization and of any accumulated impairment losses. Intangible assets' useful life is assessed as finite or indefinite.

Intangible assets with finite useful life are amortized over their useful life and are tested for impairment every time signals of possible impairment are detected. The amortization period and approach for intangible assets with finite useful life are reassessed at least at the end of every year. Changes in the expected useful life or in the modalities with which the future economic benefits linked to the assets occur, are recognized through the change of the period or amortization approach, as the case may be, and are considered as accounting estimate changes. Amortization of intangible assets with finite useful life is recognized in the Income Statement in the item "220 Net adjustments of/recoveries on intangible assets".

Generally, software useful life is estimated as being five years. In compliance with IAS 38, some large projects have been specifically identified and their useful life has been measured as being ten years. Intangibles consisting of business with Customers and recognized under IFRS 3 are assigned finite useful life, determined based on the available time series on the rates of customer turnover.

Intangible assets with indefinite useful life, including goodwill are not amortized, but are tested for impairment annually, both at individual level and at a cash-generating unit level.

The amount of any impairment is calculated based on the difference between the recoverable amount of the cash-generating unit and its carrying amount.

This recoverable amount is the higher of the fair value of the cash-generating unit, net of any selling costs, and its value in use. Any subsequent value adjustments are recognized in the Income Statement.

DERECOGNITION

Intangible assets are derecognized from the Balance Sheet when disposed of or when no future economic benefits are expected to be generated by the asset.

Profits or losses resulting from the derecognition of intangible assets are calculated as the difference between the net disposal revenue and the book value of the intangible asset and are recognized in the income statement for the year in which the derecognition is made.

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

RECOGNITION, CLASSIFICATION, MEASUREMENT AND DERECOGNITION

"Non-current assets held for sale and discontinued operations" and "Liabilities in respect of assets held for sale" report non-current assets or groups of assets/liabilities which are in the process of being divested and for which a sale is considered highly probable. In case of transactions subject to authorization to be issued by Supervisory Authorities, the Group's accounting policy, since it attaches an essential value to such authorization, provides for "Non-current Assets/Liabilities and discontinued operations" to be recognized as from the date of receipt of the such authorization (whether express or tacit).

These assets/liabilities are measured at the lower between their book value and their fair value net of disposal costs, except for some types of assets -comprising for instance all financial instruments in IFRS 9 scope of application - to which, in accordance with IFRS 6, the measurement bases as per the reference standard shall continue to be applied.

income and expenses linked to assets and liabilities held for sale and discontinued operations, if linked to discontinued operations under IFRS 5), are presented in the income statement, net of tax effects, in item "320. Profit (Loss) after tax from discontinued operations", while if linked to single non-current assets held for sale, they are recognized in the most appropriate item in the income statement.

"Discontinued operations" must be understood as an important self-standing part of business or geographical area of operations, also within a single coordinate divestment programme, or a subsidiary that has been acquired solely in order to be resold.

Non-current assets held for sale and discontinued operations are written off upon disposal.

9. Current and Deferred Taxes

These items report current and deferred tax assets and current and deferred tax liabilities, respectively, as regards income taxes.

Income taxes, calculated in accordance with the Italian tax legislation, are recognized on an accrual basis, consistently with the recognition of the costs and revenues generating them. Therefore, they represent the expense, equal to the balance of current and deferred tax assets and current and deferred tax liabilities, for taxes on income for the period. Income taxes are recognized in the Income Statement, except for those related to items debited or credited directly in equity, for which the related taxes are recognized, for consistency purposes, in equity.

The effects of current taxes and deferred tax assets and liabilities are recognized at the applicable tax rates.

Provisions for income taxes are calculated on the basis of forecasts of the current tax liability and deferred tax assets and liabilities. Specifically, deferred tax assets and liabilities are calculated on the basis of temporary differences – without time restrictions – between the value attributed to an asset or a liability pursuant to the Italian Civil Code and the corresponding values used for tax purposes.

In March 2016, the national tax consolidation scheme was adopted, with effects since the 2015 tax period, by the Crédit Agricole Group in Italy; such scheme was introduced with Article 6 of Italian Legislative Decree No. 147 of 14 September 2015, according to which also the Italian "sister" companies, whose controlling Company is resident in a EU Member State, may exercise the option for consolidated taxation.

This regime provides for the consolidated companies to transfer their taxable income (or their tax loss) to the Consolidating Entity Crédit Agricole Italia, which calculates a single taxable income or a single tax loss of the Group for the Italian corporate income tax (IRES), as the algebraic sum of the income and/or losses of the single Companies, and recognizes a single tax account payable to or receivable from the Italian Inland Revenue Agency.

In the consolidating entity's financial statements, the intra-group balances resulting from the tax consolidation scheme are reported under the "Financial assets measured at amortized cost - due from banks" item for the provisions for Corporate Income Tax (IRES) allocated by the scheme member entities net of withholdings due and down-payments made (in the "Financial liabilities measured at amortized cost - due to banks" item if the down-payments made are higher than the provisions). In the same financial statement items, the scheme member entities recognize the receivable or payable balances resulting from their respective taxable income contributions to the consolidating entity.

Deferred tax liabilities are calculated using the so-called balance-sheet liability method.

Deferred tax assets, relating to deductible temporary differences or future tax benefits that can be gained by carrying forward tax losses, are recognized to the extent their recovery is deemed likely and after the probability test, which is to be run on a yearly basis, in accordance with IAS 12.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the reserves subject to tax deferral arrangements, since the amount of available reserves already subject to taxation makes it likely that no taxable operations will be carried out.

Deferred tax assets and liabilities are recognized in the Balance Sheet with open balances without any offsetting, the former under the "Tax Assets" item, the latter under the "Tax Liabilities" one.

Deferred tax assets and liabilities are systematically measured to reflect any changes in tax regulations or rates, as well as in any other situation specifically applying to the Company. The effects are recognized in the Income Statement, except when these regard changes in the temporary differences in items for which accounting policies require recognition directly in equity, in which case the change in the deferred tax liability or asset is taken directly to equity.

10. Provisions for risks and charges

This item comprises provisions for risks and charges when the following conditions are met:

- A present obligation (legal or implicit) exists resulting from a past event;
- It is likely that resources will have to be used in order to generate the economic benefits necessary to fulfil the obligation;
- The obligation amount can be reliably estimated.

If the time factor is significant, provisions for risks and charges are discounted. The allocation to provision is recognized in the Income Statement, which also reports interest expense accrued on provisions that have been discounted.

PROVISIONS FOR RISKS AND CHARGES REGARDING COMMITMENTS AND GUARANTEES GIVEN

This sub-item of the “provisions for risks and charges” item reports credit risk allowances recognized for commitment to disburse funds and for guarantees given within the scope of application of the impairment rules pursuant to IFRS 9. In principle, for these cases, the same methods apply for the allocation to the three credit risk stages and for the calculation of the expected loss as reported with regard to financial assets measured at amortized cost or at fair value through other comprehensive income.

POST-EMPLOYMENT BENEFITS

Pension plans, created pursuant to corporate agreements, qualify as “defined-benefit plans”.

The liabilities referring to these plans and the relating social security costs for employees currently on staff are determined based on actuarial assumptions by applying the Projected Unit Credit (PUC) method. Under this method, future outlays are projected based on analyses of time series and the demographic curve and the discounting of these cash flows using market interest rates, as set forth in the relevant tables in the Note to the Financial Statements.

Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

Actuarial profits and losses, defined as the difference between the liability book value and the present value of the commitments as at the reporting date, are fully recognized directly in equity, under the item “Valuation reserves”.

OTHER PROVISIONS

Other provisions for risks and charges include provisioning for legal or other obligations associated with employment relationships or disputes, including tax disputes, resulting from a past event for which a cash outflow to settle the obligation is likely, granted that its amount can be reliably estimated.

Where the time factor is significant, provisions are discounted using current market rates. The amount allocated to provision is recognized in the Income Statement under item “200. Net provisions for risks and charges” and reports the increases in the provisions due to the passage of time.

This item also reports long-term employee benefits, the liabilities for which are determined using the same actuarial assumptions described for post-employment benefits. Actuarial gains and losses are immediately recognized in full in the Income Statement.

11. Financial liabilities measured at amortized cost

CLASSIFICATION

The “Due to banks”, “Due to customers” and “Debt securities issued” items report all forms of interbank and customer funding, repurchase agreements and funding through certificates of deposit, bonds and other funding instruments issued, less any amounts repurchased.

This item also reports lease liabilities recognized by the entity as the lessee.

RECOGNITION

These financial liabilities are initially recognized upon the signing of the relevant contract, which is usually the date of receipt of the funds raised or of the issue of debt securities.

These financial liabilities are initially recognized at fair value, which usually is equal to the amount collected or the issue price plus any additional expenses/income that can be directly attributed to the single financing or issue transaction. Internal administrative expenses are excluded.

Repurchase agreements or reverse repurchase agreements are recognized as funding or lending transactions. Specifically, repurchase agreements are recognized as due and payables for the spot amount received, whereas reverse repurchase agreements are recognized as loans and receivables for the spot amount paid.

Lease liabilities are recognized based on the present value of future lease payments still to be made as at the lease contract effective date in accordance with IFRS 16.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, these financial liabilities are measured at amortized cost with the effective interest rate method. The result of the application of this method is taken to the income statement in item “20 Interest and similar expensesi”. Accrued interest income on financial liabilities is recognized under item “10 Interest and similar income”.

This does not apply to short-term liabilities which are recognized in the amount collected since the time factor is negligible.

After the lease contract effective date, the lessee shall redetermine its lease liabilities in order to take account of the changes to lease payments; the amount of the redetermined lease liabilities shall be recognized as an adjustment of the right-of-use assets.

DERECOGNITION

Financial liabilities are derecognised when they mature or are settled. Liabilities are also derecognized when previously issued securities are repurchased.

The difference between the liability book value and the amount paid to purchase such liability is recognized in the Income Statement under item 100 “Net profit (loss) on sale or repurchase of financial liabilities”.

The subsequent placement of repurchased securities on the market is treated as a new issue and is recognized at the new placement price, with no effect through profit or loss.

12. Financial liabilities held for trading

RECOGNITION

These financial instruments are recognized, at the date of subscription or at the date of issue, at cost that is equal to the instrument fair value, without taking into account any directly attributable transaction costs or income.

CLASSIFICATION

This item also reports the negative value of derivative contracts held for trading, as well as the negative value of derivatives that are embedded in complex contracts but that are not strictly connected to such contracts.

It also includes liabilities originating from technical overdrafts generated by securities trading.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

All liabilities held for trading are measured at fair value through profit or loss.

For more information on fair value measurement, please refer to paragraph 16 “Other Information - Fair Value Measurement” and to “Part A.4 - Fair value reporting”.

Profits and losses on trading and any capital gains and losses on measurement of the trading book are recognized in the Income Statement under item “80. Net profit (loss) on trading activities”.

DERECOGNITION

Financial liabilities held for trading are derecognized when the contractual rights to the relevant cash flows expire or when the financial liability is sold with substantial transfer of all risks and rewards of ownership.

13. Financial liabilities designated at fair value

The Crédit Agricole Italia Banking Group has not exercised the fair value option for financial liabilities.

Financial liabilities may be designated at fair value if one of the following conditions is met:

- This classification allows to eliminate or significantly reduce any “accounting mismatching”;
- They belong to groups of liabilities that are managed and their performance is measured based on fair value, in accordance with an appropriately documented risk management strategy.

14. Foreign currency transactions

RECOGNITION

Transactions in a foreign currency are initially recognized in the reporting currency by translating the foreign currency amount at the exchange rate in force on the date of the transaction.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

At each financial reporting date, foreign currency items are measured as follows:

- Monetary items are translated at the exchange rate in force as at the reporting date;
- Non-monetary items measured at historical cost are translated at the exchange rate in force as at the transaction date;
- Non-monetary items measured at fair value are translated at the exchange rate in force as at the reporting date.

Exchange rate differences resulting from the settlement of monetary items or from the translation of monetary items at exchange rates other than the initial translation rate, or the translation of previous Financial Statements, are recognized in the Income Statement for the period in which they emerge.

When gains or losses relating to a non-monetary item are recognized in equity, the exchange rate difference for the item is also recognized in equity.

Conversely, when a profit or a loss is recognized in the Income Statement, the related exchange rate difference is also recognized in the Income Statement.

15. Insurance assets and liabilities

The Financial Statements of the Group do not report any assets or liabilities bearing insurance risks.

16 Other information

ADJUSTMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES IN MACRO-HEDGE PORTFOLIOS

These items report changes in the fair value of financial assets and liabilities macro-hedged against interest rate risk, based on their respective balances, either positive or negative. The recognition of hedges is reported in point 4 "Hedging" of this section.

LEASES

IFRS 16 "Leases" requires entities to determine whether a contract is (or contains) a lease, based on the right to control the use of an identified asset for a given period of time; therefore, rental, hire, lease or loan for use contracts are in the scope of application of the standard.

Leases in which the Group is the lessee

IFRS 16 provides for a single lessee accounting model, requiring lessees to apply it to both operating and finance leases, with the recognition of a Right of Use ("RoU")

Therefore, for all leases in which it is the lessee, the reporting entity shall recognize the items listed below in its balance sheet:

- Future lease payments, which shall be recognized under financial liabilities as Lease Liability, which reports the obligation to make future payments and is discounted at the incremental borrowing rate (the liability decreases in accordance with payments made and increases by the amount of accrued interest due);
- The right of use,recognized under Property, plant and equipment (RoU Asset) to be calculated as the sum of the lease liability, the initial direct costs, any payments made on or before the contract effective date (net of any lease incentives received) and of dismantling and restoration costs.

The following are recognized in the income statement:

- The expenses for depreciation of right of use asset over the lease term on a straight-line basis;
- Interest expense accrued on the financial liability.

In case of any subsequent "finance" sublease, the related right-of-use asset is derecognized and the account receivable for the financial sublease is concomitantly recognized,,amounting to the total contractual rent income discounted; interest income shall accrue on the recognized receivable, while any differences between the derecognized right of use and the recognized receivable shall be immediately taken to the income statement. Therefore, the head lease liability continued to be recognized and interest expenses shall accrue on it. In case of "operating" sublease, the rent income accrued and collected as the lessor shall be recognized in the income statement, continuing to recognize the right-of-use and the head lease liability, along with the related effects on profit or loss. An intermediate lessor shall assess whether the sublease is a finance or operating lease within the scope of the asset consisting in the right of use rather than in the underlying actual asset.

The Group exercised the options for the exemptions provided for by the standard listed below

- Exclusion of short-term lease contracts, i.e. with duration of less than 12 months);
- Leases of low-value assets (lease contracts for assets with unit value of less than Euro 5 thousand).

Furthermore, it is specified that, based on the IFRS 16 requirements and the clarifications given by IFRIC (document "Cloud Computing Arrangements" of September 2018), software shall not fall in the IFRS 16 scope; therefore, all software shall be recognized in accordance with IAS 38 and the related requirements.

Leases in which the Group is the lessor

In accordance with IFRS 16, leases are considered finance leases if they transfer all risks and rewards of ownership; otherwise, leases are classified as operating leases.

For finance lease contracts entered into by the Crédit Agricole Italia Banking Group as the lessor, the leased assets are recognized as receivables in the Balance Sheet with a value equal to the lease net investment, while interest income (financial components of lease fees) is recognized in the Income Statement.

For operating leases, the lease payments accrued are recognized under the “Other income” item.

Sale and leaseback transactions

In a sale and leaseback transaction, an entity (seller-lessee) sells an asset to another entity (buyer-lessor) which then leases it back to the seller-lessee; therefore, under the lease contract, the seller-lessee keeps its right to use of the sold asset.

In order to determine the appropriate accounting treatment under IFRS 16, it must first be assessed whether the transaction qualifies as a sale complying with the IFRS 15 requirements.

If the transaction qualify as a sale, the seller-lessee shall derecognize the sold asset and shall recognize the right-of-use for an amount equal to the percentage of the previous book value representing the right of use it has kept; consequently, the gain or loss that the seller-lessee shall recognize refers only to the transferred rights and, therefore, it is not quantified simply as the difference between the asset fair value and its book value, but it shall be determined as equal to the consideration portion attributable to the portion of the asset the control on which has been transferred to the buyer-lessor minus the portion of the asset book value attributable to the period after the end of the lease, when control is transferred to the buyer-lessor. If the sale consideration is not consistent with the asset fair value or the lease payments are not consistent with market ones, the differences shall be recognized as other liabilities or advance payment.

If the transaction does not qualify as a sale under IFRS 15, the seller-lessee shall continue to recognize the transferred asset and a financial liability under IFRS 9 for the transfer proceeds; the buyer-lessor shall not recognize the transferred asset but shall recognize a financial asset under IFRS 9 amounting to the transfer price.

TREASURY SHARES

The Parent Company Crédit Agricole Italia does not hold treasury shares. Any treasury shares held are deducted from Equity. Similarly, the original costs of these shares and any gains or losses resulting from their subsequent sale are recognized as changes in Equity. No company of the Banking Group holds shares in the Parent Company. Any treasury shares held by companies consolidated on a line-item basis and recognized under the “Treasury shares” item in the separate financial statements shall be reclassified under the “Reserves” item in the consolidated financial statements.

OTHER ASSETS

This item reports assets that cannot be classified under other asset items in the Balance Sheet. By way of example, this item may report:

- Gold, silver and precious metals;
- Accrued income other than capitalized on the related financial assets;
- Receivables associated with the supply of non-financial goods and services;
- Tax due and payables other than those recognized under item “110. Tax assets”.

It also reports leasehold improvement,expenses other than those recognized under item “90. Property, plant and equipment”, as they cannot be separated by the assets they refer to and, therefore, cannot be used separately. It can also report any remaining assets (“debt balance”) of transit and suspended items not recognized in the relevant accounts as long as their total amount is negligible.

ACCRUALS AND DEFERRALS

Accrued income and prepaid expenses and accrued expenses and deferred income for the period on assets and liabilities are recognized as adjustments to the assets and liabilities they refer to.

LEASEHOLD IMPROVEMENT

The costs of renovating leased property are capitalized in consideration of the fact that, for the duration of the lease, the lessee company has control over and enjoys the future economic benefits of the assets. These costs, classified among "Other Assets" as required by the Bank of Italy in the aforementioned Circular No. 262/2005, are amortized over a period that does not exceed the residual duration of the lease.

The balancing item in the Income Statement of the above amortization is recognized under "Other operating expenses".

EMPLOYEE SEVERANCE BENEFITS

Until 31 December 2006, the employee severance benefits of Italian companies were considered defined-benefit plans. The regulation of these benefits was amended by Italian Law No. 296 of 27 December 2006 (Italy's "2007 Finance Act") and subsequent Decrees and Regulations issued in the first months of 2007. In the light of such amendments, this item is now to be considered a defined-benefit plan exclusively for the portions accrued before 1 January 2007 (and not yet settled as at the reporting date), whereas, after such date, it is treated as a defined-contribution plan.

Therefore, with reference to the defined-benefit plan component the benefit cost is calculated separately for each plan using the actuarial unitary credit projection method. Under this method, future outlays are projected based on an analysis of time series and the demographic curve, and the discounting of these cash flows using a market interest rate. Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

The plan servicing costs are recognized under personnel costs, include interests accrued, while the actuarial gains and losses, including the revaluation based on the relevant ISTAT (the Italian National Institute of Statistics) Index of the portions accrued in previous years, are recognized in a special equity reserve.

Having regard to the Employee severance benefit portions accrued in the reporting period, based on the employees' choice, the amounts are allocated to supplementary pension schemes or to the Treasury fund managed by INPS (Italian Social Security Institute). The portions allocated to the defined-contribution plan are calculated based on the contributions due for each year without applying actuarial calculation methods.

SHARE-BASED PAYMENTS

Share-based remuneration plans for employees are recognized in the Income Statement, with a corresponding increase in Equity, based on the fair value of the financial instruments allocated at the awarding date, divided over the time period covered by the plan.

The fair value of any options is calculated using a model that takes into account information such as the exercise price and term of the option, the current price of the shares and their expected volatility, expected dividends and the risk-free interest rate, as well as the plan specific features The measurement model separately measures the options and the probability that the conditions for granting the options will be achieved.

Any reduction in the number of financial instruments awarded is reported as derecognition of a portion of such instruments.

REVENUE RECOGNITION

Revenues are recognised when realized or when it is probable that future benefits will be received and these future benefits can be reliably determined. Specifically:

- interest revenues are recognized on an accrual basis, using the contractual interest rate or the effective interest rate where the amortized cost method is applied;
- Default interest, if any is contractually provided for, is recognized in the Income Statement only upon collection;
- Dividends are recognized in the income statement when their distribution is authorized;
- Fee and commission income for revenues from services is recognized, where the relevant agreements exist, in compliance with IFRS 15 (fee and commission income considered in the amortized cost for determining the effective interest rate are recognized under interest income);

- Revenues from intermediation of financial instruments held for trading, calculated as the difference between the transaction price and the instrument fair value, are recognized in the Income Statement when the transaction is recognized, if the fair value can be determined with reference to parameters or transactions recently observed in the same market in which the instrument is traded.

If these values cannot be easily detected or the instrument is not highly liquid, the financial instrument is recognized at a value equal to the transaction price, less the business profit; the difference with the fair value is recognized in the Income Statement over the transaction duration with progressive reduction, in the measurement model, of the correction factor relating to the instrument's low liquidity.

REVENUES FROM CONTRACTS WITH CUSTOMERS (IFRS 15)

Fee and commission revenues and expenses are recognised in the Income Statement based on the nature of services they refer to.

Fees and commissions that are an integral part of the effective yield on a financial instrument are recognised as an adjustment to the yield on the instrument and included in its effective interest rate.

The recognition of other types of fees and commissions in the income statement shall reflect the time of transfer to the customer of control of the goods or services sold.

The net income from a transaction associated with the provision of services is recognised under Fee and commission income at the time of transfer of control of the service to the customer, if this can be reliably estimated. This transfer may occur as the service is provided (ongoing service) or on a specific date (one-off service).

a) Fee and commission income from ongoing services shall be recognised through profit or loss according to the degree of progress of the service provided.
b) Fees and commissions collected or paid as consideration for one-off services shall be fully recognized through profit or loss when the service is provided.

Fees and commissions to be paid or collected, or not yet earned, shall be progressively recognized as the performance obligation is satisfied over time. These estimates shall be updated at every reporting date.

CONTRIBUTIONS TO THE SINGLE RESOLUTION FUND

The Bank Recovery and Resolution Directive (BRRD – 2014/59/EU) lays down the resolution rules applying since 1 January 2015 to all the banks within the European Union.

The relevant measures shall be financed by the National Resolution Fund, which, on 1 January 2016, was merged into the Single Resolution Fund – SRF, managed by the Single Resolution Board – SRB.

The Single Resolution Fund shall reach a target level of financial resources by 31 December 2023 through the payment of a yearly ex-ante contribution, which, normally, pursuant to the Delegated Regulation of the European Commission No. 2015/81, may be paid also with irrevocable payment commitments (IPC). For 2022, credit institutions were given the option to pay 85% only of their contribution concomitantly recognizing a commitment to disburse funds amounting to 15% of their total contribution, as done in the previous years. To secure full payment of the total contributions, intermediaries are required to give eligible assets as collateral, which may consist only of cash.

In 2022, the Bank of Italy, in its capacity as the Resolution Authority, informed the Italian Banks that are subject to the above regulation of the ordinary contribution due for the 2022 financial year, calculated pursuant to Delegated Regulations of the European Commission No. 2015/63 and Council Implementing Regulation no. 2015/81. This contribution was determined by the Single Resolution Board in cooperation with the Bank of Italy.

It is reported that the option to settle 15% of the total contribution through irrevocable payment commitments was exercised.

The ex-ante ordinary contribution to the Single Resolution Fund, net of IPCs, to be paid by the Crédit Agricole Italia Banking Group for 2022 amounts to Euro 38 million.

These contributions are recognized in the Income Statement under "Other administrative expenses".

CONTRIBUTIONS TO THE DEPOSIT GUARANTEE SCHEME

The Deposit Guarantee Scheme Directive - 2014/49/EU (DGSD) laid down an harmonized regulatory framework applying throughout the European Union on deposit guarantee schemes.

The Deposit Guarantee Scheme provides a coverage of Euro 100,000 per depositor. In Italy, it is managed by the Interbank Deposit Protection Fund. The Scheme requires member banks to give an ex-ante contribution, which is intended to achieve the financial target level, i.e. 0.8% of the amount of the covered deposits of all authorized credit institutions in all Member States, by 3 July 2024.

If the Scheme does not have the resources to intervene where needed, an extraordinary contribution (ex-post) may be requested.

The contribution paid by the Crédit Agricole Italia Banking Group for 2022 amounted to Euro 66.1 million.

These contributions are recognized in the Income Statement under "Other administrative expenses".

BUSINESS COMBINATIONS

Business combinations are recognized in accordance with IFRS 3 "Business Combinations".

This standard requires business combinations to be recognized using the "acquisition method" of accounting, based on which assets, liabilities and contingent liabilities of the acquiree are measured at acquisition-date fair value.

Any portion of the price paid exceeding the acquisition-date fair values shall be recognized as goodwill or as other intangible assets; if the price is lower than acquisition-date fair value, the difference shall be taken to the Income Statement (badwill).

The "acquisition method" shall be applied from the acquisition date, i.e. the date on which control over the acquiree is actually obtained. Therefore, profit or losses of a subsidiary acquired in the period are reported in the Consolidated Financial Statements starting from the date of its acquisition. Likewise, profit or losses of a subsidiary sold in the period are reported in the Consolidated Financial Statements up to the date on which control is transferred

Business combinations between entities under common control are not within IFRS 3 scope of application, nor are they governed by other IFRSs; therefore, these business combinations are defined in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Business combinations between entities under common control do not fall into the IFRS 3 scope of application. In the absence of any IAS/IFRS that specifically apply to the combination, IAS 8 provides for the preparers of the entity 's financial statements to use their judgment in applying an accounting policy that ensures relevant, reliable and prudent information and that reflects the economic substance of the business combination.

Therefore, "intra-group" business combinations or business combinations between "entities under common control" within the Crédit Agricole Italia Banking Group are recognized on a predecessor basis of accounting, i.e. preserving continuity of the acquiree's value in the acquirer's financial statements. Specifically, the values of the acquired assets and liabilities are recognized based on the amounts reported in the consolidated financial statements. If the consideration paid to acquire the equity interest is different from the book value of the transferred entity, because of recognized goodwill, the difference shall be recognized as a decrease in equity of the acquirer Company and the transaction shall be classified as extraordinary distribution of reserves.

Exactly in the same way, if an entity is sold, the received consideration shall be recognized directly in an equity reserve, since it is essentially a capital contribution made by the other companies of the Group the reporting entity belongs to.

FAIR VALUE MEASUREMENT

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price) on the main (or more advantageous) market, irrespective of whether this price can be directly observed or is estimated using a valuation technique. Fair value is calculated for each financial asset or liability. As an exception, it can be estimated at a portfolio level, if the strategy for risk management and monitoring allows it and if appropriate documentation is provided. However, certain fair value parameters are calculated on a net basis, when a group of financial assets and financial liabilities is managed based on its net exposure to market or credit risks. This is the case for calculation of Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA) for derivatives.

More exhaustive reporting on these parameters is given in Part A.4 Fair value reporting of the Note to the Financial Statements.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

For financial instruments, fair value is determined using prices from financial markets in the case of financial instruments listed in active markets, or using internal measurement models for other financial instruments.

A market is considered active if quoted prices, representing actual and regular market transactions occurring during an appropriate reference period, are readily and regularly available from sources such as stock exchanges, stockbrokers, intermediaries, industry companies, pricing services or authorized bodies. Collective investment schemes (EFT), spot exchange transactions, futures, options and equity securities listed on a regulated market are considered as traded on a market. Bonds for which at least two executable prices can be detected on a quotation service with a bid-asking spread that is less than an interval deemed consistent are also considered as quoted. Otherwise, all securities, derivatives and hedge funds that do not belong to the above categories are not considered as traded on an active market.

For financial instruments traded on active markets, the price is used which is defined as “official”, as at the closure of the reference period.

In the case of financial instruments for which the bid-ask spread is immaterial, or for financial assets and liabilities capable of offsetting market risk, a “mid price” is used, i.e. the average market price (on the last day of the reference period) instead of the bid or ask price.

Where there is no active, liquid market, the fair value of financial instruments is defined mainly by using standard measurement techniques designed to establish what the transaction price would have been on the measurement date in an arm’s length trade carried out for normal market reasons. In incorporating all the factors that operators would consider in setting the price, development of the valuation models takes into account the time value of money at the risk-free rate, the volatility of the financial instrument, as well as, where applicable, exchange rates, commodity prices and stock prices.

With finance products for which the fair value determined with measurement techniques cannot guarantee a sufficient degree of reliability, the value is prudentially calculated as the fair value at the reference date communicated by the parties with which the transactions were signed.

The measurement method chosen for a financial instrument is applied consistently over time and may only be altered if significant changes in market conditions or the subjective condition of the issuer of the financial instrument occur.

For bonds and derivative contracts, valuation models have been set, which refer to market parameters, to the time value of money and to risk-free rates.

Specifically, fixed-rate bonds are measured using the discounted cash flow method pursuant to the security contractual scheme; floating-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameter.

Derivative contracts are measured using specific calculation algorithms and specific numerical procedures according to the type of the different categories of transactions.

Stocks are measured considering the direct transactions, that is, significant transactions on the security registered in a sufficiently short timeframe with respect to the time of measurement and in constant market conditions, comparable transactions by companies operating in the same sector and supplying the same type of products/services as the associated company being evaluated provides, application of the average of significant stock exchange multiples of companies of a comparable financial size to the financial aggregates of the investee and, finally, financial, income and equity measurement methods.

For units in funds resulting from loan management initiatives, an estimate of the Fund made by an independent expert is used.. If the asset management undertaking does not provide that estimate, the NAV communicated by the undertaking is reduced by a discount determined in accordance with market practices.

All the other funds not resulting from loan management initiatives are measured applying a discount determined in accordance with the market practices.

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS

For financial instruments held for sale and for those assets and liabilities recognized at cost or amortized cost, the fair value given as disclosure in the Note to the Financial Statements is calculated as follows:

- The fair values of medium/long-term assets and liabilities are primarily measured by discounting future cash flows, taking account of the riskiness of the relevant portfolio;
- A good approximation of the fair value of demand or short-term assets and liabilities is their book value as initially recognized and net of collective/individual writedowns;
- The book value of non-performing loans (bad loans, unlikely-to-pay and past-due positions) is deemed to be a reasonable fair value approximation;
- the book value initially recognized of floating-rate and short-term fixed-rate securities is deemed a reasonable fair value approximation, due to the fact that it reflects both the change in rates and the measurement of the credit risk associated with the issuer.

An analogous approach is applied for the fair value measurement of medium-/long-term fixed-rate securities and structured securities that are hedged for interest rate risk, for which the book value determined for hedge accounting purposes already takes account of interest rate risk measurement. For the latter, in determining the fair value reported in the Note to the Financial Statements, changes in their credit spread were not taken into account, considering the same within the Group.

The fair value of real estate assets is calculated making reference to appraisals by independent experts, considering transactions at current prices in an active market for similar properties in the same geographical area and under the same conditions for leases and other contracts.

AMORTIZED COST MEASUREMENT

The amortized cost of a financial asset or financial liability is the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization, calculated using the effective interest method, of any difference between the initial amount and the amount at maturity, and minus any impairment loss.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the financial asset or liability up to maturity or the subsequent repricing date to the present value of the financial asset or liability.

To calculate the present value, the effective interest rate is applied to future cash flows or payments over the life of the financial asset or liability or for a shorter period of time under certain conditions (for example, changes in market rates).

Subsequent to initial recognition, the amortized cost method makes it possible to allocate revenues and costs pertaining to the instruments over their expected lifetime. The determination of the amortized cost varies according to whether the financial assets/liabilities being measured are at fixed or variable rate, and – in the latter case – according to whether the rate variability is known or not beforehand. For fixed-rate instruments, or instruments with fixed rate over specified time ranges, future cash flows are measured using the known interest rate (single or variable) over the life of the loan. For floating rate financial assets and liabilities whose variability is not known ahead of time (e.g. because it is linked to an index), cash flows are determined using the last known rate. Each time the rate is changed, the amortization schedule is recalculated, as is the effective rate of return over the entire useful life of the instruments, i.e. to maturity. Any adjustments are recognized as expense or income in the Income Statement.

Measurement at amortized cost applies to financial assets measured at amortized cost and to financial assets measured at fair value through other comprehensive income, as well as to financial liabilities measured at amortized cost.

Financial assets and liabilities traded on an arm's length basis are initially recognized at fair value, which is normally equal to the amount received or paid, including, for instruments measured at amortized cost, directly attributable transaction costs, fees and commissions.

Transaction costs are marginal internal or external costs or revenues that are directly attributable to the issue, acquisition or disposal of a financial instrument and that cannot be charged to the customer. These fees and commissions, which must be directly attributable to individual financial assets or liabilities, affect the original effective rate of return and cause the effective interest rate associated with the transaction to vary from the contractual interest rate. Transaction costs do not include costs and revenues that apply, indiscriminately, to more than one transaction and do not include components relating to events that could occur over the life of the instruments that are not certain at the time the instrument is initially prepared, such as: commissions for retrocession, failure to use a credit line, early repayment.

Furthermore, the amortized cost calculation does not take account of the costs that the Group would bear independently of the transaction (for example, administrative costs, recording and communication expenses), of the costs that, though specifically attributable to the transaction, fall within normal loan management practices (for example, activities associated with disbursement of the loan), as well as fees and commissions for services collected for the completion of Structured Finance operations, which would however have been collected irrespectively of the subsequent financing of the transaction (such as, for example, arrangement fees and commissions).

With specific reference to loans, costs attributable to the financial instrument include commissions paid to distribution channels, fees paid for advice/assistance regarding the organization and/or participation in syndicated loans and expenses borne for loans acquired by subrogation; while the revenues considered in the calculation of amortized cost are up-front commissions relating to loans granted at lower-than-market rates, fees and commissions for participation in syndicated transactions and brokerage fees linked to commissions paid by intermediation companies.

With regard to securities not measured at "fair value through profit or loss", transaction costs include fees and commissions on contracts with stockbrokers operating in Italian markets, fees and commissions paid to intermediaries operating in foreign stock and bond markets based on set fee and commission schedules. The amortized cost does not include stamp duties, as these are deemed immaterial.

For securities issued, amortized cost is calculated taking into account fees and commissions for placing debenture loans paid to third parties, legal expenses, fees paid to stock exchanges and fees paid to auditors for work done on each individual issue, while the amortized cost excludes fees and commissions paid to rating agencies, legal and advice/audit expenses for the annual update of prospectuses, expenses for the use of indices and fees and commissions that arise during the life of the debenture loan issued.

Following initial measurement, they are measured at amortized cost, reporting effective interest rates that are higher or lower than the nominal rates.

Hedged financial assets and liabilities, for which changes in fair value with respect to the hedged risk are recognized in the income statement, are not measured at amortized cost. However, the financial instrument is once again measured at amortized cost where the hedge terminates. From that moment, previously recognized changes in fair value are amortized, calculating the new effective interest rate that takes account of the value of the loan adjusted for the fair value of the hedged item, up to the originally scheduled expiry of the hedge. Moreover, as previously stated in the section on measuring loans and receivables, debt and debt securities issued, the amortized cost method does not apply to short-term financial assets and liabilities since the impact of discount is negligible, and does not apply to loans without a specified maturity or loans subject to revocation.

IMPAIRMENT OF OTHER NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment if there is evidence that the book value of the asset can no longer be recovered.

The recoverable amount is calculated for each single asset, except in case this asset generates cash flows that are not widely independent of those generated by other assets or groups of assets.

If the carrying amount of an asset is higher than its recoverable amount, that asset is impaired and consequently written down to the recoverable amount.

The recoverable amount is determined with reference to the fair value of the asset, excluding disposal costs, or value in use, if calculable and higher than the fair value.

The fair value of property is mainly determined on the basis of appraisals by independent experts. The appraisal is updated whenever there is a change in the property market trend that could affect the validity of the previous estimates and, in any case, every three years. Impairment losses are recognized only when the fair value, net of sale costs, or the value in use of the asset is lower than its book value for three consecutive years.

For other Property, plant and equipment items and intangible assets (other than goodwill), the Group determines the value in use as the present value of the estimated future cash flows using a discount rate before-taxes reflecting market data (the present value of money and asset-specific risks).

SEGMENT REPORTING METHOD

The Crédit Agricole Italia Banking Group is required to present segment reporting, in accordance with IFRS 8.

The sectors of economic activity covered by segment reporting are determined based on the Group’s organizational and management structure.

The Group’s business segments are:
- Retail/Private Banking (which includes the Financial Advisors channel and the Digital Business Unit);
- Corporate Banking;
- Other Non-recurring elements.

For segment reporting purposes, management figures, appropriately reconciled with the data presented in the reclassified Financial Statement figures, have been used.

The methods used for the impairment testing of goodwill are reported in point No. 10.3 - Assets.

A.3 REPORTING ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

A.3.1 Transfers between portfolios

This case does not apply.

A.4 FAIR VALUE REPORTING

QUALITATIVE DISCLOSURES

CLASSIFICATION OF FINANCIAL INSTRUMENTS AND OF NON-FINANCIAL ASSETS/LIABILITIES

Reporting on the fair value hierarchy as required by IFRS 13 applies to financial instruments and to non-financial assets/liabilities that are measured at fair value (irrespectively of whether they are so measured on a recurring or non-recurring basis).

The standard classifies fair value into three different levels based on the observability of the inputs used for its measurement:

- **Level 1:** Fair value equal to quoted prices (with no adjustments) in active markets.

  Level 1 includes financial instruments that are quoted on active markets.

  Specifically, these financial instruments are stocks and bonds quoted in active markets, investment schemes quoted in active markets (EFT) and derivatives traded in regulated markets.

  Markets are considered active if the quotations are easily and regularly available on the stock exchange, from brokers, intermediaries, price quotation services or regulatory agencies and these prices represent actual transactions that are regularly carried out in the market on an arm's length basis.
- **Level 2:** Fair value determined using measurement models that are based on observable or indirectly observable market inputs (for example determining the yield curve based on interest rates that are directly observable on the market at a given reference date). Level 2 includes:
  - Stocks and bonds that are quoted on markets considered inactive or that are not quoted on an active market, but whose fair value is determined using a measurement model based on observable or indirectly observable inputs;
  - Financial instruments whose fair value is determined with measurement models using observable market inputs.
- **Level 3:** Financial instruments whose fair value is determined using, to a significant extent, inputs that do not meet the set observability requirements. The fair value of some complex instruments that are not traded in active markets is determined with measurement techniques based on inputs that are not observable on the market. They are mainly complex interest rate instruments, stock derivatives and structured loans, where the measured correlation or volatility inputs are not directly comparable to market inputs.

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

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

Specifically, fixed-rate bonds relating to financial assets or liabilities are measured using the discounted cash flow method pursuant to the security contractual scheme; floating-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameter.

Derivative contracts are measured using specific calculation algorithms according to the type of the different categories of transactions.

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

CREDIT VALUATION ADJUSTMENT (CVA) AND DEBIT VALUATION ADJUSTMENT (DVA)

In accordance with the IFRS 13 regulatory framework, derivatives shall be priced based on market factors, as well as on the possible effects of the risk of the counterparty's default, which comprises the risk associated to the counterparty's creditworthiness, by calculating the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA is the value adjustment of an OTC derivative contract entered into by the Bank with an external counterparty, which reflects the possible loss resulting from the worsening of the creditworthiness/default of the counterparty.

In a mirror-like way, the DVA expresses the CVA from the external counterparty's standpoint and consists in an adjustment of the derivative fair value based on the change in the creditworthiness of the Bank.

Based on the above, the value of a portfolio of OTC derivatives that are in force with a market counterparty is equal to the value of the same risk-free portfolio less the CVA plus the DVA.

As provided for by IFRS13, in certain conditions, risk mitigation tools may be used, such as ISDA master agreements and Credit Support Annexes (CSA).

By signing ISDA Master Agreements, which are framework agreements that amount to the reference international standard on OTC derivatives, the Bank can calculate the CVA and DVA by netting set or by counterparty, after assessing the netting effect potentially resulting from such Agreements, rather than calculating it by single derivative.

Much in the same way, risks can be mitigated by finalizing Credit Support Annexes (CSA), which are attached to the ISDA Mater Agreement and provide for the deposit with the creditor of an amount equal to the mark-to-market value of the exposure as collateral.

Such collateral allows the present exposure and the consequent risk to be reduced and must be periodically reviewed in order to verify its consistency.

In accordance with IFRS 13, the Crédit Agricole Italia Banking Group has adopted a model implemented by its French Parent Company Crédit Agricole SA; in addition to the effects of any changes in the counterparty's creditworthiness (Credit Valuation Adjustment – CVA), this model also expresses any changes in the Group's creditworthiness (Debit Value Adjustment – DVA).

In accordance with the model, the calculation of the CVA depends on the exposure, on the probability of default (PD) and on the Loss Given Default (LGD) of the counterparties.

This model provides for the use of a forward-looking PD as a function of the type of counterparty, to which a CDS spread or a CDS proxy is assigned. For this purpose, external counterparties are classified into three categories:

- The first category includes the counterparties for which CDS input parameters are directly observable in the market;
- The second category includes counterparties for which there is no official quoted parameter, but to which a CDS proxy can be assigned, based on the observable market value that is given to counterparties with the same characteristics in terms of economic activity sector, rating and geographical area;
- The third category includes the counterparties to which a proxy cannot be assigned and for which, therefore, historical data are used.

On the other hand, the DVA calculation depends on the Bank's exposure, probability of default (PD) and Loss Given Default (LGD) and this measure expresses the potential earnings from the change in the market prices of the relevant derivative, due to the worsening of the creditworthiness/default of the Bank.

In this case, a forward-looking PD is used which reflects the Group's credit risk.

As at 31 December 2022, the CVA value for the Crédit Agricole Italia Banking Group, calculated in accordance with the method reported above, was Euro -2.83 million.

Similarly, as at 31 December 2022, the DVA value was Euro 4.96 million.

The difference between the CVA and DVA amounts as calculated (equal to Euro +2.13 million for the Group), net of the same component already recognized as at 31 December 2021 (equal to Euro -4.81 million), is a positive income component and, as such, has been recognized in the Income Statement.

A.4.2 Processes and sensitivity of measurement

The Finance Department of Crédit Agricole Italia S.p.A. is responsible for defining the fair value levels of the financial instruments recognized. Choosing between the above methods is not an option, since they shall be applied in a hierarchical order: absolute priority is given to official prices that are available on active markets for assets and liabilities to be measured (Level 1) or for assets and liabilities that are measured using techniques based on parameters that are observable on the market (Level 2); lower priority is given to assets and liabilities whose fair value is determined based on measurement techniques referring to parameters that are unobservable on the market and, thus, more discretionary (Level 3).

IFRS 13 also requires that, for recurring fair value measurements classified as Level 3 of the fair value hierarchy, a narrative description be given of the sensitivity of the fair value measurement to changes in unobservable inputs, if a change in those inputs could result in a significantly higher or lower fair value measurement.

Indeed, unobservable inputs that can affect the measurement of financial instruments classified as Level 3 mainly consist in estimates and assumptions underlying the models used to measure investments in equity securities and OTC derivatives. For these investments no quantitative sensitivity analysis of the fair value based on the change in unobservable inputs was carried out, since either the fair value was obtained from third-party sources without any adjustments or resulted from a model whose inputs are specific for the entity being measured (for example the company equity values) and for which alternative values cannot be reasonably assumed.

Reference is made to the breakdown analysis of the composition of these cases, which is reported in the next section on quantitative disclosures.

A.4.3 Fair value hierarchy

For the assets and liabilities recognized, the Finance Department assesses whether transfers between fair value levels have occurred and reviews the fair value categorization at each reporting date.

The Finance Department moves financial instruments from Level 1 to Level 2 only in case of financial instruments that are quoted in a regulated but not active market and that can be measured using the Group's internal standard pricing models. The Finance Department makes transfers to Level 3 only for financial instruments that are no longer listed in a regulated market and that cannot be measured using standard internal pricing models of the Group.

A.4.4 Other information

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

QUANTITATIVE DISCLOSURES

A.4.5 Fair value hierarchy

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

Financial assets/liabilities measured at fair value	31 Dec. 2022			31 Dec. 2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss of which	88	331,834	186,789	95	70,683	200,556
a) financial assets held for trading;	88	331,834	60	95	70,683	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	186,729	-	-	200,556
2. Financial assets measured at fair value through other comprehensive income	3,255,763	211,271	52,984	3,848,598	208,996	57,646
3. Hedging derivatives	-	1,318,583	63	-	634,478	19
4. Property, Plant and Equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**3,255,851**	**1,861,688**	**239,836**	**3,848,693**	**914,157**	**258,221**
1. Financial liabilities held for trading	-	328,990	59	-	75,042	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	3,045,592	769,942	-	307,641	712,670
Total	**-**	**3,374,582**	**770,001**	**-**	**382,683**	**712,670**

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

In 2022 there were no transfers of assets and liabilities between fair value levels.

The impact of applying CVA and DVA on the fair value measurement of the derivatives held by the Crédit Agricole Italia Banking Group for trading and hedging came to Euro 2.13 million.

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible Assets
	Total	Of which a) financial assets held for trading	Of which b) financial assets designated at fair value	Of which c) other financial assets mandatorily measured at fair value				
1. Opening balance	**200,556**	**-**	**-**	**200,556**	**57,646**	**19**	**-**	**-**
2. Increases	**23,584**	**1,019**	**-**	**22,565**	**22,733**	**44**	**-**	**-**
2.1 Purchases	23,472	1,005	-	22,467	104	-	-	-
2.2 Profits								
2.2.1 Income Statement	30	13	-	17	30	44	-	-
- of which: capital gains	-	-	-	-	-	44	-	-
2.2.2 Equity	-	X	X	X	1,650	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	82	1	-	81	20,949	-	-	-
3. Decreases	**37,351**	**959**	**-**	**36,392**	**27,395**	**-**	**-**	**-**
3.1 Sales	4,554	958	-	3,596	23,583	-	-	-
3.2 Repayments	21,663	-	-	21,663	1,425	-	-	-
3.3 Losses								
3.3.1 Income Statement	11,133	-	-	11,133	-	-	-	-
- of which: capital losses	10,350	-	-	10,350	-	-	-	-
3.3.2 Equity	-	X	X	X	2,309	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	1	1	-	-	78	-	-	-
4. Closing Balance	**186,789**	**60**	**-**	**186,729**	**52,984**	**63**	**-**	**-**

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

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	**-**	**-**	**712,670**
2. Increases	**59**	**-**	**152,055**
2.1 Issues	59	-	-
2.2 Losses recognized in:	-	-	152,055
2.2.1 Income Statement	-	-	152,055
- of which Capital losses	-	-	152,055
2.2.2 Equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	**-**	**-**	**94,783**
3.1 Repayments	-	-	85,537
3.2 Repurchases	-	-	-
3.3 Profits recognized in:	-	-	9,246
3.3.1 Income Statement	-	-	9,246
- of which Capital gains	-	-	9,246
3.3.2 Equity	X	-	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing Balance	**59**	**-**	**769,942**

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

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31 Dec. 2022				31 Dec. 2021			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortized cost	81,519,206	11,598,893	5,523,511	63,805,985	92,268,499	12,953,168	14,413,702	66,706,029
2. Investment property	156,327	-	-	178,379	179,260	-	-	196,965
3. Non-current assets held for sale and discontinued operations	2,283	-	-	2,283	226,579	-	-	226,579
Total	**81,677,816**	**11,598,893**	**5,523,511**	**63,986,647**	**92,674,338**	**12,953,168**	**14,413,702**	**67,129,573**
1. Financial liabilities measured at amortized cost	83,708,908	-	82,636,082	1,131,054	93,269,092	466,001	76,265,842	16,885,307
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	16,400	-	-	16,401
Total	**83,708,908**	**-**	**82,636,082**	**1,131,054**	**93,285,492**	**466,001**	**76,265,842**	**16,901,708**

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

The book value recognized for non-performing loans, classified at Level 3 of the fair value hierarchy is assumed to be a reasonable approximation of the fair value. This assumption is based on the fact that the fair value calculation is mainly affected by the expected recovery from the borrower through internal collection activities based on the account manager's subjective assessment, as well as by the alternative scenario of selling the individual non-performing exposure on the market, which considers the main assessment parameters used by potential buyers; therefore, the recovery value recognized results from the weighting of such scenarios. For more details, please see Part A.2 – Part reporting on the main financial statement items – Impairment for credit risk – ECL governance and measurement. On the other hand, it is pointed out that the fair value of performing loans, classified at Level 3, as reported in the table, has been calculated based on models that use mainly unobservable inputs (e.g: internal risk parameters). Therefore, for these loans (stage 1 and stage 2), also because there is no secondary market, the fair value recognized, for disclosure purposes only, could be significantly different from the prices of any disposals.

A.5 REPORTING ON "DAY ONE PROFIT/LOSS"

Paragraph 28 of IFRS 7 governs the specific situation where, in case of purchase of a financial instrument that is designated at fair value but not listed on an active market, the transaction price, which generally is equal to the fair value best estimate upon initial recognition, is different from the fair value determined based on the measurement techniques used by the entity.

In this case, a measurement profit/loss is realized upon acquisition, which shall be adequately reported by financial instrument class.

It is pointed out that this case does not apply to the Group Consolidated Financial Statements.

PART B – INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

1.1 CASH AND CASH EQUIVALENTS: BREAKDOWN

	31 Dec. 2022	31 Dec. 2021
a) Cash	523,575	547,671
b) Current accounts and demand deposits with Central Banks	2,084,995	9,992
c) Current accounts and deposits with Banks	267,811	287,994
Total	**2,876,381**	**845,657**

Item b) Current accounts and demand deposits with Central Banks also reports the overnight deposits with the Bank of Italy.

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

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2022			31 Dec. 2021		
	L 1	L 2	L 3	L 1	L 2	L 3
A. On-balance-sheet assets						
1 Debt securities	87	-	-	95	1	-
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	87	-	-	95	1	-
2. Equity securities	1	-	1	-	2	-
3. Units of O.I.C.R. collective investment undertakings	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements for lending purposes	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**88**	**-**	**1**	**95**	**3**	**-**
B. Derivatives						
1 Financial Derivatives	-	331,834	59	-	70,680	-
1.1 held for trading	-	331,834	59	-	70,680	-
1.2 Associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit Derivatives	-	-	-	-	-	-
2.1 held for trading	-	-	-	-	-	-
2.2 Associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**-**	**331,834**	**59**	**-**	**70,680**	**-**
Total (A+B)	**88**	**331,834**	**60**	**95**	**70,683**	**-**

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

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY BORROWER/ ISSUER/COUNTERPARTY

Items/Values	31 Dec. 2022	31 Dec. 2021
A. On-balance-sheet assets		
1 Debt securities	**87**	**96**
a) Central Banks	-	-
b) Public administration bodies	85	93
c) Banks	2	2
d) Other financial companies	-	1
of which: insurance undertakings		
e) non-financial corporations	-	-
2. Equity securities	**2**	**2**
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance undertakings	-	-
c) non-financial corporations	2	2
c) Other issuers	-	-
3. Units of O.I.C.R. collective investment undertakings	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total (A)	**89**	**98**
B. Derivatives		
a) Central counterparties	-	-
b) Other	331,893	70,680
Total (B)	**331,893**	**70,680**
Total (A+B)	**331,982**	**70,778**

The trading book consists mainly of Over-The-Counter derivatives traded on a matched basis (back-to-back trading). The mismatch vs. the measurement of derivatives held for trading recognized in the "Financial liabilities held for trading" item resulted from the CVA/DVA application to fair value measurement, as reported in Part A.4 Fair value reporting of Accounting Policies.

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE BREAKDOWN BY TYPE

Items/Values	31 Dec. 2022			31 Dec. 2021		
	L 1	L 2	L 3	L 1	L 2	L 3
1. Debt securities	-	-	1,433	-	-	2,355
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	1,433	-	-	2,355
2. Equity securities	-	-	23,865	-	-	27,479
3. Units of O.I.C.R. collective investment undertakings	-	-	161,431	-	-	170,722
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	-	-	186,729	-	-	200,556

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

Item 1.2 “Other debt securities” reports the 5% retained portion of the mezzanine and junior notes within the securitization of a NPL portfolio.

Item 2 “Equity securities”, amounting to Euro 23,865 thousand, reports the investments in the following companies: Autovie Venete for Euro 9,524 thousand, Friulia for Euro 8,488 thousand, Fraer leasing for Euro 5,211 thousand, Finapp for Euro 500 thousand and in Banca Popolare di Puglia e Basilicata for Euro 142 thousand.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE BREAKDOWN BY DEBTOR/ISSUER

Items/Values	31 Dec. 2022	31 Dec. 2021
1. Equity securities	23,865	27,479
of which: banks	142	142
of which: other financial companies	13,699	5,211
of which: non-financial corporations	10,023	22,125
2. Debt securities	1,433	2,355
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	1,433	2,275
of which: insurance undertakings	-	-
e) non-financial corporations	-	80
3. Units of O.I.C.R. collective investment undertakings	161,431	170,722
4. Loans	-	-
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total	186,729	200,556

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

3.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2022			31 Dec. 2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**3,240,500**	**-**	**-**	**3,832,255**	**4,471**	**-**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	3,240,500	-	-	3,832,255	4,471	-
2. Equity securities	**15,263**	**211,271**	**52,984**	**16,343**	**204,525**	**57,646**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,255,763**	**211,271**	**52,984**	**3,848,598**	**208,996**	**57,646**

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

As at the reporting date, the exposure in debt securities consisted exclusively of Italian government bonds.

Equity securities at level 1 mainly consist of the shares held in Unipol- Sai capital for an amount of Euro 15,103 thousand.

Among equity securities at level 2, the item reports 8,438 shares in the Bank of Italy, equal to 2.81% of its entire share capital. As at the reporting date their book value was Euro 211,271 million.
These shares resulted mainly from the share capital increase that the Bank of Italy made in 2013 in accordance with Italian Decree Law no. 133 of 30 November 2013, converted with Italian Law no. 5 of 29 January 2014, which determined the issue of new shares. In 2022 the shares in Bankit held increased by 257 shares, which were purchased from other intermediaries.

Level-3 equity securities include the equity investments in Alba Leasing S.p.A. Amounting to Euro 27,418 thousand, Astaldi SFP amounting to Euro 4,142 thousand, Crédit Agricole Group Infrastructure Platform amounting to Euro 3,508 thousand, Cassa di Risparmio di Volterra amounting to Euro 3,196 thousand and Fidi Toscana S.p.A. amounting to Euro 1,871 thousand.

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY DEBTOR/ISSUER

Items/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Debt securities	**3,240,500**	**3,836,726**
a) Central Banks	-	-
b) Public administration bodies	3,240,500	3,642,957
c) Banks	-	151,121
d) Other financial companies	-	28,322
of which: insurance undertakings	-	3,902
e) Financial companies	-	14,326
2. Equity securities	**279,518**	**278,514**
a) Banks	214,467	208,005
c) Other issuers:	65,051	70,509
- other financial companies	46,658	49,851
of which: insurance undertakings	15,103	16,170
- non-financial corporations	18,393	20,658
- other	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) Non-financial corporations	-	-
f) Households	-	-
Total	**3,520,018**	**4,115,240**

Line 2.a) reports also the value of the shareholding in the Bank of Italy amounting to Euro 211,271 thousand.

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total/partial write-offs (*)
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
Debt securities	3,246,659	3,246,659			-	6,159				-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31 Dec. 2022	**3,246,659**	**3,246,659**	**-**	**-**	**-**	**6,159**	**-**	**-**	**-**	**-**
Total 31 Dec. 2021	**3,840,988**	**3,333,336**	**526**	**-**	**-**	**4,782**	**6**	**-**	**-**	**-**

(*) Value to be stated for disclosure purposes.

Section 4 - Financial assets measured at amortized cost - Item 40

4.1 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE FROM BANKS

Type of transactions/Values	31 Dec. 2022						31 Dec. 2021					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3
A. Claims on Central Banks	**653,923**	**-**	**-**		**653,923**		**13,579,674**			**-**	**13,579,674**	**-**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Reserve requirement	626,640	-	-	X	X	X	13,563,576	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	27,283	-	-	X	X	X	16,098	-	-	X	X	X
B. Due from Banks	**4,869,316**	**372**	**-**	**-**	**4,869,588**	**100**	**887,212**	**2,074**	**-**	**72,709**	**815,376**	**-**
1. Loans	4,869,216	372	-	-	4,869,588	-	813,196	2,074	-	-	815,269	-
1.1 Current accounts	7	-	-	X	X	X	148	-	-	X	X	X
1.2 Time deposits	1,503,643	-	-	X	X	X	5,148	-	-	X	X	X
1.3 Other loans:	3,365,566	372	-	X	X	X	807,900	2,074	-	X	X	X
- Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Loans for leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	3,365,566	372	-	X	X	X	807,900	2,074	-	X	X	X
2. Debt securities	100	-	-	-	-	100	74,016	-	-	72,709	107	-
2.1 Structured Securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	100	-	-	-	-	100	74,016	-	-	72,709	107	-
Total	**5,523,239**	**372**	**-**	**-**	**5,523,511**	**100**	**14,466,886**	**2,074**	**-**	**72,709**	**14,395,050**	**-**

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

The decrease in the Reserve requirement item resulted from the temporary reduction in excess liquidity on the Bank of Italy account.

4.2 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF LOANS TO CUSTOMERS

Type of transactions/Values	31 Dec. 2022						31 Dec. 2021					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3
Loans	**62,297,496**	**1,159,771**		**-**	**-**	**62,940,346**	**62,413,637**	**1,362,200**	**-**	**-**	**-**	**65,524,258**
1.1 Current accounts	2,908,173	174,760	-	X	X	X	2,478,332	272,379	-	X	X	X
1.2 Repurchase agreements for lending purposes	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Mortgage loans	42,318,403	833,301	-	X	X	X	43,121,444	906,169	-	X	X	X
1.4 Credit cards, personal loans and loans repaid by automatic deductions from salaries/pensions	328,508	4,956	-	X	X	X	399,974	5,967	-	X	X	X
1.5 Loans for leases	2,441,775	79,045	-	X	X	X	2,203,489	113,945	-	X	X	X
1.6 Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7 Other loans	14,300,637	67,709	-	X	X	X	14,210,398	63,740	-	X	X	X
Debt securities	**12,537,280**	**1,048**	**-**	**11,598,893**	**-**	**865,539**	**14,023,702**	**-**	**-**	**12,880,459**	**18,652**	**1,181,771**
2.1 Structured Securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	12,537,280	1,048	-	11,598,893	-	865,539	14,023,702	-	-	12,880,459	18,652	1,181,771
Total	**74,834,776**	**1,160,819**	**-**	**11,598,893**	**-**	**63,805,885**	**76,437,339**	**1,362,200**	**-**	**12,880,459**	**18,652**	**66,706,029**

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

As regards the values in the first and second stages, the most significant sub-items are reported below:

- Item "1.3 Mortgage loans" also reports loans pledged as collateral for the issues of covered bonds amounting to Euro 13.6 billion;
- Item "2.2 Other debt securities" reports almost exclusively Italian Government securities.

4.3 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY BORROWER/ISSUER OF LOANS TO CUSTOMERS

Type of transactions/Values	31 Dec. 2022			31 Dec. 2021		
	Stage 1 and 2	Stage 3	POCI assets	Stage 1 and 2	Stage 3	POCI assets
1. Debt securities	**12,537,280**	**1,048**	**-**	**14,023,702**	**-**	**-**
a) Public administration bodies	11,667,781	-	-	12,782,652	-	-
b) Other financial companies	841,022	-	-	1,180,929	-	-
of which: insurance undertakings	-	-	-	145,431	-	-
c) non-financial corporations	28,477	1,048	-	60,121	-	-
2. Loans to:	**62,297,496**	**1,159,771**	**-**	**62,413,637**	**1,362,200**	**-**
a) Public administration bodies	289,385	34	-	347,591	45	-
b) Other financial companies	6,052,973	12,508	-	5,438,473	18,106	-
of which: insurance undertakings	98,892	1	-	105,644	1	-
c) non-financial corporations	23,959,862	774,038	-	25,158,628	958,318	-
d) Households	31,995,276	373,191	-	31,468,945	385,731	-
Total	**74,834,776**	**1,160,819**	**-**	**76,437,339**	**1,362,200**	**-**

4.4 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: GROSS VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total/ partial write-offs(*)
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
Debt securities	12,556,691	12,556,691	-	5,048	-	19,311	-	4,000	-	-
Loans	64,369,924	-	3,828,913	2,664,635	-	152,063	226,137	1,504,494	-	44,956
Total 31 Dec. 2022	**76,926,615**	**12,556,691**	**3,828,913**	**2,669,683**	**-**	**171,374**	**226,137**	**1,508,494**	**-**	**44,956**
Total 31 Dec. 2021	**86,621,754**	**9,939,932**	**4,802,167**	**2,928,154**	**-**	**253,703**	**265,990**	**1,563,883**	**-**	**8,194**

(*) Value to be stated for disclosure purposes.

4.4A LOANS MEASURED AT AMORTIZED COSTS UNDER COVID-19-RELATED SUPPORT MEASURES GROSS: VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total partial write-offs (*)
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
1. Loans with GL-compliant concessions	-	-	-	-	-	-	-	-	-	-
2. Loans under moratoria in force no longer ' EBA-compliant and not measured as forborne	10,109	-	4,351	799	-	12	243	218	-	-
3. Loans under other concession measures	-	-	-	-	-	-	-	-	-	-
4. New loans	3,032,004	-	174,105	66,134	-	20,457	13,827	21,940	-	-
Total 31 Dec. 2022	**3,042,113**	**-**	**178,456**	**66,933**	**-**	**20,469**	**14,070**	**22,158**	**-**	**-**
Total 31 Dec. 2021	**4,993,809**	**-**	**569,834**	**197,671**	**-**	**23,475**	**35,669**	**52,360**	**-**	**-**

(*) Value to be stated for disclosure purposes.

Section 5 – Hedging derivatives – Item 50

5.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND BY LEVEL

	Fair value 31 Dec. 2022			NV 31 Dec. 2022	Fair value 31 Dec. 2021			NV 31 Dec. 2021
	L1	L2	L3		L1	L2	L3	
A. Financial Derivatives	**-**	**1,318,583**	**63**	**14,107,595**	**-**	**634,478**	**19**	**22,984,380**
1) Fair value	-	1,318,583	63	14,107,595	-	634,478	19	22,984,380
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**1,318,583**	**63**	**14,107,595**	**-**	**634,478**	**19**	**22,984,380**

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

While the notional value of financial derivatives decreased, their fair value significantly increased.

5.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value							Cash flows		Investments In foreign operations
	Micro-hedging						Macro-hedging	Micro-hedging	Micro-hedging	
	Debt securities and interest rates	Equity securities and equity indices	Foreign exchange and gold	Credit	Com_ modities	Other				
1. Financial assets measured at fair value through other comprehensive income	219,916	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	1,089,729	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**1,309,645**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	9,001	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**9,001**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The “Hedging Derivatives” item referring to financial liabilities measured at amortized cost came to Euro 1,089,729 thousand, of which Euro 779,292 thousand for hedging mortgage loans and Euro 310,437 thousand for hedging securities measured at amortized cost. Specifically, the hedged item is limited to the portion referring to interest rate risk.

The “Hedging Derivatives” item referring to financial liabilities consisted of Euro 9,001 thousand for hedges on demand deposits, limited to interest rate risk Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread. To hedge sight deposits, a “fictitious” bond-equivalent is simulated, which is designed to identify the hedged item obtained by modeling the financial statements item hedged.

Section 6 – Fair value change of financial assets in macro-hedge portfolios – Item 60

6.1 FAIR VALUE CHANGE OF HEDGED ASSETS BREAKDOWN BY HEDGED PORTFOLIO

Adjustments of hedged assets/Values	31 Dec. 2022	31 Dec. 2021
1. Positive fair value change	**5,539**	**27,623**
1.1 of specific portfolios:	5,539	27,623
a) financial assets measured at amortized cost	5,539	27,623
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Negative fair value change	**613,492**	**31,529**
2.1 of specific portfolios:	613,492	31,529
a) financial assets measured at amortized cost	613,492	31,529
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	**-607,953**	**-3,906**

The hedged assets are to two types:

1. Variable-rate mortgage loans with CAP option. Hedging uses IRO traded in order to hedge the risk that a variable-rate mortgage loan contract, once having reached its cap, becomes a fixed-rate item, with subsequent increase in the Bank's financial leverage;
2. Fixed-rate mortgage loans. The hedging purpose is to manage interest rate risk within the wider scope of measuring the impacts that changes in interest rates generate on the bank's assets and liabilities (interest rate gap analysis). That purpose is pursued by entering into Interest Rate Swaps, which essentially convert the fixed interest rates collected on mortgage loans to Customers into variable rates;

For both types of assets, macro-hedges are used on open sets of mortgage loans.

Section 7 – Equity investments – Item 70

7.1 EQUITY INVESTMENTS: DISCLOSURE ON EQUITY INVESTMENTS IN OTHER ENTITIES

Name	Registered Office	Operating HQ	Type of control[(1)]	Equity investment		% of votes available[(2)]
				Investor	% held	
A. Joint arrangements						
1. Rajna Immobiliare S.r.l.	Sondrio, Italy	Sondrio, Italy	7	Crédit Agricole Italia	50.00	
B. Investees subject to significant influence						
1. Fiere di Parma S.p.A.	Parma, Italy	Parma, Italy	4	Crédit Agricole Italia	32.42	
2. Le Village by CA Milano S.r.l.	Milan, Italy	Milan, Italy	4	Crédit Agricole Italia	38.91	
3. Valtellina Golf Club S.p.A.	Caiolo (SO), Italy	Caiolo (SO), Italy	4	Crédit Agricole Italia	43.08	
4. Generalfinance S.p.A.	Milan, Italy	Milan, Italy	4	Crédit Agricole Italia	16.29	20.44
5. Global Broker S.p.A.	Milan, Italy	Milan, Italy	4	Crédit Agricole Italia	30.00	

(1) Type of control:
1 = Majority of the voting rights in the General Meeting of Shareholders.
2 = dominant influence in the ordinary General Meeting of Shareholders.
3 = agreements with other shareholders.
4 = Investee subject to significant influence.
5 = unitary management pursuant to Article 26, paragraph 1, of Italian Legislative Decree 87/92.
6 = unitary management pursuant to Article 26, paragraph 2, of Italian Legislative Decree 87/92.
7 = Joint arrangements.
8 = other type of control/shareholding.
(2) The percentage of available votes is stated only when it is not equal to the equity investment held.

7.2 SIGNIFICANT EQUITY INVESTMENTS: BOOK VALUE, FAIR VALUE AND DIVIDENDS RECEIVED

The information on equity investments with significant minority interests is given in Part A - Section 3, point 4.

7.3 SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

The information on equity investments with significant minority interests is given in Part A - Section 3, point 4.

7.4 NON-SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

Name	Book value of equity investments	Total assets	Total liabilities	Total revenues	Profit (Loss) after tax from continuing operations	Profit (loss) from discontinued operations (before tax)	Profit (Loss) for the period (1)	Other comprehensive income after tax (2)	Comprehensive income (3) = (1) + (2)
A. Joint arrangements									
1. Rajna Immobiliare S.r.l.	288	649	22	133	52	-	52	-	52
B. Investees subject to significant influence									
1. Fiere di Parma Spa	20,483	88,060	44,371	32,351	6,033		6,033		6,033
2. Le Village by CA Milano S.r.l.	68	3,973	3,942	2,166	4		4		4
3. Valtellina Golf Club S.p.A	-	6,782	5,074	470	-120	-	-120	27	-93
4. Generalfinance S.p.A.	11,911	635,269	333,303	30,058	9,453	-	9,453	88	9,541
5. Global Broker S.p.A.	447	6,603	4,054	2,840	495	-	495	-	495

The accounting data of non-significant equity investments refer to financial statements approved by the General Meetings of their respective shareholders as at 31 December 2021.

7.5 EQUITY INVESTMENTS: CHANGES FOR THE YEAR

	Total 31 Dec. 2022	Total 31 Dec. 2021
A. Opening balance	**45,151**	**20,483**
B. Increases	**9,193**	**24,673**
B.1 Purchases	-	21,753
B.2 Recoveries	-	-
B.3 Revaluations	2,264	2,914
B.4 Other changes	6,929	6
C. Decreases	**21,147**	**5**
C.1 Sales	18,305	-
C.2 Adjustments	2	2
C.3 Impairment	217	-
C.4 Other changes	2,623	3
D. Closing balance	**33,197**	**45,151**
E. Total recoveries/writebacks	**1,704**	**7,959**
F. Total adjustments	**282**	**1,231**

Item "C.1 Sales" reports also the partial sale of the equity investment in Generalfinance S.p.A. which decreased from 46.81% as at 31 December 2021 to 16.29%.
For more details, please see paragraph "Significant events occurred in the reporting period" of Part A.

7.6 SIGNIFICANT CONSIDERATIONS AND ASSUMPTIONS TO ASSESS WHETHER JOINT CONTROL OR SIGNIFICANT INFLUENCE EXISTS

The existence of significant influence was assessed based on IFRS 10.

Investees are considered jointly controlled (joint arrangements) when there are contract arrangements in place under which control is shared by and between the Group and one or more other investors, that is to say, when decisions on the investee's relevant activities require unanimous approval by all investors sharing control.

As at 31 December 2022 Rajna Immobiliare S.r.l. was a joint arrangement. The investee is based in Sondrio, has two shareholders owning 50% each and the equity investments has been recognized with the equity method.

Investees are considered subject to significant influence (associates) when the Group holds at least 20% of the voting rights (including "potential" voting rights) or, even though holding a lower percentage of the voting rights, it has the power to participate in determining the investee's financial and management policies based on specific legal ties, such as being a party to shareholder agreements providing for vote pooling.

Significant influence is not ascribed to interests equal to or higher than 20%, in which the Company holds only equity rights to a portion of the return on the investments, does not have a say in the investee's management policies and can exercise governance rights only to the extent required to protect its equity investment.

7.7 COMMITMENTS REFERRING TO EQUITY INVESTMENTS IN JOINT-ARRANGEMENTS

As at 31 December 2022, there were no commitments referring to joint arrangements.

7.8 COMMITMENTS REFERRING TO EQUITY INVESTMENTS IN ENTITIES SUBJECT TO SIGNIFICANT INFLUENCE

As at 31 December 2022, there were no commitments referring to entities subject to significant influence

7.9 DISCLOSURE OF SIGNIFICANT RESTRICTIONS

As at 31 December 2022, there were no significant restrictions pursuant to IFRS 12, paragraphs 13 and 22 a).

Section 9 – Property, plant and equipment – Item 90

9.1 OPERATING PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST

Assets/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Owned	**773,990**	**791,585**
a) land	196,081	196,170
b) buildings	474,314	496,798
c) furniture	13,402	14,331
d) electronic plants	7,821	6,793
e) other	82,372	77,493
2. Rights of use acquired through leases	**313,676**	**293,210**
a) land	-	172
b) buildings	293,734	273,228
c) furniture	-	-
d) electronic plants	-	681
e) other	19,942	19,129
Total	**1,087,666**	**1,084,795**
of which: obtained through the enforcement of guarantees received	-	-

9.2 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

Assets/Values	Total 31 Dec. 2022				Total 31 Dec. 2021			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned	**152,442**	**-**	**-**	**174,494**	**165,887**	**-**	**-**	**183,592**
a) land	47,831	-	-	51,418	50,784	-	-	51,251
b) buildings	104,611	-	-	123,076	115,103	-	-	132,341
2. Rights of use acquired through leases	**3,885**	**-**	**-**	**3,885**	**13,373**	**-**	**-**	**13,373**
a) land	-	-	-	-	-	-	-	-
b) buildings	3,885	-	-	3,885	13,373	-	-	13,373
Total	**156,327**	**-**	**-**	**178,379**	**179,260**	**-**	**-**	**196,965**
of which: obtained through the enforcement of guarantees received	22,859	-	-	24,479	44,776	-	-	54,963

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

The assets obtained through the enforcement of received guarantees consisted of buildings with the related plots of land, which were previously granted under finance leases, were returned to the Group subsequent to the termination of the related contracts and for which no credit claim remains towards the contractual obligors.

9.5 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT GOVERNED BY IAS 2: BREAKDOWN

Assets/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Inventories of assets obtained through the enforcement of guarantees received	**8,809**	**14,736**
a) land	-	-
b) buildings	8,809	14,736
c) furniture	-	-
d) electronic plants	-	-
e) other	-	-
2. Other inventories of property, plant and equipment	**9,332**	**12,725**
Total	**18,141**	**27,461**
of which: measured at fair value net of sale costs	9,768	17,932

Item “2. Other inventories of property, plant and equipment” reports all properties held of any legal basis other than those obtained through the enforcement of guarantees received, which are governed by IAS 2.

9.6 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE YEAR

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**206,463**	**1,386,706**	**223,078**	**93,406**	**443,795**	**2,353,448**
A.1 Total net impairment writedowns	10,121	616,680	208,747	85,932	347,173	1,268,653
A.2 Opening net balance	196,342	770,026	14,331	7,474	96,622	1,084,795
B. Increases	**48**	**74,613**	**3,791**	**5,630**	**23,134**	**107,216**
B.1 Purchases	-	50,499	3,791	5,630	17,176	77,096
B.2 Capitalized improvement expenses	-	5,373	-	-	-	5,373
B.3 Recoveries	-	-	-	-	-	-
B.4 Fair value gains recognized in:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfers from Investment property	-	5,039	X	X	X	5,039
B.7 Other changes	48	13,702	-	-	5,958	19,708
C. Decreases	**309**	**76,591**	**4,720**	**5,283**	**17,442**	**104,345**
C.1 Sales	55	47	-	-	2	104
C.2 Depreciation	-	57,071	4,580	4,475	16,421	82,547
C.3 Impairment losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Fair value losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	254	2,053	-	-	-	2,307
a) Investment property	254	2,053	X	X	X	2,307
b) Non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other changes	-	17,420	140	808	1,019	19,387
D. Closing net balance	**196,081**	**768,048**	**13,402**	**7,821**	**102,314**	**1,087,666**
D.1 Total net impairment writedowns	-	596,555	213,440	114,482	376,225	1,300,702
D.2 Closing gross balance	196,081	1,364,603	226,842	122,303	478,539	2,388,368
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

All property, plant and equipment assets are measured at cost adjusted by the related depreciation and any losses/recoveries.

9.6-BIS CHANGE FOR THE PERIOD IN PROPERTY PLANT AND EQUIPMENT RECOGNIZED APPLYING IFRS 16

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**172**	**408,766**	**-**	**6,601**	**23,999**	**439,538**
A.1 Total net impairment writedowns	-	135,538	-	5,920	4,870	146,328
A.2 Opening net balance	172	273,228	-	681	19,129	293,210
B. Increases	**-**	**67,879**	**-**	**-**	**5,013**	**72,892**
B.1 Purchases	-	50,411	-	-	1,396	51,807
B.2 Capitalized improvement expenses	-	-	-	-	-	-
B.3 Recoveries	-	-	-	-	-	-
B.4 Fair value gains recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	5,039	X	X	X	5,039
B.7 Other changes	-	12,429	-	-	3,617	16,046
C. Decreases	**172**	**47,373**	**-**	**681**	**4,201**	**52,427**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	29,527	-	681	3,183	33,391
C.3 Impairment losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.4 Fair value losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	172	426	-	-	-	598
a) Investment property	172	426	X	X	X	598
b) Non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other changes	-	17,420	-	-	1,018	18,438
D. Closing net balance	**-**	**293,734**	**-**	**-**	**19,941**	**313,675**
D.1 Total net impairment writedowns	-	106,872	-	-	5,508	112,380
D.2 Closing gross balance	-	400,606	-	-	25,449	426,055
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

9.7 INVESTMENT PROPERTY: CHANGES FOR THE YEAR

	Total 31 Dec. 2022	
	Land	Buildings
A. Opening balance	**50,784**	**128,476**
B. Increases	**254**	**5,687**
B.1 Purchases	-	3,251
B.2 Capitalized improvement expenses	-	224
B.3 Fair value gains	-	-
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfers from operating assets	254	2,053
B.7 Other changes	-	159
C. Decreases	**3,207**	**25,667**
C.1 Sales	384	11,147
C.2 Depreciation	-	631
C.3 Fair Value losses	-	-
C.4 impairment losses	410	1,603
C.5 Negative foreign exchange differences	-	-
C.6 Transfers to:	-	5,039
a) operating assets	-	5,039
b) Non-current assets held for sale and discontinued operations	-	-
C.7 Other changes	2,413	7,247
D. Closing balance	**47,831**	**108,496**
E. Measurement at fair value	**51,418**	**126,961**

Property, plant and equipment assets are measured at cost adjusted by the related depreciation and any losses/recoveries.

9.7-BIS CHANGE FOR THE PERIOD IN PROPERTY PLANT AND EQUIPMENT RECOGNIZED APPLYING IFRS 16

	Total 31 Dec. 2022	
	Land	Buildings
A. Opening balance	**-**	**13,373**
B. Increases	**-**	**1,934**
B.1 Purchases	-	1,775
B.2 Capitalized improvement expenses	-	-
B.3 Fair value gains	-	-
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfers from operating assets	-	-
B.7 Other changes	-	159
C. Decreases	**-**	**11,421**
C.1 Sales	-	-
C.2 Depreciation	-	113
C.3 Fair Value losses	-	-
C.4 impairment losses	-	-
C.5 Negative foreign exchange differences	-	-
C.6 Transfers to:	-	5,039
a) operating assets	-	5,039
b) Non-current assets held for sale and discontinued operations	-	-
C.7 Other changes	-	6,270
D. Closing balance	**-**	**3,885**
E. Measurement at fair value	**-**	**498**

9.8 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT GOVERNED BY IAS 2: CHANGES FOR THE YEAR

	Inventories of property, plant and equipment from recoveries of non-performing loans					Other inventories of property, plant and equipment	Total
	Land	Buildings	Furniture	Electronic equipment	Other		
A. Opening balance	**-**	**14,736**	**-**	**-**	**-**	**12,725**	**27,461**
B. Increases	**-**	**14**	**-**	**-**	**-**	**893**	**907**
B.1 Purchases	-	-	-	-	-	-	-
B.2 Recoveries	-	-	-	-	-	-	-
B.3 Positive foreign exchange differences	-	-	-	-	-	-	-
B.4 Other changes	-	14	-	-	-	893	907
C. Decreases	**-**	**5,941**	**-**	**-**	**-**	**4,286**	**10,227**
C.1 Sales	-	5,594	-	-	-	2,909	8,503
C.2 impairment losses	-	-	-	-	-	831	831
C.3 Negative foreign exchange differences	-	-	-	-	-	-	-
C.4 Other changes	-	347	-	-	-	546	893
D. Closing balance	**-**	**8,809**	**-**	**-**	**-**	**9,332**	**18,141**

9.9 COMMITMENTS FOR PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2022, there were no commitments for purchases of property, plant and equipment.

Section 10 – Intangible assets – Item 100

10.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

Assets/Values	Total 31 Dec. 2022		Total 31 Dec. 2021	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**1,315,925**	**X**	**1,315,925**
A.1.1 Group	X	1,315,925	X	1,315,925
A.1.2 Minority shareholders	X	-	X	-
A.2 Other intangible assets	**277,306**	**-**	**310,735**	**-**
of which software	155,812	-	162,143	-
A.2.1 Assets measured at cost:	277,306	-	310,735	-
a) Internally generated intangible assets	5,267	-	7,381	-
b) Other assets	272,039	-	303,354	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**277,306**	**1,315,925**	**310,735**	**1,315,925**

The cost of intangible assets with finite life is amortized on a straight-line basis over their useful life.

The useful life of all software in general has been set at 5 years, but, for some types of software, specifically identified, the useful life has been estimated in 10 years.

Intangible assets representing business with customers have been assigned a finite useful life, based on the time series available on the rate of customer turnover in the retail segment, of 15 years as regards the transactions finalized in 2011, of 13 years for the transactions finalized in 2017 and of about 8 years for the transaction finalized in 2021.

10.2 INTANGIBLE ASSETS: CHANGES FOR THE YEAR

	Goodwill	Other intangible assets: internally generated		Other intangible assets other:		Total
		Finite	Indefinite	Finite	Indefinite	
A. Opening balance	**1,315,925**	**58,296**	**-**	**1,282,410**	**-**	**2,656,631**
A.1 Total net impairment writedowns	-	50,915	-	979,056	-	1,029,971
A.2 Opening net balance	1,315,925	7,381	-	303,354	-	1,626,660
B. Increases	**-**	**1,150**	**-**	**65,249**	**-**	**66,399**
B.1 Purchases	-	-	-	65,249	-	65,249
B.2 Increases in internal intangible assets	X	1,150	-	-	-	1,150
B.3 Recoveries	X	-	-	-	-	-
B.4 Fair value gains	-	-	-	-	-	-
- through equity	X	-	-	-	-	-
- through profit and loss	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**3,264**	**-**	**96,564**	**-**	**99,828**
C.1 Sales	-	-	-	-	-	-
C.2 Adjustments	-	3,264	-	96,564	-	99,828
Depreciation and amortization	X	3,264	-	96,564	-	99,828
- Impairment writedowns:	-	-	-	-	-	-
+ Equity	X	-	-	-	-	-
+ Profit and loss	-	-	-	-	-	-
C.3 Fair Value losses:	-	-	-	-	-	-
- through equity	X	-	-	-	-	-
- through profit and loss	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Closing net balance	**1,315,925**	**5,267**	**-**	**272,039**	**-**	**1,593,231**
D.1 Total net value adjustments	-	88,644	-	1,052,331	-	1,140,975
E. Closing gross balance	**1,315,925**	**93,911**	**-**	**1,324,370**	**-**	**2,734,206**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

10.3 INTANGIBLE ASSETS: OTHER INFORMATION

To test intangible assets with indefinite useful life for impairment, the latest 2022-2027 income forecasts were used, which already factor in the events that characterized FY 2022 (Source: Crédit Agricole S.A. Department of Economic Studies, which independently designs the economic scenarios) by the Bank's Board of Directors at its meeting held on 20 December 2022.

Crédit Agricole Italia Board of Directors then approved, pursuant to IAS 36, the negative outcomes of the impairment test on intangible assets with indefinite useful life (goodwill recognized in the consolidated and separate financial statements as at 31 December 2022).

On the other hand, the Group verified that there were no impairment indicators regarding intangible assets with finite useful life, as more exhaustively described below.

For intangible assets with finite useful life, the Directors deemed nonetheless appropriate to perform an additional verification, confirming the exercise of the impairment test, also including the assets in the carrying amount to be compared with the recoverable amount.

Analysis of intangible assets with finite useful life

The book value as in the consolidated financial statements as at 31 December 2022 regarding intangible assets with finite useful life, resulting from the business combinations made by the Group was of Euro 116 million. Said assets are broken down below, reporting also their analysis:

Intangible assets resulting from the business combination made in 2011

The value of the intangible assets recognized in the consolidated financial statements as at 31 December 2022 is Euro 29 million.

At the end of 2022, the performance of the elements regarding business with customers, that constitute the intangible assets recognized in the consolidated financial statements as at 31 December 2022 was verified. The amortization period for said components is 15 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Intangible assets resulting from the business combination made in 2017

The value of the intangible assets in the consolidated financial statements as at 31 December 2022 was of Euro 51 million and comprises business with customers resulting from the acquisition of Cassa di Risparmio Cesena, Cassa di Risparmio di Rimini and Cassa di Risparmio di San Miniato.

At the end of 2022 the performance of the elements that constitute the intangible assets recognized in the consolidated financial statements as at 31 December 2022 was verified. The amortization period for said components is 13 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Intangible assets resulting from the business combination made in 2021

In 2021, within Creval business combination, an intangible asset with finite useful life was recognized amounting to Euro 45,513 thousand. In the consolidated financial statements as at 31 December 2022, that intangible asset was recognized in an amount of Euro 36 million.

At the end of 2022 the performance of the elements that constitute the intangible assets recognized in the consolidated financial statements as at 31 December 2022 was verified. The amortization period for said components is 8 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Impairment testing of goodwill

As required by IASs/IFRSs, the goodwill resulting from the purchases of Crédit Agricole FriulAdria, of the 180 Crédit Agricole Italia branches and of the 29 Crédit Agricole FriulAdria branches (made in 2007), of the 81 Crédit Agricole Italia branches and of the 15 Crédit Agricole FriulAdria branches (made in 2011) and of Crédit Agricole Carispezia (made in 2011) was tested for impairment. Consistently with the segment reporting given in the Annual Report and Consolidated Financial Statements, the goodwill determined after the allocation of the purchase price paid within the above-described transactions was initially allocated, in the Group consolidated financial statements, to the two Cash Generating Units (CGU) identified in the Retail and Private Banking Business Segment and in the Corporate Banking Segment. After having been written down in the previous years, the goodwill paid within the above-described transactions is now fully allocated to the Retail and Private Banking CGU for an amount of Euro 1,316 million.

The CGU value in use was determined in accordance with the method used by the Crédit Agricole S.A. Group, namely the Dividend Discount Model ("DDM") in its Excess Capital version. The DDM estimates the company value as the sum of the present value of the theoretical future cash flows distributed to shareholders in the explicit period and the Terminal Value. Specifically, in its"Excess Capital" variant, this method provides for the economic value of a financial company to be calculated by discounting a dividend flow determined based on full compliance with the capital requirements set by the Supervisory Authority.

For the calculation of future cash flows, starting from the 2022 expected performance, a model has been used, which consists of two stages:

- For the first stage (2022-2027), the following forecasts have been used: the 2022 Budget for 2023-2027 and medium- and long-term financial forecasts;
- The second stage considers the Terminal Value: the cash flow after taxes for the last year was, therefore, projected into perpetuity using a long-term growth rate "g" (2.00%). This rate falls in an interval that is consistent with the industry measurement practices.

The forecasts used in the impairment test provided for growth rates that are consistent with the Italian banking industry performance taking into account the Group's positioning and record of performances. The profitability ratios considered are also in line with those of the Italian banking industry.

The cash flows (after taxes) thus determined have then been discounted at a rate (ke) calculated based on the Capital Asset Pricing Model (i.e. based on a risk-free rate plus the product of the beta coefficient multiplied by the risk premium), totalling 8.9% (vs. 8.8% in 2021).

Allocated own funds have been measured based on a 9.48% rate of RWA, as done by Crédit Agricole SA. and in compliance with the applicable regulatory requirements.

The components of the discount rate ke and the relating comparison with the parameters used in 2021 are reported below:

	2022	2021
Cost of equity (ke)	8.90%	8.80%
- Of which risk-free rate	2.82%	2.77%
- Of which Beta	1.2	1.2
- Of which risk premium	5.10%	5.04%

Specifically, these parameters:

- risk-free rate: 2.82% in 2022, represents the average yield in the last 13 years of the 10Y BTP 1benchmark;
- beta: 1.2 equal to the beta used by the Parent Company CA.sa;
- risk premium: 5.10% in 2022, determined based on the 13-year surveys of infoproviders Datastream and Kepler.

The value in use of the Retail-Private Banking Business Segment was determined based on the average weight of the CGU on the profit for period over the last 10 years in a range between 70% and 75% of the consolidated figure.

For The CGU, the calculation showed its value in use higher than its book value, with a positive difference between 1,514 and 1,889 million Euro, (with the 70% and 75% weight on the consolidated profit, respectively). Furthermore, that positive difference was calculated considering also intangible assets with finite useful life in the book value. If those assets were excluded, the positive difference would increase coming to a figure between 1,630 and 2,005 million Euro (with the 70% and 75% weight on the consolidated profit, respectively).

Sensitivity to variations in the used parameters was also analyzed. Specifically, this sensitivity analysis was developed calculating the threshold levels of each parameter above which impairment would arise.

The analysis results show that, as regards risk premium, the book value is equal to the value in use at a much higher level than the one used for the test (7.26%), and the same can be said for the risk-free rate (5.41%) and for the beta parameter (1.71).

Furthermore, the impact generated by the uses listed below on the goodwill impairment testing exercise impairment was verified:

- The use of a discount rate of 10.5% determined based on a risk-free yield of 3.88% (equal to the yield of 10Y BTP Italian Government securities as at 30 November 2022), entailing a Risk Premium of 5.50% (based on the data surveyed by infoproviders Datastream and Kepler), of a 1.2 beta and of a long-term growth rate of 3% (reflecting higher inflation rate); that analysis showed no sign of impairment.

- The use of a discount rate of 10.6% determined based on a risk-free yield of 3.83% (equal to the yield of 10Y BTP Italian Government securities as at 30 November 2022), entailing a Risk Premium of 5.65% (based on the data surveyed by infoproviders Datastream and Kepler), of a 1.2 beta and of a long-term growth rate of 3% (reflecting higher inflation rate); that analysis showed no sign of impairment.

Lastly, it was verified at which discounting rate or at which long-term growth rate "g" the value in use becomes equal to the book value. This analysis showed that the book value is equal to the value in use only with a marked increase in the discount rate ke (11.5%). Lastly, if the long-term growth rate "g" were set at zero, the Retail-Private Banking CGU would continue to have a value in use higher than its book value.

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

11.1 DEFERRED TAX ASSETS: BREAKDOWN

	31 Dec. 2022	31 Dec. 2021
A. Gross deferred tax assets	**1,694,386**	**2,312,396**
A1. Loans and receivables (including asset-backed securities)	412,026	655,088
A2. Other financial instruments	8,894	1,162
A3. Goodwill	363,666	431,361
A4. Long-term liabilities	-	15,191
A5. Tangible Fixed Assets	9,815	42,375
A6. Provisions for risks and charges	92,001	111,936
A7. Entertainment expenses	-	-
A8. Staff expenses	73,645	91,795
A9.1 Tax losses	120,916	490,668
A9.2 Tax losses convertible into tax credits	599	118,567
A10. Unused tax receivables to be deducted	-	3,795
A11. Other	612,824	350,458
B. Offset against deferred tax liabilities	**-**	**-**
C. Net deferred tax assets:	**1,694,386**	**2,312,396**

As regards the recognition of DTAs, especially those relating to tax losses, the probability test was carried out and confirmed their full recoverability.

First of all, it is to be pointed out that a significant portion of the recognized DTAs consists of so-called "convertible" DTAs, i.e. DTAs whose recoverability does not depend on future profit or loss, as they may be converted in true tax credits, receivable form the Inland Revenue Agency in case of statutory or tax losses.

Considering the amount of convertible DTAs, impaired DTAs came to approximately Euro 926 million.

For the probability test calculation, profits and losses for tax purposes in the coming FYs were simulated, starting from the assumed profit or losses for those FYs and taking into account, for that purpose, the permanent increases and decreases that can be estimated, as well as the release of temporary differences, both positive and negative, expected for that period.

Besides the recovery of the aforementioned temporary differences, the calculation also showed that the DTA for tax losses can be recovered over a modest time horizon, which, in the most likely scenario, is five years. Other possible scenarios of more severe, albeit reasonable, stress were also assumed, taking into account decreases in profits or higher recovery of temporary difference assets than deemed likely, and recoverability was confirmed.

Furthermore, as regards Italian Corporate income tax (IRES) DTAs, it is to be considered that the companies of the Crédit Agricole Italia Banking Group are members of a tax consolidation scheme under Article 117 et seq. of Italian Presidential Decree 917/86, which includes also other resident entities that are directly or indirectly controlled by Crédit Agricole S.A. A tax profit is expected on the tax consolidation scheme in the coming FYs, which is further ground supporting the recoverability of the recognized DTA for IRES.

11.2 DEFERRED TAX LIABILITIES: BREAKDOWN

	31 Dec. 2022	31 Dec. 2021
A. Gross deferred tax liabilities:	**65,265**	**132,932**
A1. Capital gains spreading	11,967	14,822
A2. Goodwill	-	-
A3. Tangible Fixed Assets	-	11,516
A4. Deposited financial Instruments	5,894	38,956
A5. Staff expenses	-	-
A6. Other	47,404	67,638
B. Offset against deferred tax assets	**-**	**-**
C. Net deferred tax liabilities	**65,265**	**132,932**

11.3 CHANGES IN DEFERRED TAX ASSETS (THROUGH PROFIT OR LOSS)

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**2,274,292**	**1,106,835**
2. Increases	**782,413**	**1,373,992**
2.1 Deferred tax assets recognized in the year	201,349	460,034
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) Recoveries	-	-
d) other	201,349	460,034
2.2 New taxes or increases in tax rates	488	23
2.3 Other increases	580,576	913,935
3. Decreases	**1,385,064**	**206,535**
3.1 Deferred tax assets derecognized in the year	269,854	146,848
a) reversals	269,839	146,562
b) writedowns for supervening non-recoverability	-	20
c) change in accounting policies	-	-
d) other	15	266
3.2 Reduction in tax rates	2,333	-
3.3 Other decreases	1,112,877	59,687
a) conversion into tax credits pursuant to L. 214/2011	169,706	26,725
b) other	943,171	32,962
4. Closing balance	**1,671,641**	**2,274,292**

Based on clarifications were received from the Agenzia delle Entrate (the Italian Revenue Agency), also after applications for tax rulings were filed, the goodwill tax base from the Realignment under Article 110 of Italian Decree Law 104/2020 was redetermined, with the following effects on the DTAs for the period: item "2.1.d) other" for Euro 160,881 thousand, item "3.1.a) recycling" for Euro 4,064 thousand and item "3.3.b) Other decreases, other" for Euro 3,217 thousand.

11.4 CHANGES IN DEFERRED TAX ASSETS PURSUANT TO ITALIAN LAW 214/2011

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**997,229**	**659,350**
2. Increases	**365,911**	**438,498**
3. Decreases	**595,021**	**100,619**
3.1 Reversals	55,795	73,893
3.2 Conversion into tax credits	169,706	26,726
a) from losses for the year	46,551	4
b) from tax losses	123,155	26,722
3.3 Other decreases	369,520	-
4. Closing balance	**768,119**	**997,229**

11.5 CHANGES IN DEFERRED TAX LIABILITIES (THROUGH PROFIT OR LOSS)

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**118,766**	**87,300**
2. Increases	**2,256**	**95,265**
2.1 Deferred tax liabilities recognized in the year	782	3,491
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	782	3,491
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,474	91,774
3. Decreases	**66,990**	**63,799**
3.1 Deferred tax liabilities derecognized in the year	63,363	63,771
a) reversals	63,363	63,771
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	79	-
3.3 Other decreases	3,548	28
4. Closing balance	**54,032**	**118,766**

11.6 CHANGES IN DEFERRED TAX ASSETS (THROUGH EQUITY/OCI)

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**38,104**	**18,992**
2. Increases	**14,144**	**19,652**
2.1 Deferred tax assets recognized in the year	9,307	738
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	9,307	738
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	4,837	18,914
3. Decreases	**29,503**	**540**
3.1 Deferred tax assets derecognized in the year	3,629	151
a) reversals	3,629	22
b) writedowns for supervening non-recoverability	-	-
b) due to change in accounting policies	-	-
d) other	-	129
3.2 Reduction in tax rates	-	-
3.3 Other decreases	25,874	389
4. Closing balance	**22,745**	**38,104**

11.7 CHANGES IN DEFERRED TAX LIABILITIES (THROUGH EQUITY/OCI)

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**14,166**	**15,121**
2. Increases	**4,967**	**10,710**
2.1 Deferred tax liabilities recognized in the year	1,907	4,411
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	1,907	4,411
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	3,060	6,299
3. Decreases	**7,900**	**11,665**
3.1 Deferred tax liabilities derecognized in the year	6,822	11,378
a) reversals	6,822	11,378
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	1,078	-
3.3 Other decreases	-	287
4. Closing balance	**11,233**	**14,166**

11.8 OTHER INFORMATION

As regards the realignment of carrying amounts and tax bases of some property, plant and equipment and intangible assets, please see the description given in paragraph “Significant events occurred in the period”.

Section 12 – Non-current assets held for sale and discontinued operations – Item 120 of Assets and Item 70 of Liabilities

12.1 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS: BREAKDOWN BY TYPE OF ASSET

	31 Dec. 2022	31 Dec. 2021
A. Assets held for sale		
A.1 financial assets	2,283	223,560
A.2 Equity investments	-	-
A.3 Property, plant and equipment	-	75
Of which from recovery of NPLs	-	75
A.4 Intangible assets	-	137
A.5 Other non-current assets	-	2,807
Total (A)	**2,283**	**226,579**
Of which measured at cost	2,283	3,396
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	223,182
B. Discontinued operations		
B.1. Financial assets measured at fair value through profit or loss	-	-
- financial assets held for trading		
- Financial assets designated at fair value		
- Other financial assets mandatorily measured at fair value		
B.2. Financial assets measured at fair value through other comprehensive income	-	-
B.3. Financial assets measured at amortized cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: obtained through the enforcement of guarantees received		
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total (B)	**-**	**-**
Of which measured at cost	-	-
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	-
C. Liabilities associated with assets held for sale		
C.1 Dye and payables	-	-3,383
C.2 Securities	-	-
C.3 Other liabilities	-	-13,017
Total (C)	**-**	**-16,400**
Of which measured at cost	-	-13,017
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	-3,383
D. Liabilities associated with discontinued operations		
D.1 financial liabilities measured at amortized cost	-	-
D.2 Financial liabilities financial for trading	-	-
D.3 financial liabilities designated at fair value	-	-
D.4 Funds	-	-
D.5 Other liabilities	-	-
Total (D)	**-**	**-**
Of which measured at cost	-	-
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	-

Section 13 – Other assets – Item 130

13.1 OTHER ASSETS: BREAKDOWN

	31 Dec. 2022	31 Dec. 2021
Sundry debits in process	56,286	69,504
Revenue stamps and other instruments	4,716	58
Items being processed	145,573	97,855
Accrued income not allocated to other items	5,329	3,563
Prepaid expenses not allocated to other items	57,534	9,268
Protested bills and cheques	3,254	4,371
Leasehold improvements	13,597	11,507
Tax advances paid on behalf of third parties	109,283	120,422
Sundry	179,719	151,788
Purchased tax credits	1,277,657	422,476
Total	**1,852,948**	**890,812**

LIABILITIES

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

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE TO BANKS

Type of transactions/Values	Total 31 Dec. 2022				Total 31 Dec. 2021			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	**9,364,842**	**X**	**X**	**X**	**16,270,550**	**X**	**X**	**X**
2. Due to banks	**1,800,045**	**X**	**X**	**X**	**1,964,435**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	83,916	X	X	X	426,214	X	X	X
2.2 Time deposits	88,593	X	X	X	86,932	X	X	X
2.3 Loans	1,612,456	X	X	X	1,403,425	X	X	X
2.3.1 Repurchase agreements for funding purposes	-	X	X	X	-	X	X	X
2.3.2 Other	1,612,456	X	X	X	1,403,425	X	X	X
2.4 Liabilities for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	1,585	X	X	X	1,732	X	X	X
2.6 Other due and payables	13,495	X	X	X	46,132	X	X	X
Total	**11,164,887**	**-**	**11,164,887**	**-**	**18,234,985**	**-**	**18,234,985**	**-**

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

Item "Due to central banks" reports Targeted Longer-Term Refinancing Operations (TLTRO) with the European Central Bank. TLTROS provide the Eurosystem credit institutions with the possibility to obtain loans with multi-year maturity, intended to improve the monetary policy transmission mechanism supporting bank lending to the real economy.

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE TO CUSTOMERS

Type of transactions/Values	Total 31 Dec. 2022				Total 31 Dec. 2021			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	61,087,670	X	X	X	62,463,392	X	X	X
2. Time deposits	10,662	X	X	X	14,250	X	X	X
3. Loans	58	X	X	X	189,733	X	X	X
3.1 Repurchase agreements for funding purposes	-	X	X	X	-	X	X	X
3.2 Other	58	X	X	X	189,733	X	X	X
4. Liabilities for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	359,502	X	X	X	351,487	X	X	X
6. Other due and payables	687,535	X	X	X	304,060	X	X	X
Total	**62,145,427**	**-**	**62,111,235**	**32,318**	**63,322,922**	**-**	**47,041,285**	**16,290,487**

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

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF SECURITIES ISSUED

Type of securities/values	Total 31 Dec. 2022				Total 31 Dec. 2021			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds	9,299,858	-	9,359,956	-	11,152,338	466,001	10,904,484	120,895
1.1 Structured	-	-	-	-	-	-	-	-
1.2 other	9,299,858	-	9,359,956	-	11,152,338	466,001	10,904,484	120,895
2. Other securities	1,098,736	-	-	1,098,736	558,847	-	83,072	475,941
2.1 Structured	-	-	-	-	-	-	-	-
2.2 other	1,098,736	-	-	1,098,736	558,847	-	83,072	475,941
Total	**10,398,594**	**-**	**9,359,956**	**1,098,736**	**11,711,185**	**466,001**	**10,987,556**	**596,836**

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

Item "1. Bonds" reports debenture loans for Euro 80,906 thousand, covered bonds for Euro 7,754,910 thousand and senior non-preferred bonds for Euro 1,464,042, thousand.

Item "2. Other securities" reports banker's drafts for Euro 238,947 thousand and certificates of deposit for Euro 859,789 thousand.

1.4 BREAKDOWN OF SUBORDINATED LIABILITIES/SECURITIES

Characteristics	Issue date	Maturity date	Repayment schedule	Interest rate	Currency	Original amount in the rep. currency	Book value
Lower Tier II deposit	28 June 2017	28 June.2027	at maturity	3M Euribor + 219 bps	Euro	250,000	250,090
Lower Tier II deposit	11 Dec. 2017	11 Dec. 2027	at maturity	3M Euribor + 162 bps	Euro	400,000	400,762
Lower Tier II deposit	14 Dec. 2018	14 Dec. 2028	at maturity	3M Euribor + 571 bps	Euro	100,000	100,367
Lower Tier II deposit	02 Aug. 2019	02 Aug. 2029	at maturity	3M Euribor + 213 bps	Euro	80,000	80,503
Lower Tier II deposit	15 Dec. 2021	15 Dec. 2031	at maturity	3M Euribor + 266 bps	Euro	80,000	80,167
Lower Tier II deposit	12 April 2022	12.04.2032	at maturity	3M Euribor + 314 bps	Euro	150,000	151,486
Lower Tier II security	31 May 2010	30.Nov. 2023	in one payment at maturity	4% fixed-rate	Euro	4,050	4,164

Total subordinated deposits came to Euro 1,063,375 thousand, whereas total subordinated securities came to Euro 4,164 thousand.

1.5 BREAKDOWN OF STRUCTURED LIABILITIES

As at 31 December 2022 there were no structured liabilities to banks and to customers.

1.6 LEASE LIABILITIES

For reporting on lease liabilities and the breakdown of maturities and cash flows, please see Part M of this Note to the financial statements.

Section 2 – Financial liabilities held for trading – Item 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

Type of transactions/Values	Total 31 Dec. 2022					Total 31 Dec. 2021				
	NV	Fair Value			Fair value(*)	NV	Fair Value			Fair value(*)
		L1	L2	L3			L1	L2	L3	
A. On-balance-sheet liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-		-	-	-	-	-
3.1 Bonds	-	-	-	-		-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1 Financial Derivatives		-	328,990	59			-	75,042	-	
1.1 Held for trading	X	-	328,990	59	X	X	-	75,042	-	X
1.2 associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit Derivatives		-	-	-			-	-	-	
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**-**	**328,990**	**59**	**X**	**X**	**-**	**75,042**	**-**	**X**
Total (A+B)	**-**	**-**	**328,990**	**59**	**-**	**-**	**-**	**75,042**	**-**	**X**

Key:
NV = notional value
L1= Level 1
L2= Level 2
L3= Level 3
Fair value (*) = fair value calculated excluding value changes resulting from an alteration in the issuer's credit rating after the date of issue.

The increase in item "Derivative instruments" resulted mainly from the change in measurement component.

2.2 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": SUBORDINATED LIABILITIES

As at 31 December 2022, there were no subordinated "Liabilities held for trading".

2.3 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": STRUCTURED LIABILITIES

As at 31 December 2022, there were no structured "Liabilities held for trading".

Section 4 – Hedging derivatives – Item 40

4.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND BY HIERARCHY LEVEL

	Fair value 31 Dec. 2022			NV 31 Dec. 2022	Fair value 31 Dec. 2021			NV 31 Dec. 2021
	L1	L2	L3		L1	L2	L3	
A. Financial Derivatives	**-**	**3,045,592**	**769,942**	**28,221,292**	**-**	**307,641**	**712,670**	**9,262,746**
1) Fair value	-	3,045,592	769,942	28,221,292	-	307,641	712,670	9,262,746
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**3,045,592**	**769,942**	**28,221,292**	**-**	**307,641**	**712,670**	**9,262,746**

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

4.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value							Cash flows		Investments in foreign operations
	Micro-hedging						Macro-hedging	Micro-hedging	Macro-hedging	
	Debt securities and interest rates	Equity securities and equity indices	Foreign exchange and gold	Credit	Com-modities	Other				
1. Financial assets at fair value through other comprehensive income	115,601	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	695,216	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**810,817**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	3,004,717	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**3,004,717**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X		X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X		X	-	X	-	-

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The "Hedging Derivatives" item referring to financial liabilities measured at amortized cost consisted of Euro 634 thousand for hedging mortgage loans and Euro 694,582 thousand for hedging securities measured at amortized cost.

The "Hedging Derivatives" item referring to financial liabilities consisted of Euro 1,511,299 thousand for hedging own bonds issued and Euro 1,493,418 thousand for macrohedging of demand deposits; specifically, the hedged item is limited to the portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread. To hedge demand deposits, a "fictitious" bond-equivalent is simulated, which is designed to identify the hedged item obtained by modeling the financial statements item hedged.

Section 5 – Fair value change of financial liabilities in macro-hedge portfolios – Item 50

5.1 FAIR VALUE CHANGE OF HEDGED FINANCIAL LIABILITIES

Fair value change of hedged liabilities /Group components	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Increase in fair value of hedged financial liabilities	1,776	179,423
2. Decrease in fair value of hedged financial liabilities	1,493,598	13,037
Total	**-1,491,822**	**166,386**

The part of demand deposits that is considered stable as to liquidity and rate, by the internal model adopted by the Crédit Agricole Italia Banking Group is in the macro-hedge portfolio.

Section 6 – Tax Liabilities – Item 60

Please, see Section 11 - Assets.

Section 8 – Other liabilities – Item 80

8.1 OTHER LIABILITIES: BREAKDOWN

	31 Dec. 2022	31 Dec. 2021
Trade payables	360,451	325,981
Amounts due to third parties	614,569	361,189
Credit transfers ordered and being processed	82,242	59,314
Amounts payable to tax authorities on behalf of third parties	126,075	82,583
Advances on loans to mature	61	155
Adjustments for illiquid items	-	475,665
Personnel expenses	117,181	104,874
Uncapitalized accrued expenses	16,956	14,016
Deferred income not allocated to other items	35,535	10,217
Sundry	229,228	393,906
Total	**1,582,298**	**1,827,900**

Section 9 – Employee severance benefits – Item 90

9.1 EMPLOYEE SEVERANCE BENEFITS: CHANGES FOR THE YEAR

	Total 31 Dec. 2022	Total 31 Dec. 2021
A. Opening balance	**143,625**	**117,404**
B. Increases	**5,950**	**40,606**
B.1 Provision for the period	187	277
B.2 Other changes	5,763	40,329
C. Decreases	**50,758**	**14,385**
C.1 Severance payments	31,616	12,654
C.2 Other changes	19,142	1,731
D. Closing balance	**98,817**	**143,625**

9.2 OTHER INFORMATION

Information on the characteristics of defined-benefit plans and risks associated with them (IAS 19, paragraph 139)

Employee Severance Benefits

Pursuant to the Italian legislation, at the date of termination of his/her employment contract with a company, each employee is entitled to a severance package called "Trattamento di Fine Rapporto" (Employee Severance Benefits or with the Italian acronym TFR) equal to the sum of the Severance Benefits accrued for each year of work for the employer. The benefit accrued each year is equal to 6.91% of the gross annual Pay. This rate is calculated by dividing the ordinary pay by 13.5; to the resulting amount a deduction is made of 0.5%, which is paid directly to the Italian National Social Security Institute (INPS) as a pension contribution..

Moreover, as at 31 December of each year, the Provision for Employees' Severance Benefits is subject to revaluation applying a fixed-rate of 1.5% plus 75% of the increase in the consumer price index for blue-collar and white-collar households for the year.

The revalued amount as calculated above is taxed at a 17% rate, as provided for by the Italian 2015 Stability Law (Italian Law No. 190 of 23 December 2014).

Pursuant to the applicable legislation, employees may ask for advances on their Severance Benefits accrued when the employment relation is still going on. This advance may be obtained only once during the employment relation, after at least 8 years on staff and up to 70% of the Employee Severance Benefits accrued as at the date of request.

With the entry into force of Italian 2007 Finance Act, concerning also the Reform of Supplementary Pension Schemes, the measurement of Employee Severance Benefits, in accordance with IAS 19 Revised, shall take account of the impacts of this Act, as well as of the guidelines for their calculation, which were issued by the Italian National Association of Actuaries and by the Organismo Italiano di Contabilità (the Italian National Accounting Body).

Given that, in 2006, the Crédit Agricole Italia Banking Group had an average number of employees higher than 50, it has been considered that the portions of employee severance benefits accruing in the future will be paid to a separate entity (supplementary pension scheme, FONDINPS or to the Fund managed by the Italian State Treasury) irrespective of the employees' choice.
It was specifically considered that the Fund managed by the Italian State Treasury through the Italian National Social Security Institute (INPS), pursuant to Article 1, paragraph 5, of the Italian 2007 Finance Act "ensures that private sector employees receive the severance benefits as provided for in Article 2120 of the Italian Civil Code, in accordance with the contributions paid to the Fund".

0.5% supplement to employee severance benefits

For the employees of Crédit Agricole Italia, who were formerly employees of the Intesa San Paolo Group (hereinafter referred to as "formerly Intesa") and were already on staff on 31 December 1990, upon employment termination, an amount supplementing their severance benefits is granted, equal to the 0.5% contribution paid to the Italian National Social Security Institute (INPS) by the workers.

Additional 2.75% revaluation of employee severance benefits

For the employees of Crédit Agricole Italia and Crédit Agricole Group Solutions, who used to be employees of the Intesa San Paolo Group (hereinafter former Intesa), in case of employment termination, a supplementary amount is granted, which is calculated by applying an additional fixed revaluation equal to 2.75% to the employee severance benefits accrued since 1992, on a yearly basis.

This amount is then revalued, on a yearly basis, according to the reference ISTAT (the Italian National Institute of Statistics) index. Such supplementary amount accrues on a monthly basis and is revalued in accordance with the ISTAT (the Italian National Institute of Statistics) index for the revaluation of employee severance benefits.

Changes for the year in the defined-benefit plan net liabilities (assets) and in rights to repayment (IAS 19, paragraphs 140 and 141)

The statement of reconciliation for 2022 of the present value of the plan obligation for the Crédit Agricole Italia Banking Group is given below:

Actuarial value of the obligation as at 01.01.2022		**143,625**
a	Service cost	41
b	Interest cost	146
c	Transfer in/out	-5
d.1	Actuarial gains/losses from changes in financial assumptions	-20,211
d.2	Actuarial gains/losses from changes in demographic assumptions	16
d.3	Actuarial gains/losses from demographic experience	5,765
e	Payments provided for by the Plan	-30,560
Actuarial value of the obligation as at 31 Dec. 2022		**98,817**

Disclosure of the fair value of the plan assets (IAS 19, paragraphs 142 and 143)

This point does not apply because no assets covering employee severance benefits have been provided for.

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

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used regarding:

- Mortality;
- Invalidity;
- Termination (resignation or dismissal);
- Requests for advances;
- The workers' future economic career (including the assumptions on promotion to higher positions);
- Performance of the actual purchasing power of money.

Specifically, the following assumptions were used:

a) DEMOGRAPHIC TECHNICAL BASES:

a.1 Annual probability of exclusion due to death of employees on staff were calculated based on IPS55;

a.2 Annual probabilities of exclusion due to causes other than death of employees on staff were calculated based on appropriate smoothing of historical data of the Group and, therefore, an annual frequency of turnover of 3.50% was used;

a.3 The annual probability of request for advances on the accrued severance benefits was calculated based on the Group's experience and was assumed as equal to an average annual rate of 3.00%;

a.4 Retirement is assumed upon meeting the first requirement to qualify for pension.

b) ECONOMIC TECHNICAL BASES:

b.1 To calculate the Present Value for the various entities, in compliance with the instructions given by the Parent Company Crédit Agricole SA, the following IBOXX AA rates were used:

- Provision for Employees' severance benefits: 3.57% (IBOXX duration 5-7 years);
- Pension Plan 1: 3.57% (IBOXX duration 5-7 years);
- Retirement Fund 2: 3.63% (IBOXX duration 7-10 years).

b.2 The cost of living index for white-collar and blue-collar households, required for the revaluation of the employee severance benefits amounts allocated to provision, was assumed at 2.00%, as per the instructions given by the Parent Company Crédit Agricole SA;

b.3 The pay line, as a function of seniority, increasing by automatic pay increases only, was calculated, on average, with reference to the Company's employees, based on the interpolation and smoothing of the distribution of pays by seniority and on the national and company collective bargaining agreements;

b.4 For the average annual rate of increase in pay for changes in the minimum wage, a 2.00% rate was used;

b.5 Percentage of accrued employee severance benefits requested as advances: 60%. This percentage was inferred based on the Group historical data.

Disclosure of amount, timing and uncertainty of cash flows (IAS 19, paragraphs 145, 146 and 147

The results of the sensitivity analyses for each one of the main assumptions reported in the previous point are given below:

Discount rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+50 bp	-50 bp
98,817	96,009	101,756

Inflation rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+50 bp	-50 bp
98,817	100,666	97,058

Turnover rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+100 bp	-100 bp
98,817	99,079	98,537

Multi-employer plans (IAS 19, paragraph 148)

This point does not apply because the provision for employee severance benefits is not a Multi-employer plan.

Defined-benefit plans that share risks between various entities under common control (IAS 19, paragraphs 149 and 150)

This point does not apply because the provision for employee severance benefits is not a plan that shares risks between various entities under common control.

Section 10 – Provisions for risks and charges – Item 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

Items/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Provisions for credit risk on commitments and financial guarantees given	73,904	62,105
2. Provisions for other commitments and guarantees given	-	-
3. Company pension plans	24,020	34,476
4. Other provisions for risks and charges	487,015	622,100
4.1 legal and tax-related disputes	80,518	90,401
4.2 personnel expenses	233,422	293,901
4.3 other	173,075	237,798
Total	**584,939**	**718,681**

10.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES FOR THE YEAR

	Provisions for other commitments and guarantees given	Pension plans	Other provisions for risks and charges	Total
A. Opening balance	**-**	**34,476**	**622,100**	**656,576**
B. Increases	**-**	**98**	**50,443**	**50,541**
B.1 Provision for the period	-	-	50,423	50,423
B.2 Changes due to passage of time	-	98	-	98
B.3 Changes due to alterations in the discount rate	-	-	-	-
B.4 Other changes	-	-	20	20
C. Decreases	**-**	**10,554**	**185,528**	**196,082**
C.1 Use in the period	-	3,164	140,495	143,659
C.2 Changes due to alterations in the discount rate	-	-	177	177
C.3 Other changes	-	7,390	44,856	52,246
D. Closing balance	**-**	**24,020**	**487,015**	**511,035**

10.3 PROVISIONS FOR CREDIT RISK ON COMMITMENT AND FINANCIAL GUARANTEES GIVEN

	Provisions for credit risk on commitments and financial guarantees given				
	Stage 1	Stage 2	Stage 3	POCI	Total
Commitments to disburse funds	3,191	4,631	3	-	7,825
Financial guarantees given	4,856	6,180	55,043	-	66,079
Total	**8,047**	**10,811**	**55,046**	**-**	**73,904**

10.4 PROVISIONS FOR OTHER COMMITMENTS AND GUARANTEES GIVEN

As at 31 December 2022, there were no provisions for other commitments and guarantees given.

10.5 COMPANY DEFINED-BENEFIT PENSION PLANS

A. Crédit Agricole Italia pension plans

1. Information on the characteristics of the entity's defined benefit plans and risks associated with them

Through its Defied-Benefit Pension Plans, the Group provides pension schemes that are supplementary or complementary to the pensions paid by INPS (Italian National Social Security Institute) on whatsoever ground, in compliance with the specific Regulations of the Pension Funds.

As at today's date, in accordance with the above Regulations, the employees on staff are not entitled to the benefits provided by the Pension Funds.

The plan is funded by a provision accrued by the Company, determined based on the mathematical reserve, certified annually by an independent actuary.

These benefits may consist in a pension assigned directly to the person concerned, in a pension assigned indirectly to the surviving family of the person concerned dying either before or after retirement.

As at 31 December 2022, 460 people (232 women and 228 men) were the beneficiaries of Crédit Agricole Italia Pension Fund, to whom a gross annual supplementary pension is paid amounting to Euro 6,632.

The average age of Crédit Agricole Italia beneficiaries is 83.2 years.

2. Change for the year in defined-benefit net liabilities (assets) and in rights to repayment from the plan

The table below reports the 2022 reconciliation figures for Crédit Agricole Italia:

Actuarial value of the obligation as at 01.01.2022		**32,692**
a	Service cost	-
b	Interest cost	98
c	Transfer in/out	-
d.1	Actuarial gains/losses from changes in financial assumptions	-5,888
d.2	Actuarial gains/losses from changes in demographic assumptions	335
d.3	Actuarial gains/losses from demographic experience	-53
e	Payments provided for by the Plan	-3,164
Actuarial value of the obligation as at 31.12.2022		**24,020**

The value of the mathematical reserve is equal to the amount that the Management should have as at the measurement date, based on the assumptions used, in order to meet all the commitments undertaken towards the participants in the plan.

3. Disclosure of the fair value of the plan assets

This point does not apply because no assets covering the plan have been provided for.

4. Description of the main actuarial assumptions

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used, such as:

- Mortality;
- Probability to have a family;
- Performance of the actual purchasing power of money.

The main economic and demographic assumptions are given below, which have been used for the plan measurement and have been made based on the information provided by the Company subject to assessment and on market data/statistics:

- Annual probability of exclusion due to death of employees not on staff were calculated based on A62;
- For assignment to the surviving family in case of the pensioner's death, differentiated technical bases were used according to the age and gender of the member;
- The cost of living index for white-collar and blue-collar households, required for smoothing the annual pension instalments, was assumed at 2.00%, in accordance with the instructions given by Crédit Agricole SA;
- The annual increase in the plan benefits is governed by the relevant regulation, and, therefore, by the applicable regulations in force for INPS (Italian National Social Security Institute) pensions (automatic smoothing pursuant to paragraph 1, Article 34 of Italian Law No. 448/1998, as amended by paragraph 1, Article 69 of Italian Law No. 388/2000);
- To calculate the Present Value, in compliance with the instructions issued by Crédit Agricole SA, the rate used was IBOXX AA (duration 7-10 years) as at 31 December 2022 of 3.63%.

5. Disclosure of amount, timing and uncertainty of future cash flows

The results of the sensitivity analyses for each one of the aforementioned main assumptions are given below:

Discount rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+50 bp	-50 bp
24,020	23,279	24,809

Mortality rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+20 bp	-20 bp
24,020	22,067	26,517

B. Former-Creval pension plan

1. Information on the characteristics of the entity's defined benefit plans and risks associated with them

Subsequent to Creval absorption, Credit Agricole Italia assumed an obligation to the former-Creval outsourced defined-benefit pension plan to ensure that the technical balance of Section II is kept over time in order to ensure continuation of each and every right resulting from participation in the original pension scheme.

2. Changes for the year in defined-benefit net liabilities (assets) and in rights to repayment from the plan

As at 31 December 2022 the actuarial value of the defined-benefit obligation was Euro 6,471 thousand. In 2022 benefits/repayments totaled Euro 863 thousand, service costs came to Euro 357 thousand, interest expenses accrued were Euro 74 thousand, and actuarial gains were recognized amounting to Euro 1,784 thousand.

3. Disclosure of the fair value of the plan assets

The assets servicing the plan that was transferred to defined-benefit Section of the Group pension fund consist in cash and cash equivalents amounting to Euro 6,495 thousand.

The net cost of the defined-benefit plan has been recognized.

Actuarial value of the obligation as at 01 Jan. 2022	**1,784**
Benefits	-
Interest expenses 15	-
Actuarial gains/losses	-1,784
Changes for non-recurring transactions	
Actuarial value of the obligation as at 31 Dec. 2022	**-**

4. Description of the main actuarial assumptions

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used, such as:

- Surviving spouse benefit rate of 70%;
- Mortality;
- Probability to have a family;
- Performance of the actual purchasing power of money.

The main economic and demographic assumptions are given below, which have been used for the plan measurement and have been made based on the information provided by the Company subject to assessment and on market data/statistics:

- Annual probability of exclusion due to death of employees not on staff were calculated based on A62;
- Surviving spouse benefit rate of 70%;
- For assignment to the surviving family in case of the pensioner's death, differentiated technical bases were used according to the age and gender of the member;
- The cost of living index for white-collar and blue-collar households, required for smoothing the annual pension instalments, was assumed at 2.00%, in accordance with the instructions given by Crédit Agricole SA;
- The annual increase in the plan benefits is governed by the relevant regulation, and, therefore, by the applicable regulations in force for INPS (Italian National Social Security Institute) pensions
- (automatic smoothing pursuant to paragraph 1, Article 34 of Italian Law No. 448/1998, as amended by paragraph 1, Article 69 of Italian Law No. 388/2000);
- To calculate the Present Value, in compliance with the instructions issued by Crédit Agricole SA, the rate used was IBOXX AA (duration 10-10 years) of 3.77%.

6. Multi-employer plans

This does not apply to Crédit Agricole Italia.

7. Defined-benefit plans that share risks between various entities under common control

This does not apply to Crédit Agricole Italia.

This point does not apply because no one of the plans under examination is a plan that shares risks between various entities under common control.

10.6 PROVISIONS FOR RISKS AND CHARGES - OTHER PROVISIONS

Sub-item 4.2 “Other provisions – personnel expenses” of Table 10.1 also reports the provisions for the liabilities resulting from the Trade Union agreement that gave the possibility to interested employees, who are already eligible for pension or will become eligible in the next few years, to voluntarily terminate their employment receiving incentives, as well as the contributions resulting from the merger of Crédit Agricole FriulAdria and Creval.

Some years ago several disputes were started with the Agenzia delle Entrate (the Italian Revenue Agency) as the Agency reclassified the transfers of branches from the Intesa Sanpaolo Group to Crédit Agricole Italia and Crédit Agricole FriulAdria and the subsequent transfer of the received equity investments to the institutional Shareholders of the two Banks as sales of business units.

Although favourable judgements were obtained and believing that its conduct has always been fair and lawful, considering the very modest costs, in agreement with the parties jointly and severally involved, it was deemed appropriate to exercise the option provided for by Italian Decree Law 119/2018 (known as tax amnesty measures). The competent authorities have already proceeded with the formalizations of the dispute dismissal.

Nevertheless, two disputes are still open concerning the transfers made in 2011 to Crédit Agricole Italia, for a total tax amount of Euro 11.7 million, plus interest, claimed from all the parties in the transfer on a joint and several basis; as regards these disputes in agreement with all parties concerned, it was decided not to exercise the Tax Amnesty option, as the cost would have been excessive.

On the transaction requalification, favourable fist -and second-instance court judgements have already been obtained and the Italian Court of Cassation’s ruling is pending. Having said that, also in this case, the Group believes that its conduct has always been fair and lawful and expects a favourable outcome of the dispute,, also on the grounds of the aforementioned judgements, considering that the charge - if any - would be shared between the parties jointly and severally involved under specific agreements, on a prudential basis Crédit Agricole Italia has still a provision of Euro 1.15 million

Other minor disputes are underway for taxes totalling Euro 3.5 million, plus any interest and penalties, for which the Group believes it has good grounds as its conduct has always been fair and lawful, as substantiated, in several cases, by fully or partially favourable judgements.

More specifically:

- A dispute involving Crédit Agricole Italia for alleged failure to pay a tax account receivable under Italian Decree Law 185/2008 for the amounts credited by it to Customers relating to the State contribution on floating-rate mortgage loans that were taken out by 31 October 2008. The total amount claimed is Euro 1.3 million, including penalties. The first-instance judgement upheld the tax claim but ruled out any penalties. As its arguments are believed to be valid, it was decided to continue the dispute and the second instance hearing is pending;
- Some disputes on registration tax on legal deeds coming from the merged entity Cassa di Risparmio di Rimini, for a total amount of Euro 0.48 million;
- A dispute coming from Crédit Agricole Carispezia, which was absorbed in July 2019, concerning the determination of the taxable base for the Italian Regional Tax on Productive Activities (IRAP) for 2013, for a total amount, including tax, interest and penalties, of Euro 0.177 million; the first-instance judgement was in favour of the Group and the second-instance judgement was issued in October 2022 in favour of the Bank; a similar dispute regarding 2014, for a total amount of Euro 0.277 million including tax, penalties and interest,, on which the firstinstance judgement was issued in February 2022 in favour of the Group; for the same reasons and again concerning Credit Agricole Carispezia, two similar disputes started on 2015 and 2016, for a total amount of Euro 0.694 million, on which the first-instance judgement was issued in October 2022 in favour of the counterparty;
- Four disputes of Crédit Agricole Leasing regarding the years 2013, 2014, 2015 and 2016, respectively, and concerning VAT application to certain boat leases for a total amount, including tax, penalties and interest, of approximately Euro 1.5 million. As regards year 2013, the first-instance judgement issued in 2019 upheld the Tax Authority’s claim, but rejected the requested penalties, while the second-instance judgement was in favour of the Company; as regards year 2014 the first-instance judgement was in favour of the Tax Authority, as was the second-instance judgement issued in 2022. The notices of assessment on years 2015 and 2016 were served in May and June 2021, respectively, and, in March 2022, a favourable second-instance judgement was issued upholding the joint appeals. Although the Group has filed appeal against

the aforementioned judgements, a provision of Euro 0.7 million has been made, also considering possible recourse against the Customers, taking the possible recovery into account;

- Some disputes, involving Crédit Agricole Leasing, are still underway concerning the capacity as taxpayer for the Italian Town Property Tax (IMU) on terminated property lease contracts. Considering the uncertainty in the relevant case law, for said claim, totalling Euro 1.3 million, the Company has set aside a provision for risk of Euro 0.883 million, which was calculated based on the claimed amounts, as the disputes had temporarily negative outcomes.

The notice of three assessments was also served on Crédit Agricole Italia in its capacity as the designated consolidating entity in the tax consolidation scheme comprising the Italian direct and indirect subsidiaries of Credit Agricole S.A., which actually concerns the determination of the income of member entities that do not belong to the Crédit Agricole Italia Banking Group, for a total amount including tax, penalty and interest of Euro 4.8 million. On a claim a favourable first-instance judgement was issued in February 2022, whereas the notices of the other two assessments were served in December 2022. It is also pointed out that any expenses shall be paid for by the tax consolidation member entities, which do not belong to the Crédit Agricole Italia Banking Group.

Section 13 – Parent Company Shareholders' Equity – Items 120, 130, 140, 150, 160, 170 and 180

13.1 "CAPITAL" AND "TREASURY SHARES": BREAKDOWN

As at 31 December 2022, the Parent Company's share capital, fully paid in, consisted of 1,102,071,064 ordinary shares, with a nominal value of Euro 1 each.

No treasury shares were held as at the reporting date.

Please, see the Management Report for more exhaustive information on the book Equity, Own Funds and Capital Ratios.

13.2 CAPITAL - NUMBER OF SHARES: CHANGES FOR THE YEAR

Items/Types	Ordinary	Other
A. Shares - opening balance	**979,283,340**	**-**
- fully paid in	979,283,340	-
- partially paid in	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	979,283,340	-
B. Increases	**122,787,724**	**-**
B.1 New issues	122,787,724	-
- for a consideration:	122,787,724	-
- business combinations	122,787,724	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- free of charge:	-	-
- to Employees	-	-
- to Directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Disposal of businesses	-	-
C.4 Changes for the year	-	-
D. Outstanding shares: closing balance	**1,102,071,064**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares - closing balance	1,102,071,064	-
- fully paid in	1,102,071,064	-
- partially paid in	-	-

For more exhaustive reporting on these increases, please refer to Part A of the Note to the Financial Statements “Sections 3 – 4. Other information”.

13.5 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

As at the reporting date, equity instruments amounted to Euro 815 million (Additional Tier 1 subordinated instruments). There were no changes versus the previous FY.

Section 14 – Minority interests – Item 190

14.1 BREAKDOWN OF ITEM 190 "MINORITY INTERESTS"

Company name	31 Dec. 2022	31 Dec. 2021
Equity investments in consolidated companies with significant minority interests		
1. Crédit Agricole FriulAdria S.p.A.	-	3,404
2. Crédit Agricole Leasing S.r.l.	19,699	15,924
3. Crédit Agricole Group Solutions S.c.p.a.	393	385
4. Le Village by CA Parma S.r.l.	354	347
5. Agricola Le Cicogne S.r.l.	1,815	1,776
6. Le Village by CA Triveneto S.r.l.	808	775
Other equity investments	5	25
Total	**23,074**	**22,636**

14.2 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

Only Crédit Agricole Italia S.p.A. Issued equity instruments. There were no other equity instruments issued by companies within the consolidation scope.

OTHER INFORMATION

1. Commitments and financial guarantees given

	Notional value on commitments and financial guarantees given				Total 31 Dec. 2022	Total 31 Dec. 2021
	Stage 1	Stage 2	Stage 3	POCI		
Commitments to disburse funds	**2,054,221**	**37,757**	**26,282**	**-**	**2,118,260**	**6,261,599**
a) Central Banks	-	-	-	-	-	-
b) Public administration bodies	5,654	2,646	-	-	8,300	503,468
c) Banks	8,135	-	-	-	8,135	88,385
d) Other financial companies	335,076	2	6	-	335,084	646,087
e) non-financial corporations	1,495,190	20,216	25,267	-	1,540,673	4,192,989
f) Households	210,166	14,893	1,009	-	226,068	830,670
Financial guarantees given	**3,051,299**	**144,683**	**74,753**	**-**	**3,270,735**	**3,338,116**
a) Central Banks	-	-	-	-	-	-
b) Public administration bodies	8,954	437	-	-	9,391	11,157
c) Banks	598,472	871	-	-	599,343	587,241
d) Other financial companies	62,028	7,984	-	-	70,012	86,556
e) non-financial corporations	2,291,930	115,314	74,323	-	2,481,567	2,532,220
f) Households	89,915	20,077	430	-	110,422	120,942

2. Other commitments and other guarantees given

	Nominal value	
	Amount as at 31 Dec. 2022	Amount as at 31 Dec. 2021
Other guarantees given	**-**	**-**
Of which: non-performing credit exposures	-	-
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) non-financial corporations	-	-
f) Households	-	-
Other commitments	**3,924**	**-**
Of which: non-performing credit exposures	-	-
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	3,924	-
e) non-financial corporations	-	-
f) Households	-	-

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount as at 31 Dec. 2022	Amount as at 31 Dec. 2021
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	-	76,254
3. Financial assets measured at amortized cost	21,791,112	22,689,511
4. Property, Plant and Equipment	-	-
- of which: property, plant and equipment inventories	-	-

5. Management and intermediation services

Type of services	Amount
1 Trading on behalf of customers	**-**
a) purchases	-
1. settled	-
2. not yet settled	-
b) sales	-
1. settled	-
2. not yet settled	-
2. Asset management	**-**
a) individual	-
b) collective	-
3. Custody and administration of securities	**88,135,696**
a) third-party securities on deposit held for depository bank services (excluding asset management)	-
1. Securities issued by the reporting Bank	-
2. other securities	-
b) other securities of third parties on deposit (excluding asset management): other	36,594,344
1. Securities issued by the reporting Bank	130,330
2. other securities	36,464,014
c) third-party securities deposited with third parties	35,790,591
c) proprietary securities deposited with third parties	15,750,761
4. Other transactions	**-**

6. Financial assets subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial assets (a)	Gross amount of financial liabilities offset (b)	Net amount of financial assets recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31 Dec. 2022	Net amount 31 Dec. 2021
				Financial Instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	1,650,538	-	1,650,538	1,353,838	-	296,700	29,915
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31 Dec. 2022	**1,650,538**	**-**	**1,650,538**	**1,353,838**	**-**	**296,700**	**X**
Total 31 Dec. 2021	**704,815**	**-**	**704,815**	**674,900**	**-**	**X**	**29,915**

7. Financial liabilities subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial liabilities (a)	Gross amount of financial assets offset (b)	Net amount of financial liabilities recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31 Dec. 2022	Net amount 31 Dec. 2021
				Financial Instruments (d)	Cash deposits as collateral (e)		
1. Derivatives	4,144,583	-	4,144,583	1,353,838	2,113,890	676,855	14,157
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31 Dec. 2022	**4,144,583**	**-**	**4,144,583**	**1,353,838**	**2,113,890**	**676,855**	**X**
Total 31 Dec. 2021	**1,094,907**	**-**	**1,094,907**	**674,900**	**405,850**	**X**	**14,157**

IFRS 7 requires specific disclosure on financial instruments that have been offset in the Balance Sheet pursuant to IAS 32 or that may be potentially offset, upon occurrence of specific conditions, but are recognised in the Balance Sheet without any netting as they are governed by "master netting agreements or similar arrangements" that do not comply with all the requirements laid down by IAS 32 paragraph 42.

As regards instruments that may potentially be offset, at the occurrence of certain events, and to be reported in tables 6 and 7, it is pointed out that, for transactions in OTC, the Crédit Agricole Italia Banking Group has signed bilateral netting agreements (ISDA) with all banking counterparties it has OTC derivatives if force with, whereby, if certain conditions are met, claims and obligations relating to OTC derivatives may be offset. Furthermore, the Group has signed Credit Support Annexes (CSA) attached to the ISDA agreements, providing for the exchange of collateral with the counterparties in order to reduce net exposure.

In order to prepare the tables and in accordance with IFRS 7 and with the new regulations on Banks' financial statements, it is reported that:

- The effects of the potential offsetting of the balance sheet values of financial assets and liabilities are reported in column (d) "Financial instruments";
- The related cash collaterals are presented in column (e) "Cash deposits received/pledged as collateral";
- Transactions in derivatives are recognized at fair value.

These effects are calculated for each master netting agreement, to the extent of the exposure stated in column (c).

Based on the preparation methods described above, thanks to the netting agreements and the related collateral, the credit/debt exposure to the counterparties can be significantly reduced, as shown in column (f) "Net amount".

PART C – INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 – Interest – Items10 and 20

1.1 INTEREST AND SIMILAR INCOME: BREAKDOWN

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Financial assets measured at fair value through profit or loss	**448**	**-**	**-**	**448**	**95**
1.1 Financial assets held for trading	8	-	-	8	9
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	440	-	-	440	86
2. Financial assets measured at fair value through other comprehensive income	**89,395**	**-**	**X**	**89,395**	**48,804**
3. Financial assets measured at amortized cost	**345,368**	**1,222,364**	**-**	**1,567,732**	**1,064,752**
3.1 Due from banks	275	46,334	X	46,609	1,473
3.2 Loans to customers	345,093	1,176,030	X	1,521,123	1,063,279
4. Hedging derivatives	**X**	**X**	**(370,297)**	**(370,297)**	**(181,428)**
5. Other assets	**X**	**X**	**43,575**	**43,575**	**7,842**
6. Financial liabilities	**X**	**X**	**X**	**52,490**	**146,122**
Total	**435,211**	**1,222,364**	**(326,722)**	**1,383,343**	**1,086,187**
of which: interest income on impaired financial assets	-	31,721	-	31,721	20,270
of which: interest income on finance leases	X	54,495	X	54,495	37,490

Item “6. Financial liabilities” mainly reports the accrued borrowing interest on funding from the ECB with a TLTRO III loan (Euro 51,981 thousand).

1.2 INTEREST AND SIMILAR INCOME: OTHER INFORMATION

1.2.1 Interest income on foreign-currency financial assets

As at 31 December 2022, interest income on foreign-currency financial assets came to Euro 8,452 thousand.

1.3 INTEREST AND SIMILAR EXPENSES: BREAKDOWN

Items/Technical forms	Due and payables	Securities	Other transactions	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Financial liabilities measured at amortized cost	**(115,051)**	**(105,523)**	**-**	**(220,574)**	**(178,896)**
1.1 Due to central banks	(25,391)	X	X	(25,391)	(28,236)
1.2 Due to banks	(29,602)	X	X	(29,602)	(15,782)
1.3 Due to customers	(60,058)	X	X	(60,058)	(27,352)
1.4 Debt securities issued	X	(105,523)	X	(105,523)	(107,526)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	**X**	**X**	**(4,090)**	**(4,090)**	**(2,521)**
5. Hedging derivatives	**X**	**X**	**145,386**	**145,386**	**230,725**
6. Financial assets	**X**	**X**	**X**	**(2,573)**	**(12,369)**
Total	**(115,051)**	**(105,523)**	**141,296**	**(81,851)**	**215,835**
Of which: interest expenses on lease liabilities	(8,138)	X	X	(8,138)	(7,843)

1.4 INTEREST AND SIMILAR EXPENSES: OTHER INFORMATION

1.4.1 Interest expense on foreign-currency liabilities

As at 31 December 2022, interest expenses on foreign-currency financial assets came to Euro 2,697 thousand.

1.5 DIFFERENTIALS ON HEDGING TRANSACTIONS

Items	31 Dec. 2022	31 Dec. 2021
A. Positive differentials on hedging transactions	403,323	341,992
B. Negative differentials on hedging transactions	(628,234)	(292,695)
C. Balance (A-B)	**(224,911)**	**49,297**

Section 2 – Fees and Commissions – Items 40 and 50

2.1 FEE AND COMMISSION INCOME: BREAKDOWN

Type of services/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
a) Financial instruments	**276,214**	**286,661**
1. Placement of securities	262,156	272,229
1.1 With firm commitment underwriting and/or based on an irrevocable commitment	-	-
1.2 Without irrevocable commitment	262,156	272,229
2. Receipt and transmission of orders and trading on customers' behalf	13,282	13,502
2.1 Receipt and transmission of orders for one or more financial instruments	13,282	13,500
2.2 Trading on behalf of customers	-	2
3. Other fees and commissions on activities in financial Instruments	776	930
Of which: proprietary trading	673	627
Of which:individual portfolio management	107	158
b) Corporate Finance	**-**	**-**
1. M&A advice	-	-
2. Treasury services	-	-
3. Other fees and commissions on corporate finance services	-	-
c) Investing advice	**345**	**231**
d) Clearing and settlement	**-**	**-**
e) Collective portfolio management	**-**	**-**
f) Custody and administration	**5,738**	**5,257**
1. Depositary bank services	-	23
2. Other fees and commissions on custody and administration	5,738	5,234
g) Central administrative services for collective portfolio management	**-**	**-**
h) Fiduciary activities	**-**	**-**
i) Payment services	**415,380**	**396,796**
1. Current accounts	278,253	272,332
2. Credit cards	31,206	44,635
3. Debit cards and other payment cards	40,656	32,267
4. Credit transfers and other payment orders	27,273	21,608
5. Other fees and commissions on payment services	37,992	25,954
j) Distribution of third-party services	**413,261**	**379,829**
1. Collective portfolio management	-	-
2. Insurance products	343,091	325,355
3. Other products	70,170	54,474
Of which:individual portfolio management	13,313	11,581
k) Structured finance	**44,959**	**34,096**
l) Securitization servicing	**-**	**-**
m) Commitments to disburse funds	**-**	**-**
n) Financial guarantees given	**23,872**	**23,964**
Of which: credit derivatives	-	-
o) Financing transactions	**13,961**	**6,994**
Of which: for factoring	1,875	2,650
p) Foreign exchange trading	**7,514**	**6,844**
q) Commodities	**-**	**-**
r) Other fee and commission income	**70,176**	**62,761**
Of which: for management of multilateral trading facilities	-	-
Of which: management of organized trading facilities	-	-
Total	**1,271,420**	**1,203,433**

Item “r) Other fee and commission income” mainly reports fee and commission income from Collection services for Euro 26,716 thousand and fee and commission income on e-money services for Euro 24,497 thousand.

2.2 FEE AND COMMISSION EXPENSES: BREAKDOWN

Services/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
a) Financial instruments	**(2,925)**	**(4,380)**
Of which: trading in financial instruments	-	(537)
Of which: placement of financial instruments	(2,925)	(3,843)
Of which:individual portfolio management	-	-
- ON own account	-	-
- Delegated by third parties	-	-
b) Clearing and settlement	**-**	**(81)**
c) Collective portfolio management	**-**	**-**
1. On own account	-	-
2. Delegated by third parties	-	-
d) Custody and administration	**(2,285)**	**(2,988)**
e) Collection and payment services	**(11,095)**	**(24,651)**
Of which: credit cards, debit cards and other payment cards	(6,714)	(20,263)
f) Securitization servicing	**-**	**-**
g) Commitments to receive funds	**-**	**-**
h) Financial guarantees received	**(13,334)**	**(13,956)**
Of which: credit derivatives	-	(513)
i) Off-premises distribution of financial instruments, products and services	**-**	**-**
j) Foreign exchange trading	**-**	**(1)**
k) Other fee and commission expenses	**(20,008)**	**(12,546)**
Total	**(49,647)**	**(58,603)**

Item “k) Other fee and commission expenses” mainly reports fee and commission expenses on e-money services.

Section 3 – Dividend and similar income – Item 70

3.1 DIVIDEND AND SIMILAR INCOME: BREAKDOWN

Items/Revenues	Total 31 Dec. 2022		Total 31 Dec. 2021	
	Dividend income	Similar income	Dividend income	Similar income
A. Financial assets held for trading	4	-	8	-
B. Other financial assets mandatorily measured at fair value	897	1,898	505	447
C. Financial assets measured at fair value through other comprehensive income	10,557	-	10,469	-
D. Equity investments	-	-	-	-
Total	**11,458**	**1,898**	**10,982**	**447**

Similar income relating to “B. Other financial assets mandatorily measured at fair value” mainly consists of income from OICR Collective Investment Undertakings units.

The main dividend for the reporting year referred to the shareholding in the Bank of Italy, which was classified in the "C Financial assets measured at fair value through other comprehensive income" portfolio (Euro 9,157 thousand).

Section 4 – Net profits (losses) on trading activities – Item 80

4.1 NET PROFITS (LOSSES) ON TRADING ACTIVITIES: BREAKDOWN

Transactions/Income components	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets held for trading		**207**	**(12)**	**(121)**	**74**
1.1 Debt securities		206	(11)	(31)	164
1.2 Equity securities		1	(1)	-	-
1.3 Units of O.I.C.R. collective investment undertakings		-	-	(90)	(90)
1.4 Loans		-	-	-	-
1.5 Other		-	-	-	-
2. Financial liabilities held for trading		**-**	**-**	**-**	**-**
2.1 Debt securities		-	-	-	-
2.2 Due and payables		-	-	-	-
2.3 Other		-	-	-	-
3. Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**10,825**
4. Derivatives	**382,998**	**68,781**	**(374,234)**	**(61,228)**	**16,939**
4.1 Financial derivatives:	382,998	68,781	(374,234)	(61,228)	16,939
- On debt securities and interest rates	382,998	68,781	(374,234)	(61,228)	16,317
- On equity securities and equity indices	-	-	-	-	-
- On foreign exchange and gold	X	X	X	X	622
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges associated with the fair value option	X	X	X	X	-
Total	**382,998**	**68,988**	**(374,246)**	**(61,349)**	**27,838**

Section 5 – Net profits (losses) on hedging activities – Item 90

5.1 NET PROFITS (LOSSES) ON HEDGING ACTIVITIES: BREAKDOWN

Income components/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
A. Income from:		
A.1 Fair value hedging derivatives	1,666,033	326,996
A.2 Hedged financial assets (fair value)	4,757	94,210
A.3 Hedged financial liabilities (fair value)	3,504,988	705,605
A.4 Financial derivatives hedging cash flows	-	-
A.5 Assets and liabilities in foreign currencies	-	-
Total income from hedging activities (A)	**5,175,778**	**1,126,811**
B. Expenses for:		
B.1 Fair value hedging derivatives	(3,579,658)	(798,207)
B.2 Hedged financial assets (fair value)	(1,428,940)	(283,301)
B.3 Hedged financial liabilities (fair value)	(177,486)	(52,282)
B.4 Financial derivatives hedging cash flows	-	-
B.5 Assets and liabilities in foreign currencies	-	-
Net profit (loss) on hedging activities (A-B)	**(5,186,084)**	**(1,133,790)**
C. Total expenses on hedging activities (B)	**(10,306)**	**(6,979)**
of which: fair value adjustments in hedge accounting on net positions	-	-

Section 6 – Profits (losses) on disposal/repurchase – Item 100

6.1 PROFITS (LOSSES) ON DISPOSAL/REPURCHASE: BREAKDOWN

Items/Income components	Total 31 Dec. 2022			Total 31 Dec. 2021		
	Profits	Losses	Net profit (loss)	Profits	Losses	Net profit (loss)
A. Financial Assets						
1 Financial assets measured at amortized cost	47,915	(26,966)	20,949	78,222	(201,516)	(123,294)
1.1 Due from banks	6	(576)	(570)	183	-	183
1.2 Loans to customers	47,909	(26,390)	21,519	78,039	(201,516)	(123,477)
2. Financial assets measured at fair value through other comprehensive income	54,498	(39,754)	14,744	66,305	(37,359)	28,946
2.1 Debt securities	54,498	(39,754)	14,744	66,305	(37,359)	28,946
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**102,413**	**(66,720)**	**35,693**	**144,527**	**(238,875)**	**(94,348)**
B. Financial liabilities measured at amortized cost						
1 Due to banks	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-
3. Debt securities issued	9,297	(240)	9,057	44	(6)	38
Total liabilities (B)	**9,297**	**(240)**	**9,057**	**44**	**(6)**	**38**

Section 7 – Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss – Item 110

7.1 NET CHANGE IN VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE

There were no financial assets and liabilities designated at fair value.

7.2 NET CHANGE IN VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE

Transactions/Income components	Capital gains (A)	Profits on realization (B)	Capital losses (C)	Losses on realization (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets	**-**	**17**	**(10,350)**	**(783)**	**(11,116)**
1.1 Debt securities	-	17	(5,775)	(264)	(6,022)
1.2 Equity securities	-	-	-	(519)	(519)
1.3 Units of collective investment undertakings	-	-	(4,575)	-	(4,575)
1.4 Loans	-	-	-	-	-
2. Financial assets in foreign currencies: foreign exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**-**	**17**	**(10,350)**	**(783)**	**(11,116)**

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

8.1 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN

Transactions/income components	Losses (1)						Recoveries (2)				Total 31 Dec. 2022	Total 31 Dec. 2021
	Stage 1	Stage 2	Stage 3		POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
			Write-off	Other	Write-off	Other						
A. Due from Banks	**(163)**	**-**	**-**	**(1,702)**	**-**	**-**	**315**	**5**	**-**	**-**	**(1,545)**	**(1,566)**
- Loans	(163)	-	-	(1,702)	-	-	315	5	-	-	(1,545)	(1,545)
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	(11)
B. Loans to customers	**(77,755)**	**(142,484)**	**(24,460)**	**(328,893)**	**-**	**-**	**75,916**	**122,010**	**91,931**	**-**	**(283,735)**	**(450,833)**
- Loans	(71,159)	(142,484)	(24,460)	(325,024)	-	-	74,161	122,010	91,931	-	(275,025)	(445,061)
- Debt securities	(6,596)	-	-	(3,869)	-	-	1,755	-	-	-	(8,710)	(5,772)
Total	**(77,918)**	**(142,484)**	**(24,460)**	**(330,595)**	**-**	**-**	**76,231**	**122,015**	**91,931**	**-**	**(285,280)**	**(452,389)**

8.1A NET ADJUSTMENTS FOR CREDIT RISK ON LOANS MEASURED AT AMORTIZED COST UNDER COVID-19-RELATED SUPPORT MEASURES: BREAKDOWN

Transactions/income components	Net adjustments						Total 31 Dec. 2022	Total 31 Dec. 2021
	Stage 1	Stage 2	Stage 3		POCI assets			
			Write-off	Other	Write-off	Other		
1 Loans with EBA-compliant concessions	-	-	-	-	-	-	-	(1,382)
2. Loans under moratoria in force no longer EBA-compliant and not measured as forborne	3	(81)	-	(147)	-	-	(225)	(14,696)
3. Loans under other concession measures	-	-	-	-	-	-	-	-
4. New loans	1,092	2,301	-	(30,785)	-	-	(27,392)	(37,822)
Total 31 Dec. 2022	**1,095**	**2,220**	**-**	**(30,932)**	**-**	**-**	**(27,617)**	**-**
Total 31 Dec. 2021	**587**	**(14,891)**	**-**	**(12,646)**	**-**	**-**	**-**	**(53,900)**

8.2 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN

Transactions/income components	Losses						Recoveries				Total 31 Dec. 2022	Total 31 Dec. 2021
	Stage 1	Stage 2	Stage 3		POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
			Write-off	Other	Write-off	Other						
A. Debt securities	(3,702)	-	-	-	-	-	-	-	-	-	(3,702)	(2,729)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(3,702)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,702)**	**(2,729)**

Section 9 – Profits/losses on contract modifications without derecognition – Item 140

9.1 PROFITS (LOSSES) ON CONTRACT MODIFICATIONS: BREAKDOWN

Losses on contract modifications came to Euro 694 thousand.

This item reports the impacts resulting from contract modifications on medium/long-term loans to customers, which, as they do not classify as substantial in accordance with IFRS 9, do not entail derecognition of the assets, but recognition in the Income Statement of the modifications made to contractual cash flows.

Section 12 – Administrative expenses – Item 190

12.1 PERSONNEL EXPENSES: BREAKDOWN

Type of expense/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1) Employees	(960,753)	(1,076,355)
a) wages and salaries	(708,869)	(624,359)
b) social security contributions	(184,374)	(172,941)
c) severance benefits	(962)	(7,639)
d) pensions	-	-
e) allocation to employee severance benefit provision	(199)	(355)
f) allocation to provision for post-employment and similar obligations:	(98)	(16)
- defined-contribution	-	-
- defined-benefit	(98)	(16)
g) payment to external supplementary pension schemes:	(67,926)	(51,615)
- defined-contribution	(67,926)	(51,615)
- defined-benefit	-	-
h) costs from share-based payment agreements	-	(2,580)
i) other employee benefits	1,675	(216,850)
2) Other staff	(2,999)	(427)
3) Directors and Auditors	(2,548)	(3,131)
4) Retired personnel	-	(1)
Total	**(965,600)**	**(1,079,914)**

12.2 AVERAGE NUMBER OF EMPLOYEES BROKEN DOWN BY CATEGORY

	31 Dec. 2022
Employees:	12,054
a) Senior Managers	150
b) Junior Managers	5,499
c) other Employees	6,405
Other staff	78

The figures reporting the number of employees take account of incoming and outgoing secondments; the “Other staff” figure refers exclusively to non-employees.

12.3 COMPANY DEFINED-BENEFIT PENSION PLANS COSTS AND REVENUES

	31 Dec. 2022	31 Dec. 2021
Provision for the year	-	-
Changes due to passage of time	(98)	7

12.4 OTHER EMPLOYEE BENEFITS

These mainly consisted of the costs incurred for incentives to voluntary redundancy, for non-occupational policies, of the costs for financed education, refresher and training, and for employee benefits, as well as contributions to the employees' recreational club.

The item balance was positive because of the increase in the rates used for the redundancy fund evaluation..

12.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

Type of expense/Values	31 Dec. 2022	31 Dec. 2021
Direct and indirect taxes	(150,903)	(144,558)
IT services, data processing	(76,083)	(84,931)
Facility rental and management	(11,446)	(7,219)
Expenses for advisory services	(32,823)	(50,420)
Mail, telegraph and delivery services	(7,915)	(5,894)
Telephone and data transmission	(9,218)	(9,839)
Legal expenses	(8,270)	(5,277)
Property maintenance	(14,906)	(9,903)
Furnishing and plant maintenance	(10,433)	(16,490)
Marketing, promotion and entertainment expenses	(15,256)	(15,463)
Transport services	(29,759)	(20,920)
Lighting, heating and air conditioning	(26,472)	(17,878)
Printed material, stationery and consumables	(6,262)	(4,369)
Staff training expenses and reimbursements	(8,437)	(4,286)
Security services	(4,239)	(4,974)
Information and title searches	(6,380)	(8,387)
Insurance premiums	(201,183)	(196,567)
Cleaning services	(9,638)	(9,075)
Leasing of other property, plant and equipment	(57,326)	(27,800)
Management of archives and document handling	(11,117)	(8,111)
Reimbursement of costs to Group companies	(33,265)	(22,273)
Contributions to support the banking system	(95,873)	(114,962)
Sundry expenses	(25,427)	(46,109)
Total	**(852,631)**	**(835,705)**

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

13.1 NET PROVISIONS FOR CREDIT RISK ON COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN: BREAKDOWN

The "Net provisions for credit risk on commitments and guarantees" item came to Euro 12,089 thousand.

13.2 NET PROVISIONS FOR OTHER COMMITMENTS AND OTHER GUARANTEES GIVEN: BREAKDOWN

As at 31 December 2022, there were no provisions for other commitments and guarantees given.

13.3 NET PROVISIONS FOR OTHER RISKS AND CHARGES: BREAKDOWN

The"Net provisions for risks and charges" item for 2022 reports a negative mismatch of Euro 17,201 thousand and consists of Euro 2,731 thousand in provisions for revocatory actions, Euro 7,121 thousand in provisions for non-lending-related legal disputes and Euro 7,349 thousand in other provision.

Section 14 – Net adjustments/writebacks of property, plant and equipment – Item 210

14.1 NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN

Assets/Income components	Depreciation (a)	Impairment (b)	Recoveries (c)	Net profit (loss) (a+b-c)
A. Property, plant and equipment:				
1. Operating assets	(103,389)	-	-	(103,389)
- owned	(49,164)	-	-	(49,164)
- Rights of use acquired through leases	(54,225)	-	-	(54,225)
2. Investment property	(7,576)	(2,013)	-	(9,589)
- owned	(5,006)	(2,013)	-	(7,019)
- Rights of use acquired through leases	(2,570)	-	-	(2,570)
3. Inventories	X	-	-	-
Total	**(110,965)**	**(2,013)**	**-**	**(112,978)**

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

15.1 NET ADJUSTMENTS TO INTANGIBLE ASSETS: BREAKDOWN

Assets/Income components	Depreciation (a)	Impairment (b)	Recoveries (c)	Net profit (loss) (a+b-c)
A. Intangible Assets				
of which. software	(69,706)	-	-	(69,706)
A.1 Owned	(99,867)	-	-	(99,867)
- Internally generated	(3,264)	-	-	(3,264)
- Other	(96,603)	-	-	(96,603)
A.2 Rights of use acquired through leases	-	-	-	-
Total	**(99,867)**	**-**	**-**	**(99,867)**

Section 16 – Other operating expenses and income – Item 230

16.1 OTHER OPERATING EXPENSES: BREAKDOWN

Type of expense/Values	31 Dec. 2022	31 Dec. 2021
Expenses for finance lease transactions	(8,191)	(5,732)
Amortization of expenditure for leasehold improvements	(5,934)	(5,456)
Other expenses	(12,856)	(12,025)
Total	**(26,981)**	**(23,213)**

16.2 OTHER OPERATING INCOME: BREAKDOWN

Type of expense/Values	31 Dec. 2022	31 Dec. 2021
Rental income and recovered expenses on real estate	5,443	3,984
Income from finance lease contracts	2,735	2,085
Expenses for rents recovered	246	-
Taxes and levies recovered	125,918	124,949
Insurance costs recovered	198,842	193,522
Other expenses recovered	8,055	9,340
Service recovery	2,529	3,244
Other income	16,116	13,662
Consolidation adjustments	-	496,865
Total	**359,884**	**847,651**

Section 17 – Profits (losses) on equity investments – Item 250

17.1 PROFITS (LOSSES) ON EQUITY INVESTMENTS: BREAKDOWN

Income components/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1) Joint arrangements		
A. Income	23	27
1. Revaluations	23	27
2. Profits on disposal	-	-
3. Recoveries	-	-
4. Other income	-	-
B. Expenses	-	-
1. Writedowns	-	-
2. Writedowns for impairment	-	-
3. Losses on disposal	-	-
4. Other expenses	-	-
2) Investees subject to significant influence		
A. Income	9,298	2,910
1. Revaluations	2,241	2,910
2. Profits on disposal	4,580	-
3. Recoveries	-	-
4. Other income	2,477	-
B. Expenses	(219)	(20)
1. Writedowns	(217)	-
2. Losses on impairment	-	(20)
3. Losses on disposal	(2)	-
4. Other expenses	-	-
Net profit (loss)	**9,102**	**2,917**

Section 18 – Net profit (loss) from property, plant and equipment and intangible assets measured at fair value – Item 260

18.1 NET PROFIT (LOSS) FROM PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS AT FAIR VALUE (OR REVALUED AMOUNT) OR AT THEIR EXPECTED REALIZABLE VALUE: BREAKDOWN

Assets/Income components	Assets/ Income components	Impairment (b)	Foreign exchange differences		Net profit (loss) (a-b+c-d)
			Positive (c)	Negative (d)	
A. Property, plant and equipment:	**-**	**(810)**	**-**	**-**	**(810)**
A.1 Operating assets:	-	-	-	-	-
- owned	-	-	-	-	-
- Rights of use acquired through leases	-	-	-	-	-
A.2 Investment property	-	-	-	-	-
- owned	-	-	-	-	-
- Rights of use acquired through leases	-	-	-	-	-
A.3 Inventories	-	(810)	-	-	(810)
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned:	-	-	-	-	-
- Internally generated	-	-	-	-	-
- Other	-	-	-	-	-
B.2 Rights of use acquired through leases	-	-	-	-	-
Total	**-**	**(810)**	**-**	**-**	**(810)**

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

20.1 PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS: BREAKDOWN

Income component/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
A. Properties	3,031	1,139
- Profits on disposal	3,401	1,455
- Losses on disposal	(370)	(316)
B. Other assets	(1,100)	(1)
- Profits on disposal	32	-
- Losses on disposal	(1,132)	(1)
Net profit (loss)	**1,931**	**1,138**

Section 21 – Taxes on income from continuing operations: Item 300

21.1 TAXES ON INCOME FROM CONTINUING OPERATIONS: BREAKDOWN

Income components/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Current taxes (-)	(15,481)	(110,663)
2. Changes in current taxes for previous years (+/-)	(153)	1,097
3. Reduction in current taxes for the year (+)	740	756
3.bis Reduction in current taxes for the year for tax credits pursuant to Law No. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(68,490)	313,186
5. Change in deferred tax liabilities (+/-)	62,581	60,280
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(20,803)	264,656

21.2 RECONCILIATION OF THEORETICAL TAX LIABILITY AND ACTUAL TAX LIABILITY RECOGNIZED

	31 Dec. 2022
Theoretical taxable income	**580,871**
Income taxes - Theoretical tax liability at the 27.5% ordinary rate	-159,740
- effect of expenses that are fully or partially non-deductible and income that is fully or partially non-taxable at 27.5%	30,948
- consolidation effect	215
Income tax – actual tax liability	**-128,576**
- effect of realignment under Art.110 of Italian Decree Law 104/2020	146,251
- effect of deduction and tax credits	740
IRAP - Theoretical tax liability at the 5.49% ordinary rate	**-32,413**
- effect of income/expenses that do not contribute to the taxable base	-113,061
- effect of other changes	105,831
- consolidation effect	425
IRAP - Actual tax liability	**-39,218**
Actual tax liability recognized	**-20,803**
Of which: actual tax liability on continuing operations	-20,803
Of which: actual tax liabilities on discontinued operations	-

Section 23 – Profit (loss) for the period attributable to minority interests – Item 340

23.1 BREAKDOWN OF ITEM 340 "PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS"

Company name	31 Dec. 2022	31 Dec. 2021
Equity investments in consolidated companies with significant minority interests		
1. Crédit Agricole FriulAdria S.p.A.	-	230
2. Crédit Agricole Leasing S.r.l.	1,394	473
3. Crédit Agricole Group Solutions S.c.p.a	-	-
Other equity investments	80	(44)
Total	**1,474**	**659**

Profit attributable to minority interests came to Euro 1,474 thousand, mainly regarding Crédit Agricole Leasing Italia S.r.l.

Section 25 – Earnings per share

25.1 AVERAGE NUMBER OF ORDINARY SHARES OF DILUTED CAPITAL

This piece of information shall be given by Banks listed on regulated markets.

PART D – COMPREHENSIVE INCOME

BREAKDOWN STATEMENT OF COMPREHENSIVE INCOME

Items		31 Dec. 2022	31 Dec. 2021
10.	**Profit (Loss) for the period**	**560,068**	**608,372**
Other income components not reclassified to profit or loss		**23,656**	**215**
20.	Equity securities designated at fair value through other comprehensive income	12,996	453
	a) Fair value change	(1,717)	364
	b) Transfers to other equity components (equity securities derecognized)	14,713	89
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
	a) Fair value change	-	-
	b) Transfers to other equity components (equity securities derecognized)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
	a) Fair value change (hedged item)	-	-
	a) Changes in fair value (hedging instrument)	-	-
50.	Property, Plant and Equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	21,323	(921)
80.	Non-current assets held for sale	-	20
90.	Share of valuation reserves on equity investments measured using the equity method	12	4
100.	Income taxes for other income components not reclassified to profit or loss	(10,675)	659
Other income components reclassified to profit or loss		**(22,317)**	**(18,220)**
110.	Hedging of investments in foreign operations:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
120.	Foreign exchange differences:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
130.	Cash flow hedges:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
	of which: gains (losses) on net positions	-	-
140.	Hedging instruments: (elements not designated) (IAS 1 para. 7 letters g) and h))	-	-
	a) Value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(34,514)	(25,715)
	a) Fair value changes	(24,793)	(4,789)
	b) reclassification to profit or loss	(9,721)	(20,926)
	- adjustments for credit risk	3,702	2,249
	- profit/losses on disposal	(13,423)	(23,175)
	c) other changes	-	-
160.	Non-current assets held for sale	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
170.	Share of valuation reserve on equity investments measured with the equity method:	-	-
	a) fair value changes	-	-
	b) reclassification to profit or loss	-	-
	- writedowns for impairment	-	-
	- profit/losses on disposal	-	-
	c) other changes	-	-
180.	Income taxes for other income components reclassified to profit or loss	12,197	7,495
190.	**Total other comprehensive income**	**1,339**	**(18,005)**
200.	**Comprehensive income (10+190)**	**561,407**	**590,367**
210.	Consolidated comprehensive income attributable to Minority Interests	1,481	922
220.	**Consolidated comprehensive income pertaining to the Parent Company**	**559,926**	**589,445**

PART E – INFORMATION ON RISKS AND RELATIVE HEDGING POLICIES

The Crédit Agricole Italia Banking Group attaches great importance to the measurement, management and control of risks, as an essential factor to achieve sustainable growth.

Crédit Agricole Italia is the operating Parent Company in Italy and is engaged in overall risk guidance and control, acting both as coordinator and as a commercial bank with its own distribution network.

In turn, the system set by Crédit Agricole Italia is based on the Supervisory regulations and on the directions issued by Credit Agricole S.A. concerning its subsidiaries.

Its approach to risks takes account of the features of its main reference market and of the guidelines issued by the French Parent Company on the Group's vocation as customer-focused proximity bank, which results in services designed to build and consolidate priority relations with local Customers, by fully understanding their specificities and enhancing their potential for development and growth, as well as by offering lines of dedicated products and services, specialist Branches throughout the geographical areas of operations, by making product specialists available to Customers and by providing training programs that involve also Trade Associations

The companies of the Group have their own risk management and control structures in compliance with the Group's guidelines, operate in their respective perimeters and benefit from the functions directly performed by Crédit Agricole Italia, when centralized.

RISK APPETITE AND CULTURE DISSEMINATION

The Crédit Agricole Italia Banking Group has set down its Risk Appetite Framework consistently with the guidelines and with the strategic plan of the Parent Company Crédit Agricole S.A.

This framework entails a set of global limits, alert thresholds and indicators that are set out in operational terms by the Group Risk Strategy, on a yearly basis.

Then, these limits are submitted to the Boards of Directors of the Parent Company and of the single Entities of the Group for their approval.

The Risk Strategy has the objective to provide for and steer credit risk, operational risk, market and financial risks. In order to constantly ensure effective risk measurement and effective integration of risk management in the Group's governance and operations, as well as dissemination and sharing of risk culture, the Group's organization includes, on a permanent and fully structured basis, specific Committees and Interdepartmental Working Groups, the members of which are the reference roles of all relevant corporate Departments

To be noted are the Risks and Internal Control Committee and the ALM Committee, which, within their different Risk scopes (Credit Risk, Operational Risk, Financial Risk and Compliance Risk) are responsible for designing and formalizing risk management policies, for structuring and assigning tasks and responsibilities to corporate bodies and departments, for monitoring risk trends and steering the relevant action plans, consistently with the Group's risk appetite and with the guidelines issued by the Parent Company Crédit Agricole and adopted by the Board of Directors.

Going downstream in the organization, important drivers for the dissemination of risk culture are provided by:

- The Operational Risk Manager (ORM), a key role for activity and support, within the reference perimeter, on the identification of operational risks and processing of the relevant practices;
- Preparation of 2.1 controls, which directly involves the relevant structures in defining the scopes to be monitored;
- Scenario analysis and RSA (Risk Self-Assessment,with subsequent implementation of risk mapping), which directly involve the relevant structures in identifying risk and their possible consequences;
- Management support on the outsourcing of important operational functions;
- Specific training.

Risk appetite framework

The Crédit Agricole Italia Banking Group has set down its Risk Appetite Framework - "RAF" at the Board of Directors meetings held on 24 March 2022. This risk appetite statement is an integral part and plays a pivotal role in the definition of the Governance framework, since, consistently with the maximum risk that may be taken, it includes the business model and the strategic plan, the risk appetite, tolerance thresholds, risk limits, risk governance policies and the reference processes required to define and implement them.

Furthermore, the set of documents regarding the Group's Risk Appetite Framework was updated; specifically, in terms of Governance, the following items were revised:

- The RAF Policy, which defines the RAF scope of application, the process to monitor and determine the thresholds, in order to ensure consistency between the Group's operations, complexity and sizes;
- The Policy on Material Transactions ("Operazioni di Maggior Rilievo", or with the Italian acronym OMR), which sets forth the methodological approach and the operational aspects of the MRT management process, including the related identification criteria in order to ensure full compliance with the applicable legislation;
- The Stress Test Policy in accordance with Crédit Agricole S.A. guidelines. The Policy sets forth the annual Stress Test programme of the Group, the Governance and the responsibilities of the various players involved, as well as any improvement areas/points scheduled in the year;
- The Risk Appetite Statement (RAS). The document sets forth the Risk Management and Governance process and the roles played by the Group's bodies engaged in management and control functions and the Group's map of material risks. This document also reports the quantitative ratios/indicators expressing the main risks the Group is exposed to, along with exhaustive description of the logic behind the determination of RAF thresholds and limits. For qualitative risks, the document sets forth the control processes and mitigation tools implemented by the Group.

In 2022, the Crédit Agricole Italia Banking Group carried out the usual process for the identification of material risks, in accordance with the layout received from the Controlling Company Crédit Agricole SA, and consistently with information given in the ICAAP document and in the Internal Control Annual Report (ICAR or with the Italian acronym RACI); 16 material risks were identified, falling into the credit risk, financial risks, strategic risk, operational risks and noncompliance risks macro-categories. Furthermore,, the Crédit Agricole Italia Banking Group and Agricole SA have always paid close attention to climate and environmental issues and, in 2022 climate risk, in its sub-categories of physical risk and energy transition, was included in the Group's Risk Map, as done in the previous years.

In the reporting year, the Group carried out several activities aimed at including ESG criteria in the RAF, in accordance with the overall schedule of the Sustainability Plan.The Group's Risk Appetite expresses the risk level that the Group is willing to take for each type of risk. The Group's risk appetite has been determined based especially on its financial policy and on its risk management policy and is expressed through:

- A selective and responsible funding policy within a conservative lending policy that is set down in the Risk Strategy, consistently with the corporate social responsibility policy and with the system of decision-making powers in force;
- Orientation towards a low risk profile on all main financial risks, with specific focus on limiting the exposure to market risk;
- Strict oversight on exposure to operational risk;
- Orientation towards a low Information Technology (IT) risk profile;
- A system of controls aimed at managing non-compliance risk (identified and monitored);
- Careful measurement of risk-weighted assets;
- Integrated management of the Group's assets and liabilities.
- Careful mapping of all material or emerging risks that may generate impacts on the Group.

The Risk Appetite Framework structure consists in activities for the monitoring and control of risks, in order to ensure that they are managed, driving continuous development and improvement of the methods and models for their measurement.

To this end, the Crédit Agricole Italia Banking Group uses methods, measurement standards and risk control tools that are consistent throughout the Group and adequate to the type and extent of the risks taken, involving and informing the corporate bodies of the subsidiaries about the choices made as regards risk management procedures and policies.

Within the RAF, limits and alert thresholds are set on Solvency, Liquidity, Asset Quality, Profitability, Credit/Concentration, interest Rate, operational and Compliance main ratios/indicators, which are fit to verify the affordability of the Group's Budget and MTP on a continuous basis, as well as to identify the first alerts in case such ratios/indicators worsen, in order for all corrective actions to be triggered and to return to normal operation.

Moreover, the Group's risk appetite is also expressed by the management of qualitative risks, concerning the Group's strategy and operations, especially based on the Company's will to pursue sustainable development and effective management of risks. The Group has implemented a set of operational limits that are laid down in its Risk Strategy and have become an integral part of the RAF.

These indicators allow better classification and monitoring of the risks taken, ensuring pervasiveness of the RAF model. Lastly, in 2022, within the RAF ordinary operation, opinions were given regarding the consistency of any Material Transactions (Operazioni di Maggior Rilievo - or with the Italian acronym OMR) with the RAF and with the risk management policy at the Group level.

In general terms, the Risk Appetite Framework of the Crédit Agricole Italia Banking Group is structured as follows:

- Risk Appetite (risk objective or risk appetite): level of risk (overall and by type) that the Group is willing to take in order to pursue its strategic objectives;
- Risk Tolerance (tolerance threshold): maximum allowed deviation from the Risk Appetite; the tolerance threshold has been set in order to ensure that, in all cases, the Group has sufficient margins to operate, also in stress scenarios, within its risk capacity;
- Risk Capacity (maximum risk that can be taken): the maximum level or risk that the Group is technically able to take without violating any regulatory requirements or other restrictions laid down by its Shareholders or by the Supervisory Authority;
- Risk Profile: the risk actually taken, as measured at a given point in time;
- Risk Limits: the structuring of risk objectives into alert thresholds and operational limits, set in accordance with the proportionality principle, by types of risk, business units and/or lines, product lines, types of Customers.

The Group's risk profile is monitored and submitted, with specific periodic reports, to the Risk and Internal Control Committee (RICC or with the Italian acronym CRCI) and to the Boards of Directors of the Parent Company Crédit Agricole Italia and of the other Entities of the Group, as well as to the Controlling Company Crédit Agricole S.A.

In case the Tolerance and Capacity levels of the RAF ratios/indicators are exceeded, an escalation process is provided for, which has been designed to involve the corporate roles responsible for defining the corrective actions needed to return to the normal risk levels. That process updated at least on a yearly basis.

Climate and environmental risks

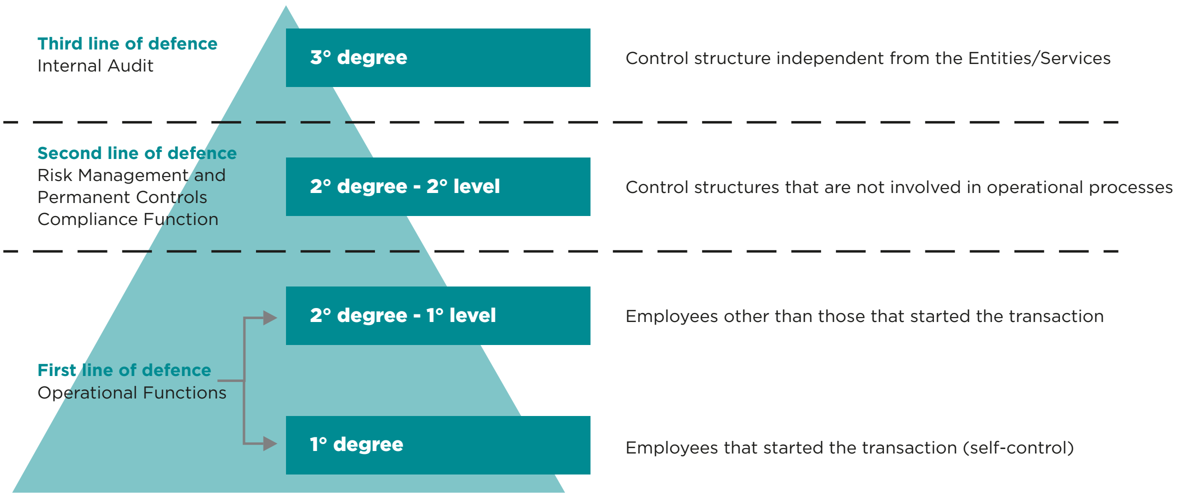
The Group is implementing the forward-looking action plans that it defined at the beginning of 2021, pursuing the goal of progressively including climate-related and environmental factors in its business model and strategy, in its governance and organization, in its risk management system and in its disclosure to the market, in accordance with the ECB "Guide on climate-related and environmental risks - Supervisory expectations relating to risk management and disclosure" and in accordance with the instructions given by the Parent Company.
The sustainability governance function is structured on four levels, namely a specific Board Committee, a Managerial Committee, a Unit in charge of coordinating the various project activities and a network of sustainability owners belonging to operational structures and – in an independent position – to control structures. The structures engaged in control functions have extended their scope of activity also to ESG matters applying the model based on three lines of defence.
The actions deployed in 2022 concerned the training of the Board and of personnel, the remuneration policies, the lending policies and processes, the development and marketing of products and services, the provision of investment advisory services,, the monitoring of exposures and management reporting, data collection and management, the development of IT applications, disclosure to the public and reporting to the Supervisory Authorities.

Furthermore, as an entity of the Crédit Agricole Group, the Crédit Agricole Italia Banking Group took part in the ECB climate risk stress test and shares, with its French Parent Company, the Net-Zero Banking Alliance commitments in order to align the emissions of the various portfolios with the achievement of climate neutrality by 2050 and, to this end, supporting its Customers in their transition process.

Internal control framework

The Internal Control Framework of the Crédit Agricole Italia Banking Group implements the instructions given by the Italian Supervisory Authority (see Bank of Italy Circular no. 285 of 17 December 2013 as updated) and the guidelines given by its Parent Company Crédit Agricole S.A., which entail compliance with the requirements and expectations laid down in document "Arrêté du 3 novembre 2014 relatif au contrôle interne des entreprises du secteur de la banque, des services de paiement et des services d'investissement", of the Frech Supervisory Authority ACPR.

The Internal Control Framework is implemented with the three defence lines set out in the chart below:



- First line of defence:
  - 1st degree controls: performed continuously, at the start of any transaction and throughout the process for its validation, by the employees that carry it out and by the persons they report to on a solid line, or performed by the automated systems for transaction processing;
  - 2nd degree – level 1 controls: performed by employees other than those that started the transaction;
- Second line of defence:
  - 2nd degree – level 2 controls: performed by the specialist structures engaged in last-level permanent controls, independent from structures and roles with business executive functions.

1- and 2.1-degree controls aim at identifying, correcting and preventing any irregularities or anomalies in operations. 2.2-degree controls may be performed also based on the evidence found within lower-degree controls and, therefore, they may express also outcomes of lower -degree controls.

- Third line of defence:
  - 3rd degree periodic controls performed by the Internal Audit Department.

The Internal Control Framework adopted by the Crédit Agricole Italia Banking Group results from a process involving:

- The definition of the scope of control and the areas of responsibility of the different players appointed;
- The identification of the main risk zones, based on risk mapping;
- The implementation of the procedures to classify operating activities, decision-making powers and controls;
- The exercise of permanent controls at the different degrees and levels provided for, monitoring correct implementation of the procedures and detection of any early warnings and non-performing instances;

- The exercise of periodic control by the Internal Audit Department;
- The implementation of a specific system for reporting to the corporate bodies and the top management engaged in governance and control functions.

The configuration of the Internal Control Framework is harmonized and formalized in the entire Group through the internal normative system.

The organization of the Crédit Agricole Italia Banking Group includes three main structures that are engaged in control functions and are independent; within their scope of action and in accordance with their functions, these structures ensure constant control on all corporate operations and on the risks generated by such operations:
- The Risk Management and Permanent Controls Department (which includes the Validation Unit) and the Compliance Department, which are responsible for second degree – second level controls;
- The Internal Audit Department, which is responsible for third-degree controls.

Moreover, in accordance with the provisions of Article 154-bis of the Italian Consolidated Act on Finance, the Manager in Charge has the task of monitoring and overseeing the internal controls system relating to accounting and financial reporting..

The risk management and permanent controls governance function

In 2022 the Risk Management and Permanent Controls Department was engaged in the main projects listed below:
- Continuing with the implementation at Creval of the activity of preparing credit opinions on the most material lending proposals and applications, in compliance with the internal regulations of the Crédit Agricole Italia Banking Group;
- Continuing with the implementation at Creval of the framework of second-level regulatory controls on credit risk, in compliance with the internal regulations of the Crédit Agricole Italia Banking Group;
- Rating of corporate counterparties in accordance with the model adopted by Crédit Agricole Italia, to a material portion of the former-Creval Corporate portfolio, with analysis of the individual counterparties and assignment of the appropriate rating grade based on the Anadefi official framework. That activity had the purpose of reducing the number of unrated counterparties on the IFRS 9 deadlines;
- Strengthening of the structure responsible for the validation of Corporate ratings (National Validation Center) subsequent to the increase in the portfolio determined by the entry of former-Creval counterparties. That activity entailed the training of former-Creval resources that joined the National Validation Center as rating validators, besides training of former-Creval account managers as the future users of the rating validation official framework;
- Strengthening of the detection of market risks resulting from the energy crisis, the increase in the costs of commodities, geo-political conflicts among the qualitative aspects of rating calculation;
- Detection of significant counterparties with rating downgrading and their referral to the relevant commercial structure for analysis;
- Participation in workshops and committees, coordinated by the French Parent Company Crédit Agricole S.A. and at Crédit Agricole Italia level, concerning the DAFNE project (the future rating framework) and update of the calculation model;
- Definition of the requirements for the automated production of the ECB Loan Tape (to be made available to the Regulator during its audits) and implementation of a contingency solution developed in a lab environment pending full automation;
- Strengthening of reporting on the different customer segments, with special focus on the effects generated by the end of the credit supporting measures deployed in 2020 to address the health and economic crisis;
- Enhancement of second-level permanent controls on credit risk;
- Implementation of the updated and enhanced framework of second-level regulatory controls on credit risk by:
  - Resuming sectoral Portfolio reviews, in cooperation with the Sales and Lending structures, with special regard to the sectors worst hit by the Russia-Ukraine war and by the macroeconomic tensions on energy and commodity costs;

- Continuing to extend second-level single-name (individual) controls at Creval in accordance with Crédit Agricole Italia' approaches,and consolidation after the merger;
- Setting up Lending Central Teams in cooperation with the Commercial and Credit structures for collective review of corporate counterparties that showed problems or that may have problems because of sector-specific or macroeconomic events;

- Evolution in the CRR reporting flows, in accordance with the instructions given by the Controlling Company Crédit Agricole S.A.;
- Completion of the regulatory compliance and IT actions for full implementation of the new definition of default in processes and tools;
- Maintenance of the risk parameters in the IFRS 9 scope;
- Start of a project aimed at enhancing the efficiency of the early warning process supplementing it with new information sources and new methods for model estimate;
- Interaction with the Regulator on matters regarding the revalidation of the new Retail segment models and start of the activities to put said models into operation, which were validated by the ECB in June 2022 (Retail Material Model Change, the application for which had been submitted to the ECB in July 2020 and an IMI mission was undergone in H1 2021);
- Going on with the activities needed in order to submit an application to the ECB for the inclusion of the former-Creval portfolio in GBCAI' s credit risk measurement models and for the IRB validation of the corporate portfolio (known as Return to Compliance Plan);
- Gap analysis and monitoring of the action plans for upgrading to the EBA Guidelines on «ICT and security risk management»;
- Continuous strengthening of the second-level control and monitoring of financial risks by updating the internal tools for the pricing of derivatives sold to Customers;
- Preparation of opinions on Material Transactions (Operazioni di Maggiori Rilievo or OMR) made by the Group with the assessment of their impacts on the main financial ratios;
- Continuation with the activities for full implementation of the controls system in the MIFID scope;
- ICT Risk;
- Upgrading of the risk assessment metrics to the taxonomy adopted within the SREP (EBA-GL-2017-05);
- Upgrading of the control framework for Information Systems to the new arrangement subsequent to the ADM and Infrastructure outsourcing within the IT Transformation project;
- Upgrading of the control framework for the monitoring of IT outsourcing (other than critical or important functions) and outsourced IT services;
- Revision of the permanent control framework on outsourcing in accordance with the guidelines given by Crédit Agricole S.A.;
- Migration of Creval loss data collection;
- Migration of the operational loss events of Crédit Agricole FriulAdria;
- Rationalization and updating of the internal normative instruments regarding operational risks;
- Monitoring the action plans regarding the ECB's 13 expectations on climate-related and environmental risks;
- Development and continuation of the analysis, monitoring and reporting of physical and transition risks;
- Conducting the first stress test exercise on climate risk;
- Adoption of the guidelines to manage and measure Model Risk in compliance with Crédit Agricole S.A. standards;
- Continuation and strengthening of all the activities aimed at:
  - Verification and implementation of the developments in the applicable national legislation and of the measures deployed by the Supervisory Authorities to respond to the health and economic crisis still ongoing;
  - Close monitoring, for prudential purposes, of the economic sectors hit by the crisis;
  - Close monitoring of the main indicators concerning financial risks, both regulatory and management ones;
  - Strengthening and fine-tuning of the reporting systems for Customers hit by the health and economic emergency, also in order to comply the new expectations of the Regulator;
  - Close monitoring of Customers benefiting from relief measures deployed in order to provide support to households and businesses;

- Coordination with the lending and commercial structures to deploy the most effective and timely actions aimed at anticipating any possible effects of the end of the moratoria granted in 2020;
- Validation of the new lending policies for Performing Customers, including the new system of lending decision-making powers, which is based on the weighted authorized amount principle;
- Validation of the new NPE Regulation and of the new policies for the coverage and management of Non-Performing Exposures.
- Validation of credit risk internal models within the AIRB Return to Compliance Project;
- monitoring of regulatory and management Risk Model in production;
- Monitoring of proper application of the applicable legislation on model risk.

In 2023, the main projects will concern:

- Continuing with sectoral Portfolio reviews, in cooperation with the Sales and Lending structures, with special regard to the sectors worst hit by the macroeconomic tensions on energy and commodity costs, as well as by the increase in interest rates;
- Strengthening of the process regarding Lending Central Teams;
- Further strengthening of credit risk reporting on the different customer segments, given the ever-changing macroeconomic scenario and the health emergency persistence;
- Further strengthening of the activities to classify and monitor credit risk associated with leverage transactions, with full implementation of the internal normative instruments defined by the Crédit Agricole SA Group;
- Supplementing the present systems for the use of Corporate ratings by extending the adopted approaches as provided by the internal normative instruments (namely, Methodological Note G20);
- Going ahead on the path to alignment to the new tool for centralized calculation of Corporate ratings currently in development (DAFNE);
- Taking part in the Return to Compliance Plan project with the adoption of new corporate rating grids to be applied to significant portfolio exposure for the purpose of the application for the model AIRB approach validation submitted to the ECB;
- Implementation of the new Corporate rating grids in the currently used tool Anadefi, an activity that is functional to the IRB validation for the Corporate portfolio (pending the go-live of the new tool DAFNE);
- Continuing with the activities in the scope of the Return to Compliance Plan and submitting the application for validation to the ECB
- Implementing the retail models validated by the ECB in June 2022 (Retail Material Model Change);
- IT automation of «ECB Loan Tape» (containing information to be given to the Regulator in case of audits);
- Continuing with the revision of the early warning framework started in 2022;
- Maintenance of the risk parameters in the IFRS 9 scope;
- Completion of the revision of the PD and LGD specific models for provisioning on Performing Loans in accordance with IFRS 9;
- Monitoring and alignment of the new Basel IV regulatory framework for the calculation of capital requirements;
- Supplementing the reporting flows to CAsa (i.e. CRR flows) with information on leveraged loans (LL) and start of the general revision of the framework of the reporting flows to the Parent Company from a Basel IV perspective;
- Implementation of new information flows feeding the Parent Company's database (i.e. the Collecte Flash project) concerning the scopes given below:
- ESG /Moratoria /SRB Valuation /Financial Conglomerates;
- Change of the ECAI rating provider for the Corporate portfolio (from CERVED to CRIF);
- Enhancement of quantitative and methodological control activities on the relevant perimeter;
- revision of the permanent controls application;
- Continuing to strengthen control and monitoring of financial risks by implementing the internal tools for the pricing of derivatives sold to Customers;
- Continuing with the rationalization and updating of the internal normative instruments and processes regarding Operational Risks;
- Taking part in projects of CA.sa Group Risk Department on the harmonization and evolution of operational risk management across the the various entities of the Group;

- Implementation and automation of the internal audits carried out to ensure good and correct operation of the loss data collection process;
- Taking charge of the necessary activities for alignment to the 40th update of Bank of Italy Circular 285;
- Reporting of controls on Information Systems and Security in accordance with the the new guide received from the Parent Company CA.sa;
- Start of the first analysis in order to take charge of the DORA Regulation concerning digital operational resilience for the financial sector, which entered into force on 16 January 2023 and will be fully applicable as of 17 January 2025;
- Setting up a skill center in order for it to structure centralized oversight on the monitoring of IT security measures of the Group's IT providers and of their subcontractors;
- Conducting the EBA regulatory stress test exercise;
- Development and continuation of the analysis, monitoring and reporting of physical and transition risks;
- Continuing to monitor the action plans regarding the ECB's 13 expectations on climate-related and environmental risks;
- Supplementing corporate reporting with information on climate-related and environmental risks;
- IMA and Transaction Score validation process;
- Monitoring of the regulatory and management Risk Models currently in production, with special regard to the activities to close the ECB recommendations on this matter still outstanding;

The above activities will be carried out also in cooperation with the relevant structures of the French Parent Company.

The compliance function

The Compliance Department of Crédit Agricole Italia controls non-compliance risk at a central level, also for the Group's entities; the only exception is Creval perimeter, which, up to the IT migration date, was overseen directly by the "old" Compliance structure of Creval, for "continuity" reasons.

On that background, the Compliance Department:

- Sets and steers, on a continuous basis, the policies for non-compliance risk prevention, by constantly monitoring the relevant legislation and by assessing and measuring the impact of non-compliance risks on processes and procedures in order to prevent any violation of the legislation and regulations falling in the Department's scope of responsibility; where necessary, it asks for organizational and procedural changes;
- Ensures the effectiveness of the anti-money-laundering arrangement and the related operating, control and reporting activities, in order to prevent money laundering and terrorist financing risks;
- Oversees all matters regarding the applicable legislation on "international sanctions";
- Manages, prevents and mitigates risks of fraud, bribery and corruption, transparency, usury, conflicts of interest, market abuse, risks of non-compliance with the General Data Protection Regulation and personal data protection risks; it also provides expert advice on the aforementioned risks;
- Provides the relevant reporting to the Bodies engaged in strategic oversight, management and control functions of the Group's entities and to Crédit Agricole S.A.

The Compliance Department performs its control activities for all the entities of the Crédit Agricole Italia Banking Group in accordance with an annual plan of second-level controls, which is designed with a risk-based approach and abiding by the directions given by the Parent Company Crédit Agricole SA.; therefore, it sets, as regards the matters it is responsible for, risk mitigation activities and then verifies their proper implementation.

Within its responsibility and action scopes, the Compliance Department also oversees the implementation of specific innovative projects, in order to ensure compliance by design.

The Crédit Agricole Italia Banking Group has strengthened its system for prevention and management of bribery and corruption risks, implementing a specific Anti-corruption Programme that aims at establishing a culture of prevention and fight against bribery and corruption risks throughout the Group, with a "zero tolerance" approach to any and all behaviours that are not ethical, in general, and to any bribery and corruption risks in particular.

Furthermore, it is the point of contact for the Supervisory Authorities and the Regulators as regards compliance matters and personal data protection.

The internal audit function

The Internal Audit Department of Crédit Agricole Italia is independent from any operational structure or role of the Bank and of its subsidiaries.

In order to ensure the appropriate independence in exercising the Function, the Head of the Department (Chief Audit Executive or CAE) reports on a solid line to the Bank's Board of Directors. The independence of the Internal Audit Department is ensures also by the role of the Chief Executive Officer, who ensures management oversight and actual availability of the operational levers and of the appropriate financial and human resources for the Department's effective operation.

The Internal Audit Department (Inspection Générale Groupe) of the Frech Parent Company Crédit Agricole S.A. is responsible for steering and coordinating the activities of the Department; therefore, it defines the implementation guidelines for harmonized application in all the Companies of the Group (without prejudice to full compliance with the local legislation) of the audit model, methods and tools.

The CAE is appointed by the Board of Directors of the company, after obtaining the opinion of the Board of Auditors; his or her appointment may be terminated with the same methods and explicit reason.

The CAE is entitled to contract, independently and with no limitation, the Governance Bodies of the companies of the Group to report material information and sits on the Risk and Internal Control Committee.

The CAE also submits the Audit Plan to the Board of Directors of Crédit Agricole Italia, to the Internal Control Audit Committee of Crédit Agricole Italia, to the Board of Auditors, to the Chief Executive Officer of Crédit Agricole Italia, to the General Managers and to the Governance Bodies of the subsidiary companies.

In accordance with the supervisory expectations, the Internal Audit Department performs the internal audit and review functions for the Crédit Agricole Italia Banking Group, in order to detect any breaches or violations of procedures and of the applicable legislation and regulations, as well as to periodically assess the completeness, adequacy, proper operation (in terms of efficiency and effectiveness) and the reliability of the internal controls system and of the information system, at frequencies set based on the nature and severity of risks.

Specifically, based on a multiyear work plan,
- It ensures the performance of controls aimed at verifying:
  - Proper running of operations by the Group's entities;
- The effectiveness and efficiency of the corporate processes as implemented;
- The protection of the value of Group's assets;
- Protection from losses;
- The reliability and integrity of accounting and management data;
- Compliance of operations with both the policies set down by the corporate governance bodies, with all internal normative instruments and with the applicable legislation;
- Performs periodic review and controls on the processes and on the organizational units of all the Companies of the Crédit Agricole Italia Banking Group, as well as on Outsourced Critical or Important Functions (CIF), through constant and independent supervision on the regular course of operations, in order to prevent or detect any behaviours or situations that are irregular and/or risky.
- Provides the Top Management, the Corporate Bodies and the French Parent Company Crédit Agricole S.A. with prompt and systematic reporting on the conditions of the controls system and on the outcomes of the activities carried out; Supports the Organismo di Vigilanza (body engaged in offence prevention required by Italian Legislative Decree 231/2001) in ensuring constant and independent surveillance action on proper running of operations and processes and in supervising compliance with and adequacy of the rules contained inModel 231..

The Department also provides support and assistance to other corporate structures (advisory activities), the nature and extent of which are agreed with the strictures concerned and which aim at improving governance, risk management and organization control processes, with no decision-making responsibility lying with the Internal Audit Department.

Following its verification and review activities, in case any areas for improvement have been detected, the Internal Audit Department issues recommendations and carries out analyses and monitoring on the identified mitigation actions, with special regard to the RAF, to the risk management process and to the tools to measure and control risks.

The Chief Audit Executive reports to the competent Bodies on the main outcomes of the performed activities,on the progress in the Audit Plan implementation and in the implementation of the requested corrective actions (recommendations) as well as on the evolution of the available resources.

The progress in the implementation of any recommendations issued is reported on every six months to the Board of Directors, to the Board of Auditors, to the Audit Committee for Internal Control, to the Top Management and to the Internal Audit Department of the French Parent Company Crédit Agricole S.A.

In case any activities that are material for the proper operations of he internal controls system are outsourced, the Internal Audit Department has the power to access also the activities carried out by any outsourcers.

The Internal Audit Department operates with staff that has the appropriate knowledge, expertise and skills, in accordance with the best practices and with the International Standards for the Professional Practice of Internal Auditing, as well as with the methods implemented by the Internal Audit Department of the Controlling Company Crédit Agricole S.A.

In performing its tasks, the Department uses structured risk assessment methods, consistently with those of the French Parent Company, in order to identify any points of attention and the main new risk factors.

In accordance with risk assessment outcomes and with the subsequent priorities, as well as with any specific requests for in-depth review made by Corporate Governance Bodies, by the Internal Audit Department of the French Parent Company and by the Top Management, the Internal Audit Department prepares an Annual Audit Plan, in agreement with the French Parent Company, based on which it operates during the year, as well as a multi-year Plan, which is submitted to the Internal Control Audit Committee and to the Board of Directors for its approval.

Lastly, on a yearly basis and jointly with the other Corporate Structures engaged in control functions, the Internal Audit Department sends the Report on the activities it carried out in the year to the Supervisory Authority (Integrated Report of the Holders of Control Functions).

Manager in charge

Pursuant to aforementioned Article 154-bis, in a specific document attached to the Annual Report and Financial Statements, to the Annual Report and Consolidated Financial Statements and to the Half-yearly Condensed Financial Report, jointly with the Chief Executive Officer, the Manager in Charge shall state:

- The adequacy and actual application of the administrative and accounting procedures;
- The consistency of the corporate and accounting documents with the records in the corporate boos and with the accounts;
- That the above Reports and Financial Statements are fit to provide a true and correct representation of the financial and cash flow position, as well as of the performance of the Bank and of the Group;

The Manager in charge shall also state that the Management Report includes a reliable analysis of the performance and profit (loss) from operations, as well as of the situation of the Bank and of the Group, and the description of the main risks and uncertainties to which they are exposed.

The Validation function

Since December 2013, the Crédit Agricole Italia Banking Group has been authorized to use advanced approaches to determine its capital requirement on the Retail portfolio of Crédit Agricole Italia and Crédit Agricole FriulAdria (the latter was absorbed into Crédit Agricole Italia in November 2022). Based on the outcomes of the controls performed in 2021 and in the first six months of 2022, the rating system used on the Retail portfolio can be safely be deemed compliant with the most stringent regulatory requirements laid down for the banks authorized to use AIRB approaches to calculate their capital requirements. The methods to estimate the probability of default (PD) and the loss given default (LGD) can also be safely deemed accurate and overall in line or at least conservative vs. the related ex-post risk measures (i.e. rates of default and loss given default) recorded in the long term and measured also in accordance with the rules governing the new definition of default starting from their implementation in the Group’s processes (September 2020).

In June 2022, the group was authorized by the ECB to use the updated version of its Retail internal models (Application Package sent in June 2020) with their start in production scheduled for H1 2023.

The follow-up process gave evidence that 5 out of the 15 recommendations given by the Validation Unit and opened on 30 September 2021 can be deemed completed, with 10 recommendations still open as at 30 September 2022 (the figure does not include the recommendations on the internal models that the ECB recently authorized for AIRB approach purposes).

The main pieces of evidence are given below:

- The outcomes of the analyses monitoring the performance of the internal models, as submitted to the Comité des Normes et Modèles of Ca.sa on 25 October 2022 and then sent to the ECB (letter 2019-FRCAG-20 and report sent on 25 November 2022), referring to data as at 31 December 2021 have shown:
  - Probabilities of Default (PD) overall accurate and conservative vs. the long-term default rates (it is to be noted that the default rate has taken into account the new standards governing the definition of default only since September 2020);
  - Loss Given Default (LGD) overall in live with the risk observed on the performing portfolio (and conservative if the effects of the massive disposals of NPL are neutralized);
- The outcomes of the permanent controls on rating attribution aimed at ensuring data quality gave evidence respectively of the overall adequacy of the rating process and of the reliability of the information used for estimating and monitoring internal models;
- Appropriate use of ratings was made in lending, provisioning and credit pricing processes, as well as in reporting to the top management;
- The IT procedures supporting the rating system proved again compliant with the regulatory framework laying down the requirements they must meet for AIRB purposes;

Further improvements being pursued to date concern:

- Underestimation events on PD models (limited to the comparison between the PD and the default rates recorded in the last reference year for two grades in the Individuals sub-segment and 1 grade in the sole traders portfolio) and on the LGD models (mainly n the default component). In H1 2023 the Group is going to replace the models currently in production with those recently authorized by the ECB;
- process for the removal of the anomalies found during the controls on the input data to the loan authorization PD Models for Individuals and Sole Traders, which must continue (however material reduction in the phenomenon in question was found versus the previous years). It is pointed out that, given the overall performance of the PD models, the anomalies in question do not prejudice in any way the good operation of the rating system.

In January 2023, the Group sent its annual report to the Bank of Italy on the controls performed in 2021 and in the first six months of 2022 on the rating system used for the Retail segment.

Section 1 – Risks of accounting consolidation

In this Section, the reported information regards the entities included in the accounting consolidation scope.

QUANTITATIVE DISCLOSURES

A. Credit quality

All financial assets are classified by credit quality with the exception of equity securities and units of O.I.C.R. collective investment undertakings.
The term "on-balance-sheet exposures" defines all on-balance-sheet financial assets consisting of due from banks or customers, irrespective of the accounting portfolio they are allocated to (measured at fair value through profit or loss, measured at fair value through other comprehensive income, measured at amortized cost, financial assets being divested).
The term "off-balance-sheet exposures" means all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

A.1 PERFORMING AND NON-PERFORMING CREDIT EXPOSURES: AMOUNTS, ADJUSTMENTS, CHANGES AND BREAKDOWNS

A.1.1 Breakdown of financial assets by portfolio and credit quality (book values)

Portfolio/quality	Bad loans	Unlikely to Pay	Non-performing past due exposures	Other non-performing exposures	Performing exposures	Total
1. Financial assets measured at amortized cost	129,623	999,570	31,997	821,795	79,536,221	81,519,206
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,240,500	3,240,500
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	1,433	1,433
5. Financial assets being divested	949	1,334	-	-	-	2,283
Total 31 Dec. 2022	**130,572**	**1,000,904**	**31,997**	**821,795**	**82,778,154**	**84,763,422**
Total 31 Dec. 2021	**134,871**	**1,206,834**	**24,696**	**635,568**	**94,329,172**	**96,331,141**

The breakdowns of forborne exposures by the various credit quality categories are given in the tables in Section 2 - Prudential consolidation risks, as they do not show significant deviations from the accounting consolidation perimeter.

A.1.2 Breakdown of financial assets by portfolio and by credit quality (gross and net values)

Portfolio/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs*	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortized cost	2,669,684	1,508,494	1,161,190	44,956	80,755,527	397,511	80,358,016	81,519,206
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,246,659	6,159	3,240,500	3,240,500
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	1,433	1,433
5. Financial assets being divested	15,402	13,119	2,283	-	-	-	-	2,283
Total 31 Dec. 2022	**2,685,086**	**1,521,613**	**1,163,473**	**44,956**	**84,002,186**	**403,670**	**83,599,949**	**84,763,422**
Total 31 Dec. 2021	**2,944,736**	**1,578,335**	**1,366,401**	**43,498**	**95,487,530**	**525,145**	**94,964,740**	**96,331,141**

(*) Value to be stated for disclosure purposes.

The table below reports credit quality evidence regarding exposures classified as financial assets held for trading (securities and derivatives) and as hedging derivatives (not represented in the previous table):

Portfolio/quality	Assets with clearly poor credit quality		Other assets
	Accumulated losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	331,980
2. Hedging derivatives	-	-	1,318,646
Total 31 Dec. 2022	**-**	**-**	**1,650,626**
Total 31 Dec. 2021	**4,332**	**275**	**705,096**

B. INFORMATION ON STRUCTURED ENTITIES (OTHER THAN SECURITIZATION SPECIAL-PURPOSE ENTITIES)

B.1 CONSOLIDATED STRUCTURED ENTITIES

As at 31 December 2022, there were no structured entities in the accounting consolidation scope, other than securitization special-purpose entities, of the Crédit Agricole Italia Banking Group.

B.2 STRUCTURED ENTITIES NOT CONSOLIDATED IN THE ACCOUNTS

As at 31 December 2022, there were no structured entities in the prudential consolidation scope, other than securitization special-purpose entities, of the Crédit Agricole Italia Banking Group.

B.2.2 other structured entities

The Group's operations through structured entities are performed also through Special Purpose Entities.

To this end, Special-Purpose Entities are the legal entities incorporated in order to achieve a specific purpose, which is clearly defined and limited:

- Funding on the market through the issue of specific financial instruments;
- Developing and/or financing a specific business initiative, able to generate, through a business activity, cash flows sufficient to repay the debt;
- Financing the acquisition of a target company that, through its business activity, will be able to generate cash flows for the Special-Purpose Entity to a sufficient amount for full repayment of the debt.

Operations through securitization special-purpose entities, i.e. entities incorporated to acquire, sell and manage certain assets, separating them from the Originator's financial statements, both for asset-backed securities and for funding via self-securitization or issue of Covered Bonds (CB) is not to be reported in this Section.

For reporting on these types of special-purposes entities, please refer to Sections C. Securitizations and D.Disposal Transactions in Part E of the Note to the consolidated financial statements.

Section 2 – Prudential consolidation risks

In this section, data are stated gross of the relationships with the other companies included in the consolidation of the accounts.

Where the contribution of the relationships between the companies belonging to the prudential consolidation and the other companies included in the consolidation of the accounts is material, it is exhaustively reported at the end of the relevant disclosures.

1.1 CREDIT RISK

QUALITATIVE DISCLOSURES

1. GENERAL ASPECTS

The responsibilities for the lending operations of the Crédit Agricole Italia Banking Group are vested in the Group Chief Lending Officer., In compliance with the European Central Bank guidelines requiring that non-performing exposures (NPE) be managed by expert and dedicated units separate from those managing performing loans,the Chief Lending Officer is directly responsible for the two management units (Credit Department and NPE Department) and for a unit engaged in strategic and coordination functions (Intelligence & Asset Disposal Department).

The Credit Department is responsible for lending activities regarding the Performing loan portfolio. This Department has the task of setting, in compliance with the corporate strategies and objectives, the lending policies directions and the guidelines on taking and managing credit risk, coordinating their implementation by the relevant structures of the Bank and of the Group.

This Credit Department has also the following responsibilities:

- To coordinate, fully respecting the independence of every Company of the Crédit Agricole Italia Banking Group, lending to ordinary Customers and to Customers entailing significant exposures.
- To set and oversee the implementation of the Crédit Agricole Italia Banking Group's strategies and guidelines pursuing effective control on the amount of position becoming non-performing and the related cost, by steering the lending chain structures of the Companies of the Group and of the Commercial Channels;
- To define and promote, consistently with the Group strategies and objectives, an appropriate harmonization of lending governance rules.
- To verify, through appropriate operating control mechanisms, compliance with the lending guidelines and policies within the Group, ensuring their quality and monitoring the allocation of loans in terms of sectors and sizes.

The NPE Department is responsible for managing all the exposures classified as non-performing, ensuring and coordinating the relationships with Crédit Agricole SA and the Supervisory Authorities in the NPE scope.

On the relevant Customer perimeter, it is responsible for ensuring management, recovery and/or out-of-court collection of non-performing exposures, in close contact and cooperation with the Network of Crédit Agricole Italia for prompt and effective action to prevent loan impairment, so that the associated cost is kept under control.

It is responsible for Customers, single ones and/or by Economic Group, in accordance with the specific "Limits to Decision-Making Powers" and with the specific guidelines set out in the "NPE Regulation" and in the applicable legislation and internal normative instruments (specifically, the "Non performing exposure – Stage3" Policy).

The NPE Department is engaged in the following tasks:

- Coordinating the relations with the Group as regards NPEs, as well as managing the preparation of all NPE-related documentation and reporting to the Supervisory Authorities;
- Arranging for, in cooperation with the Risk Management and Permanent Controls Department, the design and update of the NPE impairment policy, ensuring the use of harmonized models for lending processes and tools to manage NPEs;
- Ensuring, consistently with the Group's strategies and objectives and through the structures reporting to this Division on a solid line, the appropriate harmonization of Models, tools and rules for Loan Management, as regards the positions within the Non-Performing Loans management process;
- Setting, steering and verifying the implementation of the Guidelines on the management, recovery and/or out-of-court/in-court collection of exposures classified as "NPEs" within its scope of responsibility.

The Intelligence and Asset Disposal Department is vested with a dual role as it is engaged in both strategic and operational aspects that cover the loan entire life cycle. Its main mission is to keep a full-range view and oversight on all lending activities, ensuring constant monitoring and implementation of the appropriate actions plans, also with a forestalling approach.

As to the main strategic aspects, the Intelligence and Asset Disposal Department is engaged in the following tasks:

- Designing and developing the Group Policies on Performing Loans, in order to ensure their constant evolution, also keeping pace with technological innovations and regulatory requirements;
- Defining the NPE strategy and its evolution at the Group level and the NPE writing down policies;
- Analyzing and developing alternative strategies for the disposal and monetization of the properties pledged as collateral.

As to the main operational aspects, the Intelligence and Asset Disposal Department is engaged in the following tasks:

- Governing the whole set of information on loans, in order to set the management direction through data interpretation;
- Driving the evolution of processes in order to pursue the corporate objectives and to ensure regulatory compliance, by managing the main lending-related projects and applications;
- Governing credit risk mitigation and real estate surveillance processes;
- Managing and coordinating the external firms collection services are outsourced from;
- Seeing to the sale of real estate assets, involving investors and/or potential buyers.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 Organisational aspects

In 2022, the Crédit Agricole Italia Banking Group completed a profound organizational change of its lending structures, aligning its model to the market best practices and ensuring full compliance with the EBA guidelines on loan origination and monitoring of 29 May 2020, which emphasize that the performing and non-performing management chains be separated.

As described in the previous paragraphs, the adopted model went live with the relevant resolution passed by the Board of Directors of the Parent Company on 4 December 2020, which approved the Chief Lending Office (CLO) role as the central lending governance unit directly coordinating:

- The NPE Department, consisting of the UTP and Past Due Management Divisions, Bad Loans and Servicers Division and of the NPE Legal and Support Division;
- The Credit Department, which still comprises the Lending Division and the Watch-list Exposures Management Division.

Later, the model was fine-tuned with the resolutions passed by the Board of Directors of the Parent Company on 28 April 2021 and 27 May 2021, whereby the Intelligence and Asset Disposal Department was set up, reporting directly to the CLO,, which now comprises the Portfolio Management and External Collection Governance Division, the Credit Intelligence and Lending Policies Division and the Real Estate Remarketing Service.

Having regard to the non-performing loans chain, in 2022 some actions for the revision of took and organizational processes were planned and will be implemented and completed in 2023. It is specifically pointed out that:

a) The NPE Department is responsible for the management and collection of all non-performing loans (Past due, UTP and Bad loans);
b) A new organizational and operational model was defined for the management of non-performing loans, which provides for:
   - In-house management by specialist structures of the most material positions, broken down into clusters and geographical hubs, in order to ensure closer control on risks;
   - The outsourcing from specialist servicers of the management of positions entailing lower amounts having regard to granular loans classified as UTP (unsecured loans < Euro 50k), bad loans (unsecured and mortgage loans < Euro 500k) and lastly residential mortgage loans (classified both as UTP and bad loans < Euro 500k).

The NPE Department comprises all the structures engaged in the management of non-performing loans. Specifically:

- The UTP and Past Due Management Division, vested with the scopes of responsibility listed below:
  - Ensuring management, recovery and/or out-of-court collection of non-performing exposures (except bad loans), in close contact and cooperation with the Network of Crédit Agricole Italia for prompt and effective action to prevent loan impairment, so that the relevant cost is kept under control.
  - Assessing the customers in its scope and providing the single Banks' Loan Committees, the extended Loan Committee of Crédit Agricole Leasing Italia and the Loan Committee of Crédit Agricole Italia with its opinion on loan origination proposals submitted by the Structures reporting to it on a dotted line, in order to ensure that loan origination is consistent with the Group's strategic directions and to coordinate activities regarding key accounts.

On the other hand, the Bad Loans and Services Management Division is mainly responsible for the management, performance and credit quality of loans to Customers of Crédit Agricole Italia and of Crédit Agricole Leasing Italia classified as bad and, therefore, it is responsible for the following scopes.

- Steering the management of these exposures, providing the guidelines on the activities to be carried out by the structures reporting to it, and for ensuring coordination and operational efficiency;
- Overseeing the specific activities carried out by the structures reporting to it, and for determining, where the case, the technical-legal solutions to be implemented;
- Verifying and controlling that the structures reporting to it properly carry out the relevant activities, and for setting the specific benchmarks;

- Ensuring and coordinating that the relevant structures are constantly on top of any developments in the legislation and case law applying to the matters under their responsibility;
- Providing the Structure the Division directly reports to and the Top Officers with adequate reporting and regular briefs on the activities of the Division;
- Overseeing proper management of the Division, training of its staff and of the staff of the structures reporting to it.
- Ensuring control on the management of UTP and bad loans outsourced from external services; specifically, it shall ensure that operating activities are duly carried out in coordination with the Servicers and Accounting Service, in order to verify the effectiveness, good value for money and timeliness of the collection actions.

The NPE Legal and Support Division is responsible for:

- Giving legal advice and support in the management of exposures classified as Past Due and UTP in the NPE Department's scope of responsibility;
- Giving legal support in "single name" or "bulk" loan disposals;
- Managing litigation cases in which the Group is the defendant concerning:
  (i) Positions classified as Past Due and UTP; and
  (ii) Exposures previously disposed of.
- Managing post sale on positions disposed of (compensation claims, requests for documents);
- Monitoring the case law and jurisprudence relevant for its scope of responsibility and concerning watch-list and non-performing exposures, in order to support constant compliance with the applicable legislation and regulations.
- Managing cost of credit activities, carrying out analyses and reporting to the management, first-level controls on the NPE portfolio through the NPE Support Service;

As regards the Performing Loans management chain, the related activities are assigned to and carried out by the different dedicated structures of the Parent Company and of the investee Banks and Companies, which report to the Credit Department and did not undergo any material alteration within the organizational change approved in 2021. On the other hand, it is pointed out that in 2020,some organizational change actions resolved and were completed in 2021; said actions specifically consist in eliminating the Credit Advisory Division, with concomitant assignment of its responsibilities to the Loan Authorization Division, as regards authorization and origination of performing loans, and to the Watch-list Exposures Management Division, as regards watch-list exposures. Said actions pursued the following objectives

- Further streamlining of the levels of decision-making bodies, with clearer assignment of their respective responsibilities for performing loans and watch-list exposures;
- Higher specialization in assessing Customers' risk profiles, with the decision-making structure designed to be fully consistent with Customer business segmentation;
- Rationalization of decision-making powers, different in accordance with the Commercial Channels and Customer segments, implementing the new "weighted authorized amount", resulting form the application to the nominal authorized amount of a set of weighting coefficients reflecting the counterparty's specific riskiness, the sector attractiveness and the structure and nature of the credit lines.

Subsequent to the organizational action, the Credit Department of Crédit Agricole Italia comprises three Divisions:

- The Loan Authorization Division, responsible for the performance and credit quality of Performing loans to Customers with no material non-performing signs (performing loans) and comprises Loan Authorization Services, each one of which specializes in assessing the loan proposals made by one of the Commercial channels (Corporate Banking, Private Banking, Retail Banking Small Business, Retail Banking Individuals and Financial Advisors) or specific "production chains" requiring specific skills in risk assessment, especially as regards the Real Estate and Hotel sector;
- The Watch-list Exposures Management Division, responsible for the performance and credit quality of watch-list exposures, meaning loans that show early warning, as per the adopted early-warning indicators, in order to pursue full recovery of the position and/or to design risk mitigation solutions and/or, where these activities do not prove sufficient, for classifying said loans in the non-performing perimeter.

2.2 Management, measurement and control

Lending policies and strategies

The Lending policies lay down the standards and directions for the Banking Group as a whole, which the Distribution Network and the Decision-making Bodies shall comply with in making lending proposals and decisions. Lending policies are structured in order to foster balanced growth with the worthiest Customers and to recover exposures to the riskiest ones. The Lending Policies are regularly updated consistently with the developments in the economic, financial and market scenarios; they also implement the guidelines set within the Risk Strategy, which is agreed on every year with the Parent Company Crédit Agricole S.A., with specific regard to risk concentration limits and to the limits set for specific types of transactions.

The 2022 updated version of the Lending Policies have confirmed the general arrangement implemented in the previous two-year period, ensuring full alignment with the directions set out in the Risk Strategy of the Crédit Agricole Italia Banking Group. The characterizing elements of the lending policies that were confirmed can be summarized as follows:

- The operation logics within the new loan origination workflow (Electronic Loan Application Processing), thanks to the implementation of a mechanism combining:
  - The Weighted authorized amount, as a function of the counterparty's rating, the sector forward-looking riskiness and the loan specific features (duration, financial vs self-liquidating nature, type of guarantee based on eligibility requirements and capital absorption mitigation);
  - Qualitative–quantitative rulebook, different for each segment and type of counterparty;
- Specific Key Risk Indicators (KRI), applying crosswise to all segments and designed to detect present and forward-looking affordability (the «affordability» parameter);
- Specialization by customer commercial segment, considerably differentiating the guidelines for,Piccoli Operatori Economici (POE, non-structured enterprises featuring operational flexibility but financial rigidity), SMEs in the Small Business segment;
- Control on the Real Estate and Hotel sector, through Key Risk Indicators (Debt Yield, project profitability).

Furthermore, in H1 2022 the Crédit Agricole Italia Banking Group boosted important evolution in its Lending Policies, introducing a specific section on ESG (Environmental, Social and Governance) criteria and, therefore, intended to extend the types of elements taken into account in the credit rating process. Specifically, the new ESG Lending Policies rest on a framework that can be summarized into the four elements given below:

- The implementation of the CSR Sector Policy of Crédit Agricole S.A.'Policies on Environmentally-Sensitive Sectors;
- The adoption of a specific proprietary quantitative approach regarding ESG risk, which includes the "correction" of the weights used for authorized amount weighted by ESG sectoral and counterparty risks and the definition of minimum decision-making bodies for physical, climate-related, industrial, seismic and volcanic risks;
- The confirmation of a qualitative assessment via a "base" questionnaire applicable to the largest possible number of customer enterprises;
- The implementation of the "ESG Customer File",and information tool that ensures the most capillary spreading of ESG information to all the levels in the lending process, starting from the proposing structures all the way up to the ultimate decision-making body.

Lending processes

To ensure adequate control of Credit Risk, in accordance with the guidelines issued by the Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group's internal lending processes are defined and set towards:

- The achievement of sustainable objectives that are consistent with its risk appetite and with the Group's value creation expectations, while ensuring support and proximity to the needs of the productive system, households and of the real economy;
- Portfolio diversification, by limiting and constantly monitoring the concentration of exposures by counterparty/group, economic activity sector or geographical area;
- Adequate selection of the borrower economic groups and single borrowers, through in-depth creditworthiness analyses, aimed at developing and drive business with the most creditworthy Customers, as well as to anticipate and curb insolvency risks.

Lending processes are designed and regulated in order to identify the criteria for risk taking and management, the activities to implement for the proper application of such criteria, the units responsible for carrying out the above activities and the procedures and tools supporting them. The process steps are structured and the responsibilities are assigned in order to pursue set objectives in terms of overall effectiveness and efficiency.

In 2022 the lending processes were adapted to the different phases in the integration of the subsidiaries into the Parent Company. Specifically, the process for Creval integration into Crédit Agricole Italia consisted in an initial phase of co-existence of the legal entities, during which ad-interim management mechanisms were implemented and led to the harmonisation of the lending processes of the subsidiary with those of the Parent Company. Conversely, in the second phase, after the completion of the IT migration, all the lending processes were,aligned, for the whose customer base, with the target ones of the Parent Company.

In terms of the applicable legislation, in June 2022 the Temporary Framework for Covid-19-related State aid ended and the European Union introduced the new Temporary Framework associated with the Ukraine-Russia crisis. In the reporting year the Crédit Agricole Italia Banking Group ensured full continuity in the management of the portfolio under Covid-19-related measures and financing, ensuring access also to the very last measures in force, such as the possibility of extending the pre-amortization of loans originated under the Liquidity Decree Law. Besides the proper and timely management of the Covid-19 portfolio, the Group timely activated the lending measures to support its Customers that were hit by the war and by the related energy crisis, specifically the measures provided for in the Decree-Laws listed below were implemented and made available to Customers:

- Italian Decree Law no. 14 of 25 February laying down urgent provisions within the Ukrainian crisis;
- Italian Decree Law no. 17 of 1 March “Urgent measures to address the increase in costs of electrical energy and natural gas”;
- Italian Decree Law no. 21 of 21 March “Urgent measures to address the economic and humanitarian effects of the Ukrainian crisis”;
- The Aid Italian Decree Law of.17 May;
- The Aid-bis Italian Decree Law of 9 August;
- The Aid-ter Italian Decree Law of 23 September;
- The Aid-quater Italian Decree Law of 18 November.

Conversely, describing normal operations not strictly associated with extraordinary transactions, the operation of the internal lending processes of the Crédit Agricole Italia Banking Group is outlined below, representing that said processes are thoroughly defined and regulated by the internal procedures, in order to ensure adequate selection of borrowers, through exhaustive creditworthiness analyses, and, thus, to develop and support business with the most creditworthy Customers, while anticipating the management of any insolvency risk.

The rules governing authorization and this origination of loans to applicants are set out in the “Regulation on Performing Loans and Watch-list Exposures”, which gives the core logics guiding the assessment of credit risk:

- Classifying transactions based on their intrinsic riskiness, consistently with the set risk appetite;
- Structuring of authorization power brackets based on counterparty risk, in accordance with the Internal Rating Systems used within the Crédit Agricole Italia Banking Group, and also in compliance with the regulation on corporate groups
- Decision-making powers that are scaled up as the customer riskiness increases;
- Separation between the loan proposing structure and the body deciding on loan origination.

To this end, the “Regulation on Performing Loans and Watch -list Loans” sets out the characteristics of the loans that fall within the “Watch List” perimeter, as they show irregularities in their performance, which, if not fully solved, could lead to the deterioration of the risks taken by the Bank.

The loan-origination process in force uses risk assessment metrics based on the internal rating systems and sets the lending decision-making powers based on the Probability of Default assigned to the counterparty, which is reassessed at least once a year, as well as on the sector riskiness, which was reviewed after the pandemic and taking in all due account the geopolitical tensions and the energy crisis underway, as well as the characteristics of the specific technical forms (duration, financial or self-liquidating nature, type of guarantees in accordance with eligibility criteria and capital absorption mitigation). Therefore, the Group is fully compliant with the regulatory requirements on the use of the same tools and risk measurement techniques in loan authorization processes, in the measurement of the counterparties’ creditworthiness and in the process to determine economic capital and capital requirements.

As stated in the Management Report, in order to determine its capital requirement for credit risk, the Crédit Agricole Italia Banking Group,uses PD and LGD internal rating models with the advanced approach (Internal Rating Based – Advanced) on financial assets consisting of loans to customers in the Retail segment – the so-called "Retail portfolio"".

Counterparty risk is measured after assessing the counterparty's overall financial situation based on all information - positive and negative - that the Crédit Agricole Italia Banking Group has available. Specifically, the latest possible income statements, cash flow statements and balance sheets are currently acquired, along with budgets, in order to have a point-in-time and forward-looking view of the counterparty, thus taking into account also the effects of the pandemic-related crisis, of the geopolitical tensions and of the energy crisis.

The loan authorization process is managed by the Company Information System, within the scope of a specific procedure called "Electronic Loan Application procedure - PEF".

After the first loan authorization and, therefore, after the start of the lending relation, the borrowers' positions are subject to a periodic review process, within set limits and upon reporting and/or at the initiative of the structures concerned, both peripheral and central, in order to verify that the borrower and the relevant guarantors, where any, remain solvent, that they are able to generate cash flows adequate for debt servicing and that the requirements of any guarantees remain complied with (legal certainty, prompt realization and value consistency with the exposure). Then, in some cases, the review of the loans is simplified, after assessing that suitable and pre-set requirements are met in terms of counterparty riskiness, which shall be at modest levels.

The process for monitoring and managing non-performing loans is steered by the early warning indicator (the Performance Monitoring Indicator - IMA), which is defined and maintained by the Risk Management and Permanent Controls Department, supported by the Credit Department, and is updated on a monthly basis. The process has been fine-tuned over time in order to is fit to ensure that actual risk warnings can be more accurately distinguished from "false alarms" and practical and prompt action lines are set, by which:

- The counterparties that are temporarily non-performing can be restored to a performing status and, thus, the business relation can be retained;
- The exposures to counterparties showing structural non-performing signs can be reduced and/or mitigated and, thus, credit risk can be controlled;
- The combination of credit risk and profitability can be reviewed by amending the conditions applied.

The process for monitoring and managing non-performing loans is also supported with a dedicated procedure, called "Electronic Management Procedure" or with the Italian acronym "PEG"; it is structured in well-defined process steps, with automatic workflow logic but with the possibility for the relevant staff to act on the strategies and action plans, in accordance with very clear roles and responsibilities. Thanks to the PEG procedure, the guidelines on watch-list exposures have a single and clear direction, thus fostering harmonization of account managers' conducts, the monitoring of time frames and outcomes of the implemented actions, as well as adequate tracing of the management actions carried out on the single positions.

In terms of lending, the main directions set out in the Business Plan focus on overall strengthening of tools, processes and infrastructure pursuing higher industrialization, in order to enhance analysis and assessment efficiency and thus to improve both the time to yes and the quality of the lending decisions made. The main projects include:

- Overhaul of the end-to-end lending processes, pursuing higher digitalization and industrialization, as well streamlining;
- The strengthening of forecast analysis and of loan management processes to anticipate and forestall any impairment;
- The evolution in the data infrastructure ("Data Lake") with an "LOM oriented" logic, to ensure agile use by the various structures of the Bank, also for portfolio scenarios;
- The adoption of ESG criteria in the various phases of the loan origination and creditworthiness assessment process.

Development, management and updating of Models – Roles and responsibilities

The process for the development, management and updating of the models, consistently with the guidelines issued by Crédit Agricole S.A., consists in the activities and procedures aimed at defining, at the initial stage, or at later updating the rating models that apply to loan exposures, that is to say, statistical models that have been designed to support credit assessment and to allow the capital requirements to be calculated in terms of risks of unexpected losses for the CA Italia Group.

The models for the measurement of risk parameters aim at achieving – for both reporting and management purposes - risk measures that are:

- Fit to grasp the key elements at the basis of assessment of the creditworthiness of the parties with whom the Group has or intends to assume loan exposures;
- Relatively stable over time over time in order to reflect at all times and in every Customer segment, long-term riskiness (measured by the rate of default) of the Group's exposures, both present and potential;
- Fit to prevent uncontrolled growth of risk in the positive cycle phases and – as a reaction – indiscriminate crunch in lending in negative phases (reverse cycle).

The function responsible for the development, management and updating of the models is the RAF, Models and Reporting Division, which is part of the Risk Management and Permanent Controls Department.

Specifically, the RAF, Models and Reporting Division is responsible for the development of internal rating models and of the LGD model, for the Crédit Agricole Italia Banking Group as a whole, ensuring compliance with the regulatory requirements provided for by the National and European Regulators, with the guidelines issued by the French Parent Company and constant alignment to the international best practices. Moreover, this Division is responsible for producing documentation on the structuring and operating details of the adopted models, especially of the rating system, formalizing the features and methods adopted, as well as any alterations in the components and overall structure of the model, setting forth the reasons for such alterations.

Since 2014, the Model Development Function has applied a Model Development Policy, which was approved by the Board of Directors of the Parent Company and adopted by the Boards of Directors of the other Banks in the Group in that year and then updated in 2017.

As approved by the Parent Company's Board of Directors in July 2020 and the following supplement approved in March 2021, the policy was revised and new version provides for three different documents:

- The "Regulation governing the process for the development, monitoring, revision and decommissioning of the internal rating systems" of the Crédit Agricole Italia Banking Group;
- The "Methodological Guidelines for Model Development and Monitoring" manual;
- The "Margins of Conservatism in AIRB models" manual.

The first document listed above formalizes the process implemented to develop, monitor, revise and decommission internal rating systems, setting out the process steps, the Organizational Units involved and their respective responsibilities. It also sets out the process for reporting to the Supervisory Authorities on any changes made to the internal rating systems or to their application scope.

The second document listed above formalizes the guidelines for the development and monitoring of the risk measurement systems for which the Model Development Service is exclusively responsible and shall be complied with by all the entities of the Crédit Agricole Italia Banking Group. Specifically, it exhaustively describes the process to develop Pillar 1 regulatory statistical models (PD, LGD, EAD, Maturity) as they are used to calculate the Bank's capital requirements.

The third document listed above describes the process to identify, assess, monitor and formalize evidence of the Margins of Conservatism (MoC) to be used in case of estimate uncertainty in the modeling process.

Furthermore, all the internal models used by the Crédit Agricole Italia Group are submitted to the "Comité Normes et Modeles" of the Parent Company Crédit Agricole S.A. for approval, after being validated in-house by the Validation des Modèles Internes Structure of Crédit Agricole S.A. (Along with the Validation Service of CA Italia).

Within its activities for the monitoring and maintenance of the existing models, in 2022 the Model Development Service worked on the main initiatives listed below:

- Continuing with the interaction and talks with the ECB on the Internal Models' Investigation (IMI) linked to the Material Model Change process concerning the credit risk internal models for the Retail segment, which started with the sending to the ECB of the Application Package in June 2020;
- Activities to put the new Retail segment models into operation in all the key processes of the Bank, after their validation by the ECB in June 2022. Said activities also included the assessment of the impacts generated by the new models on corporate processes and systems, planning, in agreement with the owners of the impacted procedures, targeted analyses and the deployment of the identified actions.
- The calculation, on a quarterly basis, of IFRS 9 collective impairment, using methods and models that have been developed in close coordination with the Parent Company Crédit Agricole S.A. and that cover the recent macroeconomic development scenarios. Contributing to the EBA first stress test exercise on climate risk;

- That exercise was conducted in order to measure the effects on the KPIs of the Crédit Agricole S.A. Group generated by energy transition scenarios (transition risk) and by sudden climate shocks (physical risk) The project, which will be carried out in coordination with the French Parent Company Crédit Agricole S.A., will involve various operating and management units of the Crédit Agricole Italia Banking Group for most of H1 2022;
- The activities for the implementation of the Return to Compliance Plan, which was sent to the ECB on 30 November 2021 and was intended to give the Supervisory Authority the representation of an appropriate strategy for the inclusion of the former Creval portfolio in the models for the measurement of Pillar 1 credit risk. Those activities comprised the start of several project streams for the review/recalibration of the models in force in order to prepare an Application Package to be submitted to the Supervisory Authority for the extension of the use of GBCAI models to the former-Creval portfolio;
- Start of the activities to re-estimate the early-warning model, adding estimate methodologies based on machine learning techniques and enrichment of the model's estimate information set (e.g. transaction data), for more effective and timely risk monitoring.

In 2023, the main projects will concern:

- Continuation of the activities to implement the Return to Compliance Plan as sent to the ECB, in accordance with the time schedule agreed on with the Supervisory Authority during the processes for the plan design;
- Putting the new Retail AIRB models validated in 2022 into operation;
- The internal stress test exercises in accordance with the Stress Testing Policy that will be submitted to the Board of Directors in early 2023;
- Conducting the EBA regulatory stress test exercise on under the ECB coordination, which is going to be held in H1 2023.
- Continuing with the project for the revision of the early warning model started in 2022;

Cost of credit

The Crédit Agricole Italia Banking Group has kept and enhanced its systematic control on the developments in the quality of the Loans-to-Customers Portfolio; specifically, it has intensified the monitoring on loan positions and has made it even more selective, in order to ensure constant adequacy of recovery expectations in accordance with any changes affecting its counterparties.

Specifically, in 2022, after the Covid-19 pandemic crisis, which was further worsened by the Russia-Ukraine war and the consequent energy crisis, by the disruption in procurement chains and, lastly, by the significant hikes in interest rates, the collection forecasts were further reviewed with a conservative approach in order to increase the provisions covering non-performing loans.

The process to define, manage and monitor the cost of credit is owned by the NPE Department, which ensures its overall consistency and all he controls within the wider scope of the strategy for the management of Non-performing Loans.

Said process comprises all steps in the cost of credit management, from setting strategic objectives in the NPE Strategy to verifying actuals, with the involvement of all relevant structures and with periodic reporting to the NPE Committee.

The Intelligence and Asset Disposal Department, through the Portfolio Management Service, is responsible for progressive updating of the KPIs set out in the NPE Strategy and for reporting also to the NPE Committee (in order to define strategies, target KPIs and the related monitoring).

Stress test

Moreover, in order to define a reference framework for Stress Test exercises on the different risk scope consistently with the guidelines issued by the Controlling Company Crédit Agricole S.A., since 2017 the Crédit Agricole Italia Banking Group has been implementing a specific policy (the Stress Test Policy), which was approved by the Board of Directors of Crédit Agricole Italia and then adopted by all the Companies of the Group.

The Stress Test policy is updated and submitted to the Board of Directors for its validation on a yearly basis. The Policy lays down the quantitative and qualitative techniques with which the Group assesses its vulnerability to exceptional but plausible events; they consist in measuring the impacts on profit or loss, on its financial position and on regulatory aspects generated by specific events (sensitivity analysis) or by combined changes in a set of economic and financial variables in adverse scenarios (scenario analysis). The policy lays down the stress test reference framework of the Crédit Agricole Italia Banking Group, as required by the new regulations issued by the Supervisory Authority and defines the set of stress test exercises to be carried out in the year.

In 2022, the Group stress testing exercises were:

- The ECB 2022 Climate risk stress testing exercise, contributing to the consolidated calculation of the Parent Company Crédit Agricole S.A., The stress test was carried out as a joint learning exercise, to the benefit both of banks and of the Regulator, aimed at assessing vulnerabilities, the best practices and the challenges that banks face in managing climate-related risks.
- The budget and on the MTP (Budgétaire) stress test exercise, which was carried out using the macroeconomic scenarios given by the Parent Company Crédit Agricole S.A in the period September-November 2022. This exercise, which operated across the various corporate divisions engaged in risk measurement and management, allowed a prospective analysis of the impact on the Income Statement main items (including the cost of credit) and on risk-weighted assets;

In the stress testing exercises, the estimated effects of the economic cycle on the PD allow future developments in Risk Weighted Assets and Expected Loss to be calculated by aggregation level, with the possibility to simulate and calculate separately the impacts in terms of changes in volumes and increase in risk.

Moreover, the outcomes of the stress test exercises are taken into account within the definition and management of the Risk Appetite Framework. Within the Internal Capital Adequacy Assessment Process (ICAAP), the Pillar II requirements were calculated in accordance with the methods defined by the Parent Company Crédit Agricole s.a., which, as regard credit risk on the Retail portfolio, provide for the calculation of RWAs and capital requirements using point-in-time risk parameters consistently with the IFRS9 framework deployed to calculate impairment on performing loans.

2.3 Methods to measure expected losses

ECL governance and measurement

The Risk Management and Permanent Controls Department is responsible for defining the methodological framework and for overseeing the process for ECL-related impairment of exposures and provisioning. The calculation of impairment of performing assets is part of the overall cost of credit process, which is coordinated by the Portfolio Management and External Collection Division.

To define the IFRS 9 parameters required to calculate ECL, the Crédit Agricole Italia Banking Group has primarily relied on its internal rating system and on the other regulatory processes already implemented.

The assessment of credit risk is based on an expected loss model and extrapolation based on reasonable future scenarios. All information that is available, pertinent, reasonable and justifiable, including forward-looking information, shall be taken into account.

Therefore, in compliance with the requirements laid down by the standard, in order to estimate parameters, a set of forward-looking scenarios is used, each one of which is weighted by the related probability of occurrence. In agreement with its French Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group uses four different macroeconomic scenarios: Said scenarios can be summarized as follows:

- Central scenario, i.e. the most likely scenario;
- Moderately adverse scenario, i.e. the economic scenario in moderately adverse conditions;
- Budget stress scenario, i.e. the most adverse scenario used within the Stress exercise at the end of the budget preparation;
- Favourable scenario, i.e. the economic scenario in favourable conditions.

The weights to be assigned to the four scenarios – which may vary at each new estimation of the parameters – are defined by the Crédit Agricole Group (Group Economic Research Department of CAsa) and shared with the local management.

The Crédit Agricole Banking Group updates the estimate of the parameters at least every year. The ECL calculation formula comprises the following parameters:

- Probability of Default – PD,
- Loss Given Default – LGD,
- Exposure At Default (EAD).

As already pointed out, these parameters have also been defined broadly based on the internal models used as part of the regulatory framework (where any), although they had to be adjusted in order to determine an ECL fully compliant with IFRS 9. Indeed, the standard requires a Point-in-Time analysis as at the reporting date, while taking account of the historical loss data and forward-looking macroeconomic data. Therefore, based on the above, the accounting approach is different from the prudential framework, where analyses are multiyear and Through the Cycle to estimate the Probability of Default (PD); moreover, such analyses shall include the Downturn in the estimate of the Loss Given Default (LGD), whereas this effect is not envisaged in the IFRS 9 LGD.

ECLs are calculated according to the type of product concerned, i.e. financial instruments or off-balance sheet instruments. Expected credit losses are discounted at the effective interest rate (EIR) used for the initial recognition of the financial instrument. The models and parameters used are backtested at least annually by the Risk Management and Permanent Controls Department.

Significant increase in credit risk

For each financial instrument, the Crédit Agricole Italia Banking Group assesses any increase in credit risk from origination to every reporting date. Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

Monitoring for any significant increase in credit risk shall cover every financial instrument, unless specific exceptions apply. Contagion is not required for the downgrading of financial instruments of the same counterparty from stage 1 to stage 2.

Monitoring for any significant increase in credit risk shall consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

For each exposure, any significant increase in credit risk is assessed using thresholds (SICR) that measure any changes in the PD from the date of initial recognition to every reporting date.

Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

The PD variation is calculated as follows: $PD_{Closing\ Date} > \alpha + \beta i * PD_{Origial\ Date}$ where:

- ***i*** is the type of portfolio (for example, Mortgage loans on real estate properties, revolving, Large Corporate, SMEs);
- α, β shave been estimated on Crédit Agricole Italia.

To estimate β_i:

- **Step 1:** estimate of the probability of downgrade to Stage 2 during a specific quarter with the **PD_rap** calculated as follows:

$$PD\_rap=(PD_{Closing\ Date}-\alpha)/PD_{Origial\ Date}$$

- **Step 2:** Identification of the related **PD_rap** and downgrading to Stage 2 at the breach of the underlying thresholds, which are represented for each type of portfolio.

Portfolio		ALPHA	BETA
Large Corporate		0.30	3.20
Small Medium Enterprises		0.30	2.75
Retail Bnkg	Individuals with real estate collaterals	0.30	2.90
	Qualified rotating Retail Exposures	0.30	2.90
	Small Enterprises and Sole Traders	0.30	3.05
	Other exposures to individuals	0.30	2.90

Origination means the settlement date or the date on which the Bank became bound by the contractual terms of the financial instrument. For financing and guarantee commitments, origination means the date on which the irrevocable commitment was made.

For exposures without an internal rating model, the Crédit Agricole Italia Banking Group uses non-payment as at the reporting date or in the previous 12 months. In case of non-payment, as at the reporting date or in the previous months, the exposure is downgraded to stage 2.

For exposures (with the exception of securities) for which internal rating models have been implemented and applied (all the more so if the rating models have been validated), the Crédit Agricole Italia Banking Group considers that all of the information incorporated into the rating systems allows for a more detailed assessment than the non-payment for over 30 days criterion alone as a back-stop threshold.

Other factors for downgrading to stage 2 are:

- A PD absolute threshold is breached. This threshold is set at 12% for the corporate portfolio and at 15% for the retail portfolio;
- No rating as at the assessment date if regarding loans disbursed over six months before;
- The exposure being classified as forborne performing (definition given below).

If the conditions that triggered downgrading to stage 2 no longer apply, impairment may be reduced to 12-month ECL (stage 1).

For security portfolios, the Crédit Agricole Italia Banking Group uses an approach that consists in applying an absolute level of credit risk, in accordance with IFRS 9, at the breaching of which exposures shall be classified in stage 2 and provisioned for based on ECL at maturity.

Therefore, the following rules shall apply for monitoring significant increase in the credit risk of securities:

- “Investment Grade” (IG) securities, at the reporting date, shall be classified in stage 1 and provisioned for based on 12-month ECL;
- “Non-Investment Grade” (NIG) securities, at the reporting date, shall be subject to monitoring for significant increase in credit risk, since origination, and shall be classified in Stage 2 (lifetime ECL) where any significant increase in credit risk is found.

The related increase in credit risk shall be assessed prior to the occurrence of a known default (Stage 3).

Multi-scenario calculation

To estimate the parameters used in calculating the forward-looking scenarios at the 31 December 2022 reporting date, the weights set by the Parent Company Crédit Agricole S.A. were the following:

- Central scenario, 50%;
- Moderately adverse scenario, 35%;
- Stressed budget scenario 10%;
- Favorable scenario, 5%.

In compliance with IFRS 9, the ECL is estimated weighting forward-looking scenarios; therefore, the various scenarios were weighted by their probability of occurrence, as given above.

The main macroeconomic indicators used to define the scenarios were prepared by the ECO structure of the French Parent Company Crédit Agricole S.A. specializing in macroeconomic studies.

Indicators used as at 31 December 2022

	Central				Adverse Modéré(*)				Stress Budgétaire				Favorable			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
ITA GDP	3.4%	0.2%	0.9%	1.0%	3.4%	-0.6%	1.1%	1.2%	2.5%	-1.4%	1.6%	1.9%	3.4%	0.9%	1.4%	1.2%
GDP ZE	3.2%	0.4%	1.2%	1.5%	3.2%	-0.7%	1.2%	1.1%	2.5%	-1.5%	1.7%	1.6%	3.2%	0.6%	1.6%	1.6%
Inflation	8.1%	6.6%	3.8%	3.3%	8.1%	8.6%	4.7%	3.8%	7.8%	8.8%	3.4%	1.9%	8.1%	5.6%	2.8%	2.1%
Investments in Buildings	13.6%	3.7%	2.3%	1.9%	13.6%	3.0%	1.5%	1.6%	13.9%	-0.2%	2.4%	4.4%	13.6%	3.4%	2.3%	2.5%
Investments in machinery	9.7%	3.2%	2.3%	2.0%	9.7%	2.6%	1.5%	1.4%	9.3%	-2.1%	3.6%	4.6%	9.7%	2.9%	2.7%	2.7%
Fixed investments	10.4%	3.3%	2.3%	2.0%	10.4%	2.8%	1.6%	1.7%	10.2%	-0.4%	3.1%	4.4%	10.4%	3.1%	2.4%	2.5%
Unemployment rate	3.0%	-0.3%	-0.2%	0.2%	3.0%	-0.7%	-0.3%	-0.2%	2.2%	-0.8%	-0.7%	0.3%	3.0%	0.2%	0.3%	0.2%
Domestic demand	2.7%	0.2%	0.8%	0.7%	2.7%	-0.5%	0.9%	1.1%	1.0%	-0.8%	1.7%	1.5%	2.7%	0.5%	0.9%	0.9%
World oil demand	2.4%	0.8%	-0.2%	0.2%	1.9%	-0.3%	0.0%	0.5%	1.9%	-1.5%	0.3%	0.9%	2.4%	1.0%	0.5%	0.5%
Work productivity	3.6%	0.0%	0.2%	0.1%	3.6%	-0.1%	0.1%	0.5%	1.9%	-1.0%	1.5%	1.0%	3.6%	0.4%	0.2%	0.5%
Industrial Production Index (IPI)	0.4%	0.2%	1.9%	1.5%	0.4%	-0.7%	1.3%	1.7%	0.5%	-1.9%	2.1%	2.4%	0.4%	0.9%	1.1%	1.9%
Propensity to consume	-0.5%	-3.3%	-0.7%	-1.3%	-0.5%	-5.4%	-1.2%	-1.7%	6.7%	1.0%	3.0%	0.7%	-0.5%	0.1%	-2.8%	-1.4%
Weight	50%				35%				10%				5%			

(*) On the 2021 absolute value, necessary for the % of 2022,the respective scenario was “CRISE GAZIERE BCE”.

The main underlying assumptions are:

- Central scenario: the war in Ukraine persists and with it the weight of the sanctions imposed by the West on Russia also persists. Consequently, the export of Russian gas is expected to decrease and the diversification of energy sources deployed by European Countries via LNG proves insufficient. Inflation decreases to 6.6% in 2023, after reaching a Euro Area average figure of 8.3% in 2022. Monetary policies remain restrictive but less aggressive.
- Moderately adverse scenario: full stoppage of Russian gas supply. Gas rationing plans in Europe, aimed at protecting households, hit businesses. Gas prices remain high throughout 2023. Inflation increases aggressively again to 8.6%. Throughout the Euro Area there is an average annual decrease in the GDP of -0.7%. Being affected by a judgement of inadequacy of monetary policies, sovereign rates significantly increase with consequent widening of the spreads. Gradual improvement starting not before 2024;
- The stress scenario envisages a deadlock in the Russia-Ukraine war, a cold winter that hits the agri-food sector and worsen the prices of agricultural commodities and, therefore, of food products. This, combined with the tensions in the energy sector, causes the inflationary shock to persist also in 2023. As a consequence, in the Euro Area monetary policies are strongly tightened, with strong decreases in equity and real estate markets.
- The favorable scenario is also the least likely one. Thanks to China’s intervention, Russia strongly reduces its war effort in Ukraine. This eases the tensions in the energy sector, generates a positive impact on the prices of commodities and consumer goods. This, combined with sufficiently credible monetary policies, mitigates long-term inflation expectations and, therefore, some relief in key interest rates in 2023.

The economic scenarios used in the 2022 Half-year Report and in the 2021 Annual Report are also given, in order to represent the main changes occurred vs. the multi-scenario used in Q4 2021.

Indicators used as at 30 June 2022

	Central				Adverse Modéré(*)				Stress Budgétaire				Favorable			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
ITA GDP	1.9%	2.1%	1.7%	1.4%	1.2%	0.7%	1.3%	1.5%	0.8%	0.3%	1.2%	1.4%	3.1%	2.2%	1.6%	1.3%
GDP ZE	3.0%	2.4%	1.8%	1.4%	1.8%	0.6%	1.1%	1.2%	1.0%	-0.8%	0.3%	0.9%	3.9%	2.9%	1.7%	1.3%
Inflation	7.3%	3.0%	2.5%	2.0%	8.7%	4.8%	1.4%	1.0%	9.5%	2.5%	0.9%	1.2%	5.5%	1.3%	1.4%	1.4%
Investments in Buildings	7.2%	4.0%	3.0%	2.4%	6.0%	1.8%	2.2%	2.0%	5.9%	1.7%	2.8%	2.4%	7.6%	4.8%	3.8%	2.5%
Investments in machinery	4.4%	3.0%	2.6%	2.9%	3.2%	0.6%	1.5%	1.9%	2.7%	0.3%	2.3%	2.9%	6.4%	5.2%	3.1%	2.8%
Fixed investments	5.7%	3.4%	3.1%	2.9%	4.7%	1.5%	2.3%	2.3%	4.5%	1.4%	2.8%	2.9%	6.6%	4.6%	3.6%	2.9%
Unemployment rate	2.6%	0.6%	0.6%	0.4%	2.3%	0.5%	0.4%	0.4%	2.1%	0.4%	0.4%	0.4%	2.5%	0.7%	0.5%	0.4%
Domestic demand	1.8%	1.8%	1.3%	0.8%	1.5%	0.7%	1.0%	1.1%	1.1%	0.4%	0.9%	1.0%	2.4%	1.8%	1.0%	0.8%
World oil demand	2.0%	0.2%	1.0%	0.8%	1.5%	0.0%	0.5%	0.2%	1.4%	-0.5%	0.2%	0.2%	2.6%	0.1%	1.0%	0.8%
Work productivity	3.9%	1.6%	-0.1%	0.5%	3.9%	1.6%	-0.1%	0.5%	-3.1%	1.4%	1.3%	1.1%	2.3%	1.8%	1.1%	1.2%
Industrial Production Index (IPI)	-0.5%	3.0%	2.9%	2.0%	-1.4%	0.9%	2.5%	2.8%	-2.1%	0.3%	2.5%	3.0%	2.0%	3.7%	1.4%	1.9%
Propensity to consume	-1.9%	-1.1%	-1.3%	-1.8%	-3.5%	-2.1%	-1.2%	-1.2%	-4.9%	-3.0%	-1.5%	-1.0%	-1.6%	-0.8%	-1.8%	-1.7%
Weight	**55%**				**30%**				**10%**				**5%**			

(*) On the 2021 absolute value, necessary for the % of 2022,the respective scenario was "CRISE GAZIERE BCE".

Indicators used as at 31 December 2021

	Central				Adverse Modéré				Stress Budgétaire				Favorable			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
ITA GDP	6.0%	4.1%	2.3%	1.5%	6.0%	2.9%	1.1%	1.3%	4.5%	2.5%	0.5%	1.1%	6.0%	4.7%	2.8%	1.9%
GDP ZE	5.3%	4.3%	2.5%	1.5%	-8.3%	3.4%	0.7%	1.1%	-6.4%	3.0%	0.1%	0.9%	-2.8%	4.7%	2.8%	2.0%
Inflation	1.9%	2.3%	1.5%	1.4%	1.9%	2.8%	2.1%	1.5%	1.3%	1.5%	1.3%	1.0%	1.9%	1.6%	1.4%	1.7%
Investments in Buildings	20.8%	5.3%	3.9%	3.6%	20.8%	2.8%	3.1%	2.6%	18.7%	4.3%	1.1%	1.5%	20.8%	6.5%	4.6%	4.3%
Investments in machinery	15.6%	6.0%	4.4%	2.6%	15.6%	3.1%	3.2%	2.1%	16.2%	3.1%	0.1%	2.4%	15.6%	6.5%	4.8%	4.3%
Fixed investments	15.3%	5.1%	3.9%	3.3%	15.3%	2.9%	3.1%	2.6%	14.6%	3.6%	1.0%	2.2%	15.3%	6.1%	5.0%	4.5%
Unemployment rate	-0.5%	0.9%	0.5%	0.8%	-2.2%	0.8%	0.0%	-0.1%	-0.7%	-0.1%	-0.4%	0.6%	-0.1%	1.0%	1.4%	0.7%
Domestic demand	3.7%	3.7%	1.9%	1.0%	3.7%	2.8%	0.8%	0.9%	2.7%	3.0%	0.6%	0.8%	3.7%	4.5%	2.3%	1.5%
World oil demand	4.7%	3.4%	0.8%	1.1%	-5.3%	3.0%	0.5%	0.6%	-3.9%	2.5%	1.0%	0.8%	-4.5%	3.6%	0.8%	1.2%
Work productivity	6.4%	3.9%	1.6%	-0.1%	6.4%	3.0%	1.4%	0.2%	-0.7%	0.9%	1.1%	0.8%	6.4%	2.3%	1.8%	1.1%
Industrial Production Index (IPI)	10.6%	3.2%	3.1%	1.7%	10.6%	1.0%	0.9%	2.7%	11.2%	1.1%	0.5%	0.8%	10.6%	4.2%	3.9%	2.8%
Propensity to consume	-0.8%	1.9%	0.0%	-0.7%	-1.1%	0.8%	-1.5%	-1.1%	-0.5%	2.2%	0.5%	0.2%	-0.6%	2.2%	0.0%	-0.7%
Weight	**50%**				**35%**				**5%**				**10%**			

Scenario sensitivity analysis

Within the revision of the parameters used for the IFRS 9 calculation of the Q4 2022 figures, the Crédit Agricole Italia Banking Group estimated the sensitivity of the ECL figure to the different macroeconomic scenarios given by the Crédit Agricole Group Economic Research Department - ECO, which is a specialist in macroeconomic studies.

To estimate the impact from the different scenarios identified, the maximum weighting was associated to each scenario, each time zeroing the contribution from the others in determining the forward-looking risk parameters and, thus, assessing the marginal contribution of each scenario to the final result.

Sensitivity was estimated on the September 2022 data in a lab environment and later applied to the 2022 closing data. The application of the observed variations to the December 2022 calculation results for the Crédit Agricole Italia Banking Group is summarized in the table below, which shows the range of figures that can obtained with the above-described method.

Euro/milion	Exposure	EAD	Multiscenario ECL	Sensitivity analysis: ECL per single scenario			
				Central	Moderately adverse	Stressed budget	Favorable
RETAIL BNKG	43,602	40,293	255	246	270	264	228
Stage 1	40,567	37,344	62	59	65	67	56
Stage 2	3,035	2,949	194	188	205	196	172
CORPORATE BNKG	55,286	33,193	142	134	150	169	122
Stage 1	53,672	32,048	67	62	72	85	54
Stage 2	1,614	1,145	75	72	78	84	68
SECURITIES	16,104	16,112	26	24	29	31	14
Stage 1	16,096	8	-	-	-	-	-
Stage 2	8	16,104	25	24	29	31	14
TOTAL	**114,992**	**89,598**	**423**	**403**	**449**	**474**	**363**
Deviation				**-4.9%**	**6.1%**	**11.9%**	**-14.3%**
Weight				**50%**	**35%**	**10%**	**5%**

The table reports the result of the ECL sensitivity analysis based on the simulated scenarios and the related percentage deviation from the "multi-scenario" used for the accounting 'ECL, which can vary from Euro 363 million (-14.3% decrease) to Euro 474 million in the Stress *Budgetaire* scenario used for budget simulations (11.9% increase). The recognized amount of **Euro 423 million** reflects the weights on the Central and Moderately Adverse Scenarios.

Q4 2022 changes

In terms of methods and approaches, the actions deployed in Q4 concerned:

- Updating of the forward-looking parameters after receiving the new macroeconomic scenarios from the Economic Studies Department of the Parent Company (ECO), which were much worse than those in production from Q2 2022;
- Updating of the **SICR** parameters;
- Tagliamento Project: IT migration of the former Crédit Agricole FriulAdria positions into Crédit Agricole Italia with the consequent creation of a Single Bank (plus CALIT).

Post-model adjustments

Following the Forward-Looking Local ECL calculation as at the December 2022, the Crédit Agricole Italia Banking Group made management overlays for a total net amount of Euro 74.1 million. Said adjustments can be broken down into two types:

- **Adjustments made to specific positions:**
  - Single-name adjustments (adjustments on single positions) whereby the results could be aligned with the expectations – in terms of risk profile – of the IFRS 9 work group. In accordance with the regulated process, based on the results obtained with the calculation approach defined by the Group and based on the management information of the single counterparties, if the expected loss value associated with a specific counterparty does not accurately reflect its riskiness, the provisioning on the counterparty may be adjusted manually to a level deemed appropriate; such manual actions are allowed only if they increase the coverage ratio on the counterparty. Single-name adjustments also include **adjustments of the ECL value associated with exposures to the Bank of Italy, to the State Treasury and to intra-group positions (with effects on the separate financial statements of the Group's entities);**
  - Application of the **SICR** rules to the former-Creval portfolio: in order to ensure correct classification of the exposures coming from the former-Creval portfolio, the staging rules in force were enriched with the comparison of Creval PD as at acquisition and Creval PD as at the IT migration date.

- **Portfolio adjustments made through massive spreading** of the identified amounts over all positions proportionally to the ECL. Said case included the following actions:
  - Inclusion of an impact generated by the **recalibration of the IFRS 9 parameters** for the **NDOD**, which went live in the systems of the Crédit Agricole Italia Banking Group on 7 September 2020;
  - Actions concerning methodological elements not yet included in the used parameters or the shifting from a regulatory FIRB LGD to a management one, also for the Corporate segment and the implementation of a Forward-Looking Local model also for the LGD value;
  - Forward-looking action to take into account the upcoming modification to the Corporate PD model: the action is intended to early consider the effect of the adoption of the Corporate rating new grids, which were validated by the ECB for the Crédit Agricole S.A. Group and which will be adopted by the Crédit Agricole Italia Banking Group in 2023;
  - Action on sectors aimed at taking into account the higher riskiness of **energy-intensive sectors**, which is growing because of the consequences of the ongoing crisis on the future economic scenario.

2.4 Credit risk mitigation techniques

Within the Crédit Agricole Italia Banking Group, the mitigation of credit risk is pursued by entering into ancillary agreements or by adopting adequate tools and techniques designed to mitigate this risk.

In particular, specific processes regulate the obtainment and management of guarantees, with clear definition of the relevant roles, responsibilities and controls. Close attention is paid to the adequacy of the rules and procedures for monitoring that the requirements of the guarantees remain complied with (legal certainty, prompt realization and value consistency with the exposure).

The standards for the appraisal of real estate properties securing the exposures of the Crédit Agricole Italia Banking Group, as laid down in the «Policies on the Valuation of Real Estate Properties Securing Exposures», are compliant with the Guidelines issued by the Italian Banking Association (ABI) in force at the relevant time and prepared in accordance with the recent regulatory principles "International Valuation Standards" (IVS) and "European Valuation Standards" (EVS).

In October 2022, said Policies were updated in order to further strengthen the overall framework. The key elements that were confirmed versus the previous versions were:

- The role of Crédit Agricole Group Solutions specialist functions in the governance and control of the quality of appraisals, with special regard to the processes for appointing appraisal tasks, the appraisal methods used and the criteria for the selection of the appraisers;
- The control framework defining the methods and frequency of controls and the reporting of the related outcomes;
- The use of different types of appraisal based on:
  - Quality and amount of the guaranteed loan;
  - Time of origination;
  - Type of property;
  - Property development stage;
- The definition of a qualified list of accredited appraisers, with the specific expertise and scopes of responsibility, based also on whether they are certified by the Royal Institution of Chartered Surveyors (RICS).

Whereas, with the updating, the fine-tuning factors listed below were introduced:

- Speeding up the reappraisals of the properties securing non-performing loans
- The alignment of the appraisal contents with the updates to the relevant standards – both Italian and international (ABI, IVS-International Valuation Standards, EVS-European Valuation Standards and RICS-Royal Institution of Chartered Surveyors) – with the subsequent update of the appraisal formats;
- The inclusion in the appraisal of any ESG factors that have effects on the property value. Specifically, they shall be collected as general information and, where possible, some of them (such as energy performance scores, the energy grade of buildings or the CO2 emission data) may be taken into account in calculating the value of the property;
- The rationalization of the annual surveillance process, supplementing the drivers used to set the appraisal frequency, besides amount thresholds, loan quality and type of counterparty, by introducing the combination between statistical impairment and Loan to Value, as required by the applicable legislation.

3. NON-PERFORMING CREDIT EXPOSURES

In 2022 the new policy on the measurement of non-performing loans was updated, after being already deeply changed in 2021: that update was deemed necessary in order to better define the logics underlying the identification, staging and management of non-performing loans, while also laying down the behavioural guidelines, the operational processes and the accounting aspects associated with non-performing loans.

The NPE Regulation

In the last few years, the legislation and regulations applicable to non-performing loans have been constantly developed and amended in order to improve the prudential criteria for identification and management of non-performing loans, fostering harmonization across the EU Member States.

In order to ensure constant compliance with said developments, the NPE Regulation is periodically revised, on the basis also on the remarks made during the periodic audits carried out by the Parent Company and by the ECB.

Therefore, in 2022 the Loan Regulation was also supplemented, implementing some very important factors of a regulatory and organizational nature, specifically:

a) Some references have been introduced to the legal paradigms of the Italian bankruptcy law and of the new corporate crisis code;
b) Sono stati estesi gli eventi UTP (c.d. trigger) con un focus particolare nel segmento Commercial Real Estate;
c) The manual was supplemented with the new organizational models for the management of non-performing loans, which provided for in-house specialist management and for the outsourcing from specialist servicers of the management of UTPs and bad loans that have lesser amounts and are granular.

The events triggering classification as in Default (UTP Triggers): in compliance with the EBA Guidelines, a set of events has been defined upon whose occurrence the management structures shall thoroughly review the positions concerned in order to assess whether it is appropriate or necessary to classify them as non-performing.

Said positions may be kept in the performing category only in specific cases to be appropriately substantiated. The triggers are different in accordance with their scope of application being Individuals or SMEs.

The events triggering classification as Bad Loans: a set of events has been defined which, for their severity and risk of impairment of the assets backing the Bank credit claim, shall trigger immediate classification of the positions concerned as bad loans, with subsequent start of the related executive actions.

Furthermore, some guidelines have been designed for loan classification in the correct risk grade, first of all through going/ gone concern assessment.

Special attention is given to the positions in the "Commercial Real Estate" perimeter, which, due to the problems associated with the sector in terms of management and risk, is quite material in the non-performing loans scope.

In recovery forecasts, thorough assessment has been introduced of the reasons concerning the time for which the positions have been classified as non-performing; to this effect the analysis of exposure vintage is of key importance for the loan conservative measurement.

The policy on the measurement of non-performing loans

In 2022, as already specified, the measurement of non-performing loans was updated to keep the internal normative instruments aligned with the applicable legislation and regulations, which are constantly evolving in order to ensure increasing harmonization and prudence in the measurement of non-performing exposures.

The revision was necessary in order to make some amendments and supplements to the policy issued in 2021, specifically mentioning:

- The increase in the coverage of mortgage loans becoming Past Due in accordance with the recommendations given by the Parent Company, which regard the minimum provisions covering mortgage exposures irrespective of the value attributed to the underlying collateral;
- The increase in the coverage of unsecured loans becoming Past Due;

- Full write-down of the UTP unsecured loans with exposure of less than Euro 500 in view of their write.off later on;
- The correlation of the coverage ratios to vintage in case of proven and substantiated difficulty in marketing the assets pledged as collateral securing exposures that have long been classified as non-performing;
- The set of first-level controls carried out by the NPE Department aimed at better control of credit risk.

The units managing non-performing loans

The UTP and Past Due Management Division, through specialist management Services by type of counterparty, is responsible for managing non-performing exposures classified as Past Due (PD) and Unlikely to pay (UTP).

The Division in in charge of out-of-court collection and/or full recovery of the exposures it manages, excluding the positions within the scope of outsourced collection services, consistently with the NPE strategy.

The Division manages relations with the Customers falling within its scope of responsibility with the objective of collecting the credit claims of the Crédit Agricole Italia Banking Group, promptly implementing all actions that are deemed the most suitable and effective towards borrowers.

In addition to periodic specific measurement of the recovery value, the management process for non-performing positions aims also at:

- Verifying whether the counterparty is capable of recovering financial health and, consequently, restoring the business and loan relationship; To this end, the Division is responsible for determining the scenario for collection forecast, specifically assuming the counterparty as a going concern (i.e. the exposure can be repaid with the cash flows generated by the counterparty as a going concern) or assuming the counterparty as a gone concern where the exposure can be collected only through the assets securing it as collaterals);
- Scheduling and monitoring loan workout plans agreed on with Customers;
- Proactive participation in interbank work group for debt restructuring and assessment of the proposed plans.

The Bad Loans Management and Servicers Division is responsible for the management of non-performing exposures classified as “bad”, through the two structures it comprises: The Bad Loans Management Service and the Servicers and Accounting Service.

The Servicers and Accounting Service is responsible for overseeing the management of UTP and bad loans outsourced from external services; specifically, it shall ensure that operating activities are duly carried out in coordination with the Servicers and Accounting Service, in order to verify the effectiveness, good value for money and timeliness of the collection actions.

The mission of the Bad Loans Division in the bad loans perimeter was obviously confirmed and consists in protecting and enforcing the credit claims of the Bank and of the Leasing Company against borrowers that are insolvent, in accordance with the NPE Strategy.

This mission is pursued managing bad exposures as follows:

- Implementing all possible actions in court and out of court, in order to achieve the best possible compromise between the highest possible collection and the shortest time to collection on these exposures;
- Ensuring organic management of all information on the most likely forward-looking repercussions on the income statement through the recognition of provisions for risks and allowances for losses on loans;
- Preparing and then updating, based on harmonized and standardized approaches, collection forecast in terms of probable collected amount and expected collection date, as well as conservative measurement of the existing guarantees and of those that can be reasonably be obtained in court.

3.1 Management strategies and policies

In accordance with the “Guidance to banks on non-performing loans” published in March 2017 by the European Central Bank (ECB), the Crédit Agricole Italia Banking Group designed its strategy for the management of non-performing loans, “Group 2018-2021 NPE Strategy”, with the planning of the related KPIs, such as the weight of NPEs, the riskiness of the performing loan portfolio, the effectiveness of NPE recovery and the coverage ratio of the NPL portfolio.

The design of the NPE Strategy has provided for the following approach:

- Breakdown analysis of the loan portfolio and of the performance historical data of NPE management and collection by the Crédit Agricole Italia Banking Group;
- The positioning benchmark of the Crédit Agricole Italia Banking Group in the target market as regards KPIs (NPE Ratio, Coverage Ratio, Cost of Risk);
- Identification, based on the aforementioned analysis, of action drivers to strengthen the performances of the Crédit Agricole Italia Banking Group in terms of credit quality protection and improvement:
- Management actions on the "loan recovery machine";
- Initiatives aimed at increasing the NPE coverage ratio;
- NPE deleveraging initiatives through tools and actions already developed by the Group (NPE sales on a portfolio and single name basis) also in order to reduce the average vintage of the NPE portfolio.

Specifically, the NPL Policy sets out the internal rules for assessing Past Due, UTP and Bad Loans and, for each category, it governs the following scopes:

- Identification and classification methods;
- Criteria to determine statutory impairment applied upon entry in the category;
- Discounting rule to determine the present value in accordance with the estimated recovery plan;
- Assessment methods and criteria during the stay in the category;
- Conditions and methods for exiting the category with migration between NPE categories.

In 2022, further targets were achieved in terms of reducing the risk associated with the NPE portfolio; specifically, at the end of the year, the non-performing portfolio consisted, by about three quarters, of exposures classified as "unlikely to pay", the gross NPE ratio stood at 3.3% and the total coverage ratio of the NPE portfolio hit 46.9% (+8.7% in the 12 months).

Furthermore, in the reporting year, the NPE Strategy up to 2025 was defined. The NPE Strategy, which reflects the forecast of the main macroeconomic factors, aims at protecting the quality of the loan portfolio, preserving the good levels reached in the recent FYs and, specifically, it provides for the adoption of ordinary management drivers, selectively supplementing them with targeted deleverage actions. Besides this, the new strategy provides for an action plan aimed at speeding up the digitalization of the processes and tools supporting lending and loan management.

For information on the technical-organizational procedures and on the methods used to manage and control the NPE portfolio, please, refer to the Note to the Financial Statements - Part A - Accounting Policies, section A.2 Part reporting on the main financial statement items "Impairment for credit risk".

3.2 Write-off

The Bad Loans Management Division writes off bad loans after full recovery of the exposure or resumption of its amortization.

Furthermore, bad loans are written off with loan waiver subsequent to:

- Unilateral remission of the residual amount due within authorized and executed settlement;
- Loan disposal;

Conversely, bad loans are written off also without loan waiver subsequent to:

- Loan uncollectibility, as proved or inferred, including the implementation of all possible affordable actions;
- Very marginal possibility of collection.

In this case, the loan is fully or partially written off. These loans are written off in order not to keep, on the Balance Sheet, loans that, although still managed by the structures in charge of collection, are hardly likely to be recovered.. The positions to be subject to this treatment must be identified - through a judgemental analysis- from among those that have both high vintage and high coverage.

3.3 Purchased or originated credit-impaired financial assets

As regards the accounting treatment of these assets and the related reporting, please refer to "A.2 - Part reporting on the main financial statement items".

4. RENEGOTIATED FINANCIAL ASSETS AND FORBORNE EXPOSURES

As regards the accounting treatment of these assets and the related reporting, please refer to "A.2 - Part reporting on the main financial statement items".

Forborne exposures are those for which "concessions" have been granted to a borrower that is experiencing or is about to experience difficulties in fulfilling his/her/its financial commitments ("financial difficulty").

Concessions consist in the following:

- Changes in the terms/conditions of an existing contract as regards which the borrower is not deemed able to comply with the set payments due to financial difficulties, which would not have been granted if the borrower had not been in financial difficulties;
- Total or partial refinancing of an existing contract as regards which the borrower is not deemed able to comply with the set payments due to financial difficulties, which would not have been granted if the borrower had not been in financial difficulties.

Based on the information contained in EBA *"Implementing Technical Standards (ITS) - On Supervisory reporting on forbearance and non-performing exposures under article 99(4) of Regulation (EU) No 575/2013"* of 27 July 2014,as updated, and implementing the guidelines developed afterwards by the Parent Company CASA, the Crédit Agricole Italia Banking Group has defined an internal algorithm whereby forborne exposures can be identified, distinguishing between performing and non-performing forborne exposures.

As opposed to the "by counterparty" approach, used by the Crédit Agricole Italia Banking Group to classify non-performing exposures, it classifies forborne positions with a "by individual credit facility" approach". An exposure shall be classified as forborne when:

- The counterparty is classified as performing at the time of contract modification and there were contractual repayment instalments totally or partially past due by over 30 days at least once in the three months before its modification. The contracts meeting these features are classified as "forborne performing - probation period",except for contractual modifications featuring a difference between the net present value before and after the modification of more than 1%, in which case they shall be classified in their cure period and no longer considered forborne when all the following conditions are met:
  - The contract is considered performing;
  - At least two years have passed from the beginning of the probation period;
  - Regular payments have been made for a more than considerable portion of the principal/interest due during at least one half of the probation period;
  - No one of the exposures to the same borrower is past due by more than 30 days at the end of the probation period.
- The counterparty is classified as defaulted at the time of contract modification or the modified contract is totally or partially past due by over 30 days at least once during the three months before its modification, with a difference between the net present value before and after forbearance of more than 1%. The contracts meeting the above description are classified as "forborne non-performing - cure period" for a period of at least a year and are kept classified as unlikely to pay. The contract shall be classified "forbearance performing - probation period" when all the following conditions are met:
  - At least one year has passed since the start of the cure period[26];
  - There are no late payments;
  - The counterparty has returned fully able to fulfil its credit obligations.

Having said that contract modifications made for business reasons or contract modifications that were provided for in the original contract are not included in the forbearance perimeter, in order to assess whether any "concession" exists, the adopted approaches require that the existence of forbearance is identified when:

- The amortization schedule regarding a loan is suspended or modified in its original duration;
- The loan has be renegotiated;
- Several credit lines granted to a counterparty are closed and consolidated in a new loan;
- A real estate mortgage loan based on the project progress which has been partially disbursed to a counterparty classified in the perimeter of real estate players has a pre-amortization period of over 36 months.

26 In case of suspensions, the year of cure period starts from the suspension date.

Furthermore, an exposure may be classified in the forborne perimeter on a judgemental basis where the algorithm does not automatically detect the contract modification or the financial difficulties experienced by the debtor. In the same way, the concessions automatically detected by the algorithm may be excluded on a judgemental basis, where the account manager believes that the classification in the forborne perimeter is not consistent with the contract modification made and/or with the customer's financial situation.

As at 31 December 2022, the stock of forborne exposures came to Euro 1.45 billion, of which 83.4% was backed by collateral (74.3% backed by mortgage). 37.8% of loans is classified in cure period and the remaining 62.2% in the probation period. It is pointed out the the total stock of forborne exposures includes the former Creval positions, accounting for weight of Euro 440 million.

The new forbearance measures for last year came to Euro 198 million (13.6% of the stock) of which 76.0% backed by collateral (55.7% backed by mortgage). Over the total, Euro 43.8 million resulted from Former-Creval positions that were classified as Forborne in 2022.

35.2% of the new forborne exposures were classified in their cure period, while the remaining 64.8% were classified in their probation period. Again as regards the new concessions for the year, 31.5% of the exposures were classified in the forbearance perimeter subsequent to loan suspension and rescheduling and 33.8% based on a judgemental assessment.

An analysis of exposures referring to forborne assets measured at amortized cost is given below, separately reporting performing and non-performing ones.

Status	Type of Forbearance	Total
BONIS	Forbearance performing	506,408
DEFAULT	Forbearance non performing	1,120,574
Total Forbearance		**1,626,982**

QUANTITATIVE DISCLOSURES

A. Credit quality

A.1 PERFORMING AND NON-PERFORMING EXPOSURES: AMOUNTS, ADJUSTMENTS, CHANGES AND BREAKDOWNS

A.1.1 Prudential consolidation - Breakdown of financial assets by past due bracket (book values)

	Stage 1			Stage 2			Stage 3			POCI assets		
	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortized cost	455,733	36,777	790	266,507	50,854	11,830	50,200	51,887	541,655	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets being divested	-	-	-	-	-	-	-	-	1,806	-	-	-
Total 31 Dec. 2022	**455,733**	**36,777**	**790**	**266,507**	**50,854**	**11,830**	**50,200**	**51,887**	**543,461**	**-**	**-**	**-**
Total 31 Dec. 2021	340,175	18,873	307	207,293	57,013	11,908	36,017	49,417	570,816	-	-	-

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: changes in total adjustments and total provisions

Reasons/risk stages	Total adjustments											
	Stage 1 assets						Stage 2 assets					
	Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment
Opening total adjustments	(36)	253,764	4,781	371	-	258,880	4	265,929	6	294	-	266,233
Increases from purchased or originated financial assets	-	14,927	2,549	-	-	17,476	-	14,982	-	-	-	14,982
Derecognized items other than write-offs	-	(64)	(2,302)	-	-	(2,366)	-	(74)	(28)	-	-	(102)
Net adjustments/recoveries for credit risk (+/-)	5	(11,799)	1,152	-	-	(10,642)	-	(9,512)	-	-	-	(9,512)
Contract modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimate approach	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognized directly through profit and loss	-	(62)	-	-	-	(62)	-	(52)	-	-	-	(52)
Other changes	36	(85,391)	(21)	(371)	-	(85,747)	(4)	(45,137)	22	(294)	-	(45,413)
Closing total adjustments	**5**	**171,375**	**6,159**	**-**	**-**	**177,539**	**-**	**226,136**	**-**	**-**	**-**	**226,136**
Recoveries from collection on financial assets written-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognized directly through profit and loss	-	(63)	-	-	-	(63)	-	(62)	-	-	-	(62)

Total adjustments											Total provisions for commitments to disburse funds and financial guarantees given				Total
	Stage 3 assets					POCI assets									
Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees POCI	
-	1,563,883	-	14,452	1,578,335	-	-	-	-	-	-	8,555	10,555	42,994	-	2,165,552
-	4,807	-	13,116	17,923	-	X	X	X	X	X	425	972	1,330	-	53,108
-	(20,943)	-	-	(20,943)	-	-	-	-	-	-	-	-	-	-	(23,411)
-	232,480	-	3	232,483	-	-	-	-	-	-	(1,142)	(2,980)	13,020	-	221,227
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	(90,580)	-	-	(90,580)	-	-	-	-	-	-	-	-	-	-	(90,694)
-	(181,153)	-	(14,452)	(195,605)	-	-	-	-	-	-	209	2,264	(2,298)	-	(326,590)
-	**1,508,494**	**-**	**13,119**	**1,521,613**	**-**	**-**	**-**	**-**	**-**	**-**	**8,047**	**10,811**	**55,046**	**-**	**1,999,192**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	(24,460)	-	-	(24,460)	-	-	-	-	-	-	-	-	-	-	(24,585)

A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: transfers between the different credit risk stages (gross and nominal values)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortized cost	2,409,261	2,186,622	211,306	49,183	252,138	19,788
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets being divested	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees given	29,697	110,107	19,895	2,067	1,413	1,291
Total 31 Dec. 2022	**2,438,958**	**2,296,729**	**231,201**	**51,250**	**253,551**	**21,079**
Total 31 Dec. 2021	**6,859,068**	**1,597,478**	**533,005**	**42,930**	**445,287**	**9,455**

A.1.3a Loans subject to Covid-19-related relief measures: transfers between the different credit risk stages (gross and nominal values)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
A. Loans measured at amortized cost	**11,679**	**1,390**	**37,644**	**7,641**	**52,329**	**562**
A.1 Loans with EBA-compliant concessions	-	-	-	-	-	-
A.2 Loans under moratoria in force no longer EBA-compliant and not measured as forborne	1,523	1,312	247	1	218	-
A.3 Loans with other concession measures	-	-	-	-	-	-
A.4 New loans	10,156	78	37,397	7,640	52,111	562
B. Loans measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Loans with EBA-compliant concessions	-	-	-	-	-	-
B.2 Loans under moratoria in force no longer EBA-compliant and not measured as forborne	-	-	-	-	-	-
B.3 Loans with other concession measures	-	-	-	-	-	-
B.4 New loans	-	-	-	-	-	-
Total 31 Dec. 2022	**11,679**	**1,390**	**37,644**	**7,641**	**52,329**	**562**
Total 31 Dec. 2021	**525,506**	**135,651**	**119,080**	**627**	**175,270**	**345**

A.1.4 Prudential consolidation - On-balance-sheet and off-balance-sheet exposure to banks: gross and net values

Type of exposures/Values	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs(*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. ON-BALANCE-SHEET EXPOSURES												
A.1 Demand	**2,352,799**	**2,352,799**	**-**	**-**	**-**	**5**	**5**	**-**	**-**	**-**	**2,352,794**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	2,352,799	2,352,799	-	X	-	5	5	-	X	-	2,352,794	-
A.2 Other	5,527,674	5,523,536	-	4,138	-	4,063	297	-	3,766	-	5,523,611	-
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to Pay	4,138	X	-	4,138	-	3,766	X	-	3,766	-	372	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	5,523,536	5,523,536	-	X	-	297	297	-	X	-	5,523,239	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**7,880,473**	**7,876,335**	**-**	**4,138**	**-**	**4,068**	**302**	**-**	**3,766**	**-**	**7,876,405**	**-**
B. OFF-BALANCE-SHEET EXPOSURES												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	2,243,232	2,242,361	871	X	-	841	838	3	X	-	2,242,391	-
TOTAL (B)	**2,243,232**	**2,242,361**	**871**	**-**	**-**	**841**	**838**	**3**	**-**	**-**	**2,242,391**	**-**
TOTAL (A+B)	**10,123,705**	**10,118,696**	**871**	**4,138**	**-**	**4,909**	**1,140**	**3**	**3,766**	**-**	**10,118,796**	**-**

(*) Value to be stated for disclosure purposes.

A.1.5 Prudential consolidation - On-balance-sheet and off-balance-sheet exposure to customers: gross and net values

Type of exposures/Values	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs(*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. ON-BALANCE-SHEET EXPOSURES												
a) Bad loans	649,359	X	-	649,359	-	518,787	X	-	518,787	-	130,572	2,242
- of which: forborne exposures	195,832	X	-	195,832	-	152,625	X	-	152,625	-	43,206	-
b) Unlikely to Pay	1,988,060	X	-	1,988,060	-	987,530	X	-	987,530	-	1,000,530	37,731
- of which: forborne exposures	920,239	X	-	920,239	-	465,355	X	-	465,355	-	454,884	-
c) Non-performing past due exposures	43,528	X	-	43,528	-	11,531	X	-	11,531	-	31,997	20
- of which: forborne exposures	3,301	X	-	3,301	-	474	X	-	474	-	2,827	-
d) Performing past due exposures	853,144	496,009	357,135	X	-	31,349	3,405	27,944	X	-	821,795	-
- of which: forborne exposures	30,315	179	30,136	X	-	1,937	-	1,937	X	-	28,378	-
e) Other performing exposures	77,635,852	74,164,074	3,471,778	X	-	372,018	173,826	198,192	X	-	77,263,834	4,963
- of which: forborne exposures	476,091	14,581	461,510	X	-	26,532	13	26,519	X	-	449,559	-
TOTAL (A)	**81,169,943**	**74,660,083**	**3,828,913**	**2,680,947**	**-**	**1,921,215**	**177,231**	**226,136**	**1,517,848**	**-**	**79,248,728**	**44,956**
B. OFF-BALANCE-SHEET EXPOSURES												
a) Non-performing	101,359	X	-	101,359	-	55,045	X	-	55,045	-	46,314	-
b) Performing	4,702,742	4,521,173	181,569	X	-	18,018	7,208	10,810	X	-	4,684,724	-
TOTAL (B)	**4,804,101**	**4,521,173**	**181,569**	**101,359**	**-**	**73,063**	**7,208**	**10,810**	**55,045**	**-**	**4,731,038**	**-**
TOTAL (A+B)	**85,974,044**	**79,181,256**	**4,010,482**	**2,782,306**	**-**	**1,994,278**	**184,439**	**236,946**	**1,572,893**	**-**	**83,979,766**	**44,956**

(*) Value to be stated for disclosure purposes.

A.1.5a Loans subject to Covid-19-related support measure: gross and net values

Type of exposures/Values	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs(*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. Bad loans:	**18**	**-**	**-**	**18**	**-**	**-**	**-**	**-**	**-**	**-**	**18**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Loans under moratoria ino longer ' EBA-compliant and not measured as forborne	-	-	-	-	-	-	-	-	-	-	-	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	18	-	-	18	-	-	-	-	-	-	18	-
B. Loans classified as Unlikely to Pay:	**63,382**	**-**	**-**	**63,382**	**-**	**21,003**	**-**	**-**	**21,003**	**-**	**42,379**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Loans under moratoria ino longer ' EBA-compliant and not measured as forborne	799	-	-	799	-	218	-	-	218	-	581	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	62,583	-	-	62,583	-	20,785	-	-	20,785	-	41,798	-
C. Non-performing pastdue loans:	**3,534**	**-**	**-**	**3,534**	**-**	**1,155**	**-**	**-**	**1,155**	**-**	**2,379**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Loans under moratoria ino longer ' EBA-compliant and not measured as forborne	-	-	-	-	-	-	-	-	-	-	-	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	3,534	-	-	3,534	-	1,155	-	-	1,155	-	2,379	-
D. Other performing pastdue loans:	**21,959**	**12,727**	**9,231**	**-**	**-**	**1,242**	**187**	**1,055**	**-**	**-**	**20,717**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Loans under moratoria ino longer ' EBA-compliant and not measured as forborne	-	-	-	-	-	-	-	-	-	-	-	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	21,959	12,727	9,231	-	-	1,242	187	1,055	-	-	20,717	-
E. Other performing loans:	**3,198,610**	**3,029,386**	**169,225**	**-**	**-**	**33,297**	**20,282**	**13,015**	**-**	**-**	**3,165,313**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Loans under moratoria ino longer ' EBA-compliant and not measured as forborne	14,460	10,109	4,351	-	-	255	12	243	-	-	14,205	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	3,184,150	3,019,277	164,874	-	-	33,042	20,270	12,772	-	-	3,151,108	-
TOTAL (A+B+C+D+E)	**3,287,503**	**3,042,113**	**178,456**	**66,934**	**-**	**56,697**	**20,469**	**14,070**	**22,158**	**-**	**3,230,806**	**-**

(*) Value to be stated for disclosure purposes.

A.1.6 Prudential consolidation - On-balance-sheet exposures to Banks: changes in gross non-performing exposures

Reasons/categories	Bad loans	Unlikely to Pay	Non-performing past due exposures
A. Opening gross exposure	**-**	**4,138**	**-**
- of which: sold exposures not derecognized	-	-	-
B. Increases	**-**	**-**	**-**
B.1 from performing exposures	-	-	-
B.2 from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	-	-	-
B.4 Contract modifications without derecognition	-	-	-
B.5 other increases	-	-	-
C. Decreases	**-**	**-**	**-**
C.1 to performing exposures	-	-	-
C.2 write-offs	-	-	-
C.3 collections	-	-	-
C.4 profits on disposals	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other categories of non-performing exposures	-	-	-
C.7 Contract modifications without derecognition	-	-	-
C.8 other decreases	-	-	-
D. Closing gross exposure	**-**	**4,138**	**-**
- of which: sold exposures not derecognized	-	-	-

A.1.7 Prudential consolidation - On-balance-sheet exposures to Customers: changes in gross non-performing exposures

Reasons/categories	Bad loans	Unlikely to Pay	Non-performing past due exposures
A. Opening gross exposure	**580,579**	**2,332,122**	**27,899**
- of which: sold exposures not derecognized	-	49,691	836
B. Increases	**246,247**	**447,837**	**65,361**
B.1 from performing exposures	20,711	397,180	45,552
B.2 from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	217,654	32,893	17,957
B.4 Contract modifications without derecognition	-	-	-
B.5 other increases	7,882	17,764	1,852
C. Decreases	**177,467**	**791,899**	**49,732**
C.1 to performing exposures	7,105	68,957	4,947
C.2 write-offs	51,405	42,266	17,272
C.3 collections	47,140	257,317	11,188
C.4 profits on disposals	13,556	75,600	-
C.5 losses on disposals	1,238	2,561	-
C.6 transfers to other categories of non-performing exposures	20,238	231,959	16,307
C.7 Contract modifications without derecognition	-	587	-
C.8 other decreases	36,785	112,652	18
D. Closing gross exposure	**649,359**	**1,988,060**	**43,528**
- of which: sold exposures not derecognized	-	-	-

Item C.8 “Other decreases” reports also the gross amount of the exposure disposed of exceeding the sum of the profit and any losses on disposal.

A.1.7bis Prudential consolidation - On-balance-sheet exposures to Customers: changes in gross forborne exposures broken down by credit quality

Reasons/Quality	Non-performing forborne exposures	Performing forborne exposures
A. Opening gross exposure	**1,367,604**	**617,146**
- of which: sold exposures not derecognized	13,081	18,927
B. Increases	**139,276**	**247,705**
B.1 from non-forborne performing exposures	11,147	159,389
B.2 from forborne performing exposures	65,958	X
B.3 from forborne non-performing exposures	X	36,732
B.4 from non-forborne non-performing exposures	-	-
B.5 other increases	62,171	51,584
C. Decreases	**387,508**	**358,445**
C.1 to non-forborne performing exposures	X	147,744
C.2 to forborne performing exposures	36,187	X
C.3 to forborne non-performing exposures	X	65,962
C.4 write-offs	51,091	-
C.5 collections	116,735	101,951
C.6 profits on disposals	58,990	-
C.7 losses on disposal	1,661	-
C.8 other decreases	122,844	42,788
D. Closing gross exposure	**1,119,372**	**506,406**
- of which: sold exposures not derecognized	-	-

A.1.8 Prudential consolidation - On-balance-sheet non-performing exposures to Banks: changes in total adjustments

Reasons/categories	Bad loans		Unlikely to Pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**-**	**-**	**2,064**	**-**	**-**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-
B. Increases	**-**	**-**	**1,702**	**-**	**-**	**-**
B.1 impairment losses from purchased or originated credit-impaired financial assets	-	X	-	X	-	X
B.2 other impairment losses	-	-	1,702	-	-	-
B.3 losses on disposals	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 contract modifications without derecognition	-	-	-	-	-	-
B.6 other increases	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**-**	**-**	**-**
C.1 writebacks from valuations	-	-	-	-	-	-
C.2 recoveries from collection	-	-	-	-	-	-
C.3 profits on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 contract modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
D. Total closing adjustments	**-**	**-**	**3,766**	**-**	**-**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-

A.1.9 Prudential consolidation - On-balance-sheet non-performing exposures to Customers: changes in total adjustments

Reasons/categories	Bad loans		Unlikely to Pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**445,708**	**131,529**	**1,127,361**	**574,532**	**3,202**	**126**
- of which: sold exposures not derecognized	-	-	13,002	3,334	110	2
B. Increases	**236,372**	**71,259**	**266,305**	**114,883**	**28,388**	**10,599**
B.1 impairment losses from purchased or originated credit-impaired financial assets	-	X	-	X	-	X
B.2 other adjustments	85,935	22,760	240,138	103,616	11,230	698
B.3 losses on disposals	1,238	140	2,561	1,644	-	-
B.4 transfers from other categories of non-performing exposures	121,103	47,437	8,415	6,675	15,773	9,864
B.5 contract modifications without derecognition	-	-	-	-	-	-
B.6 other increases	28,096	922	15,191	2,948	1,385	37
C. Decreases	**163,293**	**50,163**	**406,136**	**224,060**	**20,059**	**10,251**
C.1 recoveries from valuation	4,866	1,749	37,800	28,153	473	1
C.2 recoveries from collection	13,365	2,893	49,783	22,024	238	-
C.3 profits on disposal	3,695	2,111	16,716	11,522	-	-
C.4 write-offs	48,346	14,238	42,119	24,860	17,199	10,125
C.5 transfers to other categories of non-performing exposures	13,244	66	130,068	56,748	1,981	125
C.6 contract modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	79,777	29,106	129,650	80,753	168	-
D. Total closing adjustments	**518,787**	**152,625**	**987,530**	**465,355**	**11,531**	**474**
- of which: sold exposures not derecognized	-	-	-	-	-	-

Item C.7 “Other decreases” mainly reports, as to derecognized items other than write-offs, the amount equal to difference between the gross exposure and the disposal price.

A.2 CLASSIFICATION OF EXPOSURES BASED ON EXTERNAL AND INTERNAL RATINGS

A.2.1 Prudential consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees given: by external rating grades (gross values)

Exposures	External rating grades						Without rating	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6		
A. Financial assets measured at amortized cost	**1,883,249**	**3,876,380**	**5,197,239**	**2,879,561**	**258,761**	**28,816**	**69,311,550**	**83,435,556**
- Stage 1	1,883,249	3,826,251	5,053,833	2,645,717	146,741	8,406	63,372,763	76,936,960
- Stage 2	-	50,129	142,857	225,127	111,354	6,160	3,293,286	3,828,913
- Stage 3	-	-	549	8,717	666	14,250	2,645,501	2,669,683
- POCI assets	- "	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**3,246,659**	**3,246,659**
- Stage 1	-	-	-	-	-	-	3,246,659	3,246,659
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- POCI assets	- "	-	-	-	-	-	-	-
C. Financial assets being divested	**-**	**-**	**-**	**-**	**-**	**-**	**15,402**	**15,402**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	15,402	15,402
- POCI assets	- "	-	-	-	-	-	-	-
Total (A+B+C)	**1,883,249**	**3,876,380**	**5,197,239**	**2,879,561**	**258,761**	**28,816**	**72,573,611**	**86,697,617**
D. Commitments to disburse funds and financial guarantees given	**190,121**	**932,868**	**1,067,806**	**573,971**	**242,597**	**2,705**	**2,378,927**	**5,388,995**
- Stage 1	190,121	920,738	1,050,208	550,012	236,763	1,674	2,156,004	5,105,520
- Stage 2	-	12,130	17,598	23,902	5,834	1,028	121,948	182,440
- Stage 3	-	-	-	57	-	3	100,975	101,035
- POCI assets	-	-	-	-	-	-	-	-
Total (D)	**190,121**	**932,868**	**1,067,806**	**573,971**	**242,597**	**2,705**	**2,378,927**	**5,388,995**
Total (A+B+C+D)	**2,073,370**	**4,809,248**	**6,265,045**	**3,453,532**	**501,358**	**31,521**	**74,952,538**	**92,086,612**

The breakdown by rating grades represented in the table refers to the ratings given by Cerved Rating Agency S.p.A and DBRS Ratings GmbH. The “without rating” column reports exposures with counterparties for which ratings given by the two ECAIs are not available, of which the key is given in the table below:

Credit rating grade	Cerved Rating Agency S.p.A.	DBRS Ratings GmbH
Grade 1	from A1.1 to A1.3	from AAA to AAL
Grade 2	from A2.1 to A3.1	from AH to AL
Grade 3	B1.1, B1.2	from BBBH to BBBL
Grade 4	B2.1, B2.2	from BBH to BBL
Grade 5	C1.1	from BH to BL
Grade 6	from C1.2 to C2.1	from CCCH to D

A.2.2 Prudential consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees given: by internal rating grades (gross values)

Exposures	External rating grades					Total
	From AAA to BBB+	From BBB to BBB-	From BB+ to B	From B- to D	Without rating	
A. Financial assets measured at amortized cost	**38,171,409**	**25,511,551**	**13,546,937**	**3,560,370**	**2,645,289**	**83,435,556**
- Stage 1	38,060,637	25,134,374	11,480,914	212,497	2,048,538	76,936,960
- Stage 2	110,772	377,177	2,066,023	678,190	596,751	3,828,913
- Stage 3	-	-	-	2,669,683	-	2,669,683
- POCI assets	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**3,246,659**	**-**	**-**	**-**	**-**	**3,246,659**
- Stage 1	3,246,659	-	-	-	-	3,246,659
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- POCI assets	-	-	-	-	-	-
C. Financial assets being divested	**-**	**-**	**-**	**15,402**	**-**	**15,402**
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	15,402	-	15,402
- POCI assets	-	-	-	-	-	-
Total (A+B+C)	**41,418,068**	**25,511,551**	**13,546,937**	**3,575,772**	**2,645,289**	**86,697,617**
D. Commitments to disburse funds and financial guarantees given	**1,760,863**	**1,844,013**	**1,276,554**	**149,666**	**357,899**	**5,388,995**
- Stage 1	1,757,714	1,825,679	1,210,342	9,990	301,795	5,105,520
- Stage 2	3,149	18,334	66,212	38,641	56,104	182,440
- Stage 3	-	-	-	101,035	-	101,035
- POCI assets	- "	-	-	-	-	-
Total (D)	**1,760,863**	**1,844,013**	**1,276,554**	**149,666**	**357,899**	**5,388,995**
Total (A+B+C+D)	**43,178,931**	**27,355,564**	**14,823,491**	**3,725,438**	**3,003,188**	**92,086,612**

The breakdown by rating grade given above refers to the Crédit Agricole Italia Banking Group's internal models.

The "Without rating" column mainly shows exposures to Banks, Public Administration Bodies and Sovereign States, for which internal rating models are not available.

Excluding counterparties without rating, 77% of total counterparties fall within the Investment grades (from AAA to BBB-), whereas 16% falls within the BB+/B grades and 4% in the B-/D grades. It is pointed out that, of total "without rating" exposures, 37% consisted of "Retail Joint Accounts", 17% of financial institutions, 13% of Retail and Private Bnkg counterparties and 11% of Corporate counterparties; the remaining part of unrated positions consisted of other types of less material counterparties in terms of exposure.

A.3 BREAKDOWN OF SECURED EXPOSURES BY TYPE OF GUARANTEE

A.3.1 Prudential consolidation - On-balance-sheet and off-balance-sheet secured exposures to banks

	Gross exposure	Net exposure	Collaterals (1)				
			Real estate - mortgages	Real estate- Loans for leases	Real estate - Finance leases	Securities	Other collaterals
1. On-balance-sheet secured exposures:	**1,051,773**	**1,051,760**	**-**	**-**	**-**	**-**	**-**
1.1 fully secured	401,060	401,047	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-
1.2 partially secured	650,713	650,713	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-
2. Off-balance-sheet secured exposures:	**26,677**	**26,643**	**-**	**-**	**-**	**-**	**-**
2.1 fully secured	638	636	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-
2.2 partially secured	26,039	26,007	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-

A.3.2 Prudential consolidation - On-balance-sheet and off-balance-sheet secured exposures to customers

	Gross exposure	Net exposure	Collaterals (1)			
			Real estate - mortgages	Real estate- Loans for leases	Securities	Other collaterals
1. On-balance-sheet secured exposures:	**51,550,689**	**50,072,029**	**31,736,541**	**910,057**	**914,562**	**2,291,472**
1.1 fully secured	44,364,025	43,077,838	31,519,070	839,103	874,563	1,286,341
- of which non-performing	2,005,694	988,840	728,537	54,209	1,194	11,393
1.2 partially secured	7,186,664	6,994,191	217,471	70,954	39,999	1,005,131
- of which non-performing	237,286	94,679	14,598	8,197	483	5,186
2. Off-balance-sheet secured exposures:	**1,245,202**	**1,230,813**	**256,913**	**-**	**86,572**	**260,772**
2.1 fully secured	990,954	978,640	239,178	-	64,305	226,190
- of which non-performing	31,514	24,973	19,607	-	167	2,220
2.2 partially secured	254,248	252,173	17,735	-	22,267	34,582
- of which non-performing	9,427	7,940	2,284	-	1,828	145

Personal guarantees (2)									Total (1)+(2)
Credit derivatives					Signature loans				
CLN	Other derivatives								
	Central counterparties	Banks	Other financial companies	Other parties	Public administration bodies	Banks	Other financial companies	Other parties	
-	**-**	**-**	**-**	**-**	**1,050,000**	**585**	**-**	**1,050,585**	**2,101,170**
-	-	-	-	-	400,463	585	-	401,048	802,096
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	649,537	-	-	649,537	1,299,074
-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**10,331**	**5,323**	**-**	**15,654**	**31,308**
-	-	-	-	-	636	-	-	636	1,272
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	9,695	5,323	-	15,018	30,036
-	-	-	-	-	-	-	-	-	-

Personal guarantees (2)									Total (1)+(2)
	Credit derivatives				Signature loans				
CLN	Other derivatives								
	Central counterparties	Banks	Other financial companies	Other parties	Public administration bodies	Banks	Other financial companies	Other parties	
-	**-**	**-**	**-**	**-**	**5,956,507**	**2,125,980**	**918,058**	**2,708,344**	**47,561,521**
-	-	-	-	-	3,307,955	1,315,951	598,462	2,488,068	42,229,513
-	-	-	-	-	53,812	6,210	6,209	81,273	942,837
-	-	-	-	-	2,648,552	810,029	319,596	220,276	5,332,008
-	-	-	-	-	46,087	460	6,237	3,367	84,615
-	**-**	**-**	**-**	**-**	**15,905**	**20,261**	**48,729**	**429,202**	**1,118,354**
-	-	-	-	-	14,027	7,702	31,705	393,841	976,948
-	-	-	-	-	438	-	779	1,761	24,972
-	-	-	-	-	1,878	12,559	17,024	35,361	141,406
-	-	-	-	-	358	2,800	1	230	7,646

In compliance with Bank of Italy Circular 262 7th update, in columns "Collaterals" and "Personal Guarantees", the fair value of the collateral and guarantees is stated as estimated at the reporting sate or, where said piece of information is lacking, their contractual value.

It is pointed out that, in compliance with the aforementioned 7th update, both the above values shall not be higher than the book value of secured exposures.

A.4 PRUDENTIAL CONSOLIDATION – FINANCIAL AND NON-FINANCIAL ASSETS OBTAINED THROUGH THE ENFORCEMENT OF THE RECEIVED GUARANTEES AND COLLATERALS

This item mainly reports property, plant and equipment obtained subsequent to the termination of non-performing finance leases.

Specifically, the item reports buildings and land, which were previously granted under finance leases and were returned to the Group subsequent to the termination of the related contracts and for which no credit claim remains towards the contractual obligors.

	Exposure written off	Gross value	Total adjustments	Book value	
					o/w obtained in the reporting period
A. Property, plant and equipment:	43,153	41,233	11,394	29,839	-
A.1 Operating assets	-	-	-	-	-
A.2 Investment property	31,907	33,948	11,089	22,859	-
A.3 Inventories	11,246	12,533	5,553	6,980	-
B. Equity securities and debt securities	-	-	-	-	-
C. Other assets	-	-	-	-	-
D. Non-current assets held for sale and discontinued operations	-	-	-	-	-
D.1 Property, Plant and Equipment	-	-	-	-	-
D.2 Other assets	-	-	-	-	-
Total 31 Dec. 2022	**43,153**	**46,481**	**16,642**	**29,839**	**-**
Total 31 Dec. 2021	**82,816**	**87,356**	**27,627**	**59,729**	**-**

B. Breakdown and concentration of exposures

B.1 PRUDENTIAL CONSOLIDATION - BREAKDOWN BY SECTOR OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES TO CUSTOMERS

Exposures/Counterparties	Public administration bodies		Financial companies		Financial companies (of which: insurance undertakings)		Non-financial companies		Households	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	4,372	14,032	-	-	87,783	401,368	38,417	103,387
- of which: forborne exposures	-	-	4,167	13,053	-	-	36,177	132,625	2,862	6,947
A.2 Unlikely to Pay	34	30	8,134	10,905	-	-	679,108	764,727	313,254	211,868
- of which: forborne exposures	-	-	5,350	7,898	-	-	325,990	383,383	123,544	74,074
A.3 Non-performing past-due exposures	-	-	2	1	1	1	10,475	3,960	21,520	7,570
- of which: forborne exposures	-	-	-	-	-	-	2,690	437	137	37
A.4 Performing exposures	15,197,679	24,275	6,894,452	16,833	98,892	55	23,983,920	174,286	32,009,578	187,973
- of which: forborne exposures	22,646	45	1,787	112	-	-	296,049	21,636	157,455	6,676
Total (A)	**15,197,713**	**24,305**	**6,906,960**	**41,771**	**98,893**	**56**	**24,761,286**	**1,344,341**	**32,382,769**	**510,798**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	5	2	-	-	45,126	54,786	1,183	257
B.2 Performing exposures	17,650	41	408,190	1,257	32,439	39	3,930,949	10,975	327,935	5,745
Total (B)	**17,650**	**41**	**408,195**	**1,259**	**32,439**	**39**	**3,976,075**	**65,761**	**329,118**	**6,002**
Total (A+B) 31 Dec. 2022	**15,215,363**	**24,346**	**7,315,155**	**43,030**	**131,332**	**95**	**28,737,361**	**1,410,102**	**32,711,887**	**516,800**
Total (A+B) 31 Dec. 2021	**17,314,436**	**23,003**	**7,402,513**	**43,566**	**287,792**	**156**	**33,122,567**	**1,697,391**	**32,817,689**	**397,822**

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.2 BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES TO CUSTOMERS

Exposures/Geographical areas	Northwest Italy		Northeast Italy		Central Italy		South and insular Italy	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures								
A.1 Bad loans	46,161	150,957	41,193	200,533	24,004	86,394	19,165	80,172
A.2 Unlikely to Pay	424,437	412,225	284,426	269,573	170,056	154,594	120,765	150,302
A.3 Non-performing past-due exposures	15,520	4,910	3,550	1,639	4,815	1,649	8,041	3,298
A.4 Performing exposures	28,904,203	146,030	19,405,568	136,750	24,816,648	81,526	4,561,598	35,603
Total (A)	24,390,321	714,122	19,734,737	608,495	25,015,523	324,163	4,709,569	269,375
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	13,585	6,643	23,605	23,895	4,534	18,324	4,575	6,126
B.2 Performing exposures	1,794,581	11,521	1,899,274	4,327	693,371	944	161,233	888
Total (B)	1,808,166	18,164	1,922,879	28,222	697,905	19,268	165,808	7,014
Total (A+B) 31 Dec. 2022	31,198,487	732,286	21,657,616	636,717	25,713,428	343,431	4,875,377	276,389
Total (A+B) 31 Dec. 2021	34,986,639	924,534	21,359,187	608,090	27,577,404	365,410	5,721,869	257,269

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.3 PRUDENTIAL CONSOLIDATION - BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO BANKS

Exposures/Geographical areas	Italy		Other European Countries		America		Asia		Rest of the world	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to Pay	-	-	-	-	-	-	-	-	372	3,766
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	3,945,436	195	3,914,958	83	2,441	2	6,974	4	6,224	13
Total (A)	**3,945,436**	**195**	**3,914,958**	**83**	**2,441**	**2**	**6,974**	**4**	**6,596**	**3,779**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	259,156	693	1,774,048	33	14,211	1	164,951	76	30,025	38
Total (B)	**259,156**	**693**	**1,774,048**	**33**	**14,211**	**1**	**164,951**	**76**	**30,025**	**38**
Total (A+B) 31 Dec. 2022	**4,204,592**	**888**	**5,689,006**	**116**	**16,652**	**3**	**171,925**	**80**	**36,621**	**3,817**
Total (A+B) 31 Dec. 2021	**14,214,889**	**1,537**	**1,631,651**	**236**	**9,639**	**2**	**158,316**	**61**	**32,719**	**2,087**

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.4 LARGE EXPOSURES

As at 31 December 2022 the positions having large exposure features in accordance with Regulation (EU) no. 575/2013 (CRR) as amended, including by Regulation (EU) no. 876/2019 (CRR2) were:

- Of a total nominal amount of Euro 41,770,620 thousand;
- Of a total weighted amount of Euro 406,437 thousand;
- A total number of risk positions of 8 making reference to both nominal value and weighted value.

C. Securitizations

QUALITATIVE DISCLOSURES

Within the derisking actions deployed on the NPE portfolio, in 2021 the Crédit Agricole Italia Group successfully completed disposals of non-performing loans for an aggregate gross book value of approximately Euro 1.6 billion, combining the securitization transaction called "Stelvio Project" and the disposal of single positions during the ordinary collection activities.

Specifically, the Stelvio transaction perimeter consisted of a portfolio of approximately 13,500 positions classified as bad loans, for a gross book value of Euro 1.6 billion.

The transaction was carried out by the Crédit Agricole Italia Banking Group, con ItalFondiario as the Master Servicer, Zenith as the corporate servicer and DoValue S.p.A. and Cerved as the Portfolio Special Servicers.

In December 2021 the sale agreement was signed with the special-purpose entity "Ortles 21 S.r.l".

In order to finance the purchase of the loans, on 17 December 2021, the special-purpose entity issued three tranches of ABS as listed below:

- Senior (Class A) notes, amounting to Euro 340,000,000 and equal to 18.5% of the gross collectible value of the sold loans, to which a BBB investment grade rating was assigned by Scope Rating, DBRS and Arc Rating and were subscribed by the Parent Company;
- Mezzanine (Class B) notes, amounting to Euro 40,000,000 and equal to 2.2% of the gross collectible value of the sold loans, without rating and subscribed by the Parent Company;
- Junior (Class J) notes, amounting to Euro 14,311,000 and equal to 0.8% of the gross collectible value of the sold loans, without rating and subscribed by the Parent Company.

The Notes are not listed on any regulated market.

In order to comply with the obligation to retain a net economic interest in the securitized exposures of no less than 5% under Regulation (EU) 2017/2402 and the other applicable regulations, the Parent Company undertook to retain, throughout the transaction duration, (i) 5% of the nominal value of each class of junior and mezzanine notes and (ii) the principal amount of the limited recourse loan.

On 21 December 2021, 95% of the Mezzanine notes and 95% of the Junior notes was sold to specialist investor SPF Investment Management with concomitant payment of the purchase price and subsequent derecognition of the sold loans.

On the Senior notes, the Italian Ministry of the Economy and Finance gave the Italian State Guarantee on Securitization of NPLs (GACS) on 13 April 2022.

Stelvio (structured transaction pursuant to Italian Law no.130 of 30 April 1999)

Key transaction information	
Transaction finalized on	3 Dec. 2021
Special-purpose vehicle	Ortles 21 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,552,479**
Outstanding notes as at 31 Dec. 2022	**310,271**
Of which senior	255,960
Of which mezzanine	40,000
Of which junior	14,311
Senior notes rating at issue	BBB Scope Rating, DBRS, ARC
Limited recourse loan (Cash reserve) as at 31 Dec. 2022	14,680
Senior notes rating as at 31 Dec. 2022	BBB Scope, DBRS, ARC

The securitizations underway as at 31 December 2022 are listed below.

Elrond NPL 2017

Key transaction information	
Transaction finalized on	14 July 2017
Special-purpose vehicle	Elrond NPL 2017 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,405,252**
Outstanding notes as at 31 Dec. 2022	**299,816**
Of which senior	237,316
Of which mezzanine	42,500
Of which junior	20,000
Senior notes rating at issue	Baa3 Moody's BBB- Scope Ratings
Limited recourse loan (Cash reserve) as at 31 Dec. 2022	10,062
Senior notes rating as at 31 Dec. 2022	CAA3 Moody's and CC Scope Rating

Special servicing is performed by Cerved Credit Management S.p.A., whereas master servicing is performed by Cerved Master Servicer S.p.A.

Aragorn NPL 2018

Key transaction information	
Transaction finalized on	14 June 2018
Special-purpose vehicle	Aragorn NPL 2018 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,670,633**
Outstanding notes as at 31 Dec. 2022	**434,665**
Of which senior	357,843
Of which mezzanine	66,822
Of which junior	10,000
Senior notes rating at issue	BBBL DBRS BBB- Scope Ratings
Limited recourse loan (Cash reserve) as at 31 Dec. 2022	18,745
Senior notes rating as at 31 Dec. 2022	CC DBRS and Scope Ratings

Master servicing is performed by Master Gardant S.p.A., whereas special servicing is performed jointly by Special Gardant SpA and Cerved Credit Management S.p.A..

As the Stelvio, Elrond and Aragorn securitizations had the objective of transferring credit risk, they may entail the specific risk that credit risk is not fully transferred, but the sale of the mezzanine and junior tranches (with substantial transfer of the risks and rewards associated with the securitized loans and the subsequent derecognition of the portfolio) and the State guarantee given, ensure constant compliance with the requirements of significant transfer of credit risk.

Pillarstone Italy

In 2018, Creval, along with other banks, transferred its loans to Rainbow Magicland S.p.A. to the Pillarstone Italy SPV. With the loans disposed of totalling Euro 8.4 million, in January 2019 Creval subscribed class B1 notes for Euro 1.5 million and class C2 notes for Euro 6.9 million (the latter fully written down).

Key transaction information	
Special-purpose vehicle	Pillarstone Italy SPV S.r.l.
Underlying exposures	Non-Performing Loans having RAINBOW MAGICLAND S.p.A. as the borrower
Geographical area of the sold loans	Italy
Amount of the loans sold by Creval	**8,395**
All subscribed by Creval	**8,395**
Of which class B1	1,469
Of which class C2	6,926
Notes rating	N.R.

The role as Servicer was vested in Banca Finint S.p.a. (within the restructuring of the Securitisation Services S.p.a. Group, it was merged into Banca Finanziaria Internazionale S.p.a. – i.e. Banca Finint S.p.a).

Tranched Cover – Creval 25

In 2020, the “Creval 25” portfolio was finalized for a tranched cover synthetic securitization on newly-originated loans to Retail and Corporate bnkg customers. The transaction provides for a personal guarantee to be given covering credit risk. The guarantee was given by the Central Guarantee Fund for SMEs on the junior tranche of a se3lected portfolio.

The portfolio of underlying exposures consists of loans originated in 2019 and 2020, to approximately 580 enterprises based throughout Italy, amounting to Euro 65,452 thousand, (the junior tranche amounting to Euro 5,638 thousand, the senior tranche amounting to Euro 59,814 thousand).

Key transaction information	
Transaction finalized on	03 October 2020
Originator	Creval S.p.A.
Transaction type	Tranched Cover
Underlying exposures	Unsecured performing loans with average maturity of 60 months
Geographical area of the sold loans	Italy
Amount of the portfolio of underlying assets	**65,452**
Risk holder	
Senior tranche	Crédit Agricole Italia S.p.A.
Junior tranche	Partially covered by protection seller
Guarantees given by third parties	Guarantee given by the Central Guarantee Fund for SMEs on the junior tranche

Risk measurement and control internal systems and hedging policies

In order to comply with the regulatory requirements concerning the recognition of “Significant transfer of credit risk”, within the securitizations of non-performing and performing loans, the Group designed a comprehensive and clear-cut framework for periodic monitoring and management of the controls and information flows (consistently with its risk appetite expressed by the Risk Appetite Framework and with its strategic plan),adopting the policy for oversight on the model for governance and management of the risks associated with the securitizations, called Significant Risk Transfer (“SRT”).

The “SRT” Policy provides for a clear definition of the roles and responsibilities for monitoring, control and reporting, as well as for the related escalation mechanisms; the Framework for the management of significant transfer of credit risk and the related risk oversight and control system are part of the overall Internal Controls System, which is managed and implemented by the Parent Company Crédit Agricole Italia on behalf of all the entities of the Group.

QUANTITATIVE DISCLOSURES

C.1 - BANKING GROUP - EXPOSURES RESULTING FROM "OWN" MAIN SECURITIZATION TRANSACTIONS BROKEN DOWN BY TYPE OF ASSET-BACKED SECURITIES AND BY TYPE OF EXPOSURES

Type of securitized assets/ Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
A. Fully derecognized	**833,114**	**-1,389**	**1,432**		**1**	
NPL	833,114	-1,389	1,432	-	1	-
B. Partially derecognized						
C. Not derecognized	**14,270**	**-139**	**-**	**-**	**546**	**-581**
Mortgage and unsecured loans	14,270	-139	-	-	546	-581

C.2 - BANKING GROUP - EXPOSURES RESULTING FROM "THIRD PARTIES" MAIN SECURITIZATION TRANSACTIONS BROKEN DOWN BY TYPE OF ASSET

Type of securitized assets/ Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
A.1 Type of assets: NPL	1,041	- 129	-	-	-	-
A.2 Type of assets: Consumer loans	-	-	-	-	-	-
A.3 Type of assets: Residential loans	-	-	-	-	-	-

C.3 - BANKING GROUP - EQUITY INTERESTS IN SECURITIZATION SPECIAL-PURPOSE ENTITIES BACKED SECURITIES AND BY TYPE OF EXPOSURES

Securitization name// SPV name	Headquarters Legal	Consolidation
Ortles 21 S.r.l.	Milan, Italy	No
Elrond NPL 2017 S.r.l.	Conegliano Veneto (TV), Italy	No
Aragorn NPL 2018 S.r.l.	Rome	No
Pillarstone Italy SPV S.r.l.	Milan, Italy	No

As regards the Ortles, Elrond, Aragorn and Pillarstone transactions, given that there is no control in accordance with IFRS 10 and considering the transfer to third parties of all the risks and rewards, the special-purpose entities have not been consolidated.

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

	Asset			Liabilities		
	Credit	Debt securities	Other	Senior	Mezzanine	Junior
	320,263	-	37,152	257,026	40,800	14,607
	968,639	-	-	237,316	42,500	20,000
	212,968	-	58,147	359,384	80,067	14,480
	42,009	-	-	25,983	25,601	105,917

C.4 - BANKING GROUP - SECURITIZATION SPECIAL-PURPOSE ENTITIES NOT CONSOLIDATED

Subsequent to the Stelvio transaction, which was finalized at the end of 2021, as at 31 December 2022 the Group held the senior tranche issued by the special-purpose entity Ortles 21 and having a book value of Euro 256.5 million, 5% of the mezzanine tranche having a book value of Euro 0.7 million and 5% of the junior tranche, which has been fully written down. Within the transaction, the Group made a limited recourse loan (cash reserve) to the special-purpose entity amounting, as at 31 December 2022, to Euro 14.7 million.

On the Senior notes, the Italian Ministry of the Economy and Finance gave the Italian State Guarantee on Securitization of NPLs (GACS) on 13 April 2022 and, therefore, the variability of the performance of that tranche is not material.

As regards the securitization transactions carried out by Creval before its acquisition, as at 31 December 2022 the Crédit Agricole Italia Banking Group held the senior tranches issued by the special-purpose entities Elrond NPL 2017 and Aragorn NPL 2018 backed by the GACS Italian State guarantee and amounting to a book value of Euro 576.6 million, and 5% of the mezzanine and junior tranches having a total book value of about Euro 170 thousand. Within those transactions, the Group made limited recourse loans to the special-purpose entities to provide them with cash reserves to manage the risk of any mismatch between the funds from collections and recoveries on the portfolio of transferred loans on the one hand, and the necessary funds to pay interests on the senior ABS on the other, amounting to Euro 28.8 million and recognized in item “40. Financial assets measured at amortized cost as at 31 December 2022 As regards the Pillarstone transaction, the Group subscribed a portion of the mezzanine notes amounting to Euro 1.5 million, having a total book value of Euro 0.6 million, and a portion of the junior notes amounting to Euro 6.9 million and fully written down.

The State guarantee limits the variability of the results for the Group on the senior tranche and, consequently, the maximum exposure to the risk of loss is equal to the sum of the book values of the junior and mezzanine tranches amounting to Euro 1.4 million, and the book value of the limited recourse loans amounting to Euro 43.7 million. The maximum exposure to the risk of loss is deemed amounting to Euro 45.1 million.

C.6 - BANKING GROUP - SECURITIZATION SPECIAL-PURPOSE ENTITIES CONSOLIDATED

For more exhaustive information on the securitization special-purpose entities that have been consolidated, please see chapter C.1 – Securitizations – qualitative disclosures.

D. Asset disposals

A. Financial assets disposed of and not fully derecognized

QUALITATIVE DISCLOSURES

The disposals that did not entail derecognition of the financial assets disposed of are securitizations of credit exposures existing as at 31 December 2021 and no longer existing as at 31 December 2022.

The Quadrivio SME 2018 securitization was closed in Q1 2022.

D.1 PRUDENTIAL CONSOLIDATION - FINANCIAL ASSETS SOLD AND FULLY RECOGNIZED AND ASSOCIATED FINANCIAL LIABILITIES: BOOK VALUE

	Sold financial assets fully recognized				Associated financial liabilities		
	Book value	of which: securitized	of which: subject to sale contracts with repurchase agreement	of which non-performing	Book value	of which: securitized	of which: subject to sale contracts with repurchase agreement
A. Financial assets held for trading							
1. Debt securities	-	-	-	X	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value							
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value							
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income							
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortized cost							
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
Total 31 Dec. 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 31 Dec. 2021	**469,287**	**469,287**	**-**	**37,380**	**44,313**	**44,313**	**-**

D.3 PRUDENTIAL CONSOLIDATION - DISPOSAL TRANSACTIONS WITH LIABILITIES HAVING RECOURSE EXCLUSIVELY ON THE ASSETS DISPOSED OF AND NOT FULLY DERECOGNIZED: FAIR VALUE

	Fully recognized	Partially recognized	Total	
			31 Dec. 2022	31 Dec. 2021
A. Financial assets held for trading				
1. Debt securities	-	-	-	-
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
B. Other financial assets mandatorily measured at fair value				
1. Debt securities	-	-	-	-
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
C. Financial assets designated at fair value				
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income				
1. Debt securities	-	-	-	-
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets measured at amortized cost				
1. Debt securities	-	-	-	-
2. Loans	-	-	-	490,055
Total financial assets	**-**	**-**	**-**	**490,055**
Total associated financial liabilities	**-**	**-**	X	**44,151**
Net value 31 Dec. 2022	**-**	**-**	**-**	X
Net value 31 Dec. 2021	**445,904**	**-**	X	**445,904**

D.4 COVERED BOND PROGRAMME

In order to increase its liquidity reserves, in 2013 Crédit Agricole Italia designed its program for the issue of Covered Bonds. These bonds are secured, i.e. "covered" both by the issuing Bank and by a pool of high-quality loans that are "separately" managed by a special-purpose entity (Crédit Agricole Italia OBG S.r.l. – the Special-Purpose Entity dedicated to the Program, of which Crédit Agricole Italia holds 60%), operating as the "depositary of the mortgage loans used as collaterals". The Programme requires effective organizational control and significant capital strength. It is also emphasized that the above program has no effect on the regulatory risk profile of the disposing Banks (and of the Crédit Agricole Italia Banking Group) and does not generate the obligation for the Banks to derecognize the assets used as collaterals.

In general, the transaction, in accordance with the relevant regulations, consisted in the following activities.

The Banks of the Crédit Agricole Italia Banking Group transfer a "Pool" of mortgage loans to Crédit Agricole Italia OBG S.r.l. The assets transferred to the Special-Purpose Entity are separated from the SPE's assets and are to be used to the benefit of the holders of the covered bonds issued and of other parties in whose favour the guarantee has been given.

The Banks grant a subordinated loan to Crédit Agricole Italia OBG, to be used to pay the purchase price of the assets by the same Special-Purpose Entity.

Crédit Agricole Italia issues the Covered Bonds and the Special-Purpose Entity issues collateral in favour of the holders of the issued covered bonds.

As a consequence, the repayment of the Covered Bonds that have been issued within the programme is secured by unconditional and irrevocable collateral issued by Crédit Agricole Italia OBG exclusively to the benefit of the Covered Bond subscribers and of unrelated counterparties.

Besides creating an additional eligible buffer with the ECB by issuing a retained Covered Bond, through the Programme Covered Bonds could be placed with external investors, giving the Group the opportunity to be appreciated as one of the leading players in the Italian Covered Bond market.

The programme, which is part of a process for enhancing the efficiency of funding sources, aims at providing the Bank with a wider range of liquidity management instruments.

That decision was made considering that, in the Covered Bond market, Crédit Agricole Italia can access funding instruments with longer maturities than those of the securities placed with Retail Customers, diversify the investor base and stabilize the cost of funding, while also confirming its commitment to ESG matters with the first Italian issue of Green Covered Bonds, which was made in March 2021.

As of December 2022, following the merger by absorption of Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A., the only Bank that will transfer loans to the Special-purpose vehicle will be Crédit Agricole Italia.

In January 2022, the Group went again to the market with a new dual-tranche issue of Covered Bonds with 10-year and 20-year maturities for 1 billion Euro and 500 million Euro, respectively. The Group has thus confirmed its commitment to the market. Furthermore, on 31 January 2022, the Covered Bond of Euro 1 billion, issued in 2014, matured; the 2014 one was the first issue in the market within the Covered Bond Issue Programme.

As at 31 December 2022, the nominal value of the outstanding bonds came to Euro 12 billion, of which Euro 2.75 billion in retained bonds and Euro 9.25 billion in publicly traded bonds.

Disclosure

At its meetings held on 24 July 2012 and 26 March 2013, the Board of Directors of Crédit Agricole Italia resolved to start a programme for the issue of covered bonds.

The Italian legislation framework on covered bonds consists of Article 7-bis of Law No. 130 of 30 April 1999 (as amended and supplemented, hereinafter referred to as "Law 130"), of the Decree issued by the Italian Minister of the Economy and Finance No. 310 of 14 December 2006 (the "MEF Decree") and by the Provisions for Prudential Supervision of Banks set down in the Bank of Italy's Circular No. 285 of 17 December 2013, as supplemented and amended (the "Instructions" and, jointly with Law 130 and with the MEF Decree, the "Legislation"). The issue of Covered Bonds has allowed the Crédit Agricole Italia Banking Group to further diversify its stock of eligible assets with the European Central Bank, to have access to funding tools with longer maturity than the securities placed with its Retail Customers, to diversify its investor base and to stabilize the cost of funding.

In general, the transaction, in accordance with the relevant regulations, consisted in the following activities. Crédit Agricole Italia transfer a pool of mortgage loans to Crédit Agricole Italia OBG.

The assets transferred to the Special-Purpose Entity are separated from the SPE's assets and are to be used to the benefit of the holders of the covered bonds issued and of other parties in whose favour the guarantee has been given.

The Bank grants a subordinated loan to Crédit Agricole Italia OBG, to be used to pay the purchase price of the assets by the same Special-Purpose Entity.

Crédit Agricole Italia issues the Covered Bonds and the Special-Purpose Entity issues collateral in favour of the holders of the issued covered bonds.

As a consequence, the repayment of the Covered Bonds that have been issued within the transaction is secured by unconditional and irrevocable collateral issued by Crédit Agricole Italia OBG exclusively to the benefit of the Covered Bond subscribers and of unrelated counterparties.

The cover pool

The loan pool that, each time, is transferred to the Special-purpose Vehicle must have some common features.

Since May 2013, several transfers have been made within which receivables, i.e. credit claims, based on mortgage loan contracts were selected and, as at their respective transfer date, had, by way of example and not limited to, the following common features:

- Credit claims based on mortgage loan contracts:
  - Which are residential mortgage loans (i) having a risk-weighting factor not higher than 35% and (ii) for which the residual principal amount plus the residual principal of any previous mortgage loans with mortgage on the same property is not higher than 80% of the value of the mortgaged property; or
  - Which are mortgage loans originated or purchased by the Crédit Agricole Italia Banking Group;
  - Which are performing with no instalments past due by over 30 days;
  - Which do not include clauses restricting the right of the Banks of the Crédit Agricole Italia Banking Group to sell its credit claims resulting from the relevant loan contract or providing for the borrower’s consent to the transfer and for the Banks of the Crédit Agricole Italia Banking Group to have obtained such consent;
  - for which any pre-amortization period provided for by the contract has fully expired and at least one instalment has matured and has been paid;
  - Which have been granted to a natural person, a legal person or to more than one natural or legal person, who have jointly taken out the loan;
  - Which provide for the borrower to pay floating-rate interest (determined each time by the Banks of the Crédit Agricole Italia Banking Group) or fixed-rate interest.
  - Specifically, in 2022 a transfer of residential mortgage loans was made:
- On 30 May 2022, the Banks of the Crédit Agricole Italia Banking Group transferred the thirteenth pool to Crédit Agricole Italia OBG S.r.l. for a total principal amount of approximately Euro 2.3 billion (of which Euro 2 billion transferred by Crédit Agricole Italia and Euro 0.3 billion by Crédit Agricole FriulAdria).

As at 31 December 2022, the Cover Pool consisted of receivables resulting from 171,054 mortgage loans, with a total residual debt, net of any repayments, of approximately Euro 13.7 billion.

Current accounts

The Programme provides for a complex structure of current accounts to manage the cash flows from the transaction.

A number of accounts have been opened in the name of Crédit Agricole Italia OBG and specifically, but not limited to: collection accounts, quota capital account, reserve fund account, guarantor payments account and expenses account.

Parties involved in the Programme

With regard to the Programme, the following parties have the roles set forth here below:

- Transferor Bank: Crédit Agricole Italia;
- Master Servicer: Crédit Agricole Italia (which, in this capacity, has been tasked by Crédit Agricole Italia OBG, pursuant to the Servicing Master Agreement, with the collection and recovery of the receivables in the Initial Pool and in the pools that the Transferor Bank will transfer to Crédit Agricole Italia OBG pursuant to the Transfer Master Agreement);
- Principal Paying Agent: Crédit Agricole Italia (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to determine and process the payments due, for principal and interest, to the holders of the Covered Bonds);
- Calculation Agent: Crédit Agricole Corporate & Investment Bank, Milan Branch ("CACIB") (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to prepare and sent – to all parties to the agreement – the so-called Payments Report, setting forth the available funds owned by Crédit Agricole Italia OBG and the payments to be made, based on the payment priority order as set by the parties in the transaction, pursuant to the Intercreditor Agreement, from the available funds);
- Account Bank: Crédit Agricole Italia (with which, in this capacity, pursuant to the Cash Management and Agency Agreement, the Italian current accounts shall be opened and kept in the name of Crédit Agricole Italia OBG S.r.l.; on these accounts the liquidity shall be deposited to be used for the payments as per the Programme schedule);
- Asset Monitor: BDO Italia (which, in this capacity, pursuant to the Asset Monitor Agreement, shall carry out the calculations and verifications on the Mandatory Tests and on the Amortisation Test to be performed pursuant to the Cover Pool Administration Agreement, verifying the accurateness of the calculations made by the Calculation Agent pursuant to the Cover Pool Administration Agreement. With separate assignment, the Asset Monitor, tasked by Crédit Agricole Italia, shall carry out further verifications, specifically on (i) compliance of the eligible assets making up the Pool with the requirements set by the Legislation and (ii) compliance with the limits set for the transfer and with the issuers' requirements as provided for in the Instructions and (iii) the completeness, truthfulness and promptness of the information made available by investors);
- Guarantor quotaholders: Crédit Agricole Italia and Stichting Pavia (which, in this capacity, have signed the Quotaholders Agreement to exercise the corporate rights associated to the equity investment held by each one of them in Crédit Agricole Italia OBG);
- Representative of the Covered Bondholders: Zenith Service (which, in this capacity, exercises, towards Crédit Agricole Italia and Crédit Agricole Italia OBG, the rights of the counterparties involved in the transaction based on the Programme Contracts);
- Administrative Services Provider: Zenith Service (which, in this capacity, has the task of providing Crédit Agricole Italia OBG with administrative and corporate services relating to the activities to be carried out within the Programme);
- Arranger: CACIB;
- Rating Agency: Moody's.

Risks associated with the Programme

The Programme for the Issue of Covered Bonds entails the financial risks specified below, for which several mitigation measures have been adopted: Credit Risk, Liquidity Risk, Refinancing Risk, Counterparty Risk, Operational Risks, Risk of Bankruptcy of the Issuer Bank, Legal Risks.

Based on the procedures, in compliance with the Supervisory Instructions, the Internal Audit Department of Crédit Agricole Italia performs a verification of the controls carried out, at least every 12 months, also using the information received from and the judgements expressed by the Asset Monitor.

The Programme financial structure envisages that Crédit Agricole Italia may issue Covered Bonds, in more than one subsequent series, to be rated by Moody's Investors Service (presently the expected rating is Aa3).

1.2 Market risks

1.2.1 Interest rate risk and price risk – Supervisory Trading Book

QUALITATIVE DISCLOSURES

A. General aspects

The Crédit Agricole Italia Banking Group does not typically engage in proprietary trading on financial markets, but only in trading operations to meet its customers' needs. Furthermore, trading activities are subject to specific regulatory requirements that prohibit any proprietary speculative trading. The applicable legislation consists of the Volcker Rule (Dodd-Frank Wall Street Reform and Consumer Protection Act) and the LBF - "Loi de séparation et de régulation des activités bancaires" (French law no. 2013-672)). Following the Volcker Rule reform in 2020, the Crédit Agricole Italia Banking Group has been classified as a TOTUS ("Totally Outside The US") entity. The Entities that do not have any branches in the US or direct operations in the US territory are exempted from the obligation to perform the Volcker specific controls that were previously required, thus simplifying the programme for compliance with that piece of legislation.

Therefore, trading activities are ancillary to and aimed at meeting customers' requirements; the Group takes only residual risk positions in the trading book.

The trading book of the entities of the Crédit Agricole Italia Banking Group mainly consists of Over-The-Counter derivatives (matched trading) and non-structured financial instruments. The control of market risk on the trading book ensures that a risk level consistent with the Group's objectives is continuously maintained.

Given the exposure immateriality, Pillar One capital absorption is calculated in accordance with the standardized approach.

B. Management and measurement of interest rate and price risks

Organisational aspects

The process for the management of market risks is regulated by the relevant risk policy. This document lays down the internal system of normative instruments for the management of market risk with reference to operations in financial instruments, foreign currencies and commodities, in terms of:

- The principles, objectives, methodologies and tools used for the measurement, control and management of market risk;
- Guidelines and rules which the market risk management processes are based on.

The Market Risk Policy is one of the components of the overall risk governance model implemented by the Crédit Agricole Group, consistently with the guidelines issued by the Parent Company Crédit Agricole S.A.

Within the process for market risk management, primary responsibility is assigned to corporate bodies/structures, according to their respective scopes, and they must be fully aware of the Bank's level of exposure. Specifically:

- The Board of Directors is the body engaged in strategic oversight functions and is therefore responsible for defining market risk governance policies and management processes;
- The Co-General Manager in charge of Corporate Banking, delegating the relevant powers to the Corporate Banking Department, is the officer responsible for market risk management, and, therefore, sets down and steers the Group's mechanism for the management of Market Risk;
- The Capital Management and Middle Office Service is responsible for controlling the perfect back–to-back of the transactions entered by the Capital Market & Open Innovation Division on behalf of Customers;

- The Risk Management and Permanent Controls Department is responsible for level 2.2 control. It verifies the corporate risk management process and supervises compliance of the market risk treatment with the applicable legislation in force and with the Group Risk Strategy.

The model for market risk management and governance applies to the entire consolidation perimeter.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is a mechanism designed to control that operational practices, at the various organisational levels, are performed in compliance with management guidelines and strategies, as defined by the Top Management.

The risk framework system regarding the trading books of the Crédit Agricole Italia Banking Group is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Its risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

The system of global limits must be able to ensure a controlled development of the business. The limits are set in order to contain any losses within a level that is deemed acceptable for the Crédit Agricole Group as a whole and are defined using common metrics, such as Notional Value, Mark to Market and Value at Risk. As regards limits and thresholds on market risk, the global limits and global alert thresholds are validated by the Group Risk Committee of Crédit Agricole SA (Comité Risques Groupe - CRG) and approved by the Board of Directors of the Parent Company Crédit Agricole Italia and implemented by the BoD of the other Entities of the Group, whereas the local operational limits and the local alert thresholds – which are specific adaptations of the global limits - are adapted locally and also validated by the Board of Directors of Crédit Agricole Italia and submitted for implementation and information to the Boards of Directors of the other Entities.

Control System

The monitoring of global and operational limits is a task assigned to the Risk Management and Permanent Controls Department. Reporting on compliance with the set limits is included in the monthly Financial Risk Report, while continuous compliance is verified with automated daily reporting through an internal procedure.. The Financial Risk Report is sent to the Group's top bodies and officers, to the structures engaged in market risk management, to the Internal Audit Department and to the Group Risk Department (Direction Risques Groupe) of Crédit Agricole S.A. A summary of this report is the basis for quarterly reporting on market risks to the Group's Executive and Control collective Bodies (Risk and Internal Control Committee, Board of Auditors, Board of Directors).

If certain events occur (the limits are breached, there are significant changes in markets, significant losses, etc.), a specific alert procedure is triggered, reporting the event and a remedial action plan to the Top Management Bodies and to the Parent Company Crédit Agricole S.A., depending on the type of breach detected.

Furthermore, the Risk Management and Permanent Controls Department performs Independent Price Verification of the financial instruments on the trading book and audits on Prudent Valuation of the financial instruments held by the Group. As regards derivative instruments sold to ordinary instruments, it issues opinions on the pricing methodology, whose models, which are commonly used in financial practices, are fed with input parameters (such as interest rate, exchange rate and volatility curves) observed on the market and subject to monitoring processes.

Local "Correspondant Volcker Rule" (the Local Officer in charge of the Volcker Rule)

The Local "Correspondant Volcker Rule" (the Local Officer in charge of the Volcker Rule) for the Crédit Agricole Italia Banking Group is part of the Finance Department and is responsible for ensuring that the Group is always compliant with the Volcker Rule and with the LBF cooperating with the central Officers in charge at Crédit Agricole S.A..

Fair Value Option

In 2022, no transactions recognized under "Fair Value Option" were carried out.

QUANTITATIVE DISCLOSURES

1. Supervisory Trading Book: breakdown by remaining maturity (repricing date) of on-balance-sheet financial assets and liabilities and financial derivatives

Euro

Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**-**	**-**	**1**	**1**	**17**	**3**	**1**	**-**
1.1 Debt securities	-	-	1	1	17	3	1	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	1	1	17	3	1	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives	**272,005**	**7,501,468**	**4,889,044**	**1,977,042**	**6,615,648**	**628,707**	**35,128**	**-**
3.1 With underlying security	-	2,304	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	1,152	-	-	-	-	-	-
+ short positions	-	1,152	-	-	-	-	-	-
3.2 Without underlying security	272,005	7,499,164	4,889,044	1,977,042	6,615,648	628,707	35,128	-
- Options								
+ long positions	26	15,675	24,878	50,974	158,538	9,972	707	-
+ short positions	21	15,671	24,873	50,975	158,551	9,973	707	-
- Other derivatives								
+ long positions	135,979	3,733,023	2,419,599	936,994	3,149,748	304,381	16,857	-
+ short positions	135,979	3,734,795	2,419,694	938,099	3,148,811	304,381	16,857	-

Other currencies

Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**632,769**	**399,847**	**378,944**	**235,420**	**-**	**-**	**-**
3.1 With underlying security	-	10	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	5	-	-	-	-	-	-
+ short positions	-	5	-	-	-	-	-	-
3.2 Without underlying security	-	632,759	399,847	378,944	235,420	-	-	-
- Options								
+ long positions	-	348	267	491	10	-	-	-
+ short positions	-	348	267	491	10	-	-	-
- Other derivatives								
+ long positions	-	316,890	199,656	188,981	117,700	-	-	-
+ short positions	-	315,173	199,657	188,981	117,700	-	-	-

1.2.2 Interest Rate Risk and Price Risk - Banking Book

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of interest rate risk and price risk

General aspects

Asset & Liability Management activities cover all the items on the banking book, on-balance-sheet and off-balance-sheet. Future fluctuations in interest rates that would impact on profits, through changes in net interest income, and that would also have an effect on the discounted value of its capital, as they would cause a change in the net present value of future cash flows, are mitigated with hedges that are calibrated also through specific modeling of financial statement items.

Organisational aspects

In its capacity as the Parent Company, Crédit Agricole Italia coordinates the interest rate risk and price risk profiles of the Group's banking book, centrally managing financial operations, as well as risk assessment and control activities.

The Governance model adopted by the Crédit Agricole Italia Banking Group vests:
- The ALM Committee with the task of setting the strategic and direction lines for the management, of validating proper application of the standards and methods for measuring the exposure to interest rate risk, of examining the reporting produced by the Finance Department, as well as to resolve on any measures to be implemented, as well as of validating the local operational limits and the local alert thresholds regarding interest rate risk.
- The Risk and Internal Control Committee with the task of examining the outcomes of controls on compliance with the RAF and Risk Strategy limits and alert thresholds, as well as any alert procedures that started.

The CFO is responsible for the management and measurement of interest rate risk for the Group as a whole. Through the Finance Department, the CFO sets the methods for managing interest risk in compliance with the applicable regulations and with the methodological indications provided by the Crédit Agricole S.A. Group. The CFO also designs operational actions, carries out stress testing exercises based on the guidelines issued by the Crédit Agricole Group and prepares the ICAAP reports, both the local one and the contribution to the Group's ICAAP exercise.

The Risk Management and Permanent Controls Department is responsible for control. Therefore, it verifies the corporate risk management process and supervises compliance of the risk treatment with the applicable legislation in force and with the Group Risk Strategy.

In compliance with the normative instruments of the Crédit Agricole Group and with the supervisory regulations, the system of limits to the interest rate risk is reviewed on a yearly basis within the Risk Appetite Framework (RAF) process, setting out operational limits in the Risk Strategy, which is submitted to the Group Risk Committee of Crédit Agricole SA. and is approved by the Boards of Directors of all the Group's Entities. The local operational limits and thresholds are reviewed by the ALM Committee.

Risk policy and management

The processes for the management of interest rate risk and price risk are governed by the respective risk policies. These documents lay down the internal normative framework for the management of risks with reference to operations in financial instruments, in terms of:
- Principles, objectives, methodologies and tools used for the measurement, control and management of risks;
- Guidelines and rules on which the Risk Management and Stress Testing processes are based.

The management of interest rate risk designed by the Crédit Agricole Italia Banking Group aims at ensuring that the individual legal entities and the Group as a whole achieve the maximum possible income from the existing positions through proactive management of interest risk hedges. The main financial instruments to manage risk hedges are derivative contracts, i.e. interest rate options and Interest Rate Swaps.

Control System

Independent level 2.2 control on the system for the management of interest rate risk is performed by the Risk Management and Permanent Controls Department of Crédit Agricole Italia, by verifying the system compliance with the internal model of Crédit Agricole S.A.. Specifically, within its responsibilities, the Risk Management and Permanent Controls Department:
- Independently verifies compliance with the limits and alter thresholds provided for by the RAF and by the Risk Strategy; it also expresses its prior opinion in case of any changes to the approaches and methods used by the Finance Department, while reporting on them to the ALM Committee and to the Risk and Internal Control Committee;
- Submits the outcomes of its verifications to the Controlling Company on a monthly basis and, in case of breach of any one of the limits and alert thresholds set in the Risk Strategy and/or locally by the ALM Committee, it triggers the alert procedure, with a specific escalation measure depending on the type of breach detected, and analyzes and approves the action plan proposed by the relevant corporate structures.
- Reports to the Boards of Directors of the single Banks of the Group and to the Risk and Internal Control Committee on any breached limits or thresholds, problems arisen and compliance with the Risk Strategy.

The Risk Management and Permanent Controls Department is responsible for level 2.2. control on compliance with the set limits and thresholds; therefore, on a monthly basis, it prepares and sends its Financial Risk Report to the Corporate Bodies, which provides information on the control outcomes and on any breaches of limits and thresholds, and activates, where required, the appropriate alert procedures. On a quarterly basis, it submits a summary of the above Report to the Risk and Internal Control Committee and to the Boards of Directors of the Group Entities.

Risk measurement: Methodological Aspects

The model for the measurement of global interest rate risk provides for an analysis of the contractual profile (cash flow generation by maturity), of all balance-sheet items and, where appropriate, for the “modeling” of other balance sheet items that, in terms of asset stability and responsiveness to changes in market interest rates, are among the items that are sensitive to interest rate risk for the Entities of the Group. Specifically, for interest rate risk analysis, the following elements are identified:

- Fixed-rate Term loans (with contractually defined term);
- Floating-rate term loans (with contractually defined term) for the portion with an already established rate;
- Balance-sheet items modelled in accordance with Crédit Agricole S.A. methodological guidelines;
- Balance-sheet items “modelled” in accordance with a statistical analysis able to differentiate a part stable over time by volume and, within it, the component linked to the market (floating-rate part) and the “core” part (fixed-rate one);
- Balance-sheet items modelled in accordance with specific management rules set by the relevant corporate structures of Crédit Agricole Italia (local models);
- Loans with optional contents.

As regards price risk for the Banking Book, global limits have been set, based on the type of instruments that can be held, which are expressed with reference to indicators, such as the balance sheet notional value and fair value, along with the outcomes of the management for stress testis on the relevant perimeter.

QUANTITATIVE DISCLOSURES

1. Banking book: breakdown by remaining maturity (by repricing date) of financial assets and liabilities

Euro

Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**18,032,161**	**29,512,584**	**4,786,833**	**5,753,313**	**13,609,520**	**6,199,377**	**9,011,462**	**-**
1.1 Debt securities	-	517,178	2,232,563	4,088,100	6,744,742	1,658,684	835,015	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	517,178	2,232,563	4,088,100	6,744,742	1,658,684	835,015	-
1.2 Loans to banks	4,302,401	3,288,585	3,466	46,186	3,299	-	1	-
1.3 Loans to customers	13,729,760	25,706,821	2,550,804	1,619,027	6,861,479	4,540,693	8,176,446	-
- c/a	1,384,773	625,051	25,521	32,661	86,764	3,877	859,457	-
- other loans	12,344,987	25,081,770	2,525,283	1,586,366	6,774,715	4,536,816	7,316,989	-
- with early repayment option	12,344	640,412	137,049	35,787	139,665	7,799	53	-
- other	12,332,643	24,441,358	2,388,234	1,550,579	6,635,050	4,529,017	7,316,936	-
2. On-balance-sheet liabilities	**59,501,101**	**3,705,260**	**5,954,816**	**937,034**	**7,053,261**	**3,102,360**	**4,116,037**	**-**
2.1 Due to customers	59,410,247	38,922	13,477	26,524	180,334	110,521	1,871,667	-
- c/a	55,644,607	19	-	-	-	-	1,857,799	-
- Other due and payables	3,765,640	38,903	13,477	26,524	180,334	110,521	13,868	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	3,765,640	38,903	13,477	26,524	180,334	110,521	13,868	-
2.2 Due to banks	86,887	2,081,272	4,731,237	664,881	3,500,039	-	-	-
- c/a	1,637	-	-	-	-	-	-	-
- Other due and payables	85,250	2,081,272	4,731,237	664,881	3,500,039	-	-	-
2.3 Debt securities	3,967	1,585,066	1,210,102	245,629	3,372,888	2,991,839	2,244,370	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	3,967	1,585,066	1,210,102	245,629	3,372,888	2,991,839	2,244,370	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**400,027**	**39,348,666**	**3,496,201**	**4,618,187**	**20,450,998**	**9,472,789**	**7,038,438**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	400,027	39,348,666	3,496,201	4,618,187	20,450,998	9,472,789	7,038,438	-
- Options								
+ long positions	27	24,698	79,014	135,495	1,384,738	550,310	609,280	-
+ short positions	-	33,565	77,187	137,526	1,386,079	547,045	602,158	-
- Other derivatives								
+ long positions	375,000	13,220,665	1,325,000	1,432,427	12,125,000	6,805,000	4,346,000	-
+ short positions	25,000	26,069,738	2,015,000	2,912,739	5,555,181	1,570,434	1,481,000	-
4. Other off-balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

Other currencies

Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**82,115**	**252,361**	**21,260**	**14,315**	**30,014**	**24**	**60,434**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Loans to banks	68,341	165,225	10,560	-	-	-	-	-
1.3 Loans to customers	13,774	87,136	10,700	14,315	30,014	24	60,434	-
- c/a	4,621	2	-	1	-	-	60,434	-
- other loans	9,153	87,134	10,700	14,314	30,014	24	-	-
- with early repayment option	5	32,908	4,203	687	-	-	-	-
- other	9,148	54,226	6,497	13,627	30,014	24	-	-
2. On-balance-sheet liabilities	**407,399**	**82,734**	**3,381**	**5,701**	**-**	**-**	**-**	**-**
2.1 Due to customers	397,102	2,098	1,125	-	-	-	-	-
- c/a	396,545	2,098	1,125	-	-	-	-	-
- Other due and payables	557	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	557	-	-	-	-	-	-	-
2.2 Due to banks	10,297	80,636	2,256	5,701	-	-	-	-
- c/a	10,297	-	-	-	-	-	-	-
- Other due and payables	-	80,636	2,256	5,701	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-balance-sheet transactions	**115,626**	**125,628**	**165**	**23**	**-**	**-**	**-**	**-**
+ long positions	115,626	4,907	165	23	-	-	-	-
+ short positions	-	120,721	-	-	-	-	-	-

1.2.3 Foreign exchange risk

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of foreign exchange risk

General aspects

The Crédit Agricole Italia Banking Group is not engaged in proprietary trading on the currency market. Consequently, there are no exposures other than residual positions resulting from activities carried out to meet customer requirements, in both the spot and forward markets.

Management and measurement of foreign exchange risk - Organisational aspects

The process for the management of foreign exchange risks is governed by the relevant risk policy, which is one of the key components of the overall risk governance model implemented by the Group, consistently with the guidelines given by Crédit Agricole S.A..

Within the process for foreign exchange risk management, primary responsibility is assigned to corporate bodies/departments, according to their respective scopes, and they must be fully aware of the Bank's level of exposure. Specifically:

- The Board of Directors is tasked with strategic oversight and is therefore responsible for defining risk governance policies and management processes;
- The Deputy General Manager in charge of Corporate Banking, and Lending through the Capital Market & Open Innovation Division, is responsible for risk management, and, therefore, defines and steers the Group's mechanism for the management of exchange rate risk, in compliance with the instructions and resolutions issued by the ALM Committee and by the Risk and Internal Control Committee;
- The Risk Management and Permanent Controls Department is responsible for level 2.2 control. It verifies the corporate risk management process and supervises compliance of the foreign exchange risk treatment with the applicable legislation in force and with the Group Risk Strategy.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is designed to control that operations are performed in compliance with the management and strategic directions set by the Top Management.

The Group's framework system for foreign exchange risk is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole S.A. Group. The risk appetite is structured through global limits and operational limits that are set by the Crédit Agricole Italia Group in its Risk Strategy.

The global limit is set in order to ensure a controlled development of the business. It is calculated as the sum of the value in Euro of the open foreign currency position (in absolute value) for each currency and is validated by the Group Risk Committee (CRG) of Crédit Agricole S.A. and approved by the Boards of Directors of Crédit Agricole Italia and of the single Entities of the Group.

Control System

The monitoring of the limits, which is carried out on a daily basis, is a task assigned to the Risk Management and Permanent Controls Department. The outcomes of monitoring on limits are included in the monthly Report on Financial Risks. It is sent to the Group's Top Management (CFO), to the structures engaged in foreign exchange risk management (Corporate Banking Department), to the Internal Audit Department and to Crédit Agricole S.A. (Direction Risques Groupe).

A summary of this report is the basis for quarterly reporting on foreign exchange risks to the Group's Executive and Control collective Bodies (Risk and Internal Control Committee, Board of Auditors, Boards of Directors of the Group's Entities).

If certain events occur (the limits are breached, there are material changes in markets, material losses, etc.), the Group triggers the alert procedure in force, reporting the event and the related remedial action plan to the Top Management Bodies and to the Direction Risques Groupe of Crédit Agricole S.A., depending on the type of breach.

B. Foreign exchange risk hedging

Foreign exchange risk hedging is based on the intermediation principle, which allows the Group not to take foreign exchange risk positions breaching the authorized operational limits. Back-to-back hedging transactions are carried out with authorized financial counterparties, are traded upon the closing of the relevant transactions with Customers and entered in the relevant procedures within the business day.

QUANTITATIVE DISCLOSURES

1. Breakdown by currency of assets, liabilities and derivatives

Items	Currencies					
	USD	GBP	JPY	CAD	CHF	Other currencies
A. Financial Assets	**348,511**	**23,438**	**13,219**	**7,755**	**18,525**	**49,204**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	33	-	-	-	-	-
A.3 Loans to banks	160,273	22,822	12,793	6,305	2,043	39,890
A.4 Loans to customers	188,205	616	426	1,450	16,482	9,314
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**42,585**	**1,654**	**257**	**525**	**3,146**	**1,811**
C. Financial Liabilities	**388,258**	**24,557**	**13,673**	**7,918**	**21,614**	**43,479**
C.1 Due to banks	83,328	-	-	3,658	5,984	6,203
C.2 Due to customers	304,930	24,557	13,673	4,260	15,630	37,276
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**5,117**	**2,641**	**-**	**355**	**273**	**4,074**
E. Financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**
- Options						
+ long positions	976	136	-	3	-	-
+ short positions	976	136	-	3	-	-
- Other derivatives						
+ long positions	641,995	33,932	1,084	6,671	1,768	107,078
+ short positions	637,304	34,071	1,086	6,639	1,796	109,916
Total assets	**1,034,067**	**59,160**	**14,560**	**14,954**	**23,439**	**158,093**
Total liabilities	**1,031,655**	**61,405**	**14,759**	**14,915**	**23,683**	**157,469**
Mismatch (+/-)	**2,412**	**-2,245**	**-199**	**39**	**-244**	**624**

1.3 DERIVATIVE INSTRUMENTS AND HEDGING POLICIES

1.3.1 Derivative instruments held for trading

A. Financial derivatives

A.1 FINANCIAL DERIVATIVES HELD FOR TRADING: CLOSING NOTIONAL VALUES

Underlying assets/Type of derivatives	Total 31 Dec. 2022				Total 31 Dec. 2021			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Debt securities and interest rates	**-**	**6,006,135**	**5,988,512**	**-**	**-**	**5,707,457**	**5,689,952**	**-**
a) Options	-	1,082,396	1,044,397	-	-	923,024	851,184	-
b) Swaps	-	4,923,739	4,944,115	-	-	4,784,433	4,838,768	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange and gold	**-**	**802,572**	**865,562**	**-**	**-**	**788,708**	**918,979**	**-**
a) Options	-	114,126	114,126	-	-	111,552	111,861	-
b) Swaps	-	74,028	74,028	-	-	55,674	55,674	-
c) Forwards	-	614,418	677,408	-	-	621,482	751,444	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**6,808,707**	**6,854,074**	**-**	**-**	**6,496,165**	**6,608,931**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR TRADING: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN

Underlying assets/Type of derivatives	Total 31 Dec. 2022				Total 31 Dec. 2021			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Positive fair value								
a) Options	-	52,770	3,226	-	-	7,807	2,206	-
b) Interest rate swaps	-	252,464	3,098	-	-	2,945	40,978	-
c) Cross currency swaps	-	1,231	-	-	-	-	255	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	9,322	8,876	-	-	7,928	7,742	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	720	186	-	-	349	470	-
Total	**-**	**316,507**	**15,386**	**-**	**-**	**19,029**	**51,651**	**-**
2. Negative fair value								
a) Options	-	3,240	51,794	-	-	2,216	7,435	-
b) Interest rate swaps	-	3,895	250,192	-	-	45,804	3,225	-
c) Cross currency swaps	-	-	1,229	-	-	260	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	7,745	10,071	-	-	6,576	8,727	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	178	705	-	-	457	342	-
Total	**-**	**15,058**	**313,991**	**-**	**-**	**55,313**	**19,729**	**-**

A.3 OTC FINANCIAL DERIVATIVES HELD FOR TRADING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY

Underlying assets	Central counterparties	Banks	Other financial companies	Other parties
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	612,932	5,375,580
- positive fair value	X	-	520	2,623
- negative fair value	X	-	14,387	285,476
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange and gold				
- notional value	X	41,930	-	823,631
- positive fair value	X	514	-	11,728
- negative fair value	X	702	-	13,426
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	6,005,396	739	-
- gross positive fair value	-	303,098	14	-
- gross negative fair value	-	3,949	-	-
2) Equity securities and equity indices				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
3) Foreign exchange and gold				
- notional value	-	802,572	-	-
- gross positive fair value	-	13,396	-	-
- gross negative fair value	-	11,109	-	-
4) Commodities				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-

A.4 REMAINING MATURITY OF OTC FINANCIAL DERIVATIVES: NOTIONAL VALUES

Underlying asset/residual maturity	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	4,019,060	7,176,106	799,481	11,994,647
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3 Financial derivatives on foreign exchange rates and gold	1,492,111	176,023	-	1,668,134
A.4 Financial derivatives on other values	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31 Dec. 2022	**5,511,171**	**7,352,129**	**799,481**	**13,662,781**
Total 31 Dec. 2021	**4,613,489**	**7,354,033**	**1,137,574**	**13,105,096**

1.3.2 Accounting hedges

QUALITATIVE DISCLOSURES

A. Fair Value hedging

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The main financial instruments for the management of interest risk hedges are Interest Rate Swaps and Interest Rate OPtions, which, for their very nature, are contracts referring to “pure” interest rate risk.

Specifically, fixed-rate debenture loans have been hedged (micro-hedging), as have the mortgage loans with optional components to Customers (macro-hedging), government securities (micro-hedging), current accounts and fixed-rate mortgage loans in the macro-hedging portfolio.

In compliance with the financial reporting standards, the effectiveness of the hedges is assessed by the Finance Department, which carries out the relevant tests on a monthly basis and keeps formal documentation for every hedge.

B. Cash flow hedging

In 2022, no Cash Flow Hedge transactions were carried out.

D. Hedging instruments

The Crédit Agricole Italia Banking Group hedges interest rate risk resulting from some parts of its balance sheet items under fair value hedging, with the following instruments:

- IRS, both for micro-hedging (Issued Debenture Loans and Securities under assets), and for macro hedging (modelled Retail Current Accounts under liabilities and fixed-rate mortgage loans to Customers);
- IRO, in macro-hedging, to hedge optional risk resulting from CAP options associated with a part of mortgage loans sold to Customers.

A source of ineffectiveness set for all the types of hedging used is the possible early repayment of the hedged item. Moreover, for hedging with IRS, also any possible sudden and material change in the Euribor rates, entailing the breach of the tolerance threshold set by IAS 39 for the hedge ratio (-80%/-125%), could be a cause of possible ineffectiveness. Lastly, as regards hedging of “modelled” items, a change in the model’s financial characteristics, subsequent to the periodic review of the models, could also be yet another cause of ineffectiveness.

Over time, ineffectiveness resulting from early or from the periodic review of the models (reduction in the modelled item duration) has been overcome with total or partial unwinding of the hedging instruments.

E. Hedged items

Hedging of issued (fixed-rate) Debenture Loans

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread.

The spread on the variable-rate leg of the IRS is included in the hedging relationship, inverting its sign, as "spread adjustment" of the hedged item (debenture loan rate +/- spread adjustment). In this way, based on the assumption that the two legs of the IRS, on the trading date, have the same value and knowing that an IRS contract hedges interest rate risk only, the value of the "hedged item" referring to every debenture loan can be determined, or the only part of the debenture loan interest rate referring to the hedged risk (interest rate risk).

Hedging of Securities recognized as Assets (fixed rate)

The hedged item is limited to portion referring to interest rate risk. Hedging is done with IRSs in which the variable-rate leg is determined as Euribor and the fixed-rate leg equalizes the swap market rate with maturity equal to the security maturity.

Hedging of Securities recognized as Assets (inflation-linked)

The hedged item is limited to the portion referring to fixed-rate plus the principal periodic revaluation based on inflation. Hedging is done with IRSs in which the variable-rate leg is determined as Euribor with spread adjustments and the fixed-rate leg equalizes the security rate.

Hedging of the fixed-rate part of Retail Current Accounts recognized as Liabilities

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalized the rate of a "fictitious" bond-equivalent designed to identify the hedged item resulting from the modelling of a balance-sheet item (a set of current accounts) that, in contractual terms only, would not allow to separate the characteristics required for the hedging, and the variable-rate leg is determined as Euribor. The value of the hedged rate and the duration of this bond-equivalent are determined with a modelling process that is specific to the Retail channel and is reviewed on a yearly basis and validated by the relevant structures of the Bank. Through a statistical analysis, the model breaks down a set of current accounts featuring the same behavioural aspects and product type (Retail current accounts under liabilities), into its different financial parts: stable part by volume (fixed-rate or variable-rate), and fluctuating part. The hedged part is the stable fixed-rate one.

Hedging of the CAP option on mortgage loans (variable rate)

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRO traded in order to hedge the risk that a variable-rate mortgage loan contract, once having reached its cap, becomes a fixed-rate item, with subsequent increase in the Bank's financial leverage; Every IRO is specifically traded in order to hedge portfolios of mortgage loans having the same financial characteristics (strike, market parameter, payment schedule, ...). In this way, the Bank achieves its objective of having essential specularity between the characteristics of the implied Cap rates of the mortgage loans and those of the IRO hedging them.

Hedging of fixed-rate mortgage loans

The hedged item is limited to the portion referring to interest rate risk only and is an aggregate of mortgage loans having the appropriate financial features (set based on the approach accepted for this specific hedge. Once having defined the financial characteristics of the item to be hedged for interest rate risk, it is hedge "at par", i.e. with the swap market rate on the IRS fixed-rate leg, equal to the meta mortgage loan maturity,which, on the trade date, equalizes the value of Euribor applied to the variable-rate leg.

QUANTITATIVE DISCLOSURES

A. Financial Derivatives held for hedging

A.1 FINANCIAL DERIVATIVES HELD FOR HEDGING: CLOSING NOTIONAL VALUES

Type of derivatives	Total 31 Dec. 2022				Total 31 Dec. 2021			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Debt securities and interest rates	-	42,328,887	-	-	-	31,947,126	300,000	-
a) Options	-	2,699,795	-	-	-	2,559,680	-	-
b) Swaps	-	39,629,092	-	-	-	29,387,446	300,000	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange and gold	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	-	-	-	-	-	-	-	-
5. Other underlying assets	-	-	-	-	-	-	-	-
Total	**-**	**42,328,887**	**-**	**-**	**-**	**31,947,126**	**300,000**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR HEDGING: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN BY PRODUCT

Type of derivatives	Positive and negative fair value								Change in value used to survey hedge effectiveness	
	Total 31 Dec. 2022				Total 31 Dec. 2021					
	Over the counter			Organized markets	Over the counter			Organized markets	Total 31 Dec. 2022	Total 31 Dec. 2021
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements			
1. Positive fair value										
a) Options	-	364,802	-	-	-	105,290	-	-	364,802	105,290
b) Interest rate swaps	-	953,844	-	-	-	529,207	-	-	953,844	529,207
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	-	1,318,646	-	-	-	634,497	-	-	1,318,646	634,497
2. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	3,815,534	-	-	-	893,902	126,409	-	3,815,534	1,020,311
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**3,815,534**	**-**	**-**	**-**	**893,902**	**126,409**	**-**	**3,815,534**	**1,020,311**

A.3 OTC FINANCIAL DERIVATIVES HELD FOR HEDGING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other parties
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	42,328,887	-	-
- gross positive fair value	-	1,318,646	-	-
- gross negative fair value	-	3,815,534	-	-
2) Equity securities and equity indices				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
3) Foreign exchange and gold				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-

A.4 REMAINING MATURITY OF OTC FINANCIAL DERIVATIVES HELD FOR HEDGING: NOTIONAL VALUES

Underlying asset/residual maturity	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	7,746,477	17,680,181	16,902,229	42,328,887
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3 Financial Derivatives on exchange rates and gold	-	-	-	-
A.4 Financial Derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31 Dec. 2022	**7,746,477**	**17,680,181**	**16,902,229**	**42,328,887**
Total 31 Dec. 2021	**3,099,455**	**15,375,205**	**13,772,466**	**32,247,126**

D. Hedged items

D.1 FAIR VALUE HEDGES

	Micro-hedges: book value	Micro-hedges – net positions: book value of assets and liabilities (before netting)	Micro-hedges			Macro-hedges: book value
			Cumulative amount of changes In the fair value of the hedged item	Termination of hedging: cumulative amount of residual fair value changes	Change in value used to survey hedge effectiveness	
A. Assets						
1. Financial assets measured at fair value through other comprehensive income - hedging of:						
1.1 Debt securities and interest rates	2,285,923	-	-222,981	-736	-	X
1.2 Equity securities and equity indexes	-	-	-	-	-	X
1.3 Foreign exchange and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets measured at amortized cost – hedging of:						
1.1 Debt securities and interest rates	10,909,439	-	-295,921	7,301	-	X
1.2 Equity securities and equity indexes	-	-	-	-	-	X
1.3 Foreign exchange and gold	-	-	-	-	-	X
1.4 Loans	15,269	-	510	-	-	X
1.5 Other	-	-	-	-	-	X
Total 31 Dec. 2022	**13,210,631**	**-**	**-518,392**	**6,565**	**-**	**-**
Total 31 Dec. 2021	**11,309,843**	**-**	**162,462**	**43**	**-**	**-**
B. Liabilities						
1. Financial liabilities measured at amortized cost - hedging of:						
1.1 Debt securities and interest rates	7,754,910	-	-1,494,249	947	-	X
1.2 Foreign exchange and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total 31 Dec. 2022	**7,754,910**	**-**	**-1,494,249**	**947**	**-**	**-**
Total 31 Dec. 2021	**8,975,087**	**-**	**-175,044**	**-**	**-**	**-**

1.3.3 Other information on derivative instruments (held for trading and for hedging)

A. Financial and credit derivatives

A.1 OTC FINANCIAL AND CREDIT DERIVATIVES: NET FAIR VALUES BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other parties
A. Financial Derivatives				
1) Debt securities and interest rates				
- notional value	-	48,334,282	613,671	5,375,580
- positive fair value	-	1,621,744	534	2,623
- negative fair value	-	3,819,483	14,387	285,476
2) Equity securities and equity indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign exchange and gold				
- notional value	-	844,502	-	823,631
- positive fair value	-	13,910	-	11,728
- negative fair value	-	11,811	-	13,426
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Purchase and protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Sale and protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

1.4 LIQUIDITY RISK

Covid-19 – Impacts on liquidity risk

Having regard to liquidity risk, the Crédit Agricole Italia Banking Group continued to deploy all necessary measures to optimize liquidity management, keeping a strong position that can rely on the availability of large buffers and on highly stable funding.

In the first part of 2022, the European Central Bank continued with its accommodative monetary policy, which succeeded in mitigating potential liquidity crunch striving to support the financial systems in order for it to lend to the real economy. However, from the end of February, the invasion of Ukraine by Russia caused fast and severe increases in the prices of several commodities. The impact proved especially strong and persistent in the European natural gas market. The result was a significant increase in production costs and in inflation, as well as sudden worsening in the balance of trade and sharp change of pace in monetary policy normalisation.

The European Central Bank started to discontinue the stimulus measures it had deployed during the pandemic crisis. In Q1 the net purchases under the Pandemic Emergency Purchasing Programme (PEPP) were tapered and then finally discontinued on 31 March. Then, the Central Bank also discontinued the net purchases under the Asset Purchase Programme (APP) on 1 July 2022. In July, it started to hike key interest rates, which increased by a total of 125 basis points in the summer quarter and by another 125basis points in the last quarter.

Furthermore, since 23 November 2022, the conditions on the existing TLTROs have been made less favourable and therefore have encouraged voluntary repayments and, therefore, a reduction in excess liquidity.

Considering these elements, the Group's liquidity buffers as at 31 December 2022 continue to be adequate to meet present and forward-looking requirements.

The Group's LCR and NSFR as at 31 December 2022 stood at 262% and 133% respectively, well above the minimum regulatory requirements.

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of liquidity risk

General and organisational aspects

Liquidity risk reflects the possibility that the Group may not be able to meet its payment commitments, both expected and unexpected, without prejudicing its daily operations or its financial position. This risk is managed based on the following components:

- Management of short-term liquidity: its objective is to ensure the balance between incoming and outgoing liquidity flows, in the perspective of continuously supporting normal banking operations;
- Management of structural liquidity: its objective is to maintain the balance between total liabilities and medium-/ long-term assets.

The liquidity risk management model, approved by Crédit Agricole Italia Board of Directors, is based on the principle of separation of liquidity management and measurement processes from control processes, in compliance with the regulatory requirements and with the guidelines issued by Crédit Agricole S.A.

The model provides for the governance and management of liquidity risk to be centrally performed by the Parent Company Crédit Agricole Italia, which is also responsible for the funding process of all the entities of the Group. This framework is defined as the "Liquidity System".

The model lays down the responsibilities of the Corporate Bodies and Functions Holders involved, specifically:

- The Board of Directors, the body in charge of strategic oversight, is responsible for defining governance policies, the organizational structure and management processes. Specifically, it approves measurement methods, risk tolerance thresholds and the limits system, the assumptions at the basis of stress tests and the Contingency Funding Plan (CFP or *Plan d'Urgence*);
- The CFO, through the Finance Department, is the role responsible for management and, specifically, for the preparation of the reporting to the Bank of Italy, as well as of internal reporting on the Group's liquidity situation (Liquidity Report). The Finance Department operates in compliance with the directions set by the ALM Committee, the Risk and Internal Control Committee, the RAF and the Risk Strategy;
- The Risk Management and Permanent Controls Department is responsible for the permanent controls framework, verifies compliance with global and operational limits, as well as with alert thresholds, prepares the reporting to corporate Bodies and triggers, where required, the alert procedures. Jointly with the Finance Department, it is also responsible for monitoring the ratios and indicators provided for in the Contingency Funding Plan.

The process for the management of liquidity risk is governed by the relevant risk policy.

Risk management and control: methodological aspects

The model adopted for liquidity risk management is based on the monitoring of the short-term component (up to 12 months) and the medium/long-term one.

The main objective of the short-term liquidity management process is to ensure that the Group is able to satisfy on-balance-sheet payment commitments, expected and unexpected, in such a way as not to prejudice normal business.

A key condition for achieving this objective is to constantly maintain sufficient balance between incoming and outgoing liquidity flows.

The Group's liquidity risk monitoring system considers the following factors:

- Keeping immediate liquidity, i.e. the net balance of customer sources, surplus own funds and loans to customers. This is carried out by recognizing cash inflows and outflows expected in the various ranges of remaining maturity making up the maturity ladder;
- The continuation of the business activity at a planned pace (monitoring the performance of liquidity used in loans to customers/from customer sources).

An essential aspect of liquidity management is the definition of an interbank short-term refinancing limit (LCT - *Limite Court Terme*), which is fine-tuned in accordance with the guidelines given by the Parent Company Crédit Agricole S.A., aimed at limiting short-term funding on the market over a one-year time horizon in a market featuring stress conditions.

Short-term liquidity risk management and oversight policies aim at ensuring the surmounting of any crisis that leads to serious reduction in the Group's normal financing sources; in this regard, three stress scenarios have been identified:

- Systemic crisis: a situation that leads to partial closure of the short-term and medium-/long-term refinancing market, with continuing business operations. The Group must be able to continue operations for a time horizon of one year;
- Idiosyncratic crisis: a situation that leads to a bank run, partial closure of the short-term market and total closure of the medium-/long-term market with continuing business operations. In this scenario, the Group must be able to continue operations for a time horizon of three months;
- Global crisis: a situation having the combined features of both a systemic crisis and an idiosyncratic crisis, in terms of substantial bank run, total closure of the markets, use of reserves even though with write-downs. The Group must be able to continue business operations in a serious crisis for a time horizon of one month.

Within Short-Term Liquidity Risk monitoring, on a daily basis the Crédit Agricole Italia Banking Group calculates its Liquidity Coverage Ratio (LCR= Stock of high quality liquid assets/Total net cash outflows in the subsequent 30 calendar days). The LCR is a 30-day horizon ratio that simulates the combination of a systemic crises and an idiosyncratic one and measures the ability of the stock of liquid assets to ensure coverage of expected net cash outflows in the subsequent 30 calendar days.

As at 31 December 2022, the Liquidity Coverage Ratio (LCR) of the Crédit Agricole Italia Banking Group was 262%, once again firmly above the set compliance requirements.

Medium-/long-term liquidity management entails the identification of alert thresholds and limits by determining the *Position en Ressources Stables* (Stable Resources Position, PRS) and *Concentration des échéances MLT* (a concentration limit to MLT maturities). They aim at ensuring the Group's financial balance between stable resources (medium-/long-term market resources, funding from Customers, own funds) and long-term uses (non-current assets, loans to Customers, medium/long-term market uses and liquidity buffers), as well as at limiting concentration of maturities within medium-/long-term funding. Positive levels of the Stable Resources Position (PRS) substantiate the Group's ability to support its assets during a crisis and, by monitoring the medium-/long-term due register, a balance can be kept between the maturities of resources and long-term uses.

The liquidity ratios, except for the NSFR, are calculated on a monthly basis. These ratios and indicators have the purpose of monitoring compliance with the Group's risk appetite and are benchmarked against specific global limits laid down by Crédit Agricole S.A. and approved by the Group Risk Committee, upon presentation of the Risk Strategy and then submitted to the Board of Directors of the Parent Company Crédit Agricole Italia for its approval.

Within its medium/long-term Liquidity Risk monitoring, the Crédit Agricole Italia Banking Group calculated its Net Stable Funding Ratio (NSFR) on a quarterly basis. The ratio, which shall be higher than 100%, has the Available Stable Funding (ASF) figure as the numerator and the Required Stable Funding (RSF) figure as the denominator.

As at 31 December 2022, the Liquidity Coverage Ratio (NSFR) of the Crédit Agricole Italia Banking Group was 133%, once again firmly above the set compliance requirements.

Diversification of the Group's refinancing sources through Covered Bonds placed in the market continued in 2022. To this end, in January 2022 the Group made two issues of Covered Bonds in the market for Euro 1,000 million with 10-year maturity, and Euro 500 million with 20-year maturity, respectively.

With these transactions, the Group aims at improving its liquidity profile diversifying financing sources and stabilizing them on longer maturities.

Furthermore, within the ECB Targeted Longer-Term Refinancing Operations, (TLTRO) programme, between December 2019 and March 2021, Crédit Agricole Italia participated in TLTRO III.

Lastly, in marketing the products of the Group, the internal transfer rate system takes account of the cost of liquidity. Based on the products' financial features and on the prevailing market conditions, the system allows the internal return rate to be determined, which, in turn, is the basis for the pricing of lending and direct funding products.

Risk control

The Risk Management and Permanent Controls Department is responsible for verifying compliance with the set limits; therefore it prepares its own Financial Risk Report on a monthly basis and sends it to relevant corporate bodies, informing them of the control outcomes and of any breaches of the limits or alert thresholds and, in case any limits or thresholds are breached, it asks the Finance Department for a recovery plan. On a quarterly basis, it submits a summary of the above Report to the Risk and Internal Control Committee and to Crédit Agricole Italia Boards of Directors. Lastly, in case any limits are breached, the Risk Management and Permanent Controls Department shall inform, through the Alert Procedure in force, the relevant Top Bodies of the Group and the relevant structures of Crédit Agricole SA., depending on the type of breach detected. Jointly with the Finance Department, the Risk Management and Permanent Controls Department is also responsible for monitoring the ratios/indicators provided for in the Contingency Funding Plan (CFP).

The CFP of the Crédit Agricole Italia Banking Group is approved by the Board of Directors of the Parent Company Crédit Agricole Italia and applies to all the legal entities within the liquidity risk monitoring perimeter.

DISCLOSURE

The document "Disclosure" (Basel III Third Pillar) referring to 31 December 2022 is published on the Group's website https://gruppo.credit-agricole.it/bilanci-Italia.

It is pointed out that the Crédit Agricole Italia Banking Group is controlled by a parent company based in the EU and, therefore, the conditions laid down in Part One, Title II, Chapter 2, Article 13, Paragraph 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) as amended (CRR 2 - Regulation (EU) 2019/876 on "Application of disclosure requirements on a consolidated basis" are met.

QUANTITATIVE DISCLOSURES

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

Euro

Items/Time brackets	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	Over 5 years	Indefinite maturity
On-balance-sheet assets										
A.1 Government securities	780	-	7,029	-	574,360	2,068,030	3,740,261	6,513,608	1,770,003	-
A.2 Other debt securities	35	-	-	3,527	615	3,538	13,694	25,789	877,773	306
A.3 Units of o.I.C.R. collective investment undertakings	161,431	-	-	-	-	-	-	-	-	-
A.4 Loans	5,101,822	2,391,418	513,097	1,008,709	3,970,942	2,741,439	6,293,797	23,012,415	26,585,789	626,261
- banks	2,205,489	2,085,947	110	3,623	1,514,099	3,531	46,223	1,153,386	-	626,261
- customers	2,896,333	305,471	512,987	1,005,086	2,456,843	2,737,908	6,247,574	21,859,029	26,585,789	-
On-balance-sheet liabilities										
B.1 Deposits and current accounts	60,741,645	-	-	204	5,127	493	25,504	750	-	-
- banks	73,617	-	-	-	-	-	-	-	-	-
- customers	60,668,028	-	-	204	5,127	493	25,504	750	-	-
B.2 Debt securities	242,767	4,497	19,465	47,401	122,065	1,233,019	290,340	4,822,054	5,250,000	-
B.3 Other liabilities	610,162	382	1,674	7,702	833,799	4,452,997	943,177	4,674,325	572,920	-
Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of principal										
- long positions	-	72,132	23,262	65,923	144,700	190,629	174,757	86,267	1,130	40
- short positions	-	73,741	23,266	66,034	144,756	190,730	174,867	86,334	1,130	40
C.2 Financial derivatives without exchange of principal										
- long positions	331,186	1,022	10,619	15,458	71,888	80,095	261,606	610,000	258,675	-
- short positions	328,804	33	865	3,780	117,239	158,900	281,159	610,000	258,675	-
C.3 Deposits and loans to be received										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds						-				
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Other currencies

Items/Time brackets	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	Over 5 years	Indefinite maturity
On-balance-sheet assets										
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units of o.I.C.R. collective investment undertakings	-	-	-	-	-	-	-	-	-	-
A.4 Loans	142,310	160,565	19,459	31,597	40,954	21,897	6,367	32,202	4,212	-
- banks	68,341	159,365	-	146	5,843	10,664	-	-	-	-
- customers	73,969	1,200	19,459	31,451	35,111	11,233	6,367	32,202	4,212	-
On-balance-sheet liabilities	-	-	-	-	-	-	-	-	-	-
B.1 Deposits and current accounts	407,176	5,794	13,013	20,325	44,087	3,437	5,716	-	-	-
- banks	10,631	5,794	13,013	20,325	41,968	2,293	5,716	-	-	-
- customers	396,545	-	-	-	2,119	1,144	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	557	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	-	-	-	-	-	-	-	-	-	-
C.1 Financial derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	72,581	23,008	64,528	142,379	188,642	172,888	86,778	-	-
- short positions	-	70,944	23,008	64,446	142,382	188,643	172,889	86,778	-	-
C.2 Financial derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	965	-	-	-	-	-	-	-	-	-
- short positions	941	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	561	-	-	-	-	-	-	-	-
- short positions	-	72	-	490	-	-	-	-	-	-
C.4 Commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- long positions	115,626	4,340	-	-	6	165	23	-	-	-
- short positions	-	120,160	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

1.5 OPERATIONAL RISKS

A. General aspects, management and measurement of operational risk

QUALITATIVE DISCLOSURES

The Crédit Agricole Italia Banking Group has adopted the definition of operational risk given in “Basel 2 – International Convergence of Capital Measurement and Capital Standards” prepared by the Basel Committee on Banking Supervision.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

To consolidate and enhance control of operational risks, the Group has set clear objectives:

- To achieve full compliance with the requirements set by the Supervisory regulations for internal control systems (15th update of Bank of Italy’s Circular No. 285/2013 as updated);
- To maintain constant full compliance of Crédit Agricole Italia (including the Creval Group until its merger by absorption) and CA FriulAdria with the regulatory requirements for the use of the Traditional Standardised Approach (TSA) and full compliance of the other banking entities of the Group with the requirements for the use of the Basic indicator approach (BIA) to calculate their regulatory capital;
- To constantly improve the monitoring of risks and losses, in order to allow a management- oriented approach, especially in terms of risk mitigation and prevention initiatives, as well as risk culture dissemination;
- Fine-tuning of the permanent controls systems and extension of the coverage of said controls within the company perimeter.

Macro-organisational aspects

Governance of the Group operational risks is the responsibility of the Risk Management and Permanent Controls Department of Crédit Agricole Italia, which implements the guidelines issued by the Risk Management Department of the Controlling Company Crédit Agricole S.A., and reports on a solid line to the latter.

The Risk Management and Permanent Controls Department (Italian acronym DRPC) performs risk management and control activities for all the Companies of the Crédit Agricole Italia Banking Group.

In compliance with the supervisory regulations, the Group has formalized the roles and responsibilities of the corporate bodies and structures involved in the management of operational risks.

The governance model provides for:

- A centralized strategy for the control of operational risks;
- Close connections with the activities for permanent controls;
- Synergies with the Compliance Department and with the Internal Audit Department.

Risk management

The Group has adopted a model that is consistent with the guidelines issued by Crédit Agricole and governed by the central department, which works with the well-established and complementary contributions, in its operating, management and mitigation activities, of specialized roles, departments and mechanisms:

- Operational Risk Manager (ORM or with the Italian acronym: MRO);
- Control on Outsourced Important Operational Functions/Provision of Outsourced Essential Services (Italian acronyms FOIE/PSEE) and on Physical Security;
- MRSI (Manager des Risques SI), in charge of monitoring and control of IT risks on the Information System, on the Business Continuity Plan (BCP or with the Italian acronym PCO) and on physical security;
- CISO (Chief Information Security Officer), who is responsible for the security of corporate information;
- Information Security Manager (ISM): who is responsible for the implementation and management of the Information System operational security;
- Business Continuity Manager (BCM), who is responsible for the Group’s Business Continuity Plan;

- Persons in charge of Controls, within the Distribution Network structures, with the task of performing 2nd degree 1st level permanent controls;
- Structures, systems and tools, instrumental for proper risk control and for the management of mitigation/improvement actions, including:
  - The Risk and Internal Control Committee;
  - The BCP (Business Continuity Plan) Interfunctional Unit;
  - The IT Security and Business Continuity Supervisory Committee;
  - The system of permanent controls for the Commercial Network, together with early warning indicators;
  - Work Groups for Improvement.

The upgrading of the process for the management and control of operational risks to the guidelines issued by Crédit Agricole S.A. has been intended for the harmonization with the general methods used throughout the Group and consists of the macro-phases listed below:

- Detection, identification and classification of risks and losses and their recognition in the accounts where necessary;
- Assessment and measurement of the risk profile for every corporate environment;
- Identification of mitigation actions and preparation of the action plan;
- Verification of the adequacy of the control plan and increase in control points;
- Verification of actual implementation of controls;
- Verification of correct exercise of mitigation actions;
- information and reporting.

In the above phases, the following processes are also applied:

- Loss data collection (recording, classification and processing of loss data);
- Risk self-assessment ((self-assessment of the exposure to operational risks relating to the specific structures engaged in operating functions and the relevant processes);
- Direct involvement of corporate structures in collective assessment work groups (Improvement,...).

Each one of these processes entails information processing based on methods that are predefined, repeatable and formalized in the Company's normative instruments, as well as with the support of specific application tools.

Risk mitigation

The Group has implemented a policy for operational risk mitigation through:

- Specific self-assessment activities with three-year planning and assessment on a yearly basis (Risk Self-Assessment") aimed at designing an annual Action Plan containing all the initiatives that the owners of the various corporate processes have identified as required in order to mitigate the detected operational risks operational risks; the Action Plan is then submitted to the Board of Directors for approval;
- Implementation of the permanent controls plan, both within the Distribution Network and at Central Departments, in order to have the most critical processes fully under control;
- A fraud prevention system governed by the Compliance Department;
- Implementation of the framework for controlling and monitoring outsourced critical and important functions (CIF):
- Implementation of the framework for controlling and monitoring:
  - Physical security;
  - Business Continuity (BCP);
- Implementation of the function for control and monitoring of Information and Communication Technology (ICT) Risk.

Transfer of risk

The Structure in charge of Control on the Insurance Coverage of the Group is responsible for the process that governs the insurance polices covering the Group's insurable risks and for the definition of the regulations governing it.

The implemented insurance strategy provides - through specific policies - for the coverage of material events having exceptional nature and not for the coverage of recurring routine events having medium-low amounts (known as expected losses). It follows that the insurance policies in force cover events that are not frequent but that could have severe consequences, consistently with the insurance approach of the CA.sa Group and in full compliance with the guidelines issued by the Regulator.

Where the outcomes of specific assessments prove it appropriate, the Structure in charge shall:

- Transfer insurable risks underwriting specific insurance policies, in order to mitigate the impact of any unexpected losses and in accordance with the best practices in the System;
- Coordinate with CA S.A., in order to ensure full consistency between the transfer strategy and the Group objectives.
- Exercise control on and provide support to the various corporate structures in outsourcing management, with specific focus on the outsourcing of Critical and Important Functions (CIF);
- Perform controls and specific analyses on the insurance policies underwritten by the Providers of Outsourced Important Operational Functions (FEI), in order to assess their adequacy to the risks associated with the outsourced essential services.

Risk management oversight and shared solutions

This is the specific task of the Group Risk and Internal Control Committee, composed of the main Corporate Function holders, which is responsible for:

- Approving guidelines and action plans on Operational Risks;
- Acknowledging the Loss Data Collection (LDC) outcomes;
- Monitoring control activities and outcomes, as well as periodically validating the mapping of operational risks;
- Governing Business Continuity for the Crédit Agricole Italia Banking Group;
- Monitoring and, if necessary, taking action on Information and Communication Technology (ICT) Risk for the Crédit Agricole Italia Banking Group, assessing the situation based on the periodic reporting made by the MRSI (Manager des Risques SI) and by the CISO (Chief Information Security Officer).
- Assessing the risk analyses of the essential services, that is to say CARITICAL OR Important Functions (CIF or with the Italian acronym FEII) for the Crédit Agricole Italia Banking Group;

Loss data

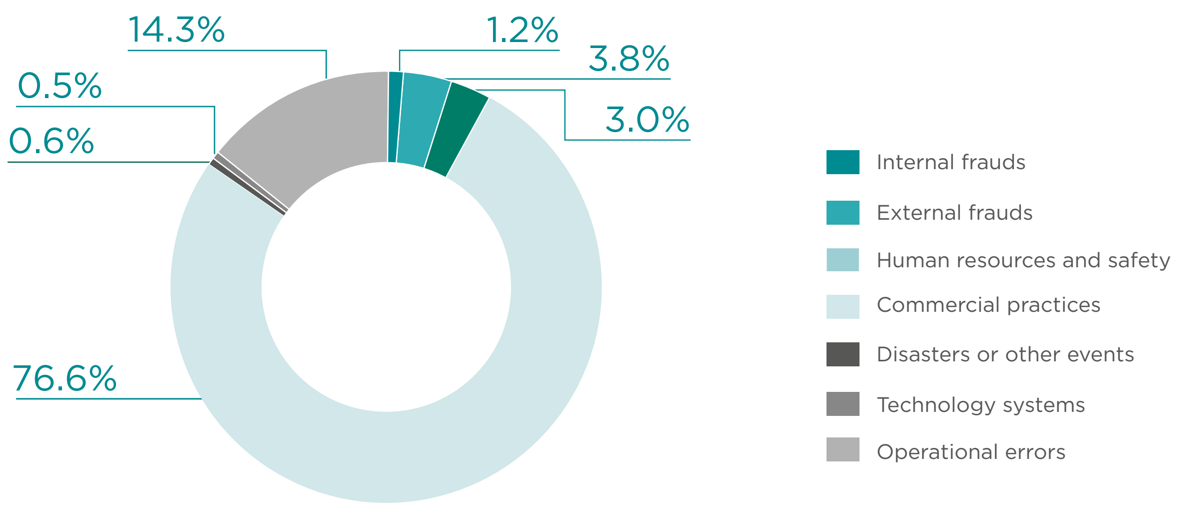
Operational losses, which the model considers as quantitative data, are collected, managed and analyzed, to different levels of granularity and detail, using an event classification scheme complying with the one set by the Basel II Framework, by the Supervisory Authority and by Crédit Agricole S.A. The basic structure is given below:

- Internal frauds: events due to deliberate acts committed by at least one party internal to the Bank and causing losses to the Bank;
- External frauds: events due to deliberate acts committed exclusively by parties that cannot be defined as internal to the Bank, generally for the purpose of personal gain;
- Relations with staff and workplace safety: events relating to the relations between the company and its staff or to the failure of the workplace to meet health and safety standards. These include liabilities arising from accidents to employees in company offices or vehicles;
- Business practices: events linked to the supply of products and provision of services to Customers carried out in an improper or negligent manner (fiduciary requirements and adequate information on investments), as well as defects in the nature or features of products/models/contracts. These include liabilities arising from breach of public security laws or other legislation not specific to the banking sector;
- Disasters or other events: events due to natural causes or human actions, which lead to damage to company resources (tangible or intangible property, persons, etc.) and/or service interruptions or other events (including improper conduct/illegal acts by third-party companies that damage the company). The category also includes liabilities arising from political changes and retroactive changes in legislation and taxation;
- Technological systems and services: losses arising from the malfunctions, logical or structural defects in technological and other support systems;
- Execution, delivery and management of processes: events arising from unintentional errors in the management of operational and support assets or caused by counterparties other than Customers and Vendors.

For Loss Data Collection and for reporting consolidated loss data, the Crédit Agricole Italia Banking Group has adopted an IT application especially designed for the adoption of advanced approaches, as well as specific tools and models developed directly by Crédit Agricole S.A.

QUANTITATIVE DISCLOSURES

With reference to sources of operational risk, the breakdown of the Crédit Agricole Italia Banking Group's net losses (gross losses net of other collection excluding insurance-related ones) by event type recognized in 2022 is given below. Any "boundary losses" have been excluded.



Information and Communication Technology (ICT) Risk

Pursuant to the regulatory provisions issued by the Bank of Italy (Circular 285/13 as updated), Information and Communication Technology Risk (hereinafter referred to also as "ICT Risk") is defined as the "risk of suffering losses, in terms of income, reputation and market shares, associated with the use of Information and Communication Technology (ICT) [...]. In the integrated statement of corporate risks for prudential purposes (ICAAP), this type of risk is included, in accordance with specific aspects, among operational, reputational and strategic risks".

To analyze and assess ICT risks on its IT resources, the Crédit Agricole Italia Banking Group implements and develops the key concepts of the Risk Analysis Methodology of the Parent Company Crédit Agricole S.A., supplementing it, to achieve an overall representation of its risk position, with:

- The definition of the risk taxonomy of the information system (ICT Governance and strategy, ICT availability and continuity risk, ICT security risk, ICT change risk, ICT data integrity risk, ICT outsourcing risk);
- The outcomes of the Risk Self-Assessment Process;
- The outcomes of the process for collection of Operational Losses data;
- The outcomes of the Permanent Controls framework;
- Continuous information flows on the main processes/events concerning the Information System and Information System Security, with specific reference to incident and vulnerability management.

In the year, close attention was placed on the non-recurring transactions consisting in the merger by absorption of Creval and Crédit Agricole FriulAdria in Crédit Agricole Italia's perimeter, as well as on the migration of the departmental Data Center from Green Life to the outsourcer's facility.

In 2022 three operational incidents, were reported to the Supervisory Authority, the procedures implemented and the actions deployed by the Group proved effective and ensured prompt restoration of operation.

The structures involved in IT Risk Governance are:

- The Risk Management and Permanent Controls Department of the Crédit Agricole Italia Banking Group with the setting up within this Department of a unit to be engaged in Control of IT Risks (Information System and Information Security System - Italian acronym MRSI);
- The Chief Operating Officer (COO) of the Crédit Agricole Italia Group is also the Chief Information Security Officer (CISO), for the Information Security System scope;
- The Head of the Security Division of Crédit Agricole Group Solutions, who has been vested with the role of ICT Security Manager for the Information Security System scope;
- The Head of the Information Systems Department of Crédit Agricole Group Solutions (CIO, Chief Information Officer) for the Information System scope (other risk not security-related).

Some initiatives for 2023 are presented below:

- Taking charge of the necessary activities for alignment to the 40th update of Bank of Italy Circular 285;
- Reporting of controls on Information Systems and Security in accordance with the the new guide received from the Parent Company CA.sa;
- Start of the first analysis in order to implement the DORA Regulation concerning digital operational resilience for the financial sector, which entered into force on 16 January 2023 and will be fully applicable as of 17 January 2025;
- Setting up a skill center in order for it to structure centralized oversight on the monitoring of IT security measures of the Group's IT providers and of their subcontractors.

Business Continuity Plan ("BCP")

In 2022, the Group continued to update and verify its Business Continuity Plan to take account of the changes in the scenario and in the Group's organisational, technology and software infrastructure.

In 2022, the main activities were:

- Periodic testing and certification exercises on the solutions for information system recovery and on critical processes in the business continuity scope, including that of critical providers.
- Adequacy assessment and analysis of business continuity plans and of the relevant tests of providers of Outsourced Critical and Important Functions (CIF), continuing also with the activity on NON-CIF vendors involved in critical processes;
- The testing the Crisis Management Organizational Model (Italian acronym MOGC), by simulating a cyberattack against a provider;
- The inclusion of the risk analyses of the new department processing centers.
- The updating the Business Impact Analysis ("BIA") on the corporate processes in the business continuity scope;
- The updating of contingency Operational Plans (back-up solutions to be triggered in case of crisis);
- The start of a study for the analysis of new extended and/or combined crisis scenarios, also based on the energy situation caused by the Russia-Ukraine war.

The goal pursued by the Group is to identify the areas affected by high vulnerability, in order to set up effective control and mitigation systems and actions. Among the initiatives scheduled to start in 2023, the Group is going to strengthen its testing strategy in the Business Continuity scope.

Critical or Important Functions (CIF, called POES – Provisions of Outsourced Essential Services - by Crédit Agricole S.A.)

The CIF/PSEE Control function, performed by a unit that is part of the Operational Risks and Permanent Controls Division of the Risk Management and Permanent Controls Department, governs the system of controls on compliance of the process implemented for outsourced critical and important functions; it is also responsible for specific matters in the definition of risk monitoring controls and provides management and methodological support, especially on risk assessment.

Within the Organization Department, the Group Outsourcing Governance structure was set up to support the Outsourcing Manager of the Crédit Agricole Italia Banking Group, in its performing its functions as the single point of contact for outsourcing and vested with the responsibility for managing the governance of outsourced functions, providing support in the design of the strategic directions, managing communication and interaction with the Regulator, the preparation of information reports to the Corporate Bodies and to the Top Management of the Bank and of the Companies of the Group.

In 2022, the most important actions concerned:

- Strong support to the corporate structures in the phases of outsourcing management, aimed both at proper implementation of the process and at wider dissemination of an outsourcing culture and the analysis of the associated risks;
- The review and upgrading -by the Unit responsible for control on outsourced critical and important functions - of the monitoring tools it uses to perform its tasks;
- The review and update of the tools used to assess risks associated with outsourcing;
- Monitoring of the process for the preparation of the Register of Outsourcing Arrangements as a tool for the governance and management of information concerning all outsourcing arrangements in force, with different level of detail for critical and important functions;
- Monitoring of the project aimed at ensuring compliance with the outsourcing arrangements and with the new rules and expectations introduced by Circular 285/13 transposing the EBA new guidelines;
- General monitoring on and actions to increase the awareness of the outsourced service owners as regards their responsibilities, using also:
  - A specific "*tableau de bord*", managed by the CIFI/PSEE control unit;
  - Regular updating of the permanent controls plan;
  - Systematic performance of specific activities (e.g. "risk assessment", participation in work groups).

The most important results concerned the consolidation of methods, approaches and culture on this matter, all foreboding satisfactory general quality within the outsourcing of Critical and Important Functions (CIF).

PART F – INFORMATION ON CONSOLIDATED EQUITY

Section 1 – Consolidated equity

A. QUALITATIVE DISCLOSURES

The own funds management policy implemented by the Crédit Agricole Italia Banking Group is aimed at maintaining an adequate level of resources in order to be able to cope at any time with the risks taken.

B. QUANTITATIVE DISCLOSURES

B.1 Consolidated book equity: breakdown by type of undertaking

The breakdown of consolidated equity as at 31 December 2022 is given below:

Equity items	Prudential consolidation	Insurance undertakings	Other companies	Eliminations and adjustments from consolidation	Total 31 Dec. 2022
1. Capital	1,120,295	-	2,233	-	1,122,528
2. Share premium reserve	3,497,693	-	1,143	-	3,498,836
3. Reserves	1,770,907	-	-385	-	1,770,522
4. Equity instruments	815,000	-	-	-	815,000
5. (Treasury Shares)	-	-	-	-	-
6. Valuation reserves	-54,928	-	-	-	-54,928
- Equity securities designated at fair value through other comprehensive income	-6,712	-	-	-	-6,712
- Hedging of equity securities designated at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	-9,228	-	-	-	-9,228
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedging of investments in foreign operations	-	-	-	-	-
- Cash flow hedges	-	-	-	-	-
- Hedging instruments (non-designated elements)	-	-	-	-	-
- Foreign exchange differences	-	-	-	-	-
- Non-current assets held for sale and discontinued operations	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-	-	-	-
- Actuarial gains (losses) pertaining to defined-benefit pension plans	-39,000	-	-	-	-39,000
- Shares of valuation reserves on equity investments measured using the equity method	12	-	-	-	12
- Special revaluation laws	-	-	-	-	-
7. Profit (loss) for the period (+/-) - attributable to Parent and Minority Interests	559,986	-	82	-	560,068
Total	**7,708,953**	**-**	**3,073**	**-**	**7,712,026**

B.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

Assets/Values	Prudential consolidation		Insurance undertakings		Other companies		Eliminations and adjustments from consolidation		Total 31 Dec. 2022	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	9,228	-	-	-	-	-	-	-	9,228
2. Equity securities	-	6,712	-	-	-	-	-	-	-	6,712
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31 Dec. 2022	**-**	**15,940**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,940**
Total 31 Dec. 2021	17,989	22,914	-	-	-	-	-727	5,974	17,262	28,888

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity securities	Loans
1. Opening balance	**12,319**	**-23,945**	**-**
2. Increases	**6,456**	**20,136**	**-**
2.1 Fair value gains	2,126	1,166	-
2.2 Adjustments for credit risk	2,480	X	-
2.3 Reclassification to profit or loss of negative reserves from disposal	1,226	X	-
2.4 Transfers to other equity components (equity securities)	-	9,367	-
2.5 Other changes	624	9,603	-
3. Decreases	**28,003**	**2,903**	**-**
3.1 Fair value losses	17,666	2,903	-
3.2 Recoveries for credit risk	-	-	-
3.3 Reclassification to profit or loss of positive reserves from disposal	10,337	X	-
3.4 Transfers to other equity components (equity securities)	-	-	-
3.5 Other changes	-	-	-
4. Closing Balance	**-9,228**	**-6,712**	**-**

B.4 Valuation reserves relating to defined-benefit plans: annual changes

	31 Dec. 2022
1. Opening balance	**-54,628**
2. Increases	**29,660**
2.1 Actuarial gains	27,936
2.2 Other changes	1,724
3. Decreases	**14,032**
3.1 Actuarial losses	6,116
3.2 Other changes	7,916
4. Closing Balance	**-39,000**

Section 2 – Own Funds and supervisory requirements for Banks

Reference is made to the disclosure on own funds and capital adequacy contained in Sections 2 and 3 of the public disclosure (“Basel III Pillar 3”), on the website of the Crédit Agricole Italia Banking Group, https://gruppo.credit-agricole.it/, posted concomitantly with the publication of the Parent Company’s Annual Report and Financial Statements.

PART G – BUSINESS COMBINATIONS

In 2022 no business combinations were made.

PART H – TRANSACTIONS WITH RELATED PARTIES

The closeness of some persons to a company's decision-making centers may compromise the objectivity and impartiality of its decisions, with possible distortions in the allocation of resources, as well as expose the company to risks and damages to itself and to its stakeholders.

This is the matter addressed by CONSOB with its Regulations containing provisions relating to transactions with related parties (adopted by CONSOB with Resolution no. 17221 of 12 March 2010, laying down specific measures for Italian companies listed in Italian regulated markets or in regulated markets of other EU Member States and whose shares are publicly held to a considerable extent, in order to ensure transparency and substantial and procedural fairness of transactions with related parties carried out directly or through subsidiaries.

The regulation issued by the Bank of Italy on 12 December 2011, on risk assets and conflicts of interest with associated persons falls within the scope of the framework regulation concerning related parties (Article 2391-bis of the Italian Civil Code, Article 53 of the Italian Consolidated Law on Banking 53 of the Italian Consolidated Law on Banking (TUB) and CONSOB Regulation No. 17221/10) and has been designed to "*control the risk that the closeness of some persons to the Bank's decision-making centers may compromise the objectivity and impartiality of decisions relating to loan granting and other transactions with the same persons, with possible distortions in the allocation of resources, in the Bank's exposure to risks not adequately measured or controlled, potential damages to depositors and shareholders*". This regulation came into force on 31 December 2012 and, consequently, the first supervisory reporting was made on 31 March 2013, as required by the Supervisory Authority.

The Crédit Agricole Italia Banking Group had already adopted a Regulation on transactions with related parties implementing the original CONSOB regulation of 2010; afterwards, on 11 December 2012, in accordance with the regulation issued by the Bank of Italy, Crédit Agricole Italia approved the Document "Regulation for Risk Assets and Conflicts of Interests with Parties associated to the Crédit Agricole Italia Banking Group", in order to give the Group a specific internal normative instrument on this matter and to harmonize the various regulations in force; the Document was then updated on 29 July 2014.

On 25 July 2018, the Board of Directors of Crédit Agricole Italia approved the adoption of the new "Regulation on transactions with Associated Persons", which was then adopted by the other Banks and Companies of the Banking Group, which defines and formalizes, in a single normative instrument, the procedures that the Banks and Companies of the Crédit Agricole Italia Banking Group apply to transactions with Associated Persons, in compliance with the regulations issued by CONSOB and by the Bank of Italy.

Afterwards, with resolution no. 21624 of 10 December 2020 CONSOB amended the Regulation on Transactions with Related Parties as issued with its previous resolution no. 17221 of 12 March 2010. As the amendments entered into force on 1 July 2021, the Crédit Agricole Italia Banking Group duly aligned its "Regulation on Transactions with Associated Persons" those amendments.

Furthermore, the document implements the amendments introduced with the 33rd update of 23 June 2020 to Bank of Italy Circular no, 285 "Supervisory Provisions for Banks - Risk assets and conflicts of interest with associated persons", whereby a new chapter, Chapter 11, was added to Part III, up to then contained in Circular no. 263/2006, aligning it to the new regulatory framework and, specifically, it excluded, under certain conditions, equity investments in insurance undertakings from the scope of application of prudential limits

Later on, with the 35th update to Circular no. 285 of 17 December 2013, which was published on the Italian Official Journal issue no. 165 of 15 July 2021, the Bank of Italy laid down the obligation for banks to comply – by 31 January2022 – with Article 88(1)(4) and (5) of Directive 2013/36/EU (CRD), as amended by Directive 2019/878/EU (CRD V), on loans to members of the management body and their related parties. Therefore, in January 2022, the Regulation was updated implementing the new Supervisory provisions.

As a consequence of the changed corporate structure of the Group resulting from the mergers of Creval S.p.A. and Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A., it was appropriate to make yet another update to the Regulation on Transactions with Associated Persons. Indeed, as the Group no longer includes any entities whose shares are listed(publicly held to any material extent, the provisions laid down in CONSOB Regulation no. 17221 on related parties do not apply.

Therefore, on 23 March 2023, the Board of Directors approved the aforementioned Regulation in its updated version.

Furthermore, the Board of Directors of the Parent Company approved the internal Policies on controls on risk assets and conflicts of interest with the Group's Associated Persons, which describe, as regards the operational characteristics and strategies of the Bank and of the Group, the business sectors and the types of business transactions, also not entailing the assumption of risk assets, from which conflicts of interest may arise, as well as the controls implemented in the organizational structure and in the internal controls system in order to ensure constant compliance with the prudential limits and decision-making procedures referred to in the aforementioned Regulation.

Besides identifying the related parties and the connected persons of the Crédit Agricole Italia Banking Group, the "Regulation on Transactions with Associated Persons" lays down, in compliance with the principles established by the applicable legislation on related parties, the proceedings and rules aimed at ensuring transparency and substantial and procedural fairness of transactions with related parties and connected persons carried out by Crédit Agricole Italia, directly or through any of its subsidiaries. The Regulation also defines the cases, criteria and circumstances in which, without prejudice to full compliance with all obligations and requirements, full or partial application of the Regulation may be excluded. It also lays down prudential limits to risk assets with associated persons, sets the procedures to process and approve transactions with related parties, defines specific rules with regard to transactions with related parties made by the companies belonging to the Group and lays down procedures and timeframes for the provision of reporting and appropriate documentation on the transactions (i) to independent directors/Related Party Committee, as well as, where necessary, (ii) to the control bodies.

With regard to controls, the required activities are carried out by the various relevant corporate roles and structures, in different capacities and in the different phases of the process, in order to ensure constant compliance with the prudential limits and resolution-making procedures as provided for by the applicable legislation, also pursuing the objective to appropriately prevent and manage potential conflicts of interests that may result from transactions with associated persons.

The Internal Accounting Standards and International Financial Reporting Standards govern disclosure on transactions with related parties in IAS 24, which was endorsed by the European Union with Regulation (EU) no. 1126/2008 as amended.

Related parties

In accordance with the definition given in IAS 24, a related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity"). Specifically:

a) A person or close member of that person's family is related to a reporting entity if that person:
   - (i) Has control or joint control over the reporting entity,
   - (ii) Has significant influence over the reporting entity; or
   - (iii) is a member of the key management personnel of the reporting entity, i.e. the Bank and the supervised intermediary of the Banking Group, or of a parent of the reporting entity;

b) An entity is related to a reporting entity if any of the following conditions applies:
   - (i) The entity and the reporting entity are members of the Crédit Agricole Group;
   - (ii) The entity is an associate or joint venture of the Bank and/or of the supervised intermediary (or an associate or joint venture of a member of the Crédit Agricole Group);
   - (iii) Both entities are a joint venture of the same third party;
   - (iv) It is a joint venture of a third entity that is an associate of bank and of the supervised intermediary;
   - (v) It is a post-employment defined benefit plan for the benefit of employees of either the bank and/or supervised intermediary or of an entity that is related to them;
   - (vi) It is controlled or jointly controlled by a person identified in (a);
   - (vii) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
   - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture.

Close member of a person's family are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity, and include:

a) that person's children and spouse or domestic partner;

b) children of that person's spouse or domestic partner; and

c) dependents of that person or that person's spouse or domestic partner.

Those persons are reported in column "Other related parties" of the table in point "2. Information on transactions with related parties".

Information on remuneration of managers vested with strategic responsibilities (aka key management personnel) and information on transactions with related parties is given below in compliance with Circular no. 262 "Banks' financial statements: layouts and preparation" of 22 December 2005, issued by the Bank of Italy as updated, in accordance with IAS 24.

1. Information on remuneration of managers vested with strategic responsibilities

"Managers vested with strategic responsibilities" or "Key management personnel" includes individuals having direct and indirect power and responsibility over the planning, management and control of the operations of Crédit Agricole Italia, including Directors, both executive and non-executive, and the members of control bodies.

The remuneration of Directors and Auditors is established with specific resolutions passed by the General Meeting of Shareholders.

The table below reports the amounts of the man benefits awarded to Directors, Auditors and Managers tasked with strategic responsibilities.

	31 Dec. 2022
Short-term employee benefits	13,228
Benefits subsequent to severance from employment	283
Other long-term benefits	-
Employee severance benefits	-
Share-based payments	-

2. Information on transactions with related parties

These are transaction with associated persons (related parties and their connected persons),entailing the assumption of risk assets, transfer of resources, services or obligations, regardless of whether a price is paid, including mergers and demergers.

	Cash and cash equivalent	Financial assets held for trading	Financial assets measured at fair value through other comprehensive income	Loans to customers	Due from banks	Due to customers	Due to banks	Guarantees given
Controlling Company	225,381	-	-	-	1,503,413	-	1,152,181	15,390
Entities exercising significant influence on the Company	-	-	-	-	-	11,177	-	-
Associates	-	-	-	41,168	-	8,509	-	1,618
Directors and Managers with strategic responsibilities	-	-	-	3,391	-	5,040	-	200
Other related parties	6,483	312,472	3,609	4,978,855	3,189,732	481,894	21,996	107,286
Total	**231,864**	**312,472**	**3,609**	**5,023,413**	**4,693,144**	**506,620**	**1,174,177**	**124,495**

Main income transactions with related parties

Amounts in thousands of Euro	Net interest income	Net fee and commission income	Personnel expenses
Controlling Company	-43,739	-2,532	161
Entities exercising significant influence on the Company	-72	57	-
Associates	732	73	-
Directors and Managers with strategic responsibilities	21	176	-13,510
Other related parties	68,936	527,597	302
Total	**25,878**	**525,371**	**-13,369**

PART I – SHARE-BASED PAYMENTS

Qualitative disclosures

The Group has no agreements in place for payments based on its shares.

The share capital increase by the French Parent Company Crédit Agricole S.A., in favour of all Employees of the Crédit Agricole. Group was completed in August 2022 with the allotment of shares to Employees.

The Employees were given the opportunities to invest in shares of Crédit Agricole S.A. with a 20% discount vs. market value. These shares will be tied for the following five years (until 31 May 2027), at the end of which time each employee may freely dispose of them.

In 2022, this financial transaction entailed a cost equal to the discount applied to the shares subscribed, which had – as a balancing item in accordance with IFRS 2 – an identical increase in equity through a specific reserve.

Having regard to multi-year incentive systems, their countervalue has an increase in liabilities as its balancing item.

For more details, please see the "Remuneration Policies" document, which can be consulted on the website of the Crédit Agricole Italia banking Group https://gruppo.credit-agricole.it/politiche-di-remunerazione.

Quantitative disclosure

The specific reserve recognized in equity as the balancing item of personnel expenses and equal to the discount applied to the shares in Crédit Agricole S.A. subscribed by Crédit Agricole Italia employees, as reported in the previous paragraph, amounts to Euro 135 thousand.

PART L – SEGMENT REPORTING

OPERATIONS AND PROFITABILITY BY BUSINESS SEGMENT

In compliance with IFRS 8 "Operating Segments", the figures on operations and profitability by business segment are given using the "management reporting approach".
In compliance with the Bank of Italy provisions, segment reporting was prepared, in line with the Group management reporting, using the multiple ITR (internal transfer rate) method, integrating also the cost of liquidity.

The Crédit Agricole Italia Banking Group operates through an organizational structure that comprises:

- The **Retail Banking, Private Banking and Financial Advisors** (FA) channel serving individuals, households and small businesses;
- The **Corporate Banking** channel serving larger-size enterprises.

Therefore, given the features of the Group, the Other channel is of a residual nature and includes the activities pertaining to central departments,with specific reference to governance.

The data are presented in compliance with the reclassified layouts contained in the management report on operations and compared with 2021. As specified in the Management Report, the 2021 Income Statement data have been smoothed in order to include the contribution of Creval, which was acquired at the end of April 2021.

The evidence of the Crédit Agricole Italia Banking Group based on the same perimeter as in the previous year is given below, net of the non-recurring effects resulting from the acquisition of Creval. The channels' profitability is presented net of the "non-recurring expenses" associated with the costs for size and operational structure alignment after Creval acquisition.

The "**Retail Banking, Private Banking and F.A.**" channels generated Operating income of Euro 1,937 million (-2.6%): Net interest income (-2.9%) and Net fee and commission income (-2.2%) slightly decreasing and lower income from trading of financial assets (-23.5%); operating efficiency slightly improved with lower operating costs (-0.4%); the operating profit came to Euro 684 million (-6.3%). Net of the Cost of risk, which came to Euro 153 million (+2.3%) and after taxes, the Net profit came to Euro 376 million (-8.7%).

The "**Corporate Banking**" channel generated Operating income for Euro 478 million (-4.6%),with net interest income decreasing (-9.7%),with that decrease partially offset by the growth in Net fee and commission income (+6.9%); income from trading of financial assets was stable as were Operating Costs, with the Operating Profit coming to Euro 311 million (-6.6%). Net of the Cost of risk, which came to Euro 150 million (-27.9%) and after taxes, the Net profit came to Euro 113 million (up by +28.1%).

Assets by segment (point-in-time volumes) consisted of net loans to Customers. As at 31 December 2022, the assets of the Retail Banking, Private Banking and Financial Advisors channels came to Euro 37,930 million (-1.2%) and accounted for 59% of the Group aggregate; the assets of the Corporate Banking channel came to Euro 18,721 million (+1.6%) and accounted for 29% of the aggregate; the other channels (12%) mainly comprise institutional counterparties, which are managed by the relevant central departments.

Liabilities by segment (point-in-time volumes) consisted of direct funding from Customers. Within this aggregate, funding of the Retail Banking, Private Banking and Financial Advisors channel came to Euro 49,816 million (+0.1%), accounting for 79% of the Group total; the Corporate Banking channel posted a balance of Euro 10,985 million (-4.2%), accounting for 17% of the total figure; other funding channels 4%.

It is pointed out that unallocated assets and liabilities report the set of inter-bank transactions, the Covered Bonds issued and other balance sheet aggregates, such as: unallocated property, plant and equipment/ intangible assets, tax assets/liabilities and specific-purpose provisions.

In accordance with IFRS 8, it is reported that the Group business operations are essentially carried out in the Italian national territory, they are not subject to periodic performance reporting to the management with breakdown by foreign geographical area. The Group has not achieved revenues resulting from transactions with single external customers for amounts exceeding 10% of the income recognized in the financial statements.

SEGMENT REPORTING AS AT 31 DECEMBER 2022

	Retail and Private Banking	Corporate Banking	Other	Non-recurring elements	Total
Operating income					
Net interest income	851,924	310,016	148,710	-	1,310,650
Net fee and commission income	1,085,456	153,790	(20,295)	-	1,218,951
Dividends	-	-	13,356	-	13,356
Financial Income (loss)	3,554	14,690	14,883	-	33,127
Other net operating income	(3,935)	(13)	7,044	-	3,096
Net operating income	**1,936,999**	**478,483**	**163,698**	**-**	**2,579,180**
Personnel and administrative expenses and depreciation and amortization	(1,252,544)	(167,571)	(241,087)	-	(1,661,202)
Operating margin	**684,455**	**310,912**	**(77,389)**	**-**	**917,978**
Net provisions for risks and charges	(8,158)	(8,372)	2	-	(16,528)
Net adjustments to loans	(144,745)	(141,903)	182	-	(286,466)
Impairment of securities	-	-	(8,432)	-	(8,432)
Total Cost of Risk	**(152,903)**	**(150,275)**	**(8,248)**	**-**	**(311,426)**
Profit (loss) on other investments	-	-	7,198	-	7,198
Profit (loss) before tax from continuing operations	**531,552**	**160,637**	**(78,439)**	**-**	**613,750**
Taxes on income from continuing operations	(155,195)	(47,476)	23,007	-	(179,664)
Net profit (loss) for the period attributable to the Parent Company before non-recurring items	**376,357**	**113,161**	**(55,432)**	**-**	**434,086**
Restatement of non-recurring effects: of which tax realignment	-	-	-	146,251	146,251
Restatement of non-recurring effects: Creval acquisition/integration expenses net of tax effect	-	-	-	(20,269)	(20,269)
Profit (loss) for the FY	**376,357**	**113,161**	**(55,432)**	**125,982**	**560,068**
Assets and Liabilities					
Assets by segment (customers)	37,930,324	18,720,753	7,676,737	-	64,327,814
Equity investments in associates	-	-	33,197	-	33,197
Unallocated assets	-	-	26,439,704	-	26,439,704
Total Assets	**37,930,324**	**18,720,753**	**34,149,638**	**-**	**90,800,715**
Liabilities by segment	49,816,042	10,984,831	2,164,694	-	62,965,567
Unallocated liabilities	-	-	20,123,122	-	20,123,122
Total liabilities	**49,816,042**	**10,984,831**	**22,287,816**	**-**	**83,088,689**

SEGMENT REPORTING AS AT 31 DECEMBER 2021

	Retail and Private Banking	Corporate Banking	Other	Non-recurring elements	Total
Operating income					
Net interest income	876,930	343,305	19,211	-	1,239,446
Net fee and commission income	1,110,214	143,921	(30,809)	-	1,223,326
Dividends	-	-	11,421	-	11,421
Financial Income (loss)	4,644	14,654	38,539	-	57,837
Other net operating income	(3,382)	(444)	(1,272)	-	(5,098)
Net operating income	**1,988,406**	**501,436**	**37,090**	**-**	**2,526,932**
Personnel and administrative expenses and depreciation and amortization	(1,258,241)	(168,392)	(240,602)	-	(1,667,235)
Operating margin	**730,165**	**333,044**	**(203,512)**	**-**	**859,697**
Net provisions for risks and charges	(7,637)	(10,278)	-	-	(17,915)
Net adjustments to loans	(141,811)	(198,079)	-	-	(339,890)
Impairment of securities	-	-	(1,167)	-	(1,167)
Total Cost of Risk	**(149,448)**	**(208,357)**	**(1,167)**	**-**	**(358,972)**
Profit (loss) on other investments	-	-	6,840	-	6,840
Profit (loss) before tax from continuing operations	**580,717**	**124,687**	**(197,839)**	**-**	**507,565**
Taxes on income from continuing operations	(168,816)	(36,340)	52,940	-	(152,216)
Net profit (loss) for the period attributable to the Parent Company before non-recurring items	**411,901**	**88,347**	**(144,899)**	**-**	**355,349**
Restatement of non-recurring effects: of which tax realignment	-	-	-	97,000	97,000
Restatement of non-recurring items, badwill and integration expenses	-	-	-	164,519	164,519
Profit (loss) for the FY	**411,901**	**88,347**	**(144,899)**	**261,519**	**616,868**
Assets and Liabilities					
Assets by segment (customers)	38,382,582	18,433,129	8,177,076	-	64,992,787
Equity investments in associates	-	-	45,151	-	45,151
Unallocated assets	-	-	25,360,973	-	25,360,973
Total Assets	**38,382,582**	**18,433,129**	**33,583,200**	**-**	**90,398,911**
Liabilities by segment	49,782,769	11,464,042	2,891,089	-	64,137,900
Unallocated liabilities	-	-	18,959,480	-	18,959,480
Total liabilities	**49,782,769**	**11,464,042**	**21,850,569**	**-**	**83,097,380**

PART M – DISCLOSURE OF LEASES

Section 1 – Lessee

QUALITATIVE INFORMATION

The additional information on leases required by IFRS 16 is given below.

For the Group, the scope of application comprises property leases and car and IT infrastructure rentals. Property leases represent the most impacted scope; these contracts concern properties used as branches, officers and guest accommodation.

QUANTITATIVE DISCLOSURES

Right of Use

Lease type	No. of contracts as at 31 Dec. 2022	Right of Use value as at 31 Dec. 2021	Depreciation for the FY
Buildings used in operations	977	293,734	-49,482
Buildings used for investment	173	3,885	-2,570
Other property, plant and equipment assets: vehicles	420	3,052	-1,665
Other property, plant and equipment:IT structures	3	16,890	-3,078
Total	**1,573**	**317,561**	**-56,795**

Lease Liabilitiy

Lease type	Remaining liability as at 31 Dec. 2022	Remaining liability - breakdown by term to maturity				interest expenses for the FY
		Term to maturity < 1 year	Term to maturity between 1 and 3 year	Term to maturity between 3 and 6 year	Term to maturity of over 6 years	
Buildings and land used in operations	341,200	50,522	91,944	105,882	92,851	7,697
Buildings used for investment	3,910	1,776	1,909	169	56	30
Other property, plant and equipment assets: vehicles	3,072	1,355	1,539	178	-	22
Other property, plant and equipment:IT structures	12,904	3,023	6,021	2,737	1,124	154
Total	**361,086**	**56,676**	**101,413**	**108,966**	**94,031**	**7,903**

All contractual cash flows are included in the calculation of lease liabilities.

Breakdown of real estate operating lease contracts by geographical area and by annual lease payment bracket

REGION	Lease payments up to 5 thousand	Lease payments from 5 to 50 thousand	Lease payments from 50 to 100 thousand	Lease payments above 100 thousand	Total
EMILIA ROMAGNA	8	220	27	4	259
LOMBARDY	22	132	54	32	240
VENETO	1	72	25	9	107
TUSCANY	5	53	24	11	93
SICILY	9	68	10	4	91
PIEDMONT	5	41	27	10	83
LAZIO	2	25	12	31	70
CAMPANIA	-	32	20	12	64
LIGURIA	8	35	10	4	57
OTHER	8	62	13	3	86
Total	**68**	**740**	**222**	**120**	**1,150**

Frequency of payment instalment by lease type

Lease type	Instalment frequency	Number of contracts
Properties used in operations	Monthly	73
	Quarterly	802
	other	102
	Total	**977**
Property used for investment	Quarterly	172
	other	1
	Total	**173**
Vehicles	Monthly	420
	Total	**420**
Other property, plant and equipment:IT structures	Bi-monthly	1
	Half-yearly	1
	annual	1
	Total	**3**
Totals		**1,573**

Lease contracts out of the IFRS 16 scope of application (recognition exemptions para. 5 IFRS 16)

The Group has applied para. 6 of IFRS 16 to short-term leases and to leases with the underlying asset having low value.

The table reports the information required under paragraph 53 letter d) of IFRS 16.

Lease type	Short term lease - 2022 rents	Low value lease - 2022 rents
Real Estate properties	164	-
Vehicles	348	-
POS	-	5,000
Other	-	2,412
Total (net of VAT)	**512**	**7,412**

Section 2 – Lessor

2. FINANCE LEASES

QUALITATIVE DISCLOSURES

Finance leases are contracts whereby one of the parties (lessee) asks a lease firm (lessor) to purchase an asset from a manufacturer or seller (supplier) or to have it manufactured, in order to enjoy its use against a periodic lease payment.

The Group, specifically, Crédit Agricole Leasing Italia, recognizes finance leases in accordance with IFRS 16 and classifies them under financial assets measured at amortized cost.

In accordance with finance lease contracts (the specialist entity of the Group is Crédit Agricole Leasing Italia), the lessee, at the end of the set lease term and granted that it has fulfilled all obligations undertaken, is entitled to choose:

- To acquire the ownership of the asset by paying a pre-set price (redemption value);
- To return the leased asset.

Lease terms, whose duration is based on the useful life of the assets, and the pre-set redemption value of the leased assets are such to generally induce lessees to purchase the asset at end of the lease term.

QUANTITATIVE DISCLOSURES

The table below reposts the classification by time bands of lease payments to be received and the reconciliation between payments to be received and lease loans.

Non-performing exposures (bad loans, Unlikely to Pay and non-performing past due exposures) have been allocated to the relevant time bands based on the recovery forecast for financial reporting measurement purposes.

Performing exposures are stated gross of the related collective impairment.

2.1 Classification of payments to be received by time band

TIME BANDS	Total 31 Dec. 2022		
	Lease payments to be received		Total lease payments to be received
	Non-performing exposures	Performing exposures	
Up to 1 year	44,408	641,595	686,003
From over 1 year to 2 years	24,760	563,332	588,092
From over 2 year to 3 years	9,033	455,460	464,493
From over 3 year to 4 years	168	332,662	332,830
From over 4 year to 5 years	79	205,915	205,994
From over 5 years	597	433,587	434,184
Total lease payments to be received	**79,045**	**2,632,551**	**2,711,596**
RECONCILIATION WITH LOANS			
Unearned financial income (-)	-	-172,134	-172,134
Unguaranteed residual value (-)	-	-	-
Collective impairment	-	-25,928	-25,928
Lease loans	**79,045**	**2,434,489**	**2,513,534**

These loans are reported in Part B) of this Note to the financial statements, Section 4 - Financial assets measured at amortized cost: breakdown by type of loans to customers".

The total balance of lease loans reported in Part B Section 4 also includes Euro 7.3 million in loans receivables resulting from subleasing transactions on contracts for property leasing in.

Information on interest income on lease loans is given in Part C – Section 1 – Table 1.1 Interest and similar income: breakdown".

Financed assets are different according to the lease applicant and/or the nature of business operations. In general, financed assets belong to 4 categories: motor vehicles (cars, commercial vehicles and industrial vehicles), air rail naval (aircraft, pleasure boats, railway cars), equipment and property (commercial and industrial buildings both completed and to be built) and renewable energy equipment (photovoltaic plants, wind turbines, hydroelectric plants, etc.).

2.2 Lease loans classified by quality and type of leased asset

	Lease loans			
	Performing exposures		Non-performing exposures	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
A. Movable assets	859,570	933,932	64,422	97,343
- Land	-	-	-	-
- Buildings	859,570	933,932	64,422	97,343
B.Capital assets	1,240,285	1,010,798	13,394	15,830
C. Movable assets	334,634	258,759	1,229	772
- Motor vehicles	267,878	184,947	1,229	565
- Air sea and rail	66,755	57,469	-	-
- Other	-	16,343	-	207
D. Intangible assets	-	-	-	-
- Trademarks	-	-	-	-
- Software	-	-	-	-
- Other	-	-	-	-
Total	**2,434,489**	**2,203,489**	**79,045**	**113,945**

The finance lease contracts signed with Customers provide for risk management in accordance with the Group policies.

OTHER INFORMATION

Leaseback transactions

Sale and leaseback is a transaction whereby the leased asset is sold and immediately leased back, by signing a lease contract for the same asset.

Loans resulting from leaseback contracts, which, for Crédit Agricole Leasing Italia S.r.l., have no particular features in their clauses, except possibly in the ones relating to the regulation of the Supplier role (identifiable with the lessee), came to Euro 164 million.

3. OPERATING LEASES

The disclosure required by paragraph 97 of IFRS 16 is given below.

3.1 Classification of payments to be received by time band

Time bands	Lease payments to be received
Up to 1 year	3,001
From over 1 year to 2 years	2,925
From over 2 year to 3 years	2,632
From over 3 year to 4 years	2,415
From over 4 year to 5 years	2,202
From over 5 years	5,964
Total	**19,139**

The payments to be received reported in the table refer to property lease contracts.

There are no variable payments not included in the reported amounts and there are no purchase options on the leased asset.

DISCLOSURE OF THE FEES FOR THE AUDIT OF THE ACCOUNTS AND OTHER SERVICES PURSUANT TO THE ITALIAN CIVIL CODE AT ARTICLE 2427 PARAGRAPH 16BIS

The table below reports the information on the fees due to the Audit Firm PricewaterhouseCoopers S.p.A. for the services provided in 2022.

FEES FOR:	31 Dec. 2022
Statutory audit of annual accounts	1,606
Certification services	333
Other services	168
Total	**2,107**

DISCLOSURE OF PUBLIC FUNDING

Public funding transparency requirements are laid down in Article 1, paragraphs 125-129, of Italian Law no. 124/2017 but the wording gave rise to several problems in terms of interpretation and application. The worries expressed by trade associations (including Assonime, the Italian Association of Joint-stock Companies) were for the most part solve by Article 35 of Italian Decree Law no. 34/2019 (Growth Decree), which, in many cases, clarifies important matters, in order to streamline and rationalize the aforementioned requirements.

The Law establishes the obligation to disclose, in the note to the financial statements as at 31 December 2019 – and, where applicable, in the note to the consolidated financial statements – the amounts of and other information on "grants, subsidies, advantages, contributions or aids, in money of in kind, not given in general and other than considerations, remuneration or compensations, received from public administration bodies and other identified entities" (hereinafter for short "public funding").

Noncompliance with these obligations is punished with a civil fine equal to 1% of the received amounts, with a minimum fine of Euro 2,000 and the ancillary penalty of complying with the disclosure obligation. If the offender does not comply with the set disclosure obligation and does not pay the fine within 90 days of its imposition, it shall be required to return the all the amounts received to the entities that granted them.

In order to prevent accumulation of non-relevant information, the Euro 10,000 threshold has been kept, below which the recipient is not required to disclose any information on the received public funding.

Furthermore, in August 2017 the Italian national State Aid Registry was set up at the Directorate-general for business incentive at the Italian Ministry of Economic Development, where all State aids and small amount aids to businesses shall be entered by those that give or manage such aids.

For the aids to Crédit Agricole Italia, please refer to the "Registry Transparency" section, which is publicly available.

COUNTRY-BY-COUNTRY REPORTING

Country where the Company is headquartered: ITALY

A) NAME OF THE COMPANIES HEADQUARTERED IN THE COUNTRY AND NATURE OF THEIR BUSINESS

Company name	Nature of its business
Crédit Agricole Italia S.p.A.	Company operating in the sector of retail banking services, commercial banking services and retail intermediation services
Crédit Agricole Leasing Italia S.r.l.	Private limited liability company operating in the placement and management of lease products
Crédit Agricole Group Solutions S.c.p.A.	Not-for-profit consortium company, with the corporate purpose of providing, mainly to and/or in the interest of its shareholders, organizational, technical, IT and administrative services
Crédit Agricole Italia OBG S.r.l.	private limited liability company that was incorporated pursuant to the Italian Law on Securitization Transactions and Issue of Covered Bonds currently used for a Covered Bonds issue programme
Sliders S.r.l. in liquidation	Private limited liability company whose corporate purpose comprises the purchase, exchange/swap, sale and lease of property; the acquisition of equity investments to be held as non-current assets
Crédit Agricole Real Estate Italia S.r.l.	Private limited liability company operating in the real estate sector whose corporate purpose comprises property purchasing, renting and selling
San Piero Immobiliare S.p.A. in liquidation	Private limited liability company operating in the real estate sector whose corporate purpose comprises property purchasing, renting and selling
San Giorgio Immobiliare S.p.A. in liquidation	Private limited liability company operating in the real estate sector whose corporate purpose comprises property purchasing, renting and selling
Le Village by CA Parma S.r.l.	Company operating in the promotion and dissemination of innovation in products, services and processes
Agricola Le Cicogne S.r.l.	Private limited liability company operating in the management of land and farms, both owned and of third parties
Stelline Real Estate S.p.A.	Private limited liability company operating in the real estate sector whose corporate purpose comprises property purchasing, renting and selling
Le Village by CA Triveneto S.r.l.	Company operating in the promotion and dissemination of innovation in products, services and processes

B) REVENUE

Item (thousands of Euro)	31 Dec. 2022
Net banking income(*)	2,587,787

C) NUMBER OF EMPLOYEES

Item (thousands of Euro)	31 Dec. 2022
Number of employees expressed as full-time equivalents	12,642
Number of employees(*)	12,671

D) PROFIT OR LOSS BEFORE TAXES

Item (thousands of Euro)	31 Dec. 2022
Profit on continuing operations before taxes(*)	580,871

E) TAXES ON PROFIT OR LOSS

Item (thousands of Euro)	31 Dec. 2022
Taxes on income from continuing operations(*)	-20,803

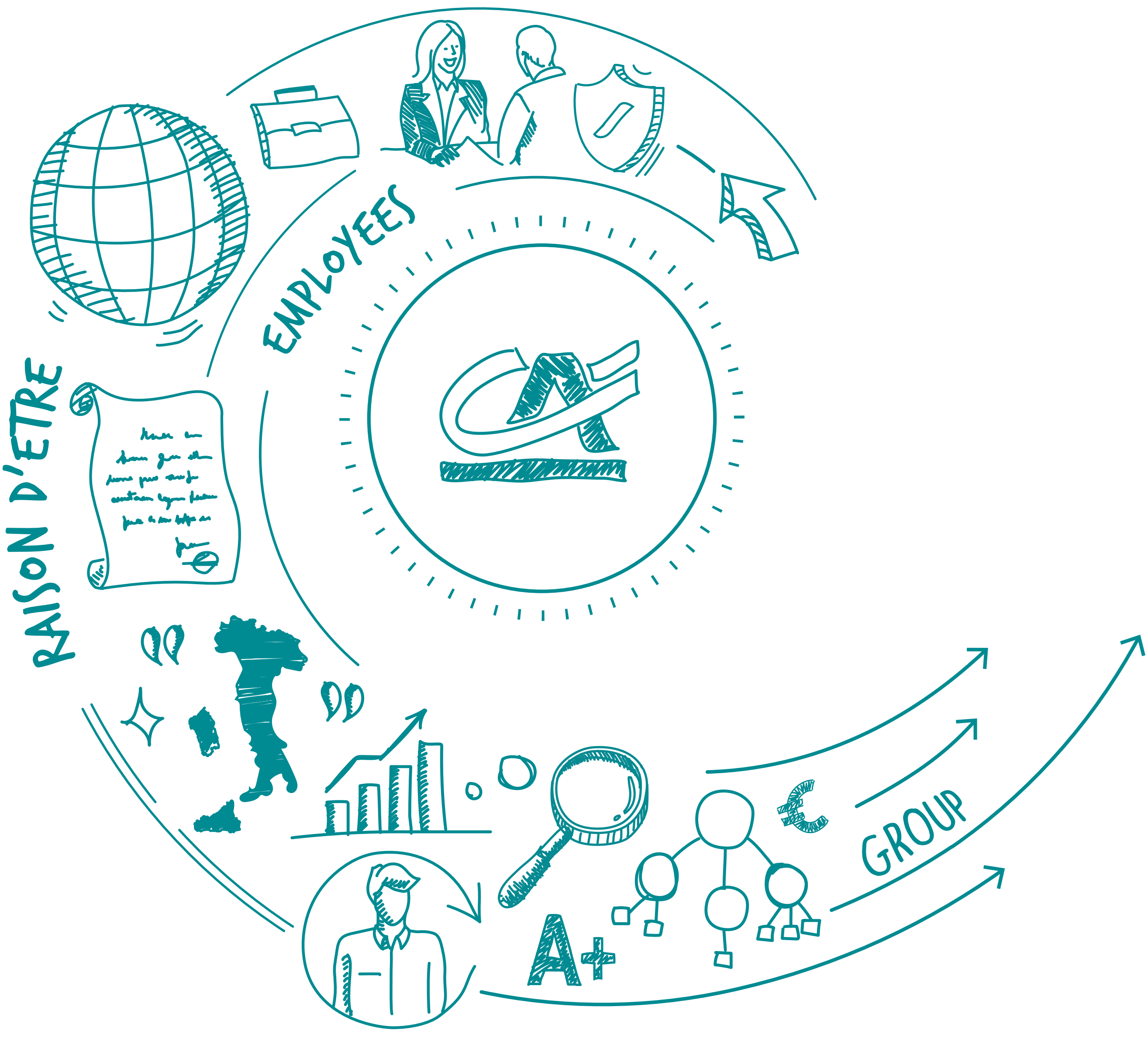
F) GOVERNMENT GRANTS RECEIVED

Item (thousands of Euro)	31 Dec. 2022
Government grants	959

(*) Data source: 2022 Annual Report and Financial Statements of the Crédit Agricole Italia Banking Group.

Crédit Agricole Italia

REPORT AND FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2022



FINANCIAL HIGHLIGHTS AND ALTERNATIVE PERFORMANCE MEASURES

Income Statement highlights[a] (thousands of Euro)	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Net interest income	1,271,436	748,307	523,129	69.9
Net fee and commission income	1,216,278	823,358	392,920	47.7
Dividends	15,708	11,057	4,651	42.1
Financial Income (loss)	33,113	50,421	-17,308	-34.3
Other operating income (expenses)	975	-5,823	6,798	
Net operating income	2,537,510	1,627,320	910,190	55.9
Operating expenses	-1,671,991	-1,244,720	427,271	34.3
Operating margin	865,519	382,600	482,919	
Cost of risk(b)	-299,026	-514,034	-215,008	-41.8
Of which net adjustments to loans	*-275,093*	*-502,263*	*-227,170*	*-45.2*
Profit (loss) for the period	552,879	-71,836	624,715	

Balance Sheet highlights[a] (thousands of Euro)	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Loans to Customers	75,841,071	52,132,666	23,708,405	45.5
Of which Government Securities measured at amortized cost	*11,667,781*	*8,895,860*	*2,771,921*	*31.2*
Net financial Assets/Liabilities at fair value	189,662	53,050	136,612	
Financial assets measured at fair value through other comprehensive income	3,516,496	3,108,575	407,921	13.1
Equity investments	201,023	2,105,245	-1,904,222	-90.5
Property, plant and equipment and intangible assets	2,592,883	1,872,982	719,901	38.4
Total net assets	90,421,784	62,372,495	28,049,289	45.0
Net due to banks	5,536,255	3,020,189	2,516,066	83.3
Funding from Customers	72,269,392	49,511,267	22,758,125	46.0
Indirect funding from Customers	87,172,475	73,145,204	14,027,271	19.2
of which: asset management	*49,450,233*	*36,981,297*	*12,468,936*	*33.7*
Equity	7,681,701	6,803,997	877,704	12.9

Operating structure	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Number of employees	12,063	7,639	4,424	57.9
Average number of employees[c]	11,109	7,100	4,009	56.5
Number of branches	1,123	712	411	57.7

(a) The Ratios are based on the balance sheet and income statement data of the reclassified financial statements shown on pages 376 and 387. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures.

(b) The cost of risk includes provisioning for risks and charges, net impairment of loans and impairment of securities.

(c) The average number has been calculated as the weighted average of employees and atypical workers, where the weight is the number of months worked in the year; part-time personnel is conventionally weighted at 50%.

Structure ratios[a]	31 Dec. 2022	31 Dec. 2021
Net loans to Customers/Total net assets	71.0%	69.3%
Direct funding from Customers/Total net assets	79.9%	79.4%
Asset under management/Indirect funding from Customers	56.7%	50.6%
Net loans to Customers/Direct funding from Customers	88.8%	87.3%
Total assets[d]/Equity	12.5	10.9

Profitability ratios([a]	31 Dec. 2022	31 Dec. 2021
Net interest income/Net operating income	50.1%	46.0%
Net fee and commission income/Net operating income	47.9%	50.6%
Cost/Income ratio[e]	60.9%	60.4%
Net income/Average equity[f]	7.6%	-1.1%
Net income/Average tangible equity[f]	9.3%	-1.3%
Net income /Total assets[d] (ROA)	0.6%	-0.1%
Net income/Risk weighted assets	1.7%	-0.3%

Risk ratios[a]	31 Dec. 2022	31 Dec. 2021
Gross bad loans/Gross loans to Customers with POCI assets	0.7%	n.a.
Gross bad loans/Gross loans to Customers without POCI assets	0.8%	0.6%
Net bad loans/Net loans to Customers	0.2%	0.1%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio) with POCI assets	3.1%	n.a.
Gross non-performing exposures/Gross loans to customers (gross NPE ratio) without POCI assets	3.8%	3.0%
Net non-performing exposures/Net loans to customers (net NPE ratio)	1.7%	1.5%
Net adjustments to loans/Net loans to Customers[g]	0.4%	1.2%
Cost of risk(h)/Income from operations	34.5%	134.4%
Net bad loans/Total Capital[i]	1.6%	0.9%
Total adjustments to non-performing loans /Gross non-performing loans with POCI assets	47.2%	n.a.
Total adjustments to non-performing loans /Gross non-performing loans without POCI assets	56.6%	52.0%
Total Impairments of performing loans/Gross performing loans	0.6%	0.5%

Productivity ratios[a] (in income terms)	31 Dec. 2022	31 Dec. 2021
Operating expenses/No. of Employees (average)	150.5	175.3
Operating income/No. of Employees (average)	228.4	229.2

Productivity ratios[a] (in financial terms)	31 Dec. 2022	31 Dec. 2021
Net loans to Customers / No. of employees (average)	5,776.7	6,089.7
Direct funding from Customers/No. of Employees (average)	6,505.5	6,973.4
Gross banking income (j) / No. of employees (average)	20,129.2	23,365.3

Capital and liquidity ratios	31 Dec. 2022	31 Dec. 2021
Common Equity Tier 1[k]/Risk-weighted assets (CET 1 ratio)	14.0%	19.1%
Tier 1[l]/Risk-weighted assets (Tier 1 ratio)	16.5%	22.5%
Total Capital[i]/Risk-weighted assets (Total Capital Ratio)	19.7%	26.4%
Risk-weighted assets	33,438,498	23,795,668
Liquidity Coverage Ratio (LCR)	260%	302%
Net Stable Funding Ratio (NSFR)	133%	142%

(a) The Ratios are based on the balance sheet and income statement data of the reclassified financial statements shown on pages 376 and 387. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures.
(d) Ratio calculated based on total assets as reported in the financial statement.
(e) Ratio calculated excluding ordinary and extraordinary contributions to support the banking system and provisioning for Voluntary Redundancy.
(f) Ratio of net earnings to equity weighted average (for ROTE net of intangibles).
(g) Ratio calculated net of the government and non-government securities component.
(h) The cost of risk includes provisioning for risks and charges, net impairment of loans and impairment of securities.
(i) Total Capital: total regulatory own funds.
(j) Net Loans to Customers + direct funding + indirect funding.
(k) Common Equity Tier 1: Common Equity Tier 1.
(l) Tier 1: Tier 1 Capital.

MANAGEMENT REPORT

PERFORMANCE OF OPERATIONS

The 2022 financial data given in the tables in the Management Report are not comparable to those of the previous FY due both to the effects of the completion of the "Single Bank" project, which entailed the merger of Credito Valtellinese (Creval) at the end of April and the merger of Crédit Agricole FriulAdria at the end of November (both mergers are neutral on the consolidation perimeter), and to some non-recurring effects applying in 2021, such as the provision for voluntary redundancy within the Next Generation Plan, derisking actions and the recognition of the benefit from the tax realignment.
For smooth comparison of the data, please see the section on the consolidated Financial Statements.

THE PERFORMANCE OF BALANCE SHEET AGGREGATES

The figures reported on this page and on the following ones are expressed in thousands of Euro.

Reclassified Balance Sheet

Assets	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Net financial Assets/Liabilities at fair value	189,662	53,050	136,612	
Financial assets measured at fair value through other comprehensive income	3,516,496	3,108,575	407,921	13.1
Loans to Customers	75,841,071	52,132,666	23,708,405	45.5
Equity investments	201,023	2,105,245	-1,904,222	-90.5
Property, plant and equipment and intangible assets	2,592,883	1,872,982	719,901	38.4
Tax assets	2,719,734	1,367,421	1,352,313	98.9
Other assets	5,360,915	1,732,556	3,628,359	
Total assets	**90,421,784**	**62,372,495**	**28,049,289**	**45.0**

Liabilities	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Net due to banks	5,536,255	3,020,189	2,516,066	83.3
Funding from Customers	72,269,392	49,511,267	22,758,125	46.0
Tax liabilities	307,487	281,166	26,321	9.4
Other liabilities	3,959,549	2,235,458	1,724,091	77.1
Specific-purpose provisions	667,400	520,418	146,982	28.2
Capital	1,102,071	979,283	122,788	12.5
Equity instruments	815,000	815,000	-	-
Reserves (net of treasury shares)	5,266,335	5,130,216	136,119	2.7
Valuation reserves	-54,584	-48,666	5,918	12.2
Profit (Loss) for the period	552,879	-71,836	624,715	
Total liabilities and equity	**90,421,784**	**62,372,495**	**28,049,289**	**45.0**

Reconciliation of the balance sheet and reclassified balance sheet

Assets	31 Dec. 2022	31 Dec. 2021
Net financial Assets/Liabilities at fair value	**189,662**	**53,050**
20a. Financial assets held for trading	331,982	49,299
20c. Financial assets mandatorily measured at fair value	186,729	56,776
20. Financial liabilities held for trading	-329,049	-53,025
Financial assets measured at fair value through other comprehensive income	**3,516,496**	**3,108,575**
30. Financial assets measured at fair value through other comprehensive income	3,516,496	3,108,575
Loans to Customers	**75,841,071**	**52,132,666**
40b. Due from Customers	75,841,071	52,132,666
Equity investments	**201,023**	**2,105,245**
70. Equity investments	201,023	2,105,245
Property, plant and equipment and intangible assets	**2,592,883**	**1,872,982**
80. Property, Plant and Equipment	1,161,327	734,685
90. Intangible assets	1,431,556	1,138,297
Tax assets	**2,719,734**	**1,367,421**
100. Tax assets	2,719,734	1,367,421
Other assets	**5,360,915**	**1,732,556**
10. Cash and cash equivalents	2,875,997	540,293
120. Other assets	1,774,225	631,492
50. Hedging derivatives (Assets)	1,318,646	570,135
60. Fair value change of financial assets in macro-hedge portfolios	-607,953	-9,364
Total assets	**90,421,784**	**62,372,495**

Liabilities	31 Dec. 2022	31 Dec. 2021
Net due to banks	**5,536,255**	**3,020,189**
10a. Due to banks	11,059,727	14,831,132
To deduct: Lease liabilities	-138	-141
40a. Due from banks	-5,523,334	-11,810,802
Funding from Customers	**72,269,392**	**49,511,267**
10b. Due to Customers	62,215,171	38,772,716
To deduct: Lease liabilities	-344,373	-188,763
13. Debt securities issued	10,398,594	10,927,314
Tax liabilities	**307,487**	**281,166**
60. Tax liabilities	307,487	281,166
Other liabilities	**3,959,549**	**2,235,458**
10a. Due to banks: of which lease liabilities	138	141
10b. Due to customers: of which lease liabilities	344,373	188,763
40. Hedging derivatives (Liabilities)	3,815,534	823,174
50. Fair value change of financial liabilities in macro-hedge portfolios	-1,491,822	139,353
80. Other liabilities	1,291,326	1,084,027
Specific-purpose provisions	**667,400**	**520,418**
90. Employee severance benefits	94,309	83,191
100. Provisions for risks and charges	573,091	437,227
Capital	**1,102,071**	**979,283**
160. Capital	1,102,071	979,283
Equity instruments	**815,000**	**815,000**
130. Equity instruments	815,000	815,000
Reserves (net of treasury shares)	**5,266,335**	**5,130,216**
140. Reserves	1,770,262	2,011,528
150. Share premium reserve	3,496,073	3,118,688
Valuation reserves	**-54,584**	**-48,666**
110. Valuation reserves	-54,584	-48,666
Profit (Loss) for the period	**552,879**	**-71,836**
180. Profit (Loss) for the period	552,879	-71,836
Total liabilities and equity	**90,421,784**	**62,372,495**

Loans to Customers

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
- Current accounts	3.005.617	1.417.679	1.587.938	
- Mortgage loans	44.683.737	29.107.602	15.576.135	53,5
- Invoice financing and credit facilities	14.526.180	11.569.871	2.956.309	25,6
Non-performing loans(*)	1.080.971	641.337	439.634	68,5
- Finance Leases	7.286	-	7.286	-
- Performing non-government securities measured at amortized cost	869.499	500.317	369.182	73,8
Loans to Customers	**64.173.290**	**43.236.806**	**20.936.484**	**48,4**
Government securities measured at amortized cost	11.667.781	8.895.860	2.771.921	31,2
Total loans to Customers	**75.841.071**	**52.132.666**	**23.708.405**	**45,5**

(*) Includes non-government securities at amortized cost.

As at 31 December 2022 net loans to Customers came to Euro 64.2 billion; the prevailing component consisted of mortgage loans.

Constant support to the real economy provided via:

- Origination of home loans for Euro 3.7 billion with the execution of over 30 thousand deeds including 3,600 thousand “mortgage loans for young people”, a product with which Crédit Agricole Italia joined the Italian Government’s campaign aimed at facilitating mortgage loan affordability for young people;
- Loans to businesses for Euro 2.7 billion, with a relational model based on assistance provided to the customer enterprises on their ESG transition path;
- Development of the Agri-Food segment – a core business segment of the Group – which, as at 31 December 2022 posted loans amounting to Euro 5.7 billion growing driven also by the introduction of new products designed for the energy transition of farms;
- “Ecobonus” totalling Euro 1.3 billion.

Loans to customers: credit quality without recognition of Purchased or Originated Credit Impaired (POCI) assets

	31 Dec. 2022			31 Dec. 2021		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
- Bad loans	550,270	448,116	102,154	255,801	201,629	54,172
- Unlikely to Pay(*)	1,904,369	953,146	951,223	1,066,574	491,332	575,242
- Past-due/overlimit loans	38,634	11,040	27,594	13,079	1,156	11,923
Non-performing loans	**2,493,273**	**1,412,302**	**1,080,971**	**1,335,454**	**694,117**	**641,337**
- Performing loans - stage 2	3,569,733	207,502	3,362,231	3,000,707	144,514	2,856,193
- Performing loans - stage 1(*)	59,875,180	145,092	59,730,088	39,818,420	79,144	39,739,276
Performing loans	**63,444,913**	**352,594**	**63,092,319**	**42,819,127**	**223,658**	**42,595,469**
Loans to Customers	**65,938,186**	**1,764,896**	**64,173,290**	**44,154,581**	**917,775**	**43,236,806**
Government securities measured at amortized cost	**11,684,743**	**16,962**	**11,667,781**	**8,906,942**	**11,082**	**8,895,860**
Total loans to Customers	**77,622,929**	**1,781,858**	**75,841,071**	**53,061,523**	**928,857**	**52,132,666**

(*) Includes non-government securities at amortized cost.

	31 Dec. 2022			31 Dec. 2021		
	Gross/total exposure	Net/total exposure	Coverage ratio	Gross exposure weight	Net exposure weight	Coverage ratio
- Bad loans	0.8%	0.2%	81.4%	0.6%	0.1%	78.8%
- Unlikely to Pay(*)	2.9%	1.5%	50.1%	2.4%	1.3%	46.1%
- Past-due/overlimit loans	0.1%	0.0%	28.6%	0.0%	0.0%	8.8%
Non-performing loans	**3.8%**	**1.7%**	**56.6%**	**3.0%**	**1.5%**	**52.0%**
- Performing loans - stage 2	5.4%	5.2%	5.8%	6.8%	6.6%	4.8%
- Performing loans - stage 1(*)	90.8%	93.1%	0.2%	90.2%	91.9%	0.2%
Performing loans	**96.2%**	**98.3%**	**0.6%**	**97.0%**	**98.5%**	**0.5%**
Loans to Customers	**100.0%**	**100.0%**	**2.7%**	**100.0%**	**100.0%**	**2.1%**

(*) Includes non-government securities at amortized cost.

The gross NPL stock came to Euro 2.5 billion (with a 3.8% weight on total loans); because of the coverage, standing at 56.6%, net NPL came to Euro 1.1 billion, with a 1.7% weight on total loans.

Loans to customers: credit quality with recognition of Purchased or Originated Credit Impaired (POCI) assets

	31 Dec. 2022 (POCI)		
	Gross exposure	Total adjustments	Net exposure
- Bad loans	444,390	342,236	102,154
- Unlikely to Pay(*)	1,563,311	612,088	951,223
- Past-due/overlimit loans	38,185	10,591	27,594
Non-performing loans	**2,045,886**	**964,915**	**1,080,971**
- Performing loans - stage 2	3,569,733	207,502	3,362,231
- Performing loans - stage 1(*)	59,875,180	145,092	59,730,088
Performing loans	**63,444,913**	**352,594**	**63,092,319**
Loans to Customers	**65,490,799**	**1,317,509**	**64,173,290**
Government securities measured at amortized cost	**11,684,743**	**16,962**	**11,667,781**
Total loans to Customers	**77,175,542**	**1,334,471**	**75,841,071**

(*) Includes non-government securities at amortized cost.

	31 Dec. 2022 (POCI)		
	Gross/total exposure	Net/total exposure	Coverage ratio
- Bad loans	0.7%	0.2%	77.0%
- Unlikely to Pay(*)	2.4%	1.5%	39.2%
- Past-due/overlimit loans	0.1%	0.0%	27.7%
Non-performing loans	**3.1%**	**1.7%**	**47.2%**
- Performing loans - stage 2	5.5%	5.2%	5.8%
- Performing loans - stage 1(*)	91.4%	93.1%	0.2%
Performing loans	**96.9%**	**98.3%**	**0.6%**
Loans to Customers	**100.0%**	**100.0%**	**2.0%**

(*) Includes non-government securities at amortized cost.

Funding from Customers

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
- Deposits	3,197,704	474,161	2,723,543	
- Current and other accounts	57,932,211	37,918,405	20,013,806	52.8
- Other items	740,883	191,387	549,496	
Due to Customers	**61,870,798**	**38,583,953**	**23,286,845**	**60.4**
Debt securities issued	**10,398,594**	**10,927,314**	**-528,720**	**-4.8**
Total direct funding	**72,269,392**	**49,511,267**	**22,758,125**	**46.0**
Indirect funding	**87,172,475**	**73,145,204**	**14,027,271**	**19.2**
Total funding	**159,441,867**	**122,656,471**	**36,785,396**	**30.0**

Total funding came to Euro 159.4 billion; the increase was higher in direct funding than in indirect funding.

In the direct funding component, which came to Euro 72.3 billion, current accounts proved the prevailing component.

Also in 2022, the Group substantiated its attention and commitment to ESG matters with the issue of Green Covered Bonds, for a total of Euro 500 million with 12-year maturity, which was made to finance or refinance a pool of residential mortgage loans that were selected based on sustainability criteria and originated for the purchase of high energy efficiency properties. The issue had the smallest spread ever recorded in any Covered Bonds of Italian issuers and gives evidence of the Group's appeal to investors.

Indirect funding

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
- Asset management products	21,863,521	16,836,260	5,027,261	29.9
- Insurance products	27,586,712	20,145,037	7,441,675	36.9
Total assets under management	**49,450,233**	**36,981,297**	**12,468,936**	**33.7**
Assets under administration	**37,722,242**	**36,163,907**	**1,558,335**	**4.3**
Indirect funding	**87,172,475**	**73,145,204**	**14,027,271**	**19.2**

Indirect funding came to Euro 87.2 billion; the asset management component came to Euro 49.5 billion, higher in the insurance component. In 2022 placed wealth management products came to Euro 9 billion, with balanced development between asset management products (Euro 5.5 billion) and insurance products (Euro 3.5 billion).

Financial assets and liabilities measured at fair value

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Financial assets and liabilities measured at fair value through profit or loss				
- Debt securities	1,520	743	777	
- Equity securities and units of collective investment undertakings	185,298	56,126	129,172	
- Derivative financial instruments with positive FV	331,893	49,206	282,687	
Total assets	**518,711**	**106,075**	**412,636**	
- Derivative financial instruments with negative FV	329,049	53,025	276,024	
Total liabilities	**329,049**	**53,025**	**276,024**	
Net Total	**189,662**	**53,050**	**136,612**	
Financial assets measured at fair value through other comprehensive income				
- Debt securities	3,240,500	2,871,187	369,313	12.9
- Equity securities	275,996	237,388	38,608	16.3
Total	**3,516,496**	**3,108,575**	**407,921**	**13.1**

As at 31 December 2022 Financial assets measured at fair value through other comprehensive income amounted to Euro 3.5 billion and mainly consisted of government debt securities (Euro 3.2 billion).

Government securities

	31 Dec. 2022		
	Nominal value	Book value	Valuation reserve
Financial assets held for trading			
Italian Government securities	12	13	X
Argentinian Government securities	87	-	X
Financial assets through other comprehensive income			
Italian Government securities	3,304,000	3,240,500	-9,228
Financial assets measured at amortized cost			
Italian Government securities	11,130,300	11,667,781	X
Total	**14,434,399**	**14,908,294**	**-9,228**

The Government securities held totalled Euro 14.9 billion and consisted almost exclusively of Italian Government securities. Net of the change in the perimeter, the stock decreased by 5% YoY.

Equity investments

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
- Subsidiaries	168,596	2,084,412	-1,915,816	-91.9
- Joint arrangements	315	-	315	-
- Investees subject to significant influence	32,112	20,833	11,279	54.1
Total	**201,023**	**2,105,245**	**-1,904,222**	**-90.5**

The “equity investments” item came to Euro 0.2 billion, decreasing by Euro 1.9 billion subsequent to the mergers of Creval and Crédit Agricole FriulAdria.

Property, plant and equipment and intangible assets

As at the reporting date, property, plant and equipment and intangible assets amounted to Euro 2.6 billion. Specifically, property, plant and equipment came to Euro 1.2 billion, while intangible assets came to Euro 1.4 billion including Euro 1,3 billion in goodwill.

Specific-purpose provisions

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Employee severance benefits	94,309	83,191	11,118	13.4
Provisions for risks and charges	573,091	437,227	135,864	31.1
a) commitments and guarantees given	72,517	30,334	42,183	
b) post-employment and similar obligations	24,020	32,692	-8,672	-26.5
c) other provisions for risks and charges	476,554	374,201	102,353	27.4
Total specific-purpose provisions	**667,400**	**520,418**	**146,982**	**28.2**

Equity

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Share capital	1,102,071	979,283	122,788	12.5
Share premium reserve	3,496,073	3,118,688	377,385	12.1
Retained earnings reserves	1,767,081	1,591,565	175,516	11.0
Other reserves	3,181	419,963	-416,782	-99.2
Reserve for valuation of financial assets through other comprehensive income	-15,940	-235	15,705	
Reserves from valuation of actuarial gains (losses) relating to defined-benefit pension plans	-38,644	-48,431	-9,787	-20.2
Equity instruments	815,000	815,000	-	-
Profit for the FY	552,879	-71,836	624,715	
Total (book) equity	**7,681,701**	**6,803,997**	**877,704**	**12.9**

As at the reporting date, equity amounted to Euro 7.7 billion, increasing by Euro 0.9 billion vs. 31 December 2021 (+12.9%).

In 2022, servicing the mergers, a share capital increase of Euro 500 million was made, which generated positive impacts on the related equity item and on the share premium reserve, while it generated negative impacts on item “other reserves” by Euro 417 million, an amount already paid in 2021 as contribution to future share capital increase.

The “Equity instruments” item reports the amount of additional tier 1 (AT1) instruments issued.

Own Funds and capital ratios

	31 Dec. 2022	31 Dec. 2021
A. Common Equity Tier 1 (CET1) prior to the application of prudential filters	**6,537,236**	**5,822,997**
of which CET1 instruments subject to transitional arrangements	*-*	*-*
B. CET1 (+/-) prudential filters	**-42,757**	**-12,845**
C. CET1 gross of elements to be deducted and of the effects of the transitional regime (A +/- B)	**6,494,479**	**5,810,152**
D. Elements to be deducted from CET1	**1,801,291**	**1,272,016**
E. Transitional regime - Impact on CET1 (+/-)	**-**	**-**
F. Total Common Equity Tier 1 (CET1) (C-D+/-E)	**4,693,188**	**4,538,136**
G. Additional Tier 1 (AT1) gross of elements to be deducted and of the effects of the transitional regime	**815,000**	**815,000**
of which AT1 instruments subject to transitional provisions	*-*	*-*
H. Elements to be deducted from AT1	**-**	**-**
I. Transitional regime- Impact on AT1 (+/-)	**-**	**-**
L. Total Additional Tier 1 (AT1) (G - H +/- I)	**815,000**	**815,000**
M. Tier 2 (T2) including deductible elements and the effects of the transitional regime	**1,077,057**	**925,363**
of which T2 instruments subject to transitional arrangements	*-*	*294*
N. Elements to be deducted from T2	**-**	**-**
O. Transitional regime- Impact on T2 (+/-)	**-**	**-**
P. Total Tier 2 (T2) (M-N+/-O)	**1,077,057**	**925,363**
Q. Total own funds (F + L + P)	**6,585,245**	**6,278,499**

	Non-weighted amounts		Weighted amounts/requirements	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
A. RISK ASSETS				
A.1 Credit and counterparty risks	95,363,197	73,820,746	29,329,222	21,221,553
1. Standardized approach	62,522,799	51,670,151	21,831,771	17,304,818
2. IRB approach	32,838,965	21,809,945	7,483,823	3,555,380
2.1 Foundation	-	-	-	-
2.2 Advanced	32,838,965	21,809,945	7,483,823	3,555,380
3. Asset-backed securities	1,433	340,650	13,628	361,355
B. SUPERVISORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risks			2,346,338	1,697,724
B.2 Risk of value adjustments to loans			3,411	6,024
B.3 Regulatory risk			-	-
B.4 Market risks			734	387
1. Standardized approach			734	387
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operational risk			324,597	199,518
1. Basic indicator approach			-	-
2. Standardized approach			324,597	199,518
3. Advanced approach			-	-
B.6 Other measurement elements			-	-
B.7 Total prudential requirements			2,675,080	1,903,653
C. RISK ASSETS AND CAPITAL ADEQUACY RATIOS				
C.1 Risk-weighted assets			33,438,498	23,795,668
C.2 Common Equity Tier 1/Risk-weighted assets (CET 1 capital ratio)			14.0%	19.1%
C.3 Tier 1/Risk-weighted assets (Tier 1 capital ratio)			16.5%	22.5%
C.4 Total own funds/Risk-weighted assets (Total capital ratio)			19.7%	26.4%

As at 31 December 2022, Common Equity Tier 1 hit Euro 4,693 million, increasing vs. the previous FY (Euro 4,538 million). The change resulted, on the one hand, from the evolution in the related book equity items - including the change in reserves subsequent to the mergers of Creval and Crédit Agricole FriulAdria, the retained portion of the annual earnings and the share capital increases, which were respectively completed in early June to supplement Creval integration (another 83 million Euro on top of the contribution of 417 million Euro for future share capital increase made by the French Parent Company Crédit Agricole S.A. in 2021) and in late November subsequent to the merger by absorption of Crédit Agricole FriulAdria into Crédit Agricole Italia (0.8 million Euro servicing the share swap), as well as from the considerable reduction in DTA for losses (resulting from the provisions laid down in the 2021 Italian Budget Law, which provides for their conversion into tax credits in case of business combinations) and the annual interest paid on the stock of Additional Tier 1 instruments.

In the FY there were no issues or repayments of Additional Tier 1 subordinated notes, while, in April, a Tier 2 subordinated note of 150 mln€ was issued, with the concomitant buy back of the Tier 2 note issued by Creval in 2017.

Risk-weighted assets came to Euro 33,438 million, increasing vs. 2021 (+9.6 billion Euro), essentially reflecting the development in commercial activities and the mergers of Creval and Crédit Agricole FriulAdria into Crédit Agricole Italia. Impacts were also generated by an RWA add-on resulting from the Model Change project and amounting to Euro 1,059 million, the review of the prudential treatment of AIRB exposures backed by State guarantees, by the State guarantee given in Q2 2022 on the securitization of bad loans (GACS), which was finalized at the end of 2021, and, lastly, by the sale of the entire equity investment held in Creval Più Factor SpA.

Based on the above-reported facts, the Common Equity Tier 1 ratio as at 31 December 2022 came to 14.0% (19.1% as at 31 December 2021), the Tier 1 ratio to 16.5% (22.5% as at 31 December 2021) and the Total Capital ratio to 19.7% (26.4% as at 31 December 2021): all ratios are well above the regulatory requirements.

PROFIT OR LOSS

The mergers of Creval and Crédit Agricole FriulAdria, which took place in 2022, prevent comparability with 2021. For smooth comparison of the data, please see the section on the consolidated Financial Statements.

The figures reported on this page and on the following ones are expressed in thousands of Euro.

Reclassified income statement

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Net interest income	1,271,436	748,307	523,129	69.9
Net fee and commission income	1,216,278	823,358	392,920	47.7
Dividends income	15,708	11,057	4,651	42.1
Financial income (loss)	33,113	50,421	-17,308	-34.3
Other operating income (expenses)	975	-5,823	6,798	
Net operating income	**2,537,510**	**1,627,320**	**910,190**	**55.9**
Personnel expenses	-886,055	-689,731	196,324	28.5
Administrative expenses	-658,362	-470,512	187,850	39.9
Amortization of intangible assets and depreciation of property, plant and equipment	-127,574	-84,477	43,097	51.0
Operating expenses	**-1,671,991**	**-1,244,720**	**427,271**	**34.3**
Operating margin	**865,519**	**382,600**	**482,919**	
Net provisioning for risks and charges	-15,502	-9,851	5,651	57.4
Net adjustments to loans	-275,093	-502,263	-227,170	-45.2
Impairment of securities	-8,431	-1,920	6,511	
Profit (loss) on other investments	5,458	-71	5,529	
Profit (loss) before tax from continuing operations	**571,951**	**-131,505**	**703,456**	
Taxes on income from continuing operations	-19,072	59,669	78,741	
Profit (Loss) for the period	**552,879**	**-71,836**	**624,715**	

Reconciliation between the income statement and the reclassified income statement

	31 Dec. 2022	31 Dec. 2021
Net interest income	**1,271,436**	**748,307**
30. Net interest income	1,264,947	743,477
40. Fee and commission income: of which Deposit Fees and Commissions	4,337	4,837
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	-1	-7
100. Profit (loss) on disposal or repurchase of:: b) financial assets measured at fair value through other comprehensive income: of which profit on the disposal of Inflation BTP	2,153	-
Net fee and commission income	**1,216,278**	**823,358**
60. Net fee and commission income	1,219,101	827,536
To deduct: Deposit fees and commissions	-4,337	-4,837
To deduct: Fee and commission expenses on disposal of investments	893	-
200. Other operating expenses/income: of which Commission income from Fast Loan Application Processing	621	659
Dividends and similar income = item 70	**15,708**	**11,057**
Financial income (loss)	**33,113**	**50,421**
80. Net profit (loss) on trading activities	27,824	23,459
90. Net profit (loss) on hedging activities	-10,306	-5,733
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	1	7
100. Profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	2,817	7,671
100. Profit (loss) on disposal or repurchase of:: b) financial assets measured at fair value through other comprehensive income	14,744	26,803
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	-2,330	-1,866
To deduct: gains on disposal of inflation BTP Italian Government securities	-2,153	-
100. Profit (loss) on disposal or repurchase of: c) financial liabilities	9,057	33
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	-11,116	-4,244
To deduct: b) other financial assets mandatorily measured at fair value of which measurement of financial instruments	4,575	4,291
Other operating income (expenses)	**975**	**-5,823**
200. Other operating expenses/income	331,144	260,621
To deduct: expenses recovered	-328,491	-263,326
To deduct: recovered expenses for the management of non-performing loans	-1,177	-2,459
To deduct: Commission income from Fast Loan Application Processing	-621	-659
220. Gains (Losses) on equity investments of which Price Adjustment for disposal of equity investments	120	-
Net operating income	**2,537,510**	**1,627,320**
Personnel expenses = item 160 a)	**-886,055**	**-689,731**
Administrative expenses	**-658,362**	**-470,512**
160. Administrative expenses: b) other administrative expenses	-998,967	-750,544
To deduct: expenses for the management of non-performing loans	9,524	16,706
To deduct: fee on convertible DTA	2,590	-
200. Other operating expenses/income: of which expenses recovered	328,491	263,326
Depreciation and amortization	**-127,574**	**-84,477**
180. Net adjustments to/recoveries on property, plant and equipment	-100,116	-59,671
To deduct: impairment on investment property	2,013	-
190. Net adjustments to/recoveries on intangible assets	-29,471	-24,806
Operating expenses	**-1,671,991**	**-1,244,720**
Operating margin	**865,519**	**382,600**

	31 Dec. 2022	31 Dec. 2021
Net provisions for risks and charges	**-15,502**	**-9,851**
170. Net provisioning for risks and charges; b) other net provisioning	-15,502	-39,851
To deduct: provisioning for possible expenses on sold loans	-	30,000
Net adjustments to loans	**-275,093**	**-502,263**
100. Profit (loss) on disposal or repurchase of: a) financial assets measured at amortized cost	20,949	-109,119
To deduct profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	-2,817	-7,671
To deduct: release of provision for impairment of securities measured at amortized cost	-1,650	-580
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss:of b) of other financial assets mandatorily measured at fair value: of which measurement of financial instruments	-4,575	-4,291
130. Net adjustments for credit risk of: a) financial assets measured at amortized cost	-274,685	-332,233
To deduct: net adjustments for credit risk of: a) securities classified as financial assets measured at amortized cost	8,709	2,223
140. Profits/Losses on contract modifications without derecognition	-694	-1,067
160. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	-9,524	-16,706
200. Other operating expenses/income: of which recovered expenses for the management of non-performing loans	1,177	2,459
170. Net provisioning for risks and charges: a) commitments and guarantees given	-11,983	-5,278
170. Net provisioning for risks and charges; b) other net provisioning of which Provisioning for possible expenses on sold loans	-	-30,000
Impairment of securities	**-8,431**	**-1,920**
130. Net adjustments for credit risk of: a) 0/w securities classified as financial assets measured at amortized cost	-8,709	-2,223
130. Net adjustments for credit risk of:: b) financial assets measured at fair value through other comprehensive income	-3,702	-2,143
100. Profit (loss) on disposal or repurchase of: a) of which impairment release on securities measured at amortized cost	1,650	1,866
100. Profit (loss) on disposal or repurchase of: a) of which impairment release on securities measured at fair value through	2,330	580
Profit (loss) on other investments	**5,458**	**-71**
50. Fee and commission expenses: fees and of which commission on disposal of investments	-893	-
180. Net adjustments to/recoveries on property, plant and equipment	-2,013	-
220. Profit (losses) on equity investments	5,405	-670
To deduct: Price Adjustment on disposal of equity investments	-120	-
250. Profit (losses) on disposals of investments	3,079	599
Profit (loss) before tax from continuing operations	**571,951**	**-131,505**
Taxes on income from continuing operations	**-19,072**	**59,669**
270. Taxes on income from continuing operations	-16,482	59,669
160. Administrative expenses: b) other administrative expenses of which annual fee equal to 1,5% DTA transformation	-2,590	-
Profit (Loss) for the period	**552,879**	**-71,836**

Net operating income

Net operating income hit Euro 2,538 million, increasing by Euro 910 million vs. the previous year, with growth in net interest income, which benefited also from the increase in the yield curve.

Net interest income

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Business with customers	1,092,125	566,851	525,274	92.7
Business with banks	44,181	60,362	-16,181	-26.8
Debt securities issued	-105,524	-98,914	6,610	6.7
Spreads on hedging derivatives	-224,911	48,918	-273,829	
Financial assets held for trading	8	9	-1	-11.1
Assets measured at fair value	440	-	440	
Securities measured at amortized cost	345,368	132,864	212,504	
Securities through other comprehensive income	91,548	37,217	54,331	
Other net interest income	28,201	1,000	27,201	
Net interest income	**1,271,436**	**748,307**	**523,129**	**69.9**

Dividend income

Dividend income came to Euro 15.7 million, of which Euro 3.3 million from the equity investments acquired with the merger of Creval.

Net fee and commission income

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
- guarantees given and received	10,630	4,918	5,712	
- collection and payment services	87,345	44,884	42,461	94.6
- current accounts	274,537	174,884	99,653	57.0
- debit and credit card services	65,423	35,369	30,054	85.0
Commercial banking business	**437,935**	**260,055**	**177,880**	**68.4**
- securities intermediation and placement	273,406	213,269	60,137	28.2
- intermediation in foreign currencies	7,514	4,093	3,421	83.6
- asset management	13,313	5,562	7,751	
- distribution of insurance products	343,091	258,715	84,376	32.6
- other intermediation/management fee and commission income	60,828	31,020	29,808	96.1
Management, intermediation and advisory services	**698,152**	**512,659**	**185,493**	**36.2**
Other net fee and commission income	**80,191**	**50,644**	**29,547**	**58.3**
Total net fee and commission income	**1,216,278**	**823,358**	**392,920**	**47.7**

Net fee and commission income came to Euro 1,216 million.

Net of the effect of the different comparison perimeter, fee and commission income were stable vs. 2021; the significant increase in consumer credit intermediated volumes (+27% YoY) and non-life insurance premium income (+9% YoY) offset the slowdown in securities intermediation and placement caused by the adverse performsance of market prices.

Financial income (loss)

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
Interest rates	25,537	16,613	8,924	53.7
Stocks	-89	-	89	-
Foreign exchange	11,433	6,879	4,554	66.2
Total profit (losses) on financial assets held for trading	**36,881**	**23,492**	**13,389**	**57.0**
Total profit (losses) on assets held for hedging	**-10,305**	**-5,726**	**4,579**	**80.0**
Net profit (loss) on Financial assets and liabilities measured at fair value	**-6,541**	**47**	**-6,588**	
Total profit (losses) on securities measured at amortized cost	**2,817**	**7,671**	**-4,854**	**-63.3**
Total profit (losses) on securities through other comprehensive income	**10,261**	**24,937**	**-14,676**	**-58.9**
Financial income (loss)	**33,113**	**50,421**	**-17,308**	**-34.3**

Financial income came to Euro 33 million, down by Euro 17 million vs. 2021, because of the lower contribution from disposals.

Other operating income (expenses)

The balance of item “Other operating income (expenses)” was positive by Euro 1 million vs. the loss posted in 2021.

Operating expenses

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
- wages and salaries	-675,871	-411,280	264,591	64.3
- social security contributions	-175,437	-110,616	64,821	58.6
- other personnel expenses	-34,747	-167,835	-133,088	-79.3
Personnel expenses	**-886,055**	**-689,731**	**196,324**	**28.5**
- general operating expenses	-68,068	-30,185	37,883	
- IT services	-262,974	-191,475	71,499	37.3
- direct and indirect taxes	-146,847	-99,524	47,323	47.5
- real estate property management	-12,181	-5,694	6,487	
- legal and other professional services	-27,090	-33,411	-6,321	-18.9
- advertising and promotion expenses	-14,800	-12,929	1,871	14.5
- indirect personnel expenses	-8,601	-3,185	5,416	
- contributions to support the banking system	-95,873	-85,762	10,111	11.8
- other expenses	-350,419	-271,673	78,746	29.0
- expenses and charges recovered	328,491	263,326	65,165	24.7
Administrative expenses	**-658,362**	**-470,512**	**187,850**	**39.9**
- intangible assets	-29,471	-24,806	4,665	18.8
- property, plant and equipment	-98,103	-59,671	38,432	64.4
Depreciation and amortization	**-127.574**	**-84.477**	**43.097**	**51,0**
Operating expenses	**-1.671.991**	**-1.244.720**	**427.271**	**34,3**

Operating expenses came to Euro 1,672 million.

Net of the contribution to bank resolution funds (amounting to Euro 96 million) "ordinary" operating expenses came to Euro 1,576 million. The ratio of "ordinary" expenses and net revenues (the "Cost/Income" ratio) stood at 60.9%.

Net of the effect of the different perimeter, operating costs proved under control, thanks to the efficiency-enhancing actions deployed, whereby the increase in costs resulting from the transformation and innovation plan, as well as from the first effects of inflation, could be offset. Expenses also benefited from the positive effects of the synergies generated by Creval integration.

Net provisions for risks and charges

The net amounts allocated to provisions for risks and charges came to Euro 15.5 million and mostly referred to provisions for lawsuits in which the Bank is the defendant and revocatory actions.

Net adjustments to loans

	31 Dec. 2022	31 Dec. 2021	Changes	
			Absolute	%
- Bad loans	-59,781	-212,225	-152,444	-71.8
- Unlikely to Pay	-161,370	-221,052	-59,682	-27.0
- Past-due loans	-10,991	-3,786	7,205	
Non-performing loans	**-232,142**	**-437,063**	**-204,921**	**-46.9**
- Performing loans - stage 2	-14,678	-2,161	12,517	
- Performing loans - stage 1	-2,674	-8,157	-5,483	-67.2
Performing loans	**-17,352**	**-10,318**	**7,034**	**68.2**
Net losses on impairment of loans	**-249,494**	**-447,381**	**-197,887**	**-44.2**
Profits/Losses on contract modifications without derecognition	-694	-1,067	-373	-35.0
Measurement of financial instruments	-4,575	-4,291	284	7
Provisioning for possible expenses on sold loans	-	-30,000	-30,000	
Expenses/recovered expenses for loan management	-8,348	-14,246	-5,898	-41.4
Net losses on impairments of guarantees and commitments	-11,982	-5,278	6,704	
Net adjustments to loans	**-275,093**	**-502,263**	**-227,170**	**-45.2**

Net adjustments to loans came to Euro 275 million vs. Euro 502 million in 2021 (Euro 211 million net of non-recurring adjustments associated with the securitization of a pool of bad loans and the evolution in the policies on the measurement of non-performing loans, within the wider derisking process started by the Bank). The ratio of cost of credit to net loans stood at 43 bps.

Profit (loss) before tax from continuing operations

Profit before taxes on continuing operations hit Euro 572 million, increasing by Euro 703 million vs. 2021. However, net of the change in the perimeter, the profit increased by 21% YoY.

Taxes on income from continuing operations

Current and deferred taxes had a negative balance of Euro 19.1 million vs, a positive one of approx. Euro 60 million in the previous FY, with the tax rate at 3.33%. However, the tax burden for the period included the non-recurring positive effect of about Euro 146 million resulting from further realignment under Article 110 of Italian Decree Law 104/2020 concerning goodwill. Net of this non-recurring item, the tax burden would stand at 28.91%. In the previous FY, the tax rate, net of the taxes item components, considering that there was a loss for the period, was positive by 44.6%. Versus the nominal tax rates, for both period and with opposite effects (a decrease in the reporting year and an increase in the previous year), the difference resulted mainly from the weight of components not taken to profit or loss.

Net income

The book net profit came to Euro 553 million vs. a loss of Euro 72 million in 2021.

Comprehensive income

		31 Dec. 2022	31 Dec. 2021
10.	**Profit (Loss) for the period**	**552,879**	**-71,836**
	Other comprehensive income after tax not recycled to profit or loss		
20.	Equity securities designated at fair value through other comprehensive income	7,283	536
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Property, Plant and Equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	15,151	-554
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserve on equity investments measured with the equity method:	-	-
	Other income components reclassified to profit or loss		
100.	Hedges of investments in foreign operations	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	-22,317	-14,864
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Share of valuation reserve on equity investments measured with the equity method	-	-
170.	**Total other comprehensive income after taxes**	**117**	**-14,882**
140.	**Comprehensive income (Item 10+170)**	**552,996**	**-86,718**

Comprehensive income came to Euro 553 million and consisted of the profit for the period and of the changes in value of assets recognized directly through equity reserves.

It is pointed out that the inclusion in comprehensive income of the item reporting “Financial assets measured at fair value through other comprehensive income” entails strong volatility that must be taken into account when analyzing the table.

OTHER INFORMATION

MERGER OF CREVAL INTO CRÉDIT AGRICOLE ITALIA

In April 2021, thanks to the successful outcome of the voluntary public tender offer, Crédit Agricole Italia S.p.A. ended up holding 100% of the share capital of Creval.

The business combination pursued the objective of continuing to develop a strong and profitable banking group strongly rooted in the communities where it operates creating value for all stakeholders, relying on Crédit Agricole Italia's proven track-record of successful integrations. Please see the 2021 Annual Report and Financial Statements for an exhaustive description of the business combination made last year.

On 15 December 2021 the authorization for Creval merger was received from the ECB.

In 2022, on 24 April, the project for integration into the Crédit Agricole Italia Banking Group was finalized with the merger by absorption of Creval into the Parent Company Crédit Agricole Italia.

MERGER OF CRÉDIT AGRICOLE FRIULADRIA S.P.A. INTO CRÉDIT AGRICOLE ITALIA

On 16 June 2021, Crédit Agricole Italia publicly announced its decision to make a voluntary public tender offer for all the shares it did not already hold in its subsidiary Crédit Agricole FriulAdria. Considering the controlling shareholding in Crédit Agricole FriulAdria it already owned, as at the Offer settlement date (23 September 2021) the Parent Company held a total of 23,920,883 ordinary shares in the subsidiary, equal to 99.101% of its share capital.

Subsequently and consistently with what had been stated in the Offer document, Crédit Agricole Italia and Crédit Agricole FriulAdria found it appropriate to proceed with the merger, in order to pursue the following goals: (i) streamlining the corporate structure of the Banking Group, (ii) maximizing the harmonization and evenness in the application of commercial policies and strategic directions within the Banking Group, (iii) reducing the number of management and administration activities, creating cost synergies.

Following the approval of the merger plan by the Boards of Directors of the two entities, the obtainment of the authorization from the European Central Bank pursuant to Articles 56 and 57 of the Italian Consolidated Law on Banking on 13 September 2022, as well as the obtainment, on 28 July, of the clearance from the Italian Council of Ministers, the merger between Crédit Agricole FriulAdria S.p.A. and Crédit Agricole Italia S.p.A. was approved by the General meeting of the former's Shareholders on 20 October 2022 and by the latter's Board of Directors on 25 October 2022 with the consequent execution of the merger deed on 22 November 2022.

The merger took place with the absorption of Crédit Agricole FriulAdria into Crédit Agricole Italia having its effective date on 27 November 2022.

Lastly, Crédit Agricole Italia resolved a share capital increase servicing the share swap, whereby 836,504 ordinary shares were issued having a nominal value of Euro 1.00 each, which were allotted to the remaining shareholders of Crédit Agricole FriulAdria other than the absorbing entity and the absorbed entity (as the latter held treasury shares).

SHARE CAPITAL INCREASE

In H1 2022, at the proposal of the Board of Directors, the General Meeting of Crédit Agricole Italia Shareholders adopted a capital strengthening plan aimed to ensure that the capital ratios are constantly kept at appropriate levels considering the effects linked to Creval acquisition and specifically to the consequent increase in Risk Weighted Assets. On 25 January 2022 the extraordinary General Meeting of Crédit Agricole Italia Shareholders resolved to increase its share capital by Euro 500 million through the issue of 121,951,220 shares having a nominal value of Euro 1 each to be offered in option to the shareholders at a unit price of Euro 4.10, of which Euro 1 as capital and Euro 3.10 as share premium.

Considering the shareholding structure and the large presence of retail Shareholders, it was appropriate to publish an information prospectus in accordance with the preliminary investigation procedure implemented by CONSOB. The option period, which started on 16 May 2022, ended on 30 May 2022 and, on 3 June, the pre-emption rights that had been exercised on the shares left unopted in the offer period,were settled.

Therefore, Crédit Agricole Italia's equity rose due to the share capital increase of Euro 500 million, net of the future share capital increase contributions that had already been made by its French Parent Company Crédit Agricole S.A. in 2021 totalling Euro 417 million and allocated to a specific equity reserve.

On 30 November 2022, following the merger by absorption of Crédit Agricole FriulAdria into Crédit Agricole Italia, 836,504 new shares in Crédit Agricole Italia were issued having a nominal value of Euro 1 each servicing the swap of Crédit Agricole FriulAdria shares.

REALIGNMENT OF CARRYING AMOUNTS AND TAX BASES

Under Article 110 of Italian Decree Law 104/2020, as amended by Italian Law 178/2020 and Italian Law 234/2021, Crédit Agricole Italia exercised the option for the realignment of the tax bases of some property, plant and equipment assets and some intangible assets to their higher carrying amounts by paying a substitute tax.

That option had already been exercised in the financial statements for the previous FY. Following clarifications given by the Italian Inland Revenue Agency, also in response to submitted applications for tax rulings, for Crédit Agricole Italia the possibility emerged to proceed with yet another realignment concerning the goodwill item.

More information is given in paragraph "Significant events in the reporting period" in part A of the Note to the financial statements.

DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

Detailed information on intra-group transactions and on transactions with related parties, including information on the weight of the transactions or existing positions with said counterparties on equity, the financial situation and profit or loss, along with tables summarizing those effects, is given in Part H of the Note to the financial statements.

DISCLOSURE ON ATYPICAL AND/OR UNUSUAL TRANSACTIONS

The analysis of any atypical and/or unusual transactions, in accordance with the definition given in CONSOB Regulation 11971/99, is reported in Part H of the Note to the Financial Statements, to which reference is made. In the year, no atypical or unusual transactions were carried out whose size or features might have jeopardized or affected the protection of corporate assets and the interests of shareholders.

RESEARCH AND DEVELOPMENT

For information on research and development activities, please see other parts of the Management Report to the Consolidated Financial Statements, specifically the chapter on the Strategic Plan and Business Development Lines as regards the creation of new products and services for Customers.

RISKS AND UNCERTAINTIES

The risk monitoring, management and control policies continue to be key principles on which Banks will have to measure themselves both against each other and against domestic and international markets.

Making references to other parts of the Note to the financial statements for more exhaustive examination of the risks and uncertainties to which Crédit Agricole Italia is exposed (along with the techniques) for their mitigation), it cannot but be once again said that the Group and its Management pay constant and close attention to this matter.

Indeed, the Bank's governance bodies are fully aware that sustainable development and growth do require also effective analysis of the risks which Crédit Agricole Italia is exposed to and of the relating uncertainties, in terms of impacts that may be generated on its financial position, cash flows and performance; effective management and mitigation of said risks to acceptably low levels are another crucial requirement for sustainable growth, also in order to protect savings (and, with them, Customers' confidence) on the one hand, and loans (healthy drivers of growth) on the other.

In line with The Crédit Agricole Italia Banking Group, Crédit Agricole Italia uses risk control methods, measurement standards and tools that are consistent throughout the Crédit Agricole Group as a whole and appropriate for the type and size of the risks taken, also in such a complex economic scenario as the present one.

The effects of the Russia-Ukraine war first and then of inflationary pressure caused an increase in the already present tensions on the prices of many commodities and led to a general downgrade of economic growth prospects worldwide, both for 2022 and for the following years.

In order to control inflation growing trend, Central Banks started to adopt a very restrictive approach aimed at containing prices and resolved significant and sudden hikes in interest rates. Despite the forecasted decrease in inflation in advanced economies in 2023, thanks to the expected stabilization of energy prices, average annual inflation, in a very uncertain scenario, may remain very high vs. the European Central Bank's targets.

In such a complex scenario, the analyses performed by the governance bodies based on the information currently available gave evidence to conclude that Crédit Agricole Italia will be able to address the risks and uncertainties generated by the situation.

The assessment giving evidence of the Bank's ability to continue as a going concern is based on the capitalization it has reached, which shows a reassuring buffer on top of the requirements set by the ECB, its present liquidity and the healthy and prudent management that has always been a distinctive feature of the Group and of the Bank, while ensuring steady development through sustainable growth strategies and the commitment to providing households and businesses with support.

TREASURY SHARES

Crédit Agricole Italia does not hold treasury shares.

For more information on equity, please see the note to the financial statements.

APPROACH TO SUSTAINABILITY AND OTHER NON-FINANCIAL ASPECTS

The non-financial data and information of the Crédit Agricole Italia Banking Group are part of the Consolidated Non-Financial Statement prepared by the French Parent Company Crédit Agricole S.A.; therefore, the Crédit Agricole Italia Banking Group would be entitled to the exemption pursuant to Article 6 of Italian Legislative Decree No. 254 of 30 December 2016 (hereinafter "D.Lgs. 254/2016") for reporting entities that belong to a Group that prepares a Consolidated Non-Financial Statement. Nonetheless, in agreement with the Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group decided to prepare, on a voluntary basis, its Consolidated Non-Financial Statement (NFS) as at 31 December 2022 in compliance with D.Lgs. 254/2016.

Crédit Agricole Italia decided to opt for the exemption provided for by Article 6 of D.Lgs. 254/2016 and not to prepare its separate Non-Financial Statement, in its capacity as a public Interest Entity (PIE) falling in the scope of D.Lgs, 254/2016 whose non-financial data and information are included in the consolidated Non-Financial Statement prepared by the Crédit Agricole Italia Banking Group. The Non-Financial Statement of the Crédit Agricole Italia Banking Group reports the Crédit Agricole Italia's activities as at 31 December 2022 and is a stand-alone document separated from the Management Report, but an integral part of the 2022 Annual Report and Financial Statements The NFS reports information relating to environmental matters, social and employee-related matters, respect for human rights, fight against active and passive corruption, as relevant in accordance with the features of the Companies of the Crédit Agricole Italia Banking Group, for full disclosure and reporting on them and on the resulting impacts.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE - INFORMATION PURSUANT TO ARTICLE 123-BIS PARAGRAPH 2, LETTER B) OF ITALIAN LEGISLATIVE DECREE NO. 58/98 (THE ITALIAN CONSOLIDATED LAW ON FINANCE)

For the Report on corporate governance and ownership structure, please refer to the Annual Report and Consolidated Financial Statements of the Crédit Agricole Italia Banking Group.

PROPOSAL TO THE GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

The Annual Report and Financial Statements for the financial year from 1 January to 31 December 2022, submitted for your examination, consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, the Note to the Financial Statements, as well as of the Annexes, and are accompanied by the Management Report.

The Bank complied with Article110 of Italian Decree Law 104/2020, as amended and supplemented, for the realignment of tax amounts to the higher IAS amounts recognized, paying the related substitute tax due, with the subsequent requirement for a specific tax suspension constraint for tax purposes on one or more existing equity reserves, for an amount equal to the differences aligned, net of the substitute tax.

On 1 March 2022 with Circular no. 6/E, Agenzia delle Entrate (the Italian Revenue Agency) admitted, under certain conditions, the possibility of another approach to calculate goodwill realignment, which before was not recognized. In the draft Annual Report and Financial Statements FOR fy 2021, within which evidence had been given of a certain realignment, in order not to prevent the possibility of accessing to said larger realignment, it was deemed it expedient to establish the constraint on the reserve based on the possible higher maximum realignment value, which had then been quantified in Euro 878,094,774.65 setting up a specific equity reserve with use, for the same amount, of the extraordinary reserve. The General Meeting of Shareholders approved that proposal.

Based on clarifications given afterwards by the Italian Inland Revenue Agency, also in response to submitted applications for tax rulings, the possibility emerged to proceed with yet another realignment concerning the goodwill item, whose effects have been recognized in the 2022 financial statements. Considering the realignment made in the previous FY and the further value in FY 2022, the reserve constraint actually required now amounts to Euro 712,135,880.18. The specific reserve is therefore higher than the reserve constraint as recalculated.

Therefore, the General Meeting of Shareholders is invited to approve the reduction in the tax suspension constraint represented in the draft Annual Report and Financial Statements for 2022 by the specific equity reserve down to Euro712,135,880.18 with the transfer of the surplus amount to the extraordinary reserve.

The proposal for the allocation of the net profit amounting to Euro 552,879,190 is as follows:

4.44% to the legal reserve reaching 1/5 of the share capital	24,567,280
to the fund for charity and support to social and cultural initiatives	2,200,000
to the Shareholders in the amount of Euro 0.2722 to each one of the 1,102,071,064 outstanding ordinary shares	299,983,744
to extraordinary reserve	226,128,166

In accordance with the applicable legislation, the dividend shall be payable effective from 05 May 2023 and with ex-coupon date on 03 May 2023.

Parma, 23 March 2023

The Chairman of the Board of Directors
Ariberto Fassati

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154 BIS OF ITALIAN LEGISLATIVE DECREE NO. 58/1998

1. The undersigned Giampiero Maioli, Chief Executive Officer, and Pierre Débourdeaux, Senior Manager in charge of the preparation of the company accounting statements of Crédit Agricole Italia S.p.A., hereby certify, considering also the provisions of article 154-bis, paragraphs 3 and 4, of legislative decree No. 58 of 24 February 1998:
   - the adequacy in relation to the company's characteristics and
   - the actual application of the administrative and accounting procedures for the formation of the financial statement during the course of the 2022 financial year.
2. With regard to this, no significant aspects have emerged.
3. The undersigned certify also that:
   3.1 The report and financial statements as at 31 december 2022:
      a) have been drawn up in compliance with the applicable International accounting principles endorsed within the European Union pursuant to EC Regulation no. 1606/2002 of the European Parliament and of the European Council dated 19 July 2002;
      b) correspond to the results recorded in the accounting books and registers;
      c) furnishes a true and correct representation of the capital, economic and financial situation of the issuer.

   3.2 The management report includes a reliable analysis on the management trend and performance, as well as of the issuer's situation and a description of the major risks and uncertainties to which it is exposed.

Parma, 23 March 2023

Giampiero Maioli
Chief Executive Officer

Pierre Débourdeaux
Senior Manager in charge of the preparation of the Company accounting statements

INDEPENDENT AUDITORS' REPORT

Independent auditor's report

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

To the shareholders of Crédit Agricole Italia SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crédit Agricole Italia SpA (Company or Bank), which comprise the balance sheet as of 31 December 2022, the income statement, the statement of comprehensive income, the statement of changes in equity items, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as of 31 December 2022, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15.

Basis for Opinion

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

Key Audit Matters

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

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recoverability of the book value of goodwill arising from business combinations *Notes to the financial statements* *Part A – Accounting policies* *Part B – Information on the Assets Balance Sheet, Section 9* As of 31 December 2022, the book value of goodwill arising from business combinations carried out by the Bank in previous years, as well as deriving from the merger by incorporation "under common control" of Crédit Agricole FriulAdria SpA, was equal to Euro 1,316 million. The directors assess the recoverable value of goodwill, at least annually (impairment test). Such assessment, aimed at identifying any impairment losses, is based, pursuant to IAS 36 "Impairment of assets", on the comparison between the book value and the higher of fair value less costs of disposal and the value in use of the Cash Generating Unit or CGU. The estimate of the value in use of the CGU of the "Retail and Private" segment, to which this goodwill is allocated, was carried out using the Dividend Discount Model, in the excess capital version. This method, which is consolidated and recognised in the prevailing practice, requires the use of information, parameters and assumptions, which were also developed with the support of the French parent company Crédit Agricole S.A.. The determination of the recoverable value of the assets subject to impairment test therefore requires the directors to make estimates that, by their nature, contain significant elements of professional judgement with particular reference to expected cash flows. For the year ended 31 December 2022, the estimation process was even more complex, in consideration of the uncertain evolution of the macroeconomic scenario and of the consequent monetary policy measures.	During the performance of our audit, we considered the internal control system relevant to the preparation of the financial statements. In order to identify audit procedures that are appropriate in the circumstances we also took into account the uncertain evolution of the macroeconomic scenario and of the following monetary policy measures. Specifically, we carried out the following main activities, also with the support of the PwC network experts in business valuation: • understanding and evaluating the process and methodology adopted by the directors to perform the impairment test; • verifying the consistency of the evaluation method adopted with the provisions of IAS 36, taking also into account the market practice; • assessing the reasonableness of the forecast data used to determine the prospective cash flows of the identified CGU, as well as the data consistency with the forecast plans; • comparing the forecast data prepared during the previous year with the actual data for the current year for the CGU, in order to verify the reasonableness of the assumptions adopted by the directors; • critical examination of the reasonableness of the main assumptions used by the directors, also by checking with external data where available, the main quantitative parameters (cost of capital, discount and growth rates) used to determine the recoverable amount of the CGU; • checking the accuracy of the mathematical calculations underlying the valuation models used and their

For the reasons set out above, we considered the recoverability of the book value of goodwill arising from business combinations to be a key audit matter of the financial statements as of 31 December 2022.	correctness; • evaluating the results of the sensitivity analyses carried out by the directors on the main quantitative parameters in order to consider the uncertain evolution of the macroeconomic scenario, and of the consequent monetary policy measures; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the provisions of international accounting standards and the applicable regulatory framework, as well as the communications of the Supervisory Authorities.

Recoverability of "non-convertible" deferred tax assets

Notes to the financial statements *Part A – Accounting policies* *Part B – Information on the Assets Balance Sheet, Section 10* *Part C – Information on the Income Statement, section 19* As of 31 December 2022, the line item 100 b) "Deferred tax assets" included "Deferred Tax Assets" (hereinafter also "DTAs") for an amount equal to Euro 1,655 million, of which Euro 902 million represented by tax assets which are not convertible pursuant to Law 214/2011. The directors carry out the periodic assessment of the recoverability of the DTAs through the development of a specific estimation process (probability test) aimed at verifying, in accordance with IAS 12 "Income Taxes", the availability of sufficient future taxable income, also in consideration of the Bank's participation in the tax consolidation regime of the Crédit Agricole S.A. Group in Italy. The assessment of the recoverability of DTAs requires the use of information, parameters and assumptions that have a high degree of subjectivity and complexity, with particular reference to the estimation of expected future	During the performance of our audit, we considered the internal control system relevant to the preparation of the financial statements. In order to design audit procedures that are appropriate in the circumstances we considered the uncertain evolution of the macroeconomic scenario and of the consequent monetary policy measures. In particular, in order to address such key audit matter, we carried out the following main activities, also with the support of the experts of the PwC network: • understanding and evaluating the process and methodology adopted by the directors to perform the probability test; • verifying the consistency of the methodology adopted with the provisions of IAS 12, taking also into consideration the professional practice, as well as the communications and recommendations of the Supervisory Authorities; • assessing, also by comparison with external data, where available, the reasonableness of the main qualitative and quantitative assumptions (income

taxable income.

For the year ended 31 December 2022, the estimation process was even more complex in view of the uncertain evolution of the macroeconomic scenario and the consequent monetary policy measures.

For the reasons set out above, we considered the recoverability of the "non-convertible" deferred tax assets to be a key audit matter of the financial statements as of 31 December 2022.

flows, alternative scenarios, discount rate and growth rate);
- analysing the reasonableness of the assumptions used for the preparation of the probability test, based on the applicable tax regulations;
- verifying the consistency of the assumed income flows with the approach used in other relevant valuation processes;
- verifying the accuracy of the mathematical calculations underlying the probability test and their correctness;
- evaluating the results of the sensitivity analyses carried out by the directors on the recoverability of the DTAs when the parameters adopted change, in light of the current macroeconomic scenario and of the consequent monetary policy measures;
- verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the provisions of international accounting standards and the applicable regulatory framework, as well as the communications and recommendations issued by the Supervisory Authorities.

Valuation of performing loans to customers measured at amortised cost

Notes to the financial statements
Part A – Accounting policies
Part B – Information on the Assets Balance Sheet, Section 4
Pare C – Information on the Income Statement, section 8
Part E – Information on risks and relative hedging policies – section 1

As of 31 December 2022, performing loans to customers amounted to Euro 62,223 million representing 82 per cent of line item "*40 b) Financial assets measured at amortised cost – loans to customers*", and corresponding to 65 per cent of total assets of the financial statements.

During the performance of our audit, we considered the internal control system relevant to the preparation of the financial statements. In order to design audit procedures that are appropriate in the circumstances we took into account the modifications and adaptations made in consideration of the uncertain evolution of the macroeconomic scenario and of the consequent monetary policy measures.

Net adjustments to these loans recognised during the year amounted to Euro 17.7 million are the best estimate made by the directors in order to recognise the expected credit losses (ECL) related to the loan portfolio at the balance sheet date, based on applicable accounting standards. The estimation processes are characterised by a high degree of professional judgement and require significant assumptions to verify the Significant Increase in Credit Risk (SICR), and also to allocate portfolios to the various risk stages (Staging) and to determine the assumptions and input data for the Expected Credit Loss (ECL) models. These models incorporate the prospective information developed centrally by the parent company Crédit Agricole S.A., according to a multi-scenario approach. For the year 2022, these estimation processes were affected by some methodological updates compared to the previous year. In particular, in addition to the ordinary process of updating the input data and refining the risk parameters, the Bank, in agreement with the parent company Crédit Agricole S.A., adapted the SICR parameters, as well as performed management overlays, in order to consider the evolution of the macroeconomic scenario and the consequent monetary policy measures, as well as to factor in certain valuation elements that were not adequately captured by the models used. In view of the significance of the book value, as well as the complexity of the processes and methodologies adopted, and taking into account the reasons set out above, we considered the valuation of performing loans to customers measured at amortised cost to be a key audit matter of the financial statements as of 31 December 2022.	In order to address such key audit matter, we carried out the following main activities, also with the support of the experts of the PwC network: • analysing the adequacy of the IT environment and verifying the operational effectiveness of the relevant controls governing the IT systems and applications used by the Bank for loan assessment purposes; • understanding and evaluating the design of relevant controls in the areas of loan monitoring, classification and evaluation and verifying the operational effectiveness of such controls; • comparative analysis of the performing portfolio and of the related hedging levels, with reference to the most significant deviations from the previous year's figures and from sector information; • understanding and verifying the appropriateness of the policies, procedures and models used for measuring SICR, staging allocation and determining ECL; • understanding and verifying the methods to determine the main estimation parameters used in the models for calculating the ECL and the changes and corrections introduced during the year. In particular, we verified the reasonableness of the estimates made by the directors in defining the expected macroeconomic scenarios and their weighting, the PD (Probability of Default) and LGD (Loss Given Default) risk parameters, which include the adjustments made to the models (management overlay) and incorporate the evolution of the macroeconomic scenario and of the consequent monetary policy measures; • verification of the correct application of the valuation criteria defined for loans classified as performing (stage 1 and 2), the completeness and accuracy of the databases used to calculate the ECL,

	and the accuracy of the formulae used to calculate the PD, LGD and EAD (Exposure at Default) parameters; • verification, on a sample basis, of the reasonableness of the classification under performing loans on the basis of information on the debtor status and other available evidence, including external evidence; • evaluation of the results of the sensitivity analysis of the ECL against the macroeconomic scenarios carried out by the directors; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the provisions of international accounting standards and the applicable regulatory framework, as well as the communications issued by the Supervisory Authorities.
Valuation of non-performing loans to customers measured at amortised cost *Notes to the financial statements* *Part A – Accounting policies* *Part B – Information on the Assets Balance Sheet, Section 4* *Part C – Information of the Income Statement, Section 8* *Part E - Information on risks and relative hedging policies – Section 1* As of 31 December 2022, non-performing loans to customers (stage 3) showed a balance of Euro 1,080 million corresponding to 1.4 per cent of line item "*40 b) Financial assets measured at amortised cost – loans to customers*". Net adjustments to these loans recognised during the year amounted to Euro 246.8 million and include the best estimate made by the directors in order to recognise the expected losses relating to the loan portfolio at the reporting date on the basis of the applicable accounting standards.	During the performance of our audit, we considered the internal control system relevant to the preparation of the financial statements. In order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts: • analysis of the adequacy of the IT environment and verification of the operational effectiveness of the relevant controls governing the IT systems and applications used for loan assessment purposes; • understanding and evaluating the design of relevant controls in the area of loan monitoring, classification and evaluation and verifying the operational effectiveness of such controls; • comparative analysis for each category of non-performing loans of the related hedging levels, with reference to the most significant deviations from the previous year's figures and from sector

The estimation processes are characterised by high complexity and a high degree of professional judgement requiring the estimate of numerous variables; the use of significant assumptions is particularly relevant to the determination of expected future cash flows, their timing and the realisable value of collaterals, if any. For the year 2022, these estimation processes were affected by some updates of the valuation policies for non-performing loans in order to maintain a constant alignment with regulatory developments. In view of the significance of the book value, as well as the complexity of the processes and methodologies adopted and taking into account the reasons set out above, we considered the valuation of non-performing loans to customers measured at amortised cost to be a key audit matter of the financial statements as of 31 December 2022.	information; • understanding and evaluating the valuation policies adopted by the Bank, also in light of the review of the valuation policies of the non-performing loans made during the year; • verifying, on a sample basis, the reasonableness of the classification under non-performing loans, based on information regarding the debtor status and other available evidence, including external evidence. Specific analyses were carried out on the assumptions made with reference to the identification and quantification of future cash flows expected from recovery activities, the valuation of the guarantees covering such exposures and the estimate of recovery times; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the provisions of international accounting standards and the applicable regulatory framework, as well as the communications issued by the Supervisory Authorities.
Recognition of the mergers by incorporation of Credito Valtellinese SpA and Crédit Agricole FriulAdria SpA *Notes to the financial statements* *Part A – Accounting policies "Significant events in the reporting period"* *Part G – Business combinations* During the financial year ended 31 December 2022, the Bank completed the mergers by incorporation of Credito Valtellinese SpA and Crédit Agricole FriulAdria SpA with accounting and tax effects from 1 January 2022. The mergers, based on the provisions of the international accounting standards fall under the definition of "business combination of entities under common control" and, therefore, are excluded from the scope of application of IFRS 3 ("Business Combinations").	 In order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts: • reading of the meeting resolutions of Crédit Agricole Italia SpA, Credito Valtellinese SpA, Crédit Agricole FriulAdria SpA and of the related deeds of merger; • discussions with the Bank's management and analysis of the accounting policy adopted to recognise business combinations of entities under common control; • understanding and evaluation of the controls performed by management for the purposes of the migration of the accounting balances of Credito

The absence of specific references in international accounting standards entailed that the Bank, based on the general references in IAS 8 on economic substance and on the basis of the Preliminary Interpretation Guidelines (PIGs), recognised these transactions according to the principle of continuity of values recognised in the consolidated financial statements. Given the significant effects on the balance sheet and income statement of the abovementioned transactions as well as the peculiar nature of the entries, we considered the recognition of the mergers by incorporation of Credito Valtellinese SpA and Crédit Agricole FriulAdria SpA a key audit matter of the financial statements as of 31 December 2022.	Valtellinese SpA and Crédit Agricole FriulAdria SpA to the Bank IT systems; • verifying on a sample basis the accuracy of the postings recorded in relation to the mergers by incorporation; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the provisions of the applicable regulatory framework.

Other Matters

The Bank as required by law, has included in the notes to the financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the financial statements of Crédit Agricole Italia SpA does not extend to those figures.

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15, and in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

On 28 April 2021, the shareholders of Crédit Agricole Italia SpA in general meeting engaged us to perform the statutory audit of the Bank's and consolidated financial statements for the years ending 31 December 2021 to 31 December 2029.

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

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Crédit Agricole Italia SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Crédit Agricole Italia SpA as of 31 December 2022, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Crédit Agricole Italia SpA as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Crédit Agricole Italia SpA as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 6 April 2023

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

FINANCIAL STATEMENTS

BALANCE SHEET

Assets		31 Dec. 2022	31 Dec. 2021
10.	Cash and cash equivalents	2,875,997,217	540,292,990
20.	Financial assets measured at fair value through profit or loss	518,710,525	106,074,989
	a) financial assets held for trading	331,981,829	49,298,731
	c) other financial assets mandatorily measured at fair value	186,728,696	56,776,258
30.	Financial assets measured at fair value through other comprehensive income	3,516,495,984	3,108,575,153
40.	Financial assets measured at amortized cost	81,364,404,927	63,943,468,733
	a) due from banks	5,523,334,015	11,810,802,433
	b) loans to Customers	75,841,070,912	52,132,666,300
50.	Hedging derivatives	1,318,646,124	570,134,962
60.	Fair value change of financial assets in macro-hedge portfolios (+/-)	-607,952,920	-9,363,880
70.	Equity investments	201,023,496	2,105,245,158
80.	Property, Plant and Equipment	1,161,326,911	734,684,573
90.	Intangible assets	1,431,556,223	1,138,297,061
	- of which goodwill	1,315,925,274	1,042,597,768
100.	Tax assets	2,719,734,329	1,367,420,769
	a) current	1,064,236,238	277,918,150
	b) deferred	1,655,498,091	1,089,502,619
120.	Other assets	1,774,224,451	631,491,320
Total assets		**96,274,167,267**	**74,236,321,828**

Liabilities and Equity		31 Dec. 2022	31 Dec. 2021
10.	Financial liabilities measured at amortized cost	83,673,491,689	64,531,161,515
	a) Due to banks	11,059,726,859	14,831,132,057
	b) Due to Customers	62,215,170,574	38,772,715,804
	c) Debt securities issued	10,398,594,256	10,927,313,654
20.	Financial liabilities held for trading	329,048,608	53,025,449
40.	Hedging derivatives	3,815,534,067	823,174,324
50.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	-1,491,822,497	139,352,620
60.	Tax liabilities	307,487,497	281,166,065
	a) current	248,156,117	243,962,223
	b) deferred	59,331,380	37,203,842
80.	Other liabilities	1,291,325,643	1,084,026,575
90.	Employee severance benefits	94,308,596	83,190,913
100.	Provisions for risks and charges	573,091,388	437,227,253
	a) commitments and guarantees given	72,517,108	30,334,274
	b) post-employment and similar obligations	24,020,276	32,691,664
	c) other provisions for risks and charges	476,554,004	374,201,315
110.	Valuation reserves	-54,583,512	-48,666,017
130.	Equity instruments	815,000,000	815,000,000
140.	Reserves	1,770,262,079	2,011,527,725
150.	Share premium reserve	3,496,073,455	3,118,688,309
160.	Capital	1,102,071,064	979,283,340
180.	Profit (Loss) for the period	552,879,190	-71,836,243
Total liabilities and equity		**96,274,167,267**	**74,236,321,828**

INCOME STATEMENT

Items		31 Dec. 2022	31 Dec. 2021
10.	Interest and similar income	1,346,341,044	709,588,277
	Of which: interest income calculated with the effective interest method	1,340,758,349	701,450,407
20.	Interest and similar expense	(81,393,802)	33,888,674
30.	**Net interest income**	**1,264,947,242**	**743,476,951**
40.	Fee and commission income	1,267,627,944	862,142,931
50.	Fee and commission expense	(48,527,290)	(34,606,806)
60.	**Net fee and commission income**	**1,219,100,654**	**827,536,125**
70.	Dividends and similar income	15,707,837	11,056,545
80.	Net profit (loss) on trading activities	27,823,672	23,458,505
90.	Net profit (loss) on hedging activities	(10,306,222)	(5,732,708)
100.	Profit (losses) on disposal or repurchase of:	44,749,465	(82,283,481)
	a) financial assets measured at amortized cost	20,948,562	(109,118,659)
	b) financial assets measured at fair value through other comprehensive income	14,743,616	26,802,638
	c) financial liabilities	9,057,287	32,540
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(11,115,527)	(4,243,695)
	b) other financial assets mandatorily measured at fair value	(11,115,527)	(4,243,695)
120.	**Net banking income**	**2,550,907,121**	**1,513,268,242**
130.	Net losses/recoveries for credit risk on:	(278,386,926)	(334,376,368)
	a) financial assets measured at amortized cost	(274,685,275)	(332,233,403)
	b) financial assets measured at fair value through other comprehensive income	(3,701,651)	(2,142,965)
140.	Profits/Losses on contract modifications without derecognition	(693,861)	(1,066,724)
150.	**Net financial income (loss)**	**2,271,826,334**	**1,177,825,150**
160.	Administrative expenses:	(1,885,022,942)	(1,440,274,577)
	a) personnel expenses	(886,055,444)	(689,730,668)
	b) other administrative expenses	(998,967,498)	(750,543,909)
170.	Net provisions for risks and charges	(27,484,604)	(45,128,457)
	a) commitments and guarantees given	(11,982,619)	(5,277,747)
	b) other net provisions	(15,501,985)	(39,850,710)
180.	Net adjustments to/recoveries on property, plant and equipment	(100,115,864)	(59,671,083)
190.	Net adjustments to/recoveries on intangible assets	(29,470,564)	(24,806,055)
200.	Other operating expenses/income	331,144,516	260,621,040
210.	**Operating costs**	**(1,710,949,458)**	**(1,309,259,132)**
220.	Profit (losses) on equity investments	5,405,043	(670,000)
250.	Profit (losses) on disposals of investments	3,078,814	598,873
260.	**Profit (Loss) before tax from continuing operations**	**569,360,733**	**(131,505,109)**
270.	Taxes on income from continuing operations	(16,481,543)	59,668,866
280.	**Profit (Loss) after tax from continuing operations**	**552,879,190**	**(71,836,243)**
300.	**Profit (Loss) for the period**	**552,879,190**	**(71,836,243)**

STATEMENT OF COMPREHENSIVE INCOME

Items		31 Dec. 2022	31 Dec. 2021
10.	**Profit (Loss) for the period**	**552,879,190**	**(71,836,243)**
	Other comprehensive income after tax not recycled to profit or loss		
20.	Equity securities designated at fair value through other comprehensive income	7,283,269	535,943
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Property, Plant and Equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	15,151,645	(554,345)
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserve on equity investments measured with the equity method:	-	-
	Other income components reclassified to profit or loss		
100.	Hedging of investments in foreign operations:	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(22,316,774)	(14,863,456)
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Share of valuation reserve on equity investments measured with the equity method:	-	-
170.	**Total other comprehensive income after taxes**	**118,140**	**(14,881,858)**
180.	**Comprehensive income (Item 10+170)**	**552,997,330**	**(86,718,101)**

It is pointed out that the inclusion in comprehensive income of the item reporting “Financial assets measured at fair value through other comprehensive income” entails strong volatility that must be taken into account when analyzing the table.

STATEMENT OF CHANGES IN EQUITY ITEMS 31 DECEMBER 2022

	Capital: ordinary shares	Share premium reserve	Reserves:		Valuation reserves	Equity instruments	Profit (Loss) for the period	Equity
			Reserves:	other				
EQUITY AS AT 31 DEC. 2021	979,283,340	3,118,688,309	1,591,564,582	419,963,143	-48,666,017	815,000,000	-71,836,243	6,803,997,114
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY								
Reserves	-	-	-71,836,243	-	-	-	71,836,243	-
Dividends and other allocations	-	-	-	-	-	-	-	-
CHANGES IN THE PERIOD								
Change in reserves	-	-	472,542,312	-416,897,352	-6,035,635	-	-	49,609,325
Transactions on equity								
Issues of new shares	122,787,724	377,385,146	-	-	-	-	-	500,172,870
Purchase of treasury shares	-	-	-	-	-	-	-	-
Extraordinary dividend distribution	-	-	-166,000,098	-	-	-	-	-166,000,098
Change in equity instruments	-	-	-59,189,214	-	-	-	-	-59,189,214
Derivatives on treasury shares	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	114,949	-	-	-	114,949
Comprehensive income	-	-	-	-	118,140	-	552,879,190	552,997,330
EQUITY AS AT 31 DEC. 2022	1,102,071,064	3,496,073,455	1,767,081,339	3,180,740	-54,583,512	815,000,000	552,879,190	7,681,702,276

STATEMENT OF CHANGES IN EQUITY ITEMS 31 DECEMBER 2021

	Capital: ordinary shares	Share premium reserve	Reserves: Retained earnings reserves	Reserves: other	Valuation reserves	Equity instruments	Profit (Loss) for the period	Equity
EQUITY AS AT 31 DEC. 2020	979,234,664	3,118,389,293	1,565,178,584	3,027,257	-33,784,159	715,000,000	168,206,243	6,515,251,882
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY								
Reserves	-	-	76,887,211	-	-	-	-76,887,211	-
Dividends and other allocations	-	-	-	-	-	-	-91,319,032	-91,319,032
CHANGES IN THE PERIOD								
Change in reserves	-	-	371,708	416,897,352	-	-	-	417,269,060
Transactions on equity								
Issues of new shares	48,676	299,016	-	-	-	-	-	347,692
Purchase of treasury shares	-	-	-	-	-	-	-	-
Extraordinary dividend distribution	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-50,872,921	-	-	100,000,000	-	49,127,079
Derivatives on treasury shares	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	38,534	-	-	-	38,534
Comprehensive income	-	-	-	-	-14,881,858	-	-71,836,243	-86,718,101
EQUITY AS AT 31 DEC. 2021	979,283,340	3,118,688,309	1,591,564,582	419,963,143	-48,666,017	815,000,000	-71,836,243	6,803,997,114

STATEMENT OF CASH FLOWS

	31 Dec. 2022	31 Dec. 2021
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**1,370,888,734**	**680,361,514**
- Profit (Loss) for the year (+/-)	552,879,190	-71,836,243
- Gains/losses on financial assets held for trading and on financial assets/liabilities measured at fair value through profit or loss(-/+)	-9,310,418	-8,493,274
- Gains/losses on hedging activities (-/+)	14,934,595	-13,599,730
- Net adjustments/recoveries for credit risk (+/-)	251,459,524	194,555,516
- Net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	129,586,428	84,477,138
- Net provisions for risks and charges and other costs/revenues (+/-)	27,484,604	45,128,457
- Taxes, levies and tax credits not settled (+/-)	16,481,543	-59,668,866
- Other adjustments (+/-)	387,373,268	509,798,516
2. Cash flow generated/absorbed by financial assets	**8,480,146,089**	**-3,721,003,161**
- Financial assets held for trading	-157,126,274	30,320,133
- Financial assets mandatorily measured at fair value	11,654,598	-20,098,220
- Financial assets measured at fair value through other comprehensive income	-1,290,225,010	-169,403,728
- Financial assets measured at amortized cost	11,603,350,879	-2,995,439,802
- Other assets	-1,687,508,104	-566,381,544
3. Cash flow generated/absorbed by financial liabilities	**-8,325,202,065**	**3,695,765,488**
- Financial liabilities measured at amortized cost	-8,404,720,153	3,811,215,736
- Financial liabilities held for trading	-46,922,869	-28,521,013
- Other liabilities	126,440,957	-86,929,235
Net cash flow generated/absorbed by operating activities	**1,525,832,758**	**655,123,841**
B. INVESTING ACTIVITIES		
1. Cash flow generated by:	**89,223,306**	**18,627,829**
- Sales of equity investments	63,765,437	-
- Dividends received on equity investments	15,707,837	11,056,545
- Sales of property, plant and equipment	9,750,032	7,571,284
2. Cash flow absorbed by:	**862,561,957**	**-2,053,052,305**
- Purchases of equity investments	-13,820	-1,027,429,364
- Purchases of property, plant and equipment	-13,972,653	-8,410,703
- Purchases of intangible assets	-1,020,074	-
- Purchases of business units	877,568,504	-
Net cash flow generated/absorbed by investing activities	**951,785,263**	**-1,017,212,238**
C. FUNDING ACTIVITIES		
- Issues/purchases of treasury shares	83,275,518	416,745,544
- Issues/purchases of equity instruments	-59,189,214	49,127,079
- Distribution of dividends and other	-166,000,098	-91,319,032
Net cash flows generated/absorbed by funding activities	**-141,913,794**	**374,553,591**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	**2,335,704,227**	**12,465,194**

RECONCILIATION

Financial Statement items	31 Dec. 2022	31 Dec. 2021
Opening cash and cash equivalents	540,292,990	527,827,796
Net increase/decrease in cash and cash equivalents for the year	2,335,704,227	12,465,194
Closing cash and cash equivalents	**2,875,997,217**	**540,292,990**

Key:
(+) generated
(-) absorbed

In accordance with the amendment to IAS 7, introduced by Regulation no. 1990 of 6 November 2017, which was adopted for the first time in the reporting period starting on 1 January 2017, the information required under paragraph 44 B to measure changes in liabilities resulting from financing activities, irrespective of whether the changes result from cash flows or changes other than in cash equivalents, is given below.

	31 Dec. 2021	Changes from cash flows generated by financing activities	Changes from obtaining or losing control of subsidiaries or other businesses	Fair value changes	Other changes	31 Dec. 2022
Liabilities arising from financing activities (items 10, 20 and 40 of Liabilities)	64,584,186,964	-9,849,187,180	30,659,864,126	-1,392,323,613	-	84,002,540,297

NOTE TO THE FINANCIAL STATEMENTS

PART A – ACCOUNTING POLICIES

A.1 GENERAL PART

Section 1 – Statement of compliance with IAS/IFRS

The Annual Report and Financial Statements of Crédit Agricole Italia have been prepared pursuant to Italian Legislative Decree no. 38 of 28 February 2005, in accordance with the International Accounting Standards issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission, as provided for by Regulation (EC) No. 1606 of 19 July 2002.

Therefore, the IAS/IFRS in force as at 31 December 2022 (including the interpretations documents called SIC and IFRIC) have been applied, as endorsed by the European Commission and listed in detail in the specific table in an annex to these Financial Statements.

The financial statements and the contents of the note to the financial statements have been prepared in compliance with the provisions laid down in Circular No. 262 “Banks’ financial statements: layouts and preparation” issued by the Bank of Italy on 22 December 2005, within the exercise of its powers under Article 9 of Italian Legislative Decree No. 38/2005 and in compliance with the subsequent updates issued, the latest one of which is the 7th update of 29 October 2021 Furthermore, these financial statements have been prepared in accordance with the instructions given by the Bank of Italy on 21 December 2021 as regards the update of the supplements to its Circular 262 concerning the impacts of Covid-19 and the measures to support the economy.

The 8th update of the Circular, published on 17 November 2022, shall apply to reporting periods closed on or after 31 December 2023.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION AND ENTERED INTO FORCE IN 2022

In compliance with IAS 8, the table below reports the new international accounting standards or the amendments to standards already in force, along with the Regulations endorsing them, that shall mandatorily be applied for reporting periods starting on or after 1 January 2021.

Standards, amendments or interpretations	Publication date	Date of first application
Annual Improvements 2018-2020 IFRS 1 First time adoption of IFRS – Translation differences IFRS 9 Financial instruments – Test for assessing whether a modification to the terms of a financial liability is substantial IAS 41 Agriculture – Fair value of a biological asset	02 July 2021 (EU No. 2021/1080)	1 January 2022
Amendments to IAS 16 - Property, Plant and Equipment – Proceeds before intended use	02 July 2021 (EU No. 2021/1080)	1 January 2022
Amendments to IFRS 3 Reference to the Conceptual Framework 2018 on the definition of assets and liabilities	02 July 2021 (EU No. 2021/1080)	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets Costs of fulfilling a contract to assess whether it is onerous	02 July 2021 (EU No. 2021/1080)	1 January 2022

Having regard to the new standards and amendments thereto in force as of 1 January 2022, Crédit Agricole Italia has not identified any significant impacts on its financial situation and profit or loss.

IFRS Interpretations Committee - TLTRO III Transactions (IFRS 9 and IAS 20)

In March 2019, the ECB announced a third series of targeted longer term refinancing operations, in order to preserve favourable bank lending conditions and support the accommodative stance of monetary policy.

In June 2019 the programme key parameters were set, including interest rates; some of those key parameters were modified by the Governing Council in September 2019 in the light of the less favourable economic outlook and, afterwards, in March, April and December 2020 having regard to the Covid-19 situation.

The borrowing rate is linked to the achievement of a target growth rate in lending (benchmark) to businesses and households. If eligible net lending in the set observation period is at least equal to the respective benchmark, the borrowing rate will be equal to the average interest rate on the deposit facility during the rest of the life of the same operation, except for the period between 24 June 2020 and 23 June 2021 (which was then extended to 23 June 2022), in which the borrowing rate will be 50 basis points below the average interest rate on the deposit facility but not higher than -1%.

Interest shall be settled at the maturity of each TLTRO III or upon early repayment.

Crédit Agricole Italia has implemented periodic monitoring of the level of eligible loans in order to assess the achievement of the pre-set thresholds in lending performance and to give grounds for the reasonableness of the used interest rate. The Management considered, based on the periodic monitoring of lending performances the outstanding loans from the ECB could be recognized at a -1% rate.

At its meeting on 27 October 2022, to ensure consistency with the monetary policy normalisation process, contributing to addressing the unexpected and extraordinary increase in inflation, the Governing Council decided to change the terms and conditions applied to the third series of targeted longer term refinancing operations (TLTRO III). Specifically, the Governing Council modified the applicable borrowing rate as of 23 November 2022:

- From the settlement date of each respective TLTRO III operation until 22 November 2022, the borrowing rate will be equal to the average interest rate on the deposit facility during the rest of the life of the same operation, except for the period between 24 June 2020 and 23 June 2022, in which the borrowing rate is 50 basis points below the average interest rate on the deposit facility but not higher than -1%.
- From 23 November 2022 to the date of maturity or early repayment of each respective outstanding TLTRO-III, the interest rate is indexed to the average of the ECB key interest rates applying to each operation in that period.

For recognition purposes, Crédit Agricole Italia has identified a method that keeps into account the application of the average rate, thus enabling borrowing interests to be allocated to the related accrual periods and getting progressively closer and closer to the effective borrowing rate that the ECB will apply at maturity of each operation.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION BUT NOT YET ENTERED INTO FORCE

The table below shows the international accounting standards and the international financial reporting standards that, as at 31 December 2022, had been endorsed by the European Union but had not yet entered into force and, therefore, were not applicable to Crédit Agricole Italia's financial statements:

Standards, amendments or interpretations	Publication date	Date of first application
IFRS 17 - Insurance Contracts (including Amendments to IFRS 17) (not applicable to the Crédit Agricole Italia Banking Group)	23 November 2021 (EU 2021/2036)	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates Errors Estimates and Errors. Those amendments clarify the differences between accounting policies and accounting estimates to ensure further consistent application of accounting standards and comparability of financial statements	03 March 2022 (EU No. 2022/357)	1 January 2023
Amendments to IAS 12 - Income Taxes Those amendments clarify how companies are to account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce diversity in the reporting of deferred tax assets and liabilities on leases and decommissioning obligations	12 August 2022 (EU No. 2022/1392)	1 January 2023
Amendments to IFRS 17 The amendment to the transition requirements in IFRS 17 allows companies to overcome one-time classification differences of comparative information of the previous reporting period upon initial application of IFRS 17 and IFRS 9 Financial Instruments. (Not applicable by the Crédit Agricole Italia Banking Group)	09 September 2022 (EU No. 2022/1491)	1 January 2023

Crédit Agricole Italia did not exercise the option for early adoption of the Regulations in force as of 1 January 2023, as where applicable, the amendments are not expected to generate any material impacts on the financial situation and profit or loss of the Bank.

IFRS 17 Insurance Contracts published in May 2017 replaces IFRS 4. It will be applicable to reporting periods starting on or after 1 January 2023. IFRS 17 lays down new principles in terms of measurement and recognition of insurance contract liabilities and measurement of their profitability, as well as in terms of presentation. This standard does not apply to Crédit Agricole Italia.

INTERNATIONAL ACCOUNTING STANDARDS NOT YET ENDORSED BY THE EUROPEAN UNION

The standards and interpretations that have been published by the IASB but have not yet been endorsed by the European Union are not applicable by Crédit Agricole Italia.

Document title	Issued by IASB on	Date of entry into force of the IASB document	Expected date of endorsement by the EU
Amendments to IFRS 16 - Leases Lease Liability in a Sale and Leaseback	22 September 2022	1 January 2024	TBD
Amendments to IAS 1 - Presentation of Financial Statements Classification of Liabilities as Current or Non-current Date Classification of Liabilities as Current or Non-current - Deferral of Effective Date Non-current Liabilities with Covenants	31 October 2022	1 January 2024	TBD

Section 2 – General preparation principles

The Annual Report and Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Note to the Financial Statements, as well as of the Management Report on the performance of operations, on the profits (losses) made by Crédit Agricole Italia and on its financial and cash flow position.

In accordance with Article 5 of Italian Legislative Decree No. 38/2005, the Euro has been used as the reporting currency. The amounts in the Financial Statements are in Euro units, whereas the figures in the Note to the financial statements and in the Management Report are in thousands of Euro.

The Annual Report and Financial Statements have been prepared in compliance with the general presentation principles set down by IAS 1 and with the specific accounting standards endorsed by the European Commission and reported in Part A.2 of this Note.

No exceptions were made in applying the IASs/IFRSs.

Furthermore, the 2020 Annual Report and Financial Statements were prepared taking into account, where applicable, the communications and the interpretation documents of the various Regulatory and Supervisory Authorities (ESMA, EBA, ECB, Bank of Italy) giving recommendations on the disclosures and transparency required of financial institutions and information supporting the application of the accounting standards as regards the consequences of the Covid-19 pandemic, which, due to its pervasiveness, impacts on several areas of annual financial reporting.

In performing their role as competent Supervisory Authorities for prudential purposes, the European Central Bank and the Bank of Italy published press releases and letters intended to clarify the reference regulatory framework and their guidance and expectations on this matter. EBA guidelines complete the reference framework for banks about expected credit losses, staging allocation and measures to support the economy.

The main communications and interpretations provided by the Supervisory Authorities and taken into account for the preparations of the 2021 annual report and financial statements, which, to a large extent, had already been applied to the 2021, annual report and financial statements, are reported in the table below.

Document type	Issued on Title	Title
EBA - European Banking Authority		
Statement	25 March 2020	Statement on the application of the prudential framework regarding Default. Forbearance and IFRS 9 in light of Covid-19 measures
Guideline	2 April 2020 25 June 2020 2 December 2020	Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis
ESMA – European Securities and Market Authority		
Recommendation	11 March 2020	ESMA recommend action by financial market participant for Covid-19 impact
Statement	25 March 2020	Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9
Statement	13 May 2022	Implications of Russia's invasion of Ukraine on half-yearly financial reports
Statement(1)	28 October 2022	European common enforcement priorities for 2022 annual financial reports
IFRS Foundation		
Statement	27 March 2020	IFRS 9 and Covid-19 – Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic
BCE - European Central Bank		
Communication	20 March 2020	ECB Banking Supervisor provides further flexibility to banks in reaction to coronavirus
Letter	1 April 2020	IFRS 9 in the context of the coronavirus (Covid-19) pandemic
Letter	4 December 2020	Identification and measurement of credit risk in the context of the coronavirus (Covid-19) pandemic
Bank of Italy		
Communication	21 December 2021	Update of the provisions supplementing Circular no. 262 "Banks' financial statements: layouts and preparation" concerning the impacts of the Covid-19 pandemic and of the measures to support the economy.
Consob		
Warning notice no.1/21	16 February 2021	Covid -19 - Measures to support the economy - Warning notice on the information to be provided by supervised issuers, supervisory bodies and audit firms in relation to the 2020 financial statements prepared in accordance with international accounting standards;
Warning notice	18 March 2022	Consob draws the attention of supervised issuers on the impact of the war in Ukraine on insider information and financial reporting

(1) In its document on 2022 annual reports and financial statements, ESMA reminds issuers' management and supervisory bodies of the importance of giving appropriate disclosure on the analyses carried out and the effects found regarding climate change, especially in order to ensure consistency in the judgements, estimates and uncertainties represented in financial and non-financial reporting and to prevent potential greenwashing. Having regard to the implications of Russia's invasion of Ukraine, ESMA calls for limited presentation of the effects on the financial statements in the light of the pervasiveness of those impacts and for preference to qualitative disclosure on judgements and assumptions and related effects on profit and loss Lastly ESMA urges issuers to assess the challenges that the present macroeconomic scenario poses to issuers, especially for matters such as the pandemic, interest rate increase, inflation and geopolitical situation, providing clear and detailed information to investors about the issuers' exposure to interest rate risk, liquidity risk...) and the impacts on the recoverable amount of tangible and intangible assets and the amount of recognized liabilities.

Going concern basis

The Annual Report and Financial Statements as at 31 December 2022 have been prepared on a going-concern basis, as Crédit Agricole Italia is believed to continue in operation in the foreseeable future.

As regards the reporting required pursuant to IFRS 7 on the risks which Crédit Agricole Italia is exposed to, appropriate information is provided in the Management Report and in the Note to the Financial Statements, specifically in Section 4 below and in Part E - Information on risks and relative hedging policies.

The Note to the Financial Statements also reports the verifications that were carried out in order to assess any impairment of financial assets and intangible assets (including goodwill).

USE OF ESTIMATES AND ASSUMPTIONS IN PREPARING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

To prepare the Annual Report and Financial Statements, estimates and assumptions must be made, which can generate significant effects on the values recognized in the Balance Sheet and in the Income Statement, as well as on the information on contingent assets and liabilities reported.

Making such estimates entails the use of the information that is available at the relevant time and of subjective assessments.

By their very nature, the estimates and assumptions used may vary from one period to another. Therefore, it cannot be ruled out that the recognized values for this reporting period may vary, even to a significant extent, in future periods, subsequent to any changes in the subjective assessments used. economic effects generated by the Covid-19 epidemic and the uncertainties in the future macroeconomic scenario in which Crédit Agricole Italia will operate have required a thorough analysis and weighting of the new economic situation in the models for measuring the recoverable amount of the Bank's assets.

The main instances that require the use of subjective assessments to be made by the Senior Management are the following:

- Quantifying losses resulting from the impairment of loans and of other financial assets in general;
- Using measurement models for the recognition of the fair value of financial instruments that are not listed on active markets;
- Using measurement models for equity investments;
- Assessing the consistency of the value of goodwill and of the other intangible assets and property, plant and equipment;
- Quantifying the provisions for staff and for risks and charges;
- Estimating the recoverability of deferred tax assets;
- Calculating the fair value of financial instruments to be used for financial reporting purposes.

The description of the accounting policies applied to the main aggregates reported in the financial statements provides detailed information on the major assumptions made and subjective assessments used in preparing the financial statements.

CONTENTS OF THE FINANCIAL STATEMENTS

The financial statement layouts and the content of the Note to the financial statements are compliant with Bank of Italy Circular no. 262 "Banks' financial statements: layout and preparation" of 22 December 2005 and specifically with its 7th update issued on 29 October 2021.

That update is intended to align financial reporting to EU harmonised consolidated supervisory financial reporting (FINREP). The update, which consists in a full revision of the Circular, applies to financial statements for reporting periods closed or underway on 31 December 2021 and, therefore, was applied by Crédit Agricole Italia to its 2021 Annual Report and Financial Statements

On 17 November 2022, the Bank of Italy published the 8th update to Circular no. 262 "Banks' financial statements: layout and preparation" of 22 December 2005 in order to consider the new IFRS 17 Insurance Contracts and the subsequent amendments to other international accounting standards/international financial reporting standards, including IAS 1 Presentation of Financial Statements and IFRS 7 Financial Instruments: disclosures. The 8th update, which consists in a full revision of the Circular, shall apply to financial statements for reporting periods closed or underway on 31 December 2023. No significant impacts are expected as the new standard is not applicable to Crédit Agricole Italia.

Bank of Italy – Communication of 21 December 2021 – Update of the provisions supplementing Circular no. 262 "Banks' financial statements: layouts and preparation" concerning the impacts of the Covid-19 pandemic and of the measures to support the economy.

With its communication of 21 December 2021, the bank of Italy published the supplemented provisions governing banks' financial statements (Circular no. 262 of 2005) in order to provide the market with information on the effects that the Covid-19 pandemic and the measures to support the economy generated on the strategies, objectives and risk management policies, as well as on the profitability and financial situation of intermediaries. The update of the supplemented provisions published in December 2020, taken into account the developments in the EU legislation on the treatment of moratoria, the updates of supervisory reporting and financial reporting circulars and the Covid-related amendments to IFRS 16 "Leases":. Due to the temporary nature of the Covid-19 emergency and of the support measures, the supplemented provisions on financial reporting related thereto shall be in force until the Bank of Italy communicates otherwise.

The Bank of Italy confirmed its expectations that specific qualitative and quantitative disclosures be rgiven in the tables in the Note to the financial statements, specifically in Part B (Information on the Balance Sheet), Part C (Information on the Income Statement) and Part E (Information on risks and relative hedging policies), regarding loans under "moratoria" or other concession measures in force as at the reporting date, or loans providing new liquidity and backed by public guarantees.

Balance Sheet and Income Statement

The Balance Sheet and Income Statement contain items, sub-items and further information (the "of which" for items and sub-items) and comply with the templates supplied by the Bank of Italy with Circular No. 262 of 22 December 2005, as updated.

In the Income Statement, revenues are set forth without a sign, while expense figures are set forth in parenthesis.

In accordance with the general provision laid down by Bank of Italy Circular no.262/2005: "In case of business combinations, in the financial statements the comparative data for the previous financial year (T-1) shall be those of the acquirer bank pursuant to IFRS 3".

Statement of Comprehensive Income

The Statement of Comprehensive Income consists of items presenting the changes in the value of the assets recognized in the year offsetting the valuation reserves, net of the related tax effect.

The Statement of Comprehensive Income contains also the items with no amounts for the reporting year, and with no amounts for the previous year.

Negative amounts are set forth in parenthesis.

Statement of Changes in Equity

In order to facilitate understanding of the figures, the rows and columns of the Statement of Changes in Equity were inverted with respect to the same statement layout provided for by the above Bank of Italy Circular No. 262/2005. The statement shows the composition and movements of the shareholders' equity items during the reporting year and in the previous one, broken down into share capital (ordinary shares and savings shares), capital reserves, retained earnings reserves, comprehensive income and net profit or loss.

No equity instruments other than ordinary shares have been issued.

Statement of Cash Flows

The statements of cash flows for the reporting period and for the previous one were prepared using the indirect method, based on which cash flows from operating activities are represented by the profit or loss for the year, adjusted for the effects of non-monetary transactions.

Cash flows are broken down into flows generated by operating activities, investment activities and funding activities.

In the Statement, cash flows generated in the period are reported without sign, while those absorbed are reported with a negative sign.

CONTENTS OF THE NOTE TO THE FINANCIAL STATEMENTS

The Note to the Financial Statements contains the information required by Bank of Italy Circular no. 262/2005, with its updates and specifications already applicable, as well as further information required by IAS/IFRS.

In the tables relating to the Income statement items, revenues are set forth without a sign, whereas expense figures are set forth in parenthesis.

Section 3 – Events occurred after the reporting date

From the reporting date to the approval of the 2022 Annual Report and Financial Statements, no such events occurred as to entail any material change in the assessments made by the Directors and represented in the balance sheet, income statement and statement of cash flows of Crédit Agricole Italia.

The Management Report and Section 4 “Other aspects” below point out the risks and uncertainties associated with the present macroeconomic scenario; with special regard to the effects on its generated by the war between Russia and Ukraine.

Section 4 – Other aspects

Risks, uncertainties and impacts generated by the Covid-19 epidemic and by the Russia-Ukraine war

In 2022 the international economic scenario showed some slowdown after the strong rebound posted in 2021. The effects of the Russia-Ukraine war first and then the strong inflationary pressure increased the tensions that were already underway on the prices of many commodities. The combination of these factors, along with the zero-Covid policies enforced by China, negatively affected global value chains, causing the economic growth outlook to be revised downward worldwide, both for 2022 and for the following years.

The main uncertainties in making forecasts result from the difficulty in foreseeing the developments in the was and in the international sanctions imposed by the European Union, as well as the implications of the energy crisis, especially in Europe.

The growth trend in inflation, which started in H2 2021, picked up even further in 2022 reaching such high levels that triggered a response by Central Banks, which sped up towards a very restrictive approach aimed at price containment, and resolved significant and sudden increases in interest rates. Despite the forecasted decrease in inflation in advanced economies in 2023, thanks to the expected stabilization of energy prices, average annual inflation, in a very uncertain scenario, may remain very high vs. the European Central Bank’s targets.

In 2022 the extraordinary measures to support lending came to an end, as did the moratoria for SMEs, which had been deployed by Governments to respond to the Covid pandemic; in 2022 Crédit Agricole Italia continued to monitor the situation with specific analyses, aimed at identifying the best action approaches to credit risk measurement and forecasting systems, aligning them to the developments in the situation.

In such a complex scenario, the analyses performed by the governance bodies based on the information currently available gave evidence to conclude that the Group and Crédit Agricole Italia will be able to address the risks and uncertainties generated by the situation.

The assessment giving evidence of the Bank's ability to continue as a going concern is based on the capitalization it has reached, which shows a reassuring buffer on top of the requirements set by the ECB, its present liquidity and the healthy and prudent management that has always been a distinctive feature of the Group and of the Bank, while ensuring steady development through sustainable growth strategies and the commitment to providing households and businesses with support.

Applying some accounting standards necessarily entails the use of estimates and assumptions, which can generate significant effects on the values recognized in the Balance Sheet and in the Income Statement, as well as on the information on contingent assets and liabilities. The economic scenario and the above-described uncertainty factors required careful analysis and weighting in the models used to measure the recoverable amount of Crédit Agricole Italia's assets.

Covid-19 effects

To address the emergency experienced in 2020, the banking system has strengthened its policies for the monitoring, management and control of risks, especially of credit risk. The extraordinary measures deployed by Crédit Agricole Italia in favour of businesses and households ensured strong support to customers, while constant attention was paid to the credit quality of the originated loans and to the assessment of their recoverability. Given the impact of the crisis caused by the Covid-19 pandemic, specific criteria were defined for the identification of the portfolio to be subjected to closer monitoring on a priority basis – also with new review processes supplementing ordinary ones. In 2022 the evolution in the situation related to the pandemic continued to be constantly monitored, assessing time by time any impacts on the main estimates of the Group and of the Bank.

ECL governance and measurement

Impairment on the performing loans portfolio is calculated with a tool that is centralized on the Information Systems of the French Parent Company Crédit Agricole S.A. using the information and parameters of each entity as inputs. In compliance with IFRS 9, the ECL is estimated weighting forward-looking scenarios; therefore, the various scenarios were weighted by their probability of occurrence, as given above. The main macroeconomic indicators used to define the scenarios were prepared by the ECO structure of the French Parent Company Crédit Agricole S.A. specializing in macroeconomic studies.

These scenarios were updated considering the developments linked to the economic scenario and the main assumptions can be summarized as follows:

- Central scenario: the war in Ukraine persists and with it the weight of the sanctions imposed by the West on Russia also persists. Consequently, the export of Russian gas is expected to decrease and the diversification of energy sources deployed by European Countries via LNG proves insufficient. Inflation decreases to 6.6% in 2023, after reaching a Euro Area average figure of 8.3% in 2022. Monetary policies remain restrictive but less aggressive.
- Moderately adverse scenario: full stoppage of Russian gas supply. Gas rationing plans in Europe, aimed at protecting households, hit businesses. Gas prices remain high throughout 2023. Inflation increases aggressively again to 8.6%. Throughout the Euro Area there is an average annual decrease in the GDP of -0.7%. Being affected by a judgement of inadequacy of monetary policies, sovereign rates significantly increase with consequent widening of the spreads. Gradual improvement starting not before 2024;
- Stress scenario: a deadlock in the Russia-Ukraine war, a cold winter that hits the agri-food sector and worsen the prices of agricultural commodities and, therefore, of food products. This, combined with the tensions in the energy sector, causes the inflationary shock to persist also in 2023. As a consequence, in the Euro Area monetary policies are strongly tightened, with strong decreases in equity and real estate markets;
- Favorable scenario, the most unlikely: Russia strongly reduces its war effort in Ukraine. This eases the tensions in the energy sector, generates a positive impact on the prices of commodities and consumer goods. This, combined with sufficiently credible monetary policies, mitigates long-term inflation expectations and, therefore, some relief in key interest rates in 2023.

The weights to be given to the four scenarios – which may change each time the parameters are re-estimated – have been set for the Crédit Agricole Group as a whole (Crédit Agricole SA Economic Research Department - ECO) and validated by the Crédit Agricole Group IFRS9 Guidance Committee, on which the Risk Management and Permanent Controls Department of the Crédit Agricole Italia Banking Group also sits.

The evidence about the assessment model, the main macroeconomic indicators taken into account in redesigning the scenarios, the corrective factors (post model adjustments) introduced to manage the uncertainty of the effectiveness of the economic stimulus measures is fully reported in Part E – Credit Risk of this Note to the financial statements. The same section also reports an analysis of the sensitivity of the ECL figure to the different macroeconomic scenarios given by the Crédit Agricole Group Economic Research Department – ECO, which is a specialist in macroeconomic studies.

Significant increase in credit risk

For each financial instrument, the Crédit Agricole Italia Banking Group and Crédit Agricole Italia assess any increase in credit risk from origination to every reporting date. Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

To address the emergency, the Group and the Bank have strengthened its policies for the monitoring, management and control of risks, especially of credit risk.

Some recent implementations in the used models concerned also the review of the thresholds of significant increase in credit risk (SICR) with the purpose of further strengthen the approach of the PD change in relative terms, providing for the classification in Stage 2 of all the exposures whose PD as at the reporting date is strictly higher than the PD calculated upon origination, multiplied by a threshold that is different for each portfolio. In Part E – Credit risk of this Note to the financial statements breakdown disclosure is given.

In order to ensure early detection and management of latent risk situations associated with moratoria, over time the Crédit Agricole Italia Banking Group and Crédit Agricole Italia constantly monitored the exposures benefiting from concessions and applied – where necessary – the appropriate adjustments in terms of staging and coverage, besides actions aimed at mitigating the impacts of the impairment of exposures backed by State guarantees not correctly factored in the ECL calculation.

Furthermore, given the changes in the macroeconomic scenario associated with the Russia/Ukraine war, from Q1 2022 the Group implemented appropriate coverage supplements (management overlay) which were then reversed after the review of the macroeconomic scenarios made in the year. Within the determination of the Local Forward-looking ECL in December 2022, the Group added yet another “management overlay” to the aforementioned action, in order to strengthen its provisions covering exposures to counterparties operating in the most energy-intensive sectors to take into account the higher riskiness resulting from the international, economic and geopolitical situation. In Part E – Credit risk of this Note to the financial statements breakdown disclosure is given.

Covid-19-related contractual modifications

It is pointed out that, in March 2020, Crédit Agricole Italia started to give its Customers the possibility to suspend repayment of mortgage loans and other loans, concomitantly extending their maturity by the suspension period. The offered suspension measures were progressively aligned with the applicable legislation (“Cure Italy” Decree Law and afterwards the “Support-bis Decree Law) and with the agreements between the Italian Banking Association and the trade associations, which by the Bank immediately signed in order to ensure the utmost possible protection to its Customers.
The specific tables expected by the Bank of Italy in Part B and Part E of the Note to the financial statements report the exposures as at 31 December 2022.

IFRS 16 – Covid-19-related concessions

In 2020, the IFRS Foundation approved an amendment to IFRS 16 in order to clarify how Covid-19-related concessions should be recognized by lessees that prepare their financial statements in accordance with IAS/IFRS (the possibility of qualifying them as “variable rent” recognizing the lower payments due in the Income Statement).

On 31 March 2021, the IASB issued document “Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)” whereby the eligibility period for the application of the amendments to ’IFRS 16 (paragraphs 46A and 46B) concerning Covid-19-related rent concessions was extended by one year (from June 2021 to June 2022).

This amendment was endorsed by the European Union with Regulation (EU) 2021/1421 of 30 August 2021.

Crédit Agricole Italia reported no effects on its income statement in FY 2021 generated by the amendment to IFRS 16, "Covid-19-Related Rent Concessions beyond 30 June 2021" (Regulation (EU) 2021/1421,as in 2022 it recognized no Covid-19-related rent concessions.

Impairment test of other assets

Having regard to testing intangible assets, especially goodwill, for impairment, the effects of the developments in the pandemic and in the Russia-Ukraine war were carefully considered; applying the Dividend Discount Model ("DDM"), for the medium- and long-term financial forecasts used to estimate cash flows, the developments and evolution in the geopolitical scenario and the expected monetary policies have been taken into account. The main macroeconomic indicators used to define the scenarios were prepared by the ECO structure of the French Parent Company Crédit Agricole S.A. specializing in macroeconomic studies. Likewise the income estimates for the probability test calculation on deferred tax assets, especially as regards the recognition of DTAs on tax losses, were made updating the income flows under the effects of the expected scenarios used. Exhaustive information on the impairment tests is given in Part B of this Note to the financial statements.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Capital increase

In H1 2022, at the proposal of the Board of Directors, the General Meeting of the Shareholders of Crédit Agricole Italia S.p.A. adopted a capital strengthening plan aimed to ensure that the capital ratios are constantly kept at appropriate levels considering the effects linked to Creval acquisition and specifically to the consequent increase in Risk Weighted Assets. On 25 January 2022 the extraordinary General Meeting of Crédit Agricole Italia S.p.a. Shareholders resolved to increase its share capital by Euro 500 million through the issue of 121,951,220 shares having a nominal value of Euro 1 each to be offered in option to the shareholders at a unit price of Euro 4.10, of which Euro 1 as capital and Euro 3.10 as share premium.

Considering its shareholding structure and that it is publicly held, the rules of public offer apply with specific regard to the obligation ot publish an information prospectus approved by Consob. After the completion of the preliminary proceeding, during the option offer period, which started on 16 May 2022 and ended on 30 May 2022, 751,857,352 option rights were exercised and, subsequently, 93,982,169 new shares were subscribed, accounting for 77.07% of the offered shares, for a countervalue of Euro 385,326,892.90.

With value date on 3 June, the pre-emption rights that were exercised for the remaining 27,969,051 new shares, accounting for 22.93% of the offered shares, were settled, for a countervalue of Euro 114,673,109.10. The new shares have the same characteristics and give the same rights as the Crédit Agricole Italia S.p.A. ordinary shares already issued.

Therefore, the Bank's equity rose due to the share capital increase of Euro 500 million, net of the future share capital increase contributions that had already been made by its French Parent Company Crédit Agricole S.A. in 2021 totalling Euro 417 million and allocated to a specific equity reserve.

As more exhaustively reported in section "Significant events occurred in the reporting period", in November the subsidiary Crédit Agricole FriulAdria S.p.A was merged by absorption into its parent company Crédit Agricole Italia S.p.A.

The merger entailed the cancellation of the shares in Crédit Agricole FriulAdria S.p.A. and the allotment of new ordinary shares in Crédit Agricole Italia S.p.A. to the shareholders of the absorbed entity based on the share swap ratio determined by the two Banks' Boards of Directors (except for the shares held by Crédit Agricole Italia S.p.A. and Crédit Agricole FriulAdria S.p.A. treasury shares).

As a consequence of the above, 836,504 new shares in Crédit Agricole Italia S.p.A. were issued on 30 November 2022 having a nominal value of Euro 1 each servicing the swap of Crédit Agricole FriulAdria S.p.A. shares.

Therefore, as at 31 December 2022, the share capital of Crédit Agricole Italia S.p.a. amounted to Euro 1,102,071,064.

Creval merger

In April 2021, thanks to the successful outcome of the voluntary public tender offer, Crédit Agricole Italia S.p.A. ended up holding 100% of the share capital of Creval.

The business combination pursued the objective of continuing to develop a strong and profitable banking group strongly rooted in the communities where it operates creating value for all stakeholders, relying on Crédit Agricole Italia S.p.A.'s proven track-record of successful integrations. Please see the 2021 Annual Report and Financial Statements for an exhaustive description of the business combination made last year.

In 2022, on 24 April, the project for integration was finalized with the merger by absorption of Creval into the Parent Company Crédit Agricole Italia.

From an accounting standpoint, in accordance with the IAS/IFRS, it is a "business combination of entities under common control". Those combinations are usually made to achieve simply corporate reorganization purposes within a group and, therefore, IFRS 3 "Business Combinations" does not apply to them.

In compliance with the practices of the Crédit Agricole Italia Banking Group for the accounting of this type of transactions, the combination was recognized in the Parent Company's separate financial statements in accordance with the predecessor basis of accounting (or continuity of values recognized in the consolidated financial statements), which is also referred to by the Italian Association of Audit Firms (Assirevi) in its Preliminary Interpretation Guidance.

For the merger, the application of the predecessor basis of accounting (or continuity of values) determined the recognition in Crédit Agricole Italia's separate financial statements of all balance sheet, income statement and equity balances of the absorbed bank, as well as the related consolidation adjustments recognized in the Group's consolidated financial statements, with accounting effectiveness as of 1 January 2022.

Furthermore, the following were eliminated:
- Intercompany receivables and payables;
- The costs and revenues resulting from transactions made between the surviving entity Crédit Agricole Italia and the absorbed entity;
- the amount of the equity investments from the Parent Company's separate financial statements;
- The equity balances of the absorbed entity.

Based on the above-reported information, the merger determined the recognition of a positive equity reserve amounting to Euro 610.9 million in Crédit Agricole Italia S.p.A. equity.

Merger of Crédit Agricole FriulAdria S.p.A.

On 16 June 2021 Crédit Agricole Italia announced a voluntary public tender offer for the outstanding ordinary shares in its subsidiary Crédit Agricole FriulAdria S.p.A, representing 17.233% of its share capital. When it started the public tender offer, Crédit Agricole Italia held 82.302% of Crédit Agricole FriulAdria S.p.A.'s share capital, exercising management and coordination activities on and controlling Crédit Agricole FriulAdria S.p.A. pursuant to Article 93 of the Italian Consolidated Law on Finance. Following the acceptance of the voluntary public tender offer, Crédit Agricole Italia came to own 99.101% of the share capital of Crédit Agricole FriulAdria S.p.A..

Subsequently to the public tender offer and consistently with what had been stated in the Offer Document, Crédit Agricole Italia S.p.A and Crédit Agricole FriulAdria S.p.A found it appropriate to proceed with the merger by absorption of Crédit Agricole FriulAdria S.p.A into Crédit Agricole Italia S.p,A. in order to pursue the following goals: (i) streamlining the corporate structure of the Banking Group, (ii) maximizing the harmonization and evenness in the application of commercial policies and strategic directions within the Group, (iii) reducing the number of management and administration activities, creating cost synergies.

On 19 and 12 May 2022, the Boards of Directors of Crédit Agricole Italia S.p.A. and Crédit Agricole FriulAdria S.p.A., respectively, approved the Merger Plan and the share swap ratio[27] which was equal to 8 newly issued ordinary shares in Crédit Agricole Italia S.p.A. for each ordinary share in Crédit Agricole FriulAdria S.p.A..

27 It is pointed out that, in accordance with the law, the share swap ratio was determined in agreement by the Boards of Directors of Crédit Agricole FriulAdria and of Crédit Agricole Italia with the help of a financial advisor and was then assessed as fair by an expert working for both parties and appointed by the Law Court of Bologna as stated in the expert's report prepared under Article. 2501-Sexieso of the Italian Civil Code.

Following the approval of the merger plan by the Boards of Directors of the two entities, the obtainment of the authorization from the European Central Bank pursuant to Articles 56 and 57 of the Italian Consolidated Law on Banking on 13 September 2022[28], as well as the obtainment, on 28 July, of the clearance from the Italian Council of Ministers[29], the merger between Crédit Agricole FriulAdria S.p.A. and Crédit Agricole Italia S.p.A. was approved by the General meeting of the former's Shareholders on 20 October 2022 and by the latter's Board of Directors on 25 October 2022 with the consequent execution of the merger deed on 22 November 2022.

The merger took place with the absorption of Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A. having its effective date on 27 November 2022.

Lastly, Crédit Agricole Italia S.p.A. resolved a share capital increase servicing the share swap, whereby 836,504 ordinary shares were issued having a nominal value of Euro 1 each, which were allotted to the remaining shareholders of Crédit Agricole FriulAdria S.p.A. other than the absorbing entity and the absorbed entity (as the latter held treasury shares).

From an accounting standpoint, in accordance with the IAS/IFRS, it is a "business combination of entities under common control". Those combinations are usually made to achieve simply corporate reorganization purposes within a group and, therefore, IFRS 3 "Business Combinations" does not apply to them.

In compliance with the practices of Crédit Agricole Italia S.p.A. for the accounting of this type of transactions, the combination was recognized in the Parent Company's separate financial statements in accordance with the predecessor basis of accounting (or continuity of values recognized in the consolidated financial statements), which is also referred to by the Italian Association of Audit Firms (Assirevi) in its Preliminary Interpretation Guidance.

For the merger, the application of the predecessor basis of accounting (or continuity of values) determined the recognition in Crédit Agricole Italia's separate financial statements of all balance sheet, income statement and equity balances of the absorbed bank, as well as the related consolidation adjustments recognized in the Group's consolidated financial statements, with accounting effectiveness as of 1 January 2022.

Furthermore, the following were eliminated:
- Intercompany receivables and payables;
- The costs and revenues resulting from transactions made between the surviving entity Crédit Agricole Italia S.p.A. and the absorbed entity;
- The amount of the equity investments from the Parent Company's separate financial statements;
- The equity balances of the absorbed entity.

Based on the above-reported information, the merger determined the recognition of a negative equity reserve amounting to Euro 131.1 million in Crédit Agricole Italia S.p.A. equity.

Stelvio Project

Within the derisking actions deployed on the NPE portfolio, in 2021 the Crédit Agricole Italia Banking Group successfully completed disposals of non-performing loans for a gross book value of about Euro 1.6 billion.

Having regard to the Stelvio Project (please see the 2021 Annual Report and Financial Statements for the details on the transaction), as at 31 December 2022 Crédit Agricole Italia S.p.A. held:
- 100% of the Senior notes in the Hold to Collect portfolio, which were admitted to the Italian State Guarantee on Securitization of NPLs (GACS) on 29 April 2022;
- 5% of the Mezzanine and Junior notes in the portfolio of instruments mandatorily measured at fair value through profit or loss.

As regards the Senior notes, at the end of 2021 the application for admission to the Italian State guarantee scheme on securitization of NPLs (GACS) was submitted to the Italian Ministry of the Economy and Finance. The application was accepted and the related notification was received on 26 April 2022.

28 Crédit Agricole Italia 29 Pursuant to Article 2 of Italian Decree-Law no. 21 of 2012.
29 Ai sensi dell'art, 2 del Decreto Legge n, 21 del 2012,

Demerger of Creval leasing operations and Crédit Agricole Leasing Italia S.r.l. share capital increase

Within the acquisition of Creval by Crédit Agricole Italia S.p.A and within the business and corporate integration activities that led to the merger by absorption of Creval into the Parent Company Crédit Agricole Italia S.P.A. in April 2022, the Group planned the concomitant demerger of Creval's remaining leasing operations and their subsequent transfer to Crédit Agricole Leasing Italia S.r.l..

The Demerger Plan was approved by the Boards of Directors of Creval, Crédit Agricole Leasing S.r.l. and Crédit Agricole Italia S.P.A. at the end of November 2021, and the demerger was then authorized by the ECB on 28 February 2022, resolved by the General Meetings of the Shareholders of the two companies involved on 8 March 2022 and was finalized with the signing of the demerger deed on 29 March 2022 with validity as of 31 March 2022.

The demerger had the purpose of integrating Creval leasing operations into Crédit Agricole Leasing Italia, the leasing entity of the Credit Agricole Group in Italy, which has specialist skills, technologies, procedures, models and processes fit not only to distribute but also to manage lease contracts in all the various phases. The transfer to Crédit Agricole Leasing Italia S.r.l. of the lease loans, of the related contracts and underlying assets was the natural and logical solution from an industrial, management and organizational standpoint within the Crédit Agricole Group's business model. For more information on the demerger, please see Part A of the Note to the Consolidated Financial Statements.

Servicing the demerger and because of the set share swap ratio – on 8 March 2022 the General Meeting of Crédit Agricole Leasing Italia S.r.l. Shareholders approved a share capital increase in kind for a total amount of Euro 10.347 million, made by issuing new shares having the same amount and allotted to its majority shareholder Crédit Agricole Italia S.p.A., in its capacity as the sole shareholder of Creval.

Because of the demerger and the subsequent share capital increase, the shareholding owned by Crédit Agricole Italia S.p.a. increased hitting 86.33% of the share capital of Crédit Agricole Leasing Italia S.r.l.. (85% before the demerger).

The minority shareholder Crédit Agricole Leasing & Factoring (hereinafter referred to also as"CAL&F") informed the shareholder Crédit Agricole Italia S.p.A. of its intention to restore its equity investment in the share capital of Crédit Agricole Leasing Italia S.r.l., taking it back to 15%.

In order for CAL&F to increase its shareholding from 13.67% to 15%, it was necessary to increase the share capital of Crédit Agricole Leasing Italia S.r.l. for a consideration by a total of Euro 1.826 million to be paid in in money, which was carried out by issuing new shares and allotting them to CAL&F.

Therefore, following the transaction resolved by the General Meeting of Crédit Agricole Leasing Italia S.r.l. Shareholders on 16 June 2022, the nominal capital of Crédit Agricole Leasing Italia S.r.l. (subscribed and paid in) now amounts to Euro 118.9 million and is owned by its present Shareholders as follows: 85% owned by Crédit Agricole Italia S.p.A. and 15% owned by CAL&F.

Disposal of Creval Più Factor

In June the Crédit Agricole Italia Banking Group finalized the sale of its entire cpntrolling equity investment in Creval Più Factor S.p.A. of which it had become the direct owner in 2021 subsequent to the acquisition of Creval, to Eurofactor Italia S.p.A., a financial Intermediary specializing in factoring and belonging to the Crédit Agricole Group.

After obtaining the required authorizations from the Supervisory Authorities, the transaction was closed with the payment of a consideration of Euro 9.4 million, following the distribution of the extraordinary reserve amounting to Euro 36 million by Creval Più Factor S.p.A. to its sole shareholder Crédit Agricole Italia S.p.A..

The equity investment sale was in line with the equity amounts after the distribution of reserves and, therefore, it did not generate any material impacts on the income statement as at 31 December 2022.

The sale of Creval Più Factor S.p.A. falls into the wider scope of the reorganization of the Group's operations in Italy pursuing the objective of enhancing the structure efficiency in accordance with the core model of the Crédit Agricole Group, which is organized based on lines of business.

Listing of Generalfinance S.p.A.

Subsequent to Creval absorption, Crédit Agricole Italia S.p.A. became the owner of a 46.81% equity investment in Generalfinance S.p.A., a company authorized to engage in financial activities under Articles 106 and 107 of the Italian Consolidated Law on Banking and that specifically engages in lending to the public and in providing financial, commercial and administrative services and services of equity investment holding and purchase of business receivables.

In the current financial year, the company started the process that led to its listing on Euronext Milan STAR segment.

On 23 June 2022 the offer for the sale and subscription of the ordinary shares in the Company was successfully completed, which also provided for the sale by Crédit Agricole Italia S.p.A. of 2,105,777 shares and the granting to the Joint Global Coordinators of an overallotment option and greenshoe option regarding 491,356 shares.

In July, the green-shoe option was exercised for 436,540 shares; therefore, as at 31 December 2022, Crédit Agricole Italia S.p.A. held 16.29% of its share capital (20.44% of the voting right).

Realignment of the carrying amounts and tax bases of some property, plant and equipment and intangible assets

Realignment of the carrying amounts and tax bases of some property, plant and equipment and intangible assets: the CA Italia Group exercised the option under Article 110 of Italian Decree Law 104/2020 (as amended by Italian Law 178/2020 and Italian Law 234/2021) whereby the tax bases of some property, plant and equipment and intangible assets could be realigned to their higher carrying amounts with payment of a substitute tax of 3% (the first instalment of which paid on 30 June 2021).

The option for realignment is exercised with the specific indication in the income tax return and entails that a constrain be established on a reserve, as defined by the General Meeting of Shareholders within the approval of the 2022 Annual Report and Financial Statements.

In case the reserves are distributed, they contribute to the income of the Company and of its shareholders. That option had already been exercised in the financial statements for the previous FY.

Following clarifications given by the Italian Inland Revenue Agency, also in response to submitted applications for tax rulings, the possibility emerged to proceed with yet another realignment concerning the goodwill item, generating its effects on the 2022 financial statements. With that further realignment, besides provisioning for the related substitute tax, the values of DTAs showing pre-existing mismatches and new values were updated. This generated a positive effect on the “taxes” item of the income statement for the period of approximately Euro 146 million.

The table below summarizes the additional realignment and the related effects (figures in million of Euro):

Realigned amount	Substitute tax	Net effect on the income statement (Recognized DTA - tax)	Constraint on the reserve
488	15	146	473

Having thus defined the amount of the realignment, the constraint on the reserve, therefore taking into account the realignments already reported in the financial statements for the previous FY, is expected to be in a amount of about Euro 712 million.

Issue of Covered Bonds

In January 2022, the Group went again to the market with a new dual-tranche issue of Covered Bonds with 10-year and 20-year maturities for 1 billion Euro and 500 million Euro, respectively.

OTHER INFORMATION

Purchase of Tax Credits - Ecobonus

Within the measures deployed by the Italian Government to support the economy, Decree Law no. 34/2020 (known as "Relaunch" Decree) gives the possibility to deduct certain types of expenses as tax credits. Under the "Ecobonus" and "Sismabonus" schemes, as well as under other incentive schemes for building works, the incentive may be obtained also as a rebate in the price due to the vendor with the related tax credit transferred to the vendor.

Crédit Agricole Italia rolled out the service for the purchase of tax credits from Customers and concomitantly, in accordance with the instructions given by the Bank of Italy (Bank of Italy/Consob/Ivass Document no. 9 of 5 January 2021) implemented a specific accounting policy. In accordance with the applicable legislation, said policy provides for the recognition of purchased tax credits as assets in the Balance Sheet, under item 120 "Other assets", with initial recognition at fair value, equal to the purchase price paid to the Customers. Furthermore, for these tax credits, the Group has defined the possibility to choose between the "Hold to collect" business model (i.e. investment to be held to maturity) with consequent recognition with the amortized cost method or, as an alternative, the "Hold to collect and sell" business model (i.e. realization of cash flows as provided for by the related contract or by selling the instrument) with recognition at fair value through other comprehensive income (the latter not yet applied in 2022).

Considering the constraints laid down by the applicable legislation concerning the use in time of the purchased tax credits, their amount has been determined based on future offsettable payments estimated first of all on a historical basis and in accordance with the applicable legislation currently in force, for the years in which the tax credits will be offset. In order to mitigate the potential risk consisting in failure to offset the purchased tax credits, the estimate has been decreased by a conservative percentage of the annual offsetting capacity.

The income component of the rebate (delta between the credit nominal value and cash outflow) has been recognized in the Income Statement under item 10 "Interest and similar income". Said interest income over the credit life has been allocated with the amortized cost method.

As at 31 December 2022 the balance of the purchased tax credits was recognized under"Other assets" and amounted to Euro 1,231 million.

Option for the Italian domestic tax consolidation scheme

In March 2016, the national tax consolidation scheme was adopted, with effects since the 2015 tax period, by the Crédit Agricole Group in Italy; such scheme was introduced with Article 6 pursuant to Italian Legislative Decree No. 147 of 14 September 2015, according to which also the Italian "sister" companies, whose controlling Company is resident in a EU Member State, may exercise the option for consolidated taxation.

Initially, 18 Companies of the Group opted to join the tax consolidation scheme and, having been designated by Crédit Agricole S.A., Crédit Agricole Italia S.p.A. has undertaken the role of Consolidating Entity. Taking into account the new entities that joined the scheme and those that were terminated, as at 31 December 2022, the tax consolidation scheme consisted of 22 entities.

This regime provides for the consolidated companies to transfer their taxable income (or their tax loss), as regards the Italian corporate income tax (IRES), to the consolidating Entity Crédit Agricole Italia, which calculates a single taxable income or a single tax loss for the Group, as the algebraic sum of the income and/or losses of the single Companies, and recognizes a single tax account payable to or receivable from the Italian Inland Revenue Agency.

As balancing item of taxes/lower taxes for tax losses and Allowance for Corporate Equity (ACE) benefits to be transferred to the consolidation scheme or withholdings, detractions and the like, the companies in the consolidation scheme recognize due and payables/receivables from the consolidating entity.

In its separate Financial Statements, the Consolidating Entity recognizes matching items of due and payables to/receivables from the entities in the consolidation scheme. Specifically, the intra-group balances resulting from the tax consolidation scheme are recognized in the items:

- "Financial assets measured at amortized cost – due from banks", or "Financial assets measured at amortized cost – loans to customers", in accordance with the kind of counterparty, for estimating the corporate income tax (IRES) transferred by the member entities to the tax consolidation scheme;

- “Financial liabilities measured at amortized cost – due to banks”, or “Financial liabilities measured at amortized cost – due to customers”, in accordance with the kind of counterparty, for the transfer of tax losses or ACE benefits by the member entities to the tax consolidation scheme.

Lastly, the tax consolidation scheme’s tax account payable to or receivable from the Italian Inland Revenue Agency is recognized under current tax liabilities or assets based on whether the IRES payable amount is higher or lower than the down-payments made.

Option for the VAT Group

In November 2018, the option for a VAT Group scheme pursuant to Article 1 paragraph 24 of Italian Law no. 232 of 11 December 2016 was exercised, with effects as of 1 January 2019; the VAT Group includes the subsidiaries of Crédit Agricole Italia having, at the same time, financial, economic and organisational links in force between them, as provided for by Italian Ministerial Decree of 6 April 2018 and by Circular no. 19/2018.

Crédit Agricole Italia S.p.A. is the Group’s Representative Member. Subsequent to some mergers by absorption and to the entry of anew entities,the perimeter of the VAT Group, initially of 15 entities, consisted of 9 entities of the Group as at 31 December 2021. Thanks to this scheme, the member entities operate, for VAT purposes, as a single taxable person in their transactions with external companies, with a single VAT registration number. The main advantage generated by the exercise of this option is that, in general, the transactions between the Group member entities are not subject to VAT.

Publication of the Annual Report and Financial Statements in ESEF

Directive 2013/50/EU – amending Directive 2004/109/EC (so-called “Transparency Directive”) laid down that, as of 1 January 2020, the Annual Reports and Consolidated Financial Statements of issuers whose securities are admitted to trading on a regulated market,shall be prepared in a single communication electronic format.

Considering the difficulties that firms faced due to the Covid-19 pandemic, the Transparency Directive was amended giving Member States the power to postpone the aforementioned obligation.

Nonetheless, Crédit Agricole Italia qualifies for the exemption under Article 83 of CONSOB Issuer Regulation, which reads “*Obligations for the preparation and publication of financial reports as envisaged in article 154-ter of the Consolidated Law shall not apply to: (…) b) issuers whose home Member State is Italy, which exclusively issue debt securities listed on a regulated market whose unit par value comes to at least 100.000 Euro, or an equivalent value in the event of currencies other than the Euro. (…)*”.

For this reason, the Annual Report and Financial Statements of Crédit Agricole Italia as at 31 December 2022 will not be published in ESEF format.

Audit of the accounts

The statutory audit of the accounts is assigned to an independent audit firm that carries out the activities provided for by Article 14, paragraph 1 of Italian Legislative Decree No. 39 of 27 January 2010.

On 28 April 2021, the General Meeting of Crédit Agricole Italia Shareholders resolved to assign the statutory audit of the accounts and related services for the 2021-2029 period to PricewaterhouseCoopers S.p.A.

The 2021 annual report and financial statements were audited by the aforementioned audit firm.

Publication of the Annual Report and Financial Statements

The Board of Directors approved the draft Annual Report and Financial Statements as at 31 December 2022 of Crédit Agricole Italia and authorized their publication on 23 March 2023, pursuant also to IAS 10.

A.2 PART REPORTING ON THE MAIN FINANCIAL STATEMENT ITEMS

The IAS/IFRS that were adopted for the preparation of the annual report and financial statements as at 31 December 2022 are given below broken down by financial statement item, having regard to classification, recognition, measurement and derecognition of asset and liability items, as well as the methods to recognize revenues and costs. Said standards are the same ones used for the preparation of the annual report and financial statements as at 31 December 2021.

FINANCIAL INSTRUMENTS (IFRS 9, IAS 39 AND IAS 32)

DEFINITIONS

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, or any contract establishing contractual rights and obligations to receive or deliver cash or other assets.

Derivative instruments are financial assets or liabilities the value of which evolves in accordance with that on an underlying instrument; they require low or no initial investment and are settled at a later date.

Financial assets and liabilities have been recognized in the financial statements in accordance with IFRS 9, as endorsed by the Europe Union.

IFRS 9 lays down the bases for:

1. Classification and measurement of financial instruments;
2. Impairment of the exposure for increase in credit risk;
3. Hedge accounting, excluding macro hedging.

However, it is pointed out that Crédit Agricole Italia, in accordance with the instructions of its French Parent Company Crédit Agricole S.A., has exercised the option, which is given to IFRS 9 first-time adopters, to continue to fully apply IAS 39 as regards hedge accounting. Therefore, pending the entry into force of the future provisions contained in the new "dynamic risk management accounting model", all hedging relationships are governed by IAS 39.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Initial measurement

At their initial recognition, financial assets and liabilities are measured at fair value, as defined in IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants that have reasonable knowledge of it and are willing to trade without pressure.

Subsequent measurement

After their initial recognition, financial assets and liabilities shall be measured, in accordance with their classification, at amortized cost using the effective interest rate (EIR) method for debt instruments or at fair value. Derivative instruments shall always be measured at fair value.

Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition, including directly attributable transaction costs, minus principal repayments, plus or minus the cumulative amortization calculated using the effective interest (EIR) method of any difference (discount or premium) between that initial amount and the maturity amount. In case of a financial asset measured at amortized cost or at fair value through other comprehensive income, its amount may be adjusted, where necessary, as impairment.

The effective interest rate (EIR) is the rate that discounts the estimated future cash flows (paid or collected) from the financial instrument through its expected life to the net book value of the financial asset or liability.

FINANCIAL ASSETS

Financial assets other than derivatives (debt instruments or equity instruments) shall be classified in one of the three categories given below:
- Financial assets at fair value through profit or loss (FVTPL);
- Financial assets at amortized cost; (for debt instruments only);
- Financial assets at fair value through equity (with recycling to profit or loss for debt instruments, without recycling to profit or loss for equity instruments).

The classification and measurement of financial assets depend on the financial asset nature, whether it qualifies as:
- Debt instrument (i.e. loans and securities with fixed or determinable payments);
- Units in OICR collective investment undertakings;
- Equity instruments (i.e. shares).

Debt instruments

The classification and measurement of a debt instrument is determined at its initial recognition and is based on two joint criteria: the business model and the analysis of its contractual characteristics in order to assess that the financial asset contractual terms provide for, at set dates, cash flows that are are ‘solely payments of principal and interest on the principal amount outstanding’ (the “SPPI test”), unless the fair value option is exercised. In that case, it is a specific designation of instruments to be measured at fair value through profit or loss.

Business Model

The business model expresses how a cluster of financial assets is collectively managed in order to order to pursue a set corporate objective, thus representing the strategy of the Crédit Agricole Italia Banking Group in managing its financial assets. The business model is determined for an asset portfolio, rather than specifically for a single financial asset.

There are three business models:
- Hold to Collect (HTC), the objective of which is to hold the financial asset to collect its contractual cash flows throughout its useful life; this model does not require that all the assets be held until their contractual maturity; however, any sale of the assets is subject to restrictions in terms of frequency and significance. In the financial year, sales are permitted as long as they do not breach a non-significance threshold that, in accordance with the Group policy, varies based on the portfolio average duration;
- Hold to Collect and Sell (HTC&S), the objective of which is to hold the financial assets both to collect their contractual cash flows and to sell them; in this model, both the sale of financial assets and the collection of their cash flows are permitted;
- Other, this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not qualify for the previous categories (Hold to Collect and Hold to Collect and Sell). In general, this classification applied to a portfolio of financial assets whose management and performance are measured based on fair value.

In accordance with the standard and with the choices made by the Group, the sale of financial assets classified in the HTC business model are allowed, as described below, based on whether the sale concerns a security portfolio or a loan portfolio.

Sales of **securities** are allowed for the following reasons:

a) increase in credit risk;

b) Debt instruments close to maturity;

c) The sales are frequent but not significant;

d) Infrequent sales.

Specifically:

a) *Sales allowed due to an increase in credit risk*

The Crédit Agricole Italia Banking Group has identified the following criteria to allow the sale of debt securities classified in the Hold to Collect Business Model; the sale shall be allowed when even just one of the following criteria is met:

- Accounting indicator: downgrade from Stage 1 to Stage 2 or to Stage 3;
- Risk indicator: downgrade of 3 notches in the issuer's long-term external rating (or the equivalent for internal rating) since the instrument purchase; downgrade of 2 notches in the issuer's country risk since the instrument purchase;
- Market indicators:
  - Material increase in the issuer's credit spread between the date of purchase and the date of sale of the instrument;
  - Material evolution in the issuer's premium CDS between the date of purchase and the date of sale of the instrument;

b) *Sales permitted as the debt instruments are close to maturity*

Financial assets in the Hold to Collect portfolio may be sold if they are close to maturity and the proceeds from their sales approximate the collection of the remaining contractual cash flows.

In order to judge such sales consistent with the Hold to Collect Business Model, the following parameters were defined:

- Time to maturity considered admissible of 6 months;
- A maximum difference between the proceeds from the sale and the remaining contractual cash flows (amortized cost) of 3% (without taking fair value hedge effects into account).

c) *Frequent but not significant sales*

In the financial year, sales are permitted up to a 15% limit; this non-significance threshold varies in accordance with the portfolio average duration.

d) *Infrequent sales:*

- Changes in the tax legislation entailing higher tax expenses generating a not negligible impact for the Group;
- Non-recurring transactions by the issuer/the issuer's Group (i.e. mergers, sales of business units and, in general, any other non-recurring transaction impacting on the entity's equity);
- changes in the applicable legislation or regulations;
- Need to strengthen capital requirements.

Sales of loans are allowed for the following reasons:

- Increase in credit risk;
- Loans close to maturity and with a sale price that approximates the remaining contractual cash flows;
- Frequent but not significant sales;
- Infrequent sales that are potentially significant.

Specifically:

a) *Sales allowed due to an increase in credit risk*

The Crédit Agricole Italia Banking Group has identified the following criteria to allow the sale of loans classified in the Hold to Collect Business Model; the sale shall be allowed when even just one of the following criteria is met:

- Accounting indicator: downgrade from Stage 1 to Stage 2 or to Stage 3;
- Risk indicators (applying to large-corporate customers only): downgrade of 3 notches in the issuer's long-term external rating (or the equivalent for internal rating) since the date of the instrument first recognition; downgrade of 2 notches in the issuer's country risk since the date of the instrument purchase;

b) *Sales permitted as the loans are close to maturity*

The sales of loans in the Hold to Collect portfolio shall be allowed if all the following criteria set by the Group are met:

- The financial assets to be sold have residual life of less than 6 months;

- The value of the assets to be sold is close to the amortized cost of the financial asset (also in case of frequent sales);
- The difference between the sale price and the amortized cost of the loan shall not be higher than 3% without taking into account fair value hedge effects.

c) *Frequent but not significant sales*

In the financial year, sales are permitted up to a 15% limit; this non-significance threshold varies in accordance with the portfolio average duration.

d) *Infrequent sales:*

- Changes in the tax legislation entailing higher tax expenses generating a not negligible impact for the Group;
- Non-recurring transactions by the issuer/the issuer's Group (i.e. mergers, sales of business units and, in general, any other non-recurring transaction impacting on the entity's equity);
- changes in the applicable legislation or regulations;
- Need to strengthen capital requirements.

The contractual characteristics ('Solely Payments of Principal & Interest' or SPPI test):

The SPPI test provides for a set of criteria to be examined as a whole, whereby it can be determined whether the contractual cash flows are consistent with the characteristics of a basic lending arrangement (repayments of face principal and payment of interests on the face principal still outstanding).

The test is passed if the loan entitles exclusively to principal repayment and the collected interests represent the time value of money, the credit risk associated with the instrument, other costs and risks of a classic lending arrangement, such as liquidity risk as well as a reasonable profit margin for the bank.

If no conclusion can be made with this qualitative analysis, a quantitative analysis (or benchmark test) shall be made. This additional analysis consists in comparing the contractual cash flows of the asset under analysis to the cash flows of a benchmark asset (an asset with characteristics that are similar to those of the asset under analysis but "simple").

If the difference between the cash flows of the financial asset and those of the benchmark instrument is not deemed significant, the asset shall be considered a basic lending arrangement.

Furthermore, a specific analysis for each single tranche shall always be carried out if the financial asset provides for payments with different priorities linked to flows from other benchmark financial assets (e.g. In case of Credit Linked Instruments (CLI) or instruments issued by Special Purpose Entities (SPE) incorporated within Project Finance schemes). In this case, the SPPI tests requires that the characteristics of the contractual cash flows of the asset in question and of the underlying assets be analyzed, in accordance with a «look-through» approach, and that the credit risk implicit in the subscribed tranches be verified in comparison to the credit risk of the underlying assets.

The recognition of debt instruments resulting from the definition of the business model along with the SPPI test is presented below:

Debt instruments		Management models		
		HTC	HTCS	HTS
SPPI testing	Passed	Amortized cost	Fair value through equity (other comprehensive income) with recycling to profit or loss	Fair value through profit or loss
	Not passed	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss

Debt instruments at amortized cost

Debt instruments shall be measured at amortized cost if they classified in the HTC model and if they pass the SPPI test.

They are recognized at the settlement date and their initial measurement includes accrued interest and transaction costs.

The amortization of any premiums/discounts and transaction costs of loans, receivables and securities are recognized in the Income Statement with the effective interest rate method.

This category of financial assets is subject to impairment in accordance with the criteria set forth in the specific paragraph “Impairment for credit risk”.

Debt instruments at fair value through equity with recycling to profit or loss

Debt instruments shall be measured at fair value through equity with recycling to profit or loss if they are eligible for the HTC&S model and if they pass the SPPI test.

They are recognized at the settlement date and their initial measurement includes accrued interest and transaction costs. The amortization of any premiums/discounts and of transaction expenses is recognized in the Income Statement with the Effective Interest Rate (EIR) method.

These financial assets are then measured at fair value and fair value changes are recognized through equity (with recycling to profit or loss) as the financial asset balancing item (excluding interest accrued taken to the Income Statement with the EIR method).

In case of sale, any fair value changes recognized through Equity are transferred to the Income Statement.

This category of financial instruments is subject to value adjustments for expected losses in accordance with the criteria set forth in the specific paragraph “Impairment for credit risk” (without any resulting impacts on the fair value on the balance sheet).

Debt instruments at fair value through profit or loss (FVTPL)

Debt instruments are measured at fair value through profit or loss in the following cases:

- The instruments are classified in the portfolio held within the Other Business Model (or financial assets held for trading or held with the main objective of selling them): financial assets held for trading are assets acquired or generated by the company mainly in order to sell them in the short term or part of a portfolio of instruments managed collectively in order to generate a profit from price fluctuations in the short-term or from the profit of the operator. Although contractual cash flows are collected in the period in which the Crédit Agricole Italia Banking Group holds the assets, the collection of such contractual cash flows is not essential but rather incidental.
- Debt instruments mandatorily measured at FVTPL as they do not comply with the SPPI test requirements;
- The financial instruments classified in portfolios for which the entity opts for fair value measurement. In that case, it is a specific designation of instruments to be measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognized at fair value, excluding transaction costs (directly recognized in the income statement) and including accrued interest. Debt instruments are recognized at their settlement date.

Afterwards, they are measured at fair value and value changes are taken to the income statement, as the balancing item of the balance sheet item reporting the financial assets.

This category of financial assets is not subject to impairment.

Units in OICR collective investment undertakings

Units in OICR collective investment undertakings for which the defined business model is “Hold to Collect” or “Hold to Collect & Sell are classified in the “financial assets mandatorily measured at fair value” portfolio as they fail the SPPI test.

If they are managed for trading, units in collective investment schemes are classified in the "financial assets held for trading" portfolio.

Those financial assets are measured at fair value and value changes are taken to the income statement, as the balancing item of the balance sheet item reporting them.

Equity instruments

Equity instruments are recognized at fair value through profit or loss (FVTPL) unless an irrevocable option for their measurement at fair value through equity ("without recycling to profit or loss") is exercised.

Equity instruments at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially recognized at fair value, excluding transaction costs (directly recognized in the income statement). These assets are recognized at their settlement date.

Afterwards, they are measured at fair value and value changes are taken to the income statement, as the balancing item of the value of the financial assets on the balance sheet.

This category of financial assets is not subject to impairment.

Equity instruments at fair value through equity without recycling to profit or loss (irrevocable option)

The irrevocable option to recognize equity instruments at fair value through equity without recycling to profit or loss may be exercised for each single transaction and shall apply as of the date of initial recognition. These financial instruments are recognized at their settlement date. The initial fair value includes transaction costs.

At subsequent measurements, fair value changes are recognized in equity. In case of sale, these changes are not recycled to profit or loss; therefore, the profit or loss from the sale is recognized in equity.

Only collected dividends are recognized in profit or loss if:
- The entity's right to collect their payment is set;
- It is likely that the economic benefits associated with the dividends will go to the entity;
- The dividend amount can be reliably measured.

Reclassification of financial assets

In the very few cases of a significant change in the business model used for managing financial assets (which may occur in case of start of a new activity, acquisition of entities, disposal or discontinuation of a business line), a reclassification of these financial assets is necessary.

In such cases, the reclassification shall apply from the date of reclassification and the reporting entity does not redetermine profits, losses and interests as previously recognized.

Where any "Financial assets measured at fair value through profit or loss" is reclassified under "Financial assets measured at amortized cost", the fair value as at the reclassification date shall become the new gross book value; the date of reclassification shall be the date of initial recognition for assigning the credit risk stage in order to estimate impairment. Where the financial asset is reclassified under "Financial assets measured at fair value through other comprehensive income", the financial asset shall continue to be measured at fair value. The effective interest rate shall be determined based on the asset fair value as at the reclassification date.

If the financial asset is reclassified from measured at amortized cost to measured at fair value through profit or loss, its fair value shall be measured as at the reclassification date. The profits or losses from any difference between the previous amortized cost of the financial asset and its fair value shall be recognized through profit or loss.

If the financial asset is reclassified from measured at fair value through other comprehensive income to measured at amortized cost, the financial asset shall be reclassified at fair value on the reclassification date. However, accumulated profit (loss) previously recognized through other comprehensive income shall be derecognized in equity and adjusted to the fair value of the financial asset as at the reclassification date. Consequently, the financial asset shall be measured as at its reclassification date as if it had always been measured at amortized cost. The effective interest rate and the measurement of expected credit losses shall not be adjusted subsequent to reclassification.

If the financial asset is reclassified from measured at amortized cost to measured at fair value through other comprehensive income, its fair value shall be measured as at the reclassification date. The profits or losses from any difference between the previous amortized cost of the financial asset and its fair value shall be recognized through other comprehensive income. The effective interest rate and the measurement of expected credit losses shall not be adjusted subsequent to reclassification.

If the entity reclassifies a financial asset from measured at fair value through other comprehensive income to measured at fair value through profit or loss, the financial asset continues to be measured at fair value. Accumulated profit (loss) previously recognized through other comprehensive income shall be reclassified from "through equity" to "through profit or loss" with a reclassification adjustment as at the reclassification date.

Reclassification is not allowed for equity securities.

Temporary investments in/disposals of securities

Temporary disposals of securities (loans of securities, securities disposed of under repurchase agreements) do not generally fulfil the conditions for derecognition.

Securities lent or sold under repurchase agreements remain on the balance sheet. In the case of securities under repurchase agreements, the amounts received, representing the liability to the transferee, are recognised on the liabilities side of the balance sheet by the transferor.

Securities borrowed or received under repurchase agreements are not recognised on the balance sheet of the transferee.

In the case of securities disposed of under repurchase agreements, an account receivable from the transferor is reported on the balance sheet of the transferee and offset against the amount paid. If the security is subsequently resold, the transferee recognizes a liability measured at fair value representing its obligation to return the security received under repurchase agreements.

Revenue and expenses relating to such transactions are recognized to profit and loss on an accrual basis, except in the case of classification of assets and liabilities at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or group of financial assets) is fully or partially derecognized if:

- The contractual rights to the cash flows from the financial asset expire;
- The contractual rights to the cash flows from the financial asset are transferred or are deemed as such because all the risks and rewards of the financial asset are transferred.

In this case, all remaining rights or obligations in force are recognised separately as assets and liabilities.

If the contractual rights to the cash flows are transferred but a part only of the risks and rewards of ownership or control is retained, the financial assets continue to be recognised to the extent of the entity's continuing involvement in the asset.

Furthermore, impaired financial assets may be derecognized when the entity can no longer reasonably expect to recover a financial asset (write-off). A financial asset may be written off before the conclusion of the legal actions for its recovery and this does not necessarily entail waiver by the Bank of its legal right to collect the credit claim. In this case, the gross nominal value of the loan remains unchanged, but its gross book value is written down by the write-off amount. The write-off may concern the entire amount of a financial asset or part thereof and is equal to:

- The reversal of total value adjustments as the balancing item of the financial asset gross value;
- For any portion exceeding the amount of total value adjustments, the recognition of the financial asset impairment directly through profit or loss.

Any amounts collected after the write-off are recognized in the income statement as recoveries.

FINANCIAL LIABILITIES

Financial liabilities are classified on the balance sheet in the two accounting categories given below:

- Financial liabilities at fair value through profit or loss, either by their nature or by designation;
- Financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss by their nature

Financial instruments issued primarily to be bought back in the short term, instruments belonging to an identified portfolio of financial instruments which are managed collectively and for which there is evidence of a strategy pursuing short-term profit-taking, and derivatives (with the exception of certain hedging derivatives) are measured at fair value by their nature.

Any changes in the fair value of this portfolio are recognized through profit or loss.

Financial liabilities designated at fair value through profit or loss

Financial liabilities fulfilling one of the three conditions defined by the standard (and described above) may be designated for measurement at fair value through profit or loss: for hybrid issues comprising one or more separable embedded derivatives, in order to reduce or eliminate the distortion of accounting treatment, or in the case of groups of managed financial liabilities for which performance is measured at fair value.

This designation option is irrevocable and applies mandatorily from the date of initial recognition of the instrument.

Upon subsequent measurement, these financial liabilities are measured at fair value through profit or loss for changes in fair value not related to own credit risk and with balancing item through equity with no recycling to profit or loss for value changes related to own credit risk.

Financial liabilities measured at amortized cost

All other liabilities fulfilling the definition of a financial liability (excluding derivatives) are measured at amortised cost.

These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest rate method.

Reclassification of financial liabilities

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is allowed.

Distinction between debt - equity instruments

Securities are classed as debt instruments or equity instruments based on the economic substance of the contractual arrangements.

A financial liability is a debt instrument if it includes a contractual obligation to:

- provide another entity with cash, another financial asset or a variable number of equity instruments;
- exchange financial assets and liabilities with another entity at potentially unfavourable conditions.

An equity instrument is a non-redeemable financial instrument which offers discretionary return representing a residual interest in a company after deduction of all its financial liabilities (net assets) and which is not qualified as a debt instrument.

Treasury share buyback

Treasury shares or equivalent derivative instruments such as options on shares bought with a fixed strike ratio, including shares held to cover stock option plans, do not meet the definition of a financial asset and are recognized as reduction in equity. They do not generate any impact on the income statement.

Derecognition of and change to financial liabilities

A financial liability is derecognised in full or in part:

- When it is extinguished;
- When quantitative or qualitative analyses show it has undergone a substantial change following restructuring.

A substantial change in an existing financial liability shall be recognized as the extinction of an initial financial liability and the recognition of a new financial liability (novation). Any difference between the book value of the extinguished liability and the new liability shall be recognised immediately in the income statement.

If the financial liability is not derecognised, the original effective interest rate (EIR) shall be maintained and the book value shall be modified through profit or loss on the modification date, discounting the new future cash flows (as resulting from the modification) to the modification date using the original EIR. This impact is then spread over the residual lifetime of the instrument based on the original effective interest rate.

DERIVATIVE FINANCIAL INSTRUMENTS

Classification and measurement

Derivative instruments are financial assets or liabilities classified by default as derivative instruments held-for-trading unless they can be considered to be hedging derivatives.

They are initially recognized at fair value on the settlement date and then measured at fair value.

At each reporting date, the fair value changes on derivative contracts shall be recognized:

- Through profit or loss for derivative instruments held for trading or for fair value hedging;
- Through equity for derivative instruments held as cash flow hedges or hedges of net investments in foreign operations, for the effective portion of the hedge.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that meets the definition of a derivative product. This definition applies only to financial liabilities and non-financial contracts. Embedded derivatives must be accounted for separately from the host contract if the following three conditions are met:

- The hybrid contract is not measured at fair value through profit or loss;
- The embedded component taken separately from the host contract has the characteristics of a derivative;
- The characteristics of the derivative are not closely linked to those of the host contract.

Conversely, financial assets with an embedded derivative are classified as a whole as separation is not allowed: in these cases, the instrument as a whole shall be classified under ”financial assets measured at fair value through profit or loss”.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

In accordance with IAS 32, the Crédit Agricole Italia Banking Group offsets a financial asset against a financial liability and recognizes a net amount when and only when it has a legally enforceable right to offset the recognized amounts and intends either to settle the net amount or to realize the asset and settle the liability simultaneously.

The derivative instruments and the repurchase agreements handled with clearing houses that meet the two criteria required by IAS 32 have been offset on the balance sheet.

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

Net gains (losses) on financial instruments at fair value through profit or loss

For financial instruments recognised at fair value through profit or loss, this item notably reports the following income statement elements:

- Dividends and other revenues from equities and other variable-income securities which are classified under financial assets at fair value through profit or loss;
- Changes in fair value of financial assets or liabilities at fair value through profit or loss;
- Gains and losses on disposal of financial assets at fair value through profit or loss;
- Changes in fair value and gains and losses on disposal or termination of derivative instruments not included in a fair value hedging relationship or cash flow hedge.

This item also reports the ineffective portion of hedges.

Net gains (losses) on financial instruments at fair value through equity

For financial assets recognised at fair value through equity, this item notably reports the following income statement elements:

- Dividends from equity instruments classified as financial assets at fair value through equity without recycling to profit or loss;
- Gains (losses) on disposals and net income associated with the termination of hedging relationships on debt instruments classified as financial assets at fair value through equity with recycling to profit or loss;
- Net income on disposals or associated with the termination of fair value hedging instruments of financial assets at fair value through equity when the hedged item is sold.

FINANCING COMMITMENTS AND FINANCIAL GUARANTEES GIVEN

Financing commitments that are not designated as fair value through profit or loss or not treated as derivative instruments within the meaning of IFRS 9 are not recognised on the balance sheet. However, they are covered by provisions in accordance with the IFRS 9.

A financial guarantee contract is a contract under which the issuer must make specific payments to reimburse the guarantee holder for a loss incurred due to a specific debtor's failure to make a payment when due under the initial or amended terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value and subsequently at the higher of:

- The value adjustment amount for losses determined in accordance with IFRS 9;
- The amount originally recognised less, where applicable, the costs recognised in accordance with IFRS 15.

IMPAIRMENT FOR CREDIT RISK

Scope of application

In compliance with IFRS 9, the Crédit Agricole Italia Banking Group recognizes impairment with write-downs representing Expected Credit Losses (ECL) on the categories of financial assets given below:

- Financial assets consisting of debt instruments and recognised at amortised cost or at fair value through equity with recycling to profit or loss (loans and receivables, debt securities);
- Financing commitments which are not measured at fair value through profit or loss;
- Guarantee commitments that fall within IFRS 9 scope of application and that are not measured at fair value through profit or loss;
- Lease receivables falling in the IFRS16 scope;
- Trade receivables generated by transactions under IFRS 15 scope of application.

Equity instruments (at fair value through profit or loss or at fair value without recycling to profit or loss) are not concerned by the rules on impairment.

Derivative instruments and other instruments at fair value through profit or loss are subject to the calculation of counterparty risk which is not covered by the ECL model.

Credit risk and impairment (provisioning) stages

Credit risk is defined as risk of loss related to default by a counterparty leading to its inability to meet its commitments to the Group.

The model of impairment (provisioning) for credit risk has three stages:

- Stage 1: from the initial recognition of the financial instrument (loan, debt security, guarantee…), the entity shall recognize expected credit losses over 12 months;
- Stage 2: if there is a significant increase in credit risk (versus initial recognition) for a given transaction or portfolio, the entity shall recognize the losses expected up to maturity;
- Stage 3: when one or more default events have occurred on the counterparty with an adverse effect on the estimated future cash flows, the entity shall individually recognize the incurred credit loss calculated over the residual life of the instrument. Subsequently, if the conditions for classifying financial instruments in stage 3 are not met, the financial instruments are reclassified in stage 2, or in stage 1, based on the decrease in credit risk.

Definition of default

It is also pointed out that, since September 2020, the Group has implemented the New Definition of Default. Albeit confirming the concepts of late payment and unlikeness to pay of the debtor as the default bases, the new definition has introduced some considerable changes mainly concerning:

- "*relative*" and "*absolute*" materiality thresholds to identify pastdue determining classification in the default status. It is automatic is two thresholds (relative and absolute) are jointly breached for 90 days in a row. More specifically:
  - The relative threshold was lowered to 1% (vs. 5% as previously in force), to be compared to the ratio of the total pastdue and/or overlimit amount to the total amount of recognized exposures to the same borrower;
  - The absolute threshold was set at Euro 100 for Retail Customers and at Euro 500 for Non-Retail Customers, to be compared to the total pastdue and/or overlimit amount of the borrower;
- *Banks are not allowed* to net existing pastdue and/or overlimit exposures on some credit lines of the debtor against existing available margins on other credit lines of the same borrower;
- A 3-month *probation period* shall be applied, running from the moment the positions no longer meet the conditions to be classified as defaulted and during which no pastdue instances must occur, before classifying the loan, and therefore the Debtor, back to a non-default status. The regulation previously in force did not provide for said probation period and, therefore, allowed reclassification to a performing status upon settlement of the pastdue and/or overlimit positions:
- Specific rules (known as "triggers") shall be applied, which require automatic classification as non-performing of exposures meeting even one only of the following characteristics:
  - Loss of more than 1% on restructured exposures (suspensions, rescheduling, renegotiations) because of financial difficulties experienced by the debtors;
  - Disposal of performing loans and consequent recognition of a loss of more than 5%.

Therefore, the new rules are much stricter, especially as regards the lowering of materiality thresholds (relative and absolute) and the fact that no netting is allowed of the pastdue or overdraft amounts against available margins on other credit lines held by the same debtor.

Definition of Expected Credit Loss ("ECL")

ECL is defined as the weighted expected value of the discounted credit loss (principal and interest).

It is the present value of the difference between contractual cash flows and expected ones (including principal and interest).

The ECL approach has been designed to anticipate as early as possible the recognition of expected credit losses.

ECL governance and measurement

The Risk Management and Permanent Controls Department is responsible for defining the methodological framework and for overseeing the process for ECL-related impairment of exposures and provisioning. The calculation of impairment of performing assets is part of the overall cost of credit process, which is coordinated by the Portfolio Management and External Collection Division.

To define the IFRS 9 parameters required to calculate ECL, the Crédit Agricole Italia Banking Group has primarily relied on its internal rating system and on the other regulatory processes already implemented.

The assessment of credit risk is based on an expected loss model and extrapolation based on reasonable future scenarios. All information that is available, pertinent, reasonable and justifiable, including forward-looking information, shall be taken into account.

Therefore, in compliance with the requirements laid down by the standard, in order to estimate parameters, a set of forward-looking scenarios is used, each one of which is weighted by the related probability of occurrence. In agreement with its French Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group uses four different macroeconomic scenarios: Said scenarios can be summarized as follows:

- **Central scenario,** i.e. the most likely scenario;
- **Moderately adverse scenario,** i.e. the economic scenario in moderately adverse conditions;
- **Budget stress scenario,** i.e. the most adverse scenario used within the Stress exercise at the end of the budget preparation;
- **Favorable scenario,** i.e. the economic scenario in favorable conditions.

The weights to be assigned to the four scenarios - which may vary at each new estimation of the parameters - are defined by the Crédit Agricole Group (Group Economic Research Department of CAsa).

The Crédit Agricole Banking Group updates the estimate of the parameters at least every year. The ECL calculation formula comprises the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD;
- Exposure At Default - EAD.

As already pointed out, these parameters have also been defined broadly based on the internal models used as part of the regulatory framework (where any), although they had to be adjusted in order to determine an ECL fully compliant with IFRS 9.

Indeed, the standard requires a Point-in-Time analysis as at the reporting date, while taking account of the historical loss data and forward-looking macroeconomic data. Therefore, based on the above, the accounting approach is different from the prudential framework, where analyses are multiyear and Through the Cycle to estimate the Probability of Default (PD); moreover, such analyses shall include the Downturn in the estimate of the Loss Given Default (LGD), whereas this effect is not envisaged in the IFRS 9 LGD.

ECLs are calculated according to the type of product concerned, i.e. financial instruments or off-balance sheet instruments. Expected credit losses are discounted at the effective interest rate (EIR) used for the initial recognition of the financial instrument. The models and parameters used are backtested at least annually by the Risk Management and Permanent Controls Department.

Significant increase in credit risk

For each financial instrument, the Crédit Agricole Italia Banking Group assesses whether any significant increase in credit risk has occurred from the date of initial recognition to the reporting date, in order to assign the financial instrument to the right risk stage given that increase.

Monitoring for any significant increase in credit risk shall cover every financial instrument, unless specific exceptions apply.and contagion is not required for the downgrading of financial instruments of the same counterparty from stage 1 to stage 2. Moreover, monitoring shall consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

For each exposure, any significant increase in credit risk is assessed using thresholds (SICR) that measure any changes in the PD from the date of initial recognition to every reporting date. The thresholds and their respective methods of use are exhaustively reported in Part E of this Note.

For exposures without an internal rating model, the Crédit Agricole Italia Banking Group and, therefore, Crédit Agricole Italia use non-payment as at the reporting date or in the previous 12 months. In case of non-payment, as at the reporting date or in the previous months, the exposure is downgraded to stage 2.

For exposures (with the exception of securities) for which internal rating models have been implemented and applied (all the more so if the rating models have been validated), the Crédit Agricole Italia Banking Group considers that all of the information incorporated into the rating systems allows for a more detailed assessment than the non-payment for over 30 days criterion alone as a back-stop threshold.

Other factors for downgrading to stage 2 are:

- PD thresholds being breached by b 12% for the corporate banking portfolio and by 15% for the retail banking portfolio;
- No rating as at the assessment date if regarding loans originated over six months before;
- The exposure being classified as forborne performing.

If the conditions that triggered downgrading to stage 2 no longer apply, the exposure may be taken back to stage 1.

For security portfolios, the Crédit Agricole Italia Banking Group applies an absolute level of credit risk, in accordance with IFRS 9, at the breaching of which exposures shall be classified in stage 2 and provisioned for based on ECL at maturity.

Therefore, the following rules apply for monitoring significant increase in the credit risk of securities:

- "Investment Grade" (IG) securities, at the reporting date, shall be classified in stage 1 and provisioned for based on 12-month ECL;
- "Non-Investment Grade" (NIG) securities, at the reporting date, shall be subject to monitoring for significant increase in credit risk, since origination, and shall be classified in Stage 2 (lifetime ECL) where any significant increase in credit risk is found.

The related increase in credit risk shall be assessed prior to the occurrence of a known default (Stage 3).

Post-model adjustments

After calculating the Forward-looking ECL, the Crédit Agricole Italia Banking Group makes some "*management overlays*", which can be broken down as follows:

- **Adjustments made to specific positions:**
  - If the expected credit loss value associated with a specific counterparty does not accurately reflect its riskiness, the provisioning on the counterparty may be adjusted manually to a level deemed appropriate. **Single-name** adjustments also include adjustments of the ECL value associated with exposures to the **Bank of Italy**, to the State **Treasury** and to intra-group positions;
  - A correction factor is applied to adjust any calculation anomalies following absorptions and non-recurring transactions;
- **Adjustments made through massive spreading** of the identified amounts over all positions proportionally to the ECL:
  - **Recalibration of the IFRS 9 parameters** in accordance with the **New DOD** and with the new Retail AIRB models that have been validated by the ECB but not yet implemented in production;
  - Actions concerning the **shifting from a regulatory FIRB LGD to a management one**, also for the Corporate segment and the implementation of a **Forward-Looking Local model** also for the LGD value;
  - Forward-looking action to take into account the upcoming modification to the Corporate PD model;
  - Action on the most energy-intensive sectors in order to take into account their higher riskiness resulting from the economic and geopolitical international situation.

Impairment model on stage 3

The impairment model for the non-performing portfolio is based on the estimate of a forward-looking and multi-scenario ECL, which is obtained combining the internal collection scenario with an alternative collection scenario, via the disposal of the single non-performing exposure on the market.

This calculation is consistent with the objectives set in the NPL strategy of the Crédit Agricole Italia Banking Group, which primarily identifies the reduction of the NPL stock (especially bad loans), through the sale of certain portfolios or through NPE recovery.

IFRS9 reads that “the entity shall measure expected credit losses in a way that reflects:

a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b) The time value of money;
c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions”.

Specifically, IFRS 9 defines loss as the difference between all the contractual cash flows due and the cash flows that the entity expects to receive. Consequently, if the entity intends to sell a non-performing loan to a third party in order both to increase its cash flows as much as possible and to implement a specific strategy for NPL management, the ECL estimate shall reflect also the sale scenario and, thus, the cash flows from the sale. In accordance with IFRS 9, sales scenarios that are merely possible may be taken into account and, as such, shall be smoothed with others that are deemed more likely.

Having said that, in the measurement of loans and receivables, in accordance with the IFRS 9 impairment model, Crédit Agricole Italia considers the various assumed recovery strategies in order to proportionally align them to a probability of sale determined consistently with the Group’s NPL Plan.

Consequently, to the “ordinary” scenario, which assumes a recovery strategy based on loan collection typically through legal actions, realization of mortgage collaterals, contracts with loan collection firms, also the scenario of loan sale was added.

Measuring the impairment loss requires the assessment of the future cash flows that are deemed recoverable in the most likely scenario.

The methods to assess the loan recovery forecasts, in compliance with the ECB Guidance, consist in an estimate of future cash flows made based on two general approaches:

- In a scenario where the borrower is assumed as a going-concern, the cash flows from operations continue to be generated and can be used to repay the financial debt; the so-called “Going Concern Approach”;
- In a scenario where the borrower is assumed to discontinue operations, no cash flows from operations are generated to be used for debt service; the so-called “Gone Concern Approach”.

The Going Concern Approach is mainly applied to cases in which the cash flows from the borrower’s operations are material (vs. the debt) and can be reliably estimated, as well as in all cases in which the exposure is not backed with collaterals or is limitedly secured and to the extent collaterals can be realized without prejudicing the borrower’s ability to generate future cash flows.

In measuring generated cash flows, also the cash flows from operations of any guarantor may be taken into account.

The Gone Concern Approach shall apply where there are no significant cash flows from operations vs. the debt or where the exposure is largely secured and the related collaterals are essential to generate cash flows.

CONTRACT MODIFICATIONS OF FINANCIAL ASSETS

When the original contractual conditions are modified by the parties, it is to be verified whether the financial asset shall continue to be recognized or the original financial asset is to be eliminated recognizing a new financial instrument.

To this end, it is to be assessed whether the modifications to the contract terms and conditions as renegotiated are substantial or not.

In case of substantial modifications, the entity shall derecognize the financial instrument affected by the modification and shall recognize a new financial asset based on the contract as modified, irrespective of whether the renegotiation is finalized by signing a new contract or by modifying the existing one.

Renegotiations are deemed substantial if they introduce specific objective elements affecting the characteristics and/or cash flows of the financial instrument or if they concern customers that are not experiencing financial difficulties, in order to align the contract onerousness to the current market conditions. In the latter case, it is to be specified that, if the Bank did not agree to a renegotiation of the contractual conditions, the customer would be able to borrow from another intermediary with the subsequent loss by the bank of the revenue flows under the renegotiated contract; in other words, in case of renegotiation for commercial reasons, no loss in to be recognized by the bank in its income statement subsequent to the alignment to the current market conditions that are more favourable for its customers.

Conversely, in case of renegotiations deemed not substantial, the entity shall redetermine the present value of the new cash flows subsequent to the renegotiation, based on the original rate of the exposure in force before the renegotiation. The difference between said value and the book value before the modification shall be recognized in the specific item of the income statement as profit or loss from contract modifications with no derecognition ("modification accounting").

RESTRUCTURING DUE TO FINANCIAL DIFFICULTIES (FORBEARANCE MEASURES)

Financial instruments that are restructured due to financial difficulties are those for which the entity has modified the initial financial conditions (interest rates, maturity) for business and legal reasons linked to the financial difficulties experienced by the borrower, in ways that would not have been applied in other circumstances.

This concerns all debt instruments, irrespective of the category the security has been classified into based on the deterioration in credit risk since initial recognition.

Loan restructuring includes all the modifications made to one or more loan contracts, as well as any other loans or credit facilities granted in consideration of the financial difficulties experienced by the customer.

This restructuring concept shall be assessed with regard to the contract rather than with regard to the customer (no contagion). The definition of restructured loans subsequent to financial difficulties experienced by the customers is based on two cumulative criteria:

- Contract modifications or loan refinancing;
- The Customer's difficult financial situation.

Contract modifications are, for example, situations in which:

- There is a difference in favour of the borrower between the modified contract and the conditions before contract modification;
- The modifications made to the contract lead to conditions that are more favourable for the concerned borrower than those that other borrowers of Crédit Agricole Italia, having similar risk profiles, could have obtained at that moment in time.

Refinancing means a new debt/loan is granted to the customer to repay, fully or in part, another debt as regards which the customer cannot comply with the contract conditions because of its financial situation.

The restructuring of a loan (whether performing or defaulted) is a sign of possible incurred loss risk. Therefore, the restructured/forborne exposure shall be accordingly assessed for any impairment/provisioning (restructuring does not systematically entail adjustment for incurred loss and classification as defaulted).

The classification as "*restructured loan*" or "*Forborne exposure*" is temporary.

If the restructuring transaction is carried out in accordance with the instructions of the European Banking Authority (EBA), the exposure retains the "*restructured/forborne*" status for at least 2 years, if it was performing upon restructuring, or for 3 years if it was defaulted upon restructuring. These periods shall be longer if some events provided for in the Group's principles occur (for instance "reoccurrence").

With no derecognition, the reduction in future flows granted to the counterparty or the deferral of such flows over a longer time horizon than the one before the restructuring shall entail recognition of impairment in the Income Statement.

The impairment for the restructuring shall be calculated as the difference between:
- The loan book value;
- The sum of the restructured future flows discounted at the original Effective Interest Rate (EIR).

In case of waiver of the claim to part of the principal, this amount shall be immediately recognized as an impairment adjustment of the loan.

Upon impairment, the portion regarding the passage of time shall be recognized under net interest income.

PURCHASED OR ORIGINATED CREDIT IMPAIRED ASSETS

Pursuant to IFRS 9, a financial asset is considered impaired upon initial recognition if credit risk is very high and it is purchased with significant rebates vs. the residual contractual debt.

If, based on the classification drivers (SPPI test e Business Model), these financial assets are classified as assets measured at amortized cost or at fair value through other comprehensive income, they shall be classified as "Purchased or Originated Credit Impaired Assets" ("POCI") and shall be subject to specific treatment as regards impairment.

As regards these exposures, IFRS 9 requires:
- Their initial recognition at fair value;
- That the expected credit loss be always estimated based on the expected loss over the lifetime of the financial instrument;
- That recognized interests be determined applying the "credit-adjusted effective interest rate" ("Credit Adjusted EIR") or the interest rate that, upon initial recognition, discounts all estimated future cash flows to the amortized cost of the asset, taking account in the estimate also of expected credit losses.

HEDGE ACCOUNTING

General framework

In compliance with the decision made by the Crédit Agricole Group, the Crédit Agricole Italia Banking Group and Crédit Agricole Italia have not applied the "hedge accounting" section of IFRS 9, exercising the option given by IFRS9 itself. All hedges have continued to be reported in accordance with IAS 39, up to the date of application of the supplement on fair value macro hedging (after its endorsement by the European Union). However, the eligibility of financial instruments for hedge accounting in accordance with the IAS 39 takes into account the bases of classification and measurement of financial instruments pursuant to the IFRS 9.

In accordance with IFRS 9 and with the IAS 39 hedging principles, eligible fair value and cash flow hedges are debt instruments at amortized cost and at fair value through equity with recycling to profit or loss.

The Crédit Agricole Italia Banking Group hedges interest rate risk in order to immunize the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the interest rate curve, or of reducing the uncertainty of cash flows linked to a specific asset/liability in an integrated balance sheet perspective. Specifically, fixed-rate debenture loans have been hedged (micro-hedging), as have the mortgage loans with cap to Customers (macro-hedging), government securities in reserves (asset-swap hedging) and fixed-rate gaps detected by the internal model, which have been subject to macro-hedging. The hedges were made exclusively by purchasing Interest Rate Swaps and Interest Rate Options.

Documentation

Hedging relationships shall comply with the following principles:
- Fair value hedges have the purpose of protecting the entity against exposure to changes in the fair value of a recognize asset or liability or of an irrevocable commitment not recognized, attributable to the hedged risk or risks and able to impact on the income statement (for instance, total or partial hedge of fair value changes due to interest rate risk on a fixed-rate debt);

- Cash flow hedges have the purpose of protecting the entity against exposure to changes in future cash flows of a recognized asset or liability or of a transaction deemed very likely, attributable to the hedged risk or risks and able (in case of an expected transaction not occurred) to impact on the income statement (for instance, hedging of all or part of the payment of future interests on a floating-rate debt);
- Hedges of net investments in foreign operations have the purpose of protecting the entity against the risk of any unfavourable change in fair value associated with the foreign exchange risk within an investments in foreign operations in a currency other than the Euro.

When an entity intends to use hedges, the following conditions shall be met in order to benefit from hedge accounting:
- Eligibility of the hedging instrument and of the hedged instrument;
- Formalized documentation since inception, specifically including the individual designation and the characteristics of the hedged item, of the hedging instrument, the type of hedging relationship and the nature of the hedged risk;
- Evidence of the hedge effectiveness, at inception (i.e. prospectively) and retrospectively, through tests made at each reporting date.

For interest rate risk hedging of a portfolio of financial assets or financial liabilities, Crédit Agricole Italia prefers a fair value hedge documentation, as permitted by the IAS 39 endorsed by the European Union (carve out version).

Specifically:
- Crédit Agricole Italia documents these hedging relationships based on a gross position of derivative instruments and hedges items;
- The effectiveness of these hedging relationships is proved with effectiveness tests.

Measurement

The measurement of the derivative at fair value is recognized as follows:
- Fair value hedges: the derivative remeasurement is recognized in the income statement matching the remeasurement of the hedged item. The income statement reports only the net amount of any ineffective portion of the hedge;
- Cash flow hedges: the derivative remeasurement is recognised as a balancing item of a specific profit or loss account directly recognized through equity with recycling to profit or loss for the effective portion and any ineffective portion of the hedge is recognised through profit or loss. Accumulated profits and losses through equity are then recycled to the income/through profit or loss when the hedged cash flows occur;
- Hedges of net investments in foreign operations: the derivative remeasurement derivative is recognised as a balancing item through equity with recycling to profit or loss and the ineffective portion of the hedge is recognized through profit or loss.

Where the conditions for benefiting from hedge accounting are no longer met, the following accounting treatment shall be applied prospectively:
- Fair value hedges: only the hedging instrument continues to be remeasured through profit or loss. The hedged item is wholly recognized in accordance with its classification. For debt instruments at fair value through equity with recycling to profit or loss, fair value changes after the termination of hedging relationship shall be fully recognized through equity. For hedged items measured at amortized cost, which were hedged for interest rate risk, the remaining portion of the remeasurement difference shall be amortized over the remaining life of the hedged items;
- Cash flow hedges: the hedging instrument is measured at fair value through profit or loss. The amounts accumulated through equity and regarding the effective portion of the hedge shall remain in equity until the hedged element affects profit or loss. Interest-rate hedged items shall be recognized through profit or loss as interests are paid. The remaining portion of the remeasurement difference is then amortized over the remaining life of the hedged items;
- Hedges of net investments in foreign operations: the accumulated amounts in equity regarding the hedge effective portion shall remain in equity as long as the net investment is held. When no longer within the scope of consolidation, net investments in foreign operations shall be recognized through profit or loss.

MAIN FINANCIAL STATEMENT ITEMS

1. Financial assets measured at fair value through profit or loss (FVTPL)

CLASSIFICATION

This category comprises the financial assets not classified as "Financial assets measured at fair value through other comprehensive income" or as "Financial assets measured at amortised cost".

The "Financial assets measured at fair value through profit or loss" item consists of three sub-items:

a) *"Financial assets held for trading":* this category consists of financial assets (debt securities, equity securities, loans and units in OICR collective investment undertakings) managed in order to realize cash flows through their sale and, therefore, under the "Other" Business Model; this category also includes derivative instruments (except for those classified as hedging derivatives or financial guarantee contracts);
b) *"Financial assets designated at fair value":* this category consists of financial assets (debt securities and loans) so designated upon initial recognition and where the related requirements are met (fair value option). As regards this category, an entity may irrevocably designate a financial asset at fair value through profit or loss if, and only if, by doing so it removes or materially reduces any measurement inconsistency;
c) *"Financial assets mandatorily measured at fair value",* consisting of the financial assets that are managed with the "Hold to Collect" or "Hold to Collect and Sell" business model, but that do not meet the requirements to pass the SPPI test (as their contractual terms do not solely envisage payments of principal and interest on the principal amount outstanding) or that are managed under the "Other" business model but are not held for trading. This category reports also units in OICR collective investment undertakings; this item also reports equity securities that are not held for trading, for which, at first recognition, the entity did not exercised the option to classify them at fair value through other comprehensive income.

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned (IFRS 9 para. 4.4. and 5.6). In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS32)" paragraph in Part A.2 herein.

RECOGNITION

Debt and equity securities and units in OICR collective investment undertakings are initially recognized at the settlement date, while derivative contracts are recognized on the date they are signed. Loans are recognized on their origination date.

Specifically, upon recognition at the settlement date, the reporting entity recognizes any changes in the fair value of the asset to be received occurred between such date and the previous trading date, in the same way the purchased asset is recognized.

On initial recognition, "Financial assets measured at fair value through profit or loss" are recognized at fair value; unless otherwise specified, it consists of the price paid to execute the transaction and any transaction costs or revenues attributable to the instrument are not taken into account but are taken directly to the Income Statement.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, "Financial assets measured at fair value through profit or loss" are stated at fair value.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

To measure the fair value of financial instruments that are quoted in an active market, market prices are used. Where there is no active market, fair value is measured using generally accepted estimation methods and measurement models that take account of all the risk factors correlated to the instruments and that are based on information available on the market, such as: the measurement of the price of listed instruments with similar features, discounted cash flows, option pricing models, values reported for recent comparable transactions, etc.

For equity securities and derivative instruments that have equity securities as underlying assets, not quoted in an active market, the cost approach is used as the fair value estimate only to a residual extent and limited to very few cases, that is to say when there is a wide range of possible fair value measurements of which cost is the most significant estimate.

The effects of the application of this measurement approach are recognized in the Income Statement, under item 80 "Net profit (loss) on trading" for "Financial assets held for trading" and under item 110 "Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss" for "Financial assets designated at fair value" and for "Financial assets mandatorily measured at fair value". The same items report the derecognition of such financial assets. For more information on fair value measurement, please refer to paragraph 15 "Other Information - Fair Value Measurement" and to "Part A.4 - Fair value reporting".

DERECOGNITION

Financial assets are derecognized if one of the following cases occurs:

- Contractual rights to the cash flows from the assets have expired;
- The financial asset is sold with substantial transfer of all risks and rewards resulting from its ownership. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred. Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.
- The entity retains the contractual right to receive the cash flows from the assets, but it concomitantly undertakes the contractual obligation to pay such flows to a third party (*pass-through arrangements*).

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

CLASSIFICATION

This category consists of financial assets that meet both the following conditions:

- The financial asset is managed in accordance with the "Hold to Collect and Sell" Business Model whose objective is achieve both by collecting the contractual cash flows and by selling the asset, and
- The contractual terms of the financial asset provide for, at specified date, cash flows that are solely payments of principal and interest on the principal amount outstanding and, therefore the SPPI test is passed.

Therefore, this category includes debt securities and loans that are managed in accordance with the "Hold to Collect and Sell" Business Model and that have passed the SPPI test. This category also includes equity instruments, not held for trading, for which the irrevocable option was exercised upon initial recognition for their designation at fair value through other comprehensive income.

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS32)" paragraph in Part A.2 herein.

RECOGNITION

These financial assets are initially recognized at the settlement date for debt and equity securities and, as regards loans, at their disbursement date. At initial recognition, these assets are recognized at fair value that equal to, unless otherwise stated, the price paid for the transaction execution, including any costs or revenues directly attributable to the instrument.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, Assets classified at fair value through other comprehensive income, consisting of debt securities and loans, are measured at fair value, recognizing the impacts generated by the amortized costs application in the Income Statement. For amortized cost measurement, please refer to paragraph 15 "Other information - Amortized Cost Measurement". Profits and losses on fair value measurement are recognized in a specific equity reserve (item "110. Valuation reserves"), which shall be recycled to the income statement (item 100b "Profit/losses from disposal/repurchase of financial assets measured at fair value through other comprehensive income) upon derecognition of the financial asset.

"Financial assets measured at fair value through other comprehensive income" – being them debt securities and loans – are subject to impairment testing in accordance with the IFRS 9, as are Assets at amortized cost, with subsequent recognition of value adjustments in the Income Statement for expected losses.

These adjustments are recognized in the Income Statement under item "130. Net losses/recoveries for credit risk", as the balancing item of the specific valuation reserve in equity (item "110. Valuation reserves"); the same applies, in a mirror-like way, to recoveries on part or all write-downs made in previous periods.

Equity instruments for which the option was exercised for their classification in this category are measured at fair value; profits or losses from fair value measurement are recognized as a balancing item of a specific equity reserve (item "110. Valuation reserves"). These reserves shall never be recycled to the income statement, including where allocated by selling the asset; in that case, the accumulated balance of the reserve is not recycled through profit or loss, but it is classified under retained earnings reserves in equity (item "140. Reserves"). Moreover, these assets shall not be written down in the Income Statement as they are not subject to impairment. The only component recognized in the Income Statement is collected dividends.

Fair value is determined using the standards adopted for "Financial assets measured at fair value through profit or loss". For the equity instruments included in this category, which are not quoted in an active market, the cost approach is used as the fair value estimate to a residual extent only and in very few circumstances, i.e., when all the measurement methods referred to above cannot be applied, or when there is a wide range of possible measurements of fair value, of which cost is the most significant estimate. For more information on fair value measurement, please refer to paragraph 15 "Other Information - Fair Value Measurement" and to "Part A.4 - Fair value reporting".

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been sold are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, without relevant delay to other third parties.

3. Financial assets measured at amortized cost

CLASSIFICATION

This category consists of financial assets, specifically debt securities and loans, that meet both the following conditions:

- The financial asset is managed in accordance with the "Hold to Collect" Business Model whose objective is achieve by collecting the contractual cash flows;
- The contractual terms of the financial asset provide for, at specified date, cash flows that are solely payments of principal and interest on the principal amount outstanding and, therefore the SPPI test.

More specifically, this category includes loans to customers and banks – in any technical form – and debt securities that meet the requirements referred to above. This category also includes receivables originated by finance lease transactions under IFRS 16 and operating loans and receivables linked to the provision of financial services, as defined by the Italian Consolidated Law on Banking (T.U.B.) and by the Italian Consolidated Law on Finance (T.U.F.) (e.g. for the distribution of financial products and servicing activities).

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS32)" paragraph in Part A.2 herein.

RECOGNITION

These financial assets are initially recognized at the settlement date for debt securities and, as regards loans, at their origination date. This asset item reports separately:

- Due from banks;
- Loans to customers.

Specifically, for loans, their origination date is usually the same as the date of contract signing. Should this not be the case, upon contract signing a commitment to disburse funds shall be recognized and derecognized on the loan disbursement date.

Loans and receivables are initially recognized at their fair value that is is equal to the amount disbursed, or subscription price, including costs and revenues directly attributable to the individual loan and determinable from the inception of the transaction, even if settled at a later time.

The initially recognized amount does not include costs that can be classified as normal administrative overhead costs, despite having the above characteristics.

Repurchase agreements or reverse repurchase agreements are recognized as funding or lending transactions. Specifically, repurchase agreements are recognized as due and payables for the spot amount received, whereas reverse repurchase agreements are recognized as loans and receivables for the spot amount paid.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Following initial recognition, these financial assets are measured at amortized cost using the effective interest rate method.

Measurement at amortized cost entails that the asset is recognized at an amount equal to its initial recognition value less principal repayment, plus or minus accumulated amortization in accordance with the aforementioned effective interest rate method, of the difference between the initial amount and the amount at maturity (typically attributable to costs/income directly pertaining to the individual asset) and adjusted by any loss coverage provision.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the asset in terms of principal and interest, to the amount disbursed including costs and revenues attributable to the asset. Expected cash flows shall be estimated taking account of all contractual terms of the financial instrument, but irrespective of expected losses on loans and receivables. The calculation includes all fees and commissions, transaction costs and all other premiums or discounts. This measurement method uses a financial approach and allows the economic effect of the costs/income directly attributable to a financial asset to be spread over its expected remaining lifetime. For more exhaustive reporting on this matter, please refer to paragraph 15 "Other information - Amortized Cost Measurement".

The amortized cost method is not used for assets that have short lifetime, as their discounting is expected to have negligible effects, for those with indefinite maturity and revocable loans. These assets are measured at historical cost and the costs/revenues attributable to them are recognized in the Income Statement on an accrual basis throughout their contractual term of validity.

The book value of financial assets at amortized cost is adjusted in order to report any provision for expected loss coverage. Indeed, at every reporting date, these assets are tested for impairment in order to estimate any Expected Credit Losses (ECL).

This scope includes non-performing loans (so-called "Stage 3" loans) classified as bad, unlikely- to-pay or non-performing past due in accordance with the rules issued by the Supervisory Authorities; this scope also includes performing loans classified as "Stage 1" and "Stage 2", to which the "Expected credit losses" concept applied on a 12-month or lifetime basis, respectively.

The used bases of measurement are exhaustively described in the paragraph "Financial instruments (IFRS9, IAS 39 and IAS32) - Impairment for credit risk)" in Part A.2 of this document and, as already said, are strictly linked to the classification of these instruments in one of the three stages (credit risk stages) provided for by IFRS 9.

The model of impairment (provisioning) for credit risk comprises:

- Stage 1: from the initial recognition of the financial instrument (loan, debt security, guarantee...), the entity shall recognize expected credit losses over 12 months;
- Stage 2: if the credit quality deteriorates significantly for a given transaction or portfolio, the entity shall recognize the losses expected up to maturity;
- Stage 3: when one or more default events have occurred on the counterparty with an adverse effect on the estimated future cash flows, the entity shall recognize incurred credit losses up to maturity. Subsequently, if the conditions for classifying financial instruments in stage 3 are not met, the financial instruments are reclassified in stage 2, or in stage 1, based on the decrease in credit risk.

Impairment losses are recognized in the income statement under item "130. Net losses/recoveries for credit risk".

The original value of the financial assets is written back in following financial years if the exposure credit quality improves vs. the one that entailed the previous write-down. Impairment recoveries are recognized in the Income Statement under the same item and the value of the loan after the writeback shall in no event exceed the amortized cost that the asset would have had if the prior adjustment had not been made.

For non-performing exposures, accrued interests recognized in the Income Statement under item "10. Interest and similar income" are calculated based on amortized cost. The same item reports interest income due to the passage of time, calculated within the measurement of non-performing financial assets based on the original effective interest rate.

A specific item in the income statement reports interest income calculated with the effective interest method in accordance with Bank of Italy Circular 262.

DERECOGNITION

Financial assets are derecognized if one of the following cases occurs:

- Contractual rights to the cash flows from the assets have expired;
- The financial asset is sold with substantial transfer of all risks and rewards resulting from its ownership. Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred. Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows;
- Financial assets are written off where their recovery can no longer be reasonably expected, including in case of waivers of the rights to the asset;
- The entity retains the contractual right to receive the cash flows from the assets, but it concomitantly undertakes the contractual obligation to pay such flows to a third party (pass-through arrangements);
- The contract undergoes modifications that qualify as "substantial". In case of substantial modifications to the contract (i.e. modifications that affect the characteristics and/or the cash flows of the financial instrument), the entity shall derecognize the financial instrument affected by the modification and shall recognize a new financial asset based on the contract as modified, irrespective of whether the renegotiation is finalized by signing a new contract or by modifying the existing one.

4. Hedging

In compliance with the decision made by the Crédit Agricole Italia Banking Group, Crédit Agricole Italia has not applied the "hedge accounting" rules provided for by IFRS 9, exercising the option given by IFRS9 itself. All hedges have continued to be reported in accordance with IAS 39, up to the date of application of the supplement on fair value macro hedging (after its endorsement by the European Union). Nonetheless, having regard to classification and measurement, IFRS 9 has been applied.

CLASSIFICATION

The "Hedging Derivatives" asset and liability items report financial derivatives held for hedging, which, as at the reporting date, have positive or negative fair values, respectively.

Hedging transactions are used to neutralize potential losses occurring on a given item or group of items attributable to a given risk, should the risk event take place.

The following types of hedges are used:

- Fair value hedges: these are used to hedge exposures to changes in the fair value (attributable to the different types of risk) of assets and liabilities or portions thereof, groups of assets and liabilities, irrevocable commitments and portfolios of financial assets and liabilities, including core deposits, as permitted by IAS 39, which was endorsed by the European Commission;
- Cash flow hedges: these are used to hedge exposures to changes in future cash flows caused by certain risks associated with financial statement items. This type of hedge is essentially used to stabilize interest cash flows from variable-rate funding to the extent it concerns fixed-rate loans. In some cases, similar hedges are used for some variable-rate loans;
- Hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency.

RECOGNITION

Hedging derivatives, like all derivatives, are initially recognized on their subscription date and later measured at fair value.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Hedging derivatives are measured at fair value. Specifically:

- in case of fair value hedging, changes in the fair value of the hedged item are offset against changes in the fair value of the hedging instrument. This offsetting is recognized in the Income Statement under item "90. Net profit (loss) on hedging activities" by reporting value changes regarding both the hedged item and the hedging instrument. Any difference that may arise, since it represents the partial ineffectiveness of the hedge, also represents its net effect through profit or loss.
- Cash flow hedges: these are used to hedge exposures to changes in future cash flows caused by certain risks associated with financial statement items. This type of hedge is essentially used to stabilize interest cash flows from variable-rate funding to the extent it concerns fixed-rate loans. In some cases, similar hedges are used for some variable-rate loans; Changes in the fair value of the derivative are recognizes in equity (item "110. Valuation reserves"), for the effective portion of the hedge, and are recognized through profit or loss only when the cash flow change to be offset occurs regarding the hedged item;
- Hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency and it is recognized as cash flow hedges are.

The derivative instrument is classified as held for hedging where there is formal documentation of the relationship between the hedged item and the hedging instrument and where it is effective at inception and throughout its life.

The effectiveness of the hedge depends on the degree to which changes in fair value of the hedged instrument or the relative expected cash flows are offset by changes in that of the hedging instrument. Accordingly, the actual effectiveness is gauged by comparing the above-mentioned changes, taking into account the intention of the company at the inception of the hedge.

Hedging is deemed effective when changes in the fair value (or the cash flows) of the hedging instrument almost entirely – i.e. within an interval of between 80% and 125% - offset changes in the value of the hedged item for the hedged risk factor.

Effectiveness is assessed at every reporting date, using:

- Prospective tests, which justify the application of hedge accounting, since they demonstrate the expected effectiveness of the hedge;
- Retrospective tests, which show the degree of effectiveness of the hedge achieved during the reference period. In other words, they measure how actual results deviate from the perfect hedge.

Any hedge ineffectiveness caused by economic circumstances that are expected to return to normal as confirmed by prospective tests is not taken into account.

DERECOGNITION - TERMINATION OF THE HEDGING RELATIONSHIP

It the hedge effectiveness is not proved by the verifications and tests carried out, from that time on hedge accounting, as described above, shall be terminated, the derivative contract shall be reclassified to "Financial assets measured at fair value through profit or loss" and, specifically, to "Financial assets held for trading".

In case of fair value hedges, the hedged item is measured with the original measurement approach of the category it belongs to; for instruments measured at amortized cost, any accumulated recoveries/losses recognized subsequent to the fair value change of the hedges risk are recognized in the Income Statement under interest income and interest expense throughout the residual life of the hedged item, based on the effective interest rate. If the hedged item is sold or repaid, the fair value portion that has not yet been amortized shall be immediately recognized in the Income Statement.

Furthermore, the hedging relationship terminates when:

- The derivative matures, is terminated or exercised;
- The hedged item is sold, matures or is repaid;
- The hedged future transaction is no longer highly probable.

Hedging of portfolios of assets and liabilities

The hedging of portfolios of assets and liabilities ("macrohedging") and its consistent recognition can be done after:

- Identifying the portfolio to be hedged and breaking it down by maturity;
- Designating the item to be hedged;
- Identifying the interest rate risk to be hedged;
- Designating the hedging instruments;
- Determining effectiveness.

The portfolio hedged against interest rate risk may comprise both assets and liabilities. This portfolio is broken down by maturity in terms of collection or repricing of the interest rate, after analyzing the cash flow structure. Fair value changes occurred in the hedged item are recognized in the Income Statement under item "90 Net profit (loss) on hedging activities" and in the Balance Sheet under item "50. Fair value change of financial assets in macro-hedge portfolios" or under item "50. Fair value change of financial liabilities in macro-hedge portfolios". Fair value changes occurred in the hedged item are recognized in the Income Statement under item "90. Net profit (loss) on hedging activities" and in the Balance Sheet under asset item "50. Hedging Derivatives" or under liability item "40. Hedging derivatives".

In case of early termination of fair value macrohedging, the accumulated recoveries/losses are recognized in the Income Statement under interest income or interest expense throughout the residual duration of the original hedging relationships, granted that it is verified that the related requirements are met.

5. Equity investments

CLASSIFICATION

This item reports equity investments held in associates and joint arrangements, as well as minority interests in subsidiaries and associates of the Group.

Joint ventures are companies in which the voting rights and the control of its business activities are shared equally, directly or indirectly, between the Parent Company and another party. Joint arrangements also include equity investments in which, despite the lack of equal voting rights, control over the business activities and the strategic policies of the investee company is shared with other parties under contractual agreements.

Associates are companies in which the Company exercises a significant influence, holding, directly or indirectly, at least 20% of the voting rights (including "potential" voting rights that may be exercised) or having the power to participate in determining its financial and management policies, despite holding less than 20% of the voting rights, owing to specific legal ties, such as being party to a shareholders' agreement.

RECOGNITION

These financial assets are initially recognized at the settlement date. At initial recognition, these financial assets are recognized at cost, including any goodwill paid upon acquisition which, therefore, is not separately recognized.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Equity investments are measured at cost, where the case written down for impairment.

Where there is evidence that the value of an equity investment may be impaired, its recoverable value is determined, taking into account the present value of future cash flows that the equity investment could generate, including its value upon divestment.

If the recoverable amount is lower than the carrying amount, the difference is recognized in the Income Statement.

If the reasons for the impairment are removed subsequent to an event occurred after the impairment loss recognition, a writeback is taken to the Income Statement.

DERECOGNITION

Equity investments are derecognized in case of any sale that transfers essentially all rights and rewards associated with their ownership.

In case significant influence or joint control can no longer be exercised, any residual investment shall be reclassified to the portfolios of financial assets in accordance with the IFRS 9.

6. Property, Plant and Equipment

CLASSIFICATION

"Property, plant and equipment" includes land, operating property, investment property, technical plants, furniture, furnishings and equipment of any type, works of art and property, plant and equipment inventories governed by IAS 2.

These assets are held to be used in production or supply of goods and services (property, plant and equipment used in operations in accordance with IAS 16), or to be rented out to third parties or for investment purposes (investment property governed by IAS 40) and are intended to be used for longer than one period.

This item also reports the rights-of-use of property, plant and equipment assets acquired with lease contracts in which the Bank is the lessee, irrespective of their specific legal form.

RECOGNITION

"Property, plant and equipment" items are initially recognized at cost, which includes, in addition to the purchase cost, all costs directly attributable to purchasing and placing the asset in service. Extraordinary maintenance expenses that increase the future economic benefits generated by such assets are recognized as an increase in the value of the assets, while ordinary maintenance costs are recognized in the Income Statement.

The initial measurement of the right-of-use asset includes the present value of future lease payments, the lease payments made on or before the lease contract effective date, initial direct costs and any estimated costs for dismantling, removal or restoration of the lease underlying asset, less any lease incentives received by the lessee.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Property, plant and equipment assets, including investment property and right-of-use assets, are measured at cost less depreciation and impairment.

These assets are systematically depreciated over their useful life on a straight-line basis, as reported in the table below:

Description	Duration
Land	No depreciation
Operating property	33 Years(1)
Other investment property	
- Other	33 Years(1)
- High-end property and property inventories (IAS 2)	No depreciation
Furniture, fittings, alarm systems and vehicles	From 4 to 10 years
Computers and electronic equipment	From 3 to 10 years
Works of art	No depreciation

(1) It is specified that, in few specific cases and for specific property units, their useful life, appropriately calculated, may have different duration.

Lease right-of-use assets are depreciated on a straight-line basis over the lease term.

Properties are depreciated at a rate based on a useful life deemed fit to appropriately represent the deterioration of the assets over time due to use, taking into account any extraordinary maintenance costs, which increase the value of the asset, and ordinary maintenance costs, which maintain the value of the assets for longer periods of time. However, the assets' remaining useful life is verified on a regular basis.

The depreciation cost for property, plant and equipment is recognized in the Income Statement in the item "180 Net adjustments to/recoveries on property, plant and equipment".

The following assets are not depreciated:

- land, whether acquired separately or incorporated in the value of the building, since it has an indefinite useful life. Where its value is incorporated in the value of the building, under the components approach, the land is considered separable from the building. The division between the value of the land and the value of the building is based on appraisals by independent experts, only for buildings entirely owned by, and, therefore, fully available to the Company, including the land;
- High-end property;
- Property, plant and equipment inventories under IAS 2 measured at the lower between their cost and net realizable value, that is to say their market value net of completion and selling costs;
- Works of art, as they have indefinite useful life and their value does not normally decrease over time.

If there is evidence of impairment of the asset, the asset's book value is compared to its recoverable value, that is to say the higher between their fair value and their value in use For more exhaustive reporting, please refer to paragraph "15 Other Information - Method to calculate impairment losses - Other non-financial assets".

Any adjustments are recognized in the Income statement under item "180 Net adjustments of/recoveries on property, plant and equipment".

If the reasons for impairment cease to exist, a writeback is recognized. The book value following the writeback shall not exceed the value the asset would have had, net of depreciation, in the absence of the prior writedown.

DERECOGNITION

Property, plant and equipment items are derecognized when disposed of or when the asset is permanently withdrawn from use and no future benefits are expected from its disposal.

7. Intangible assets

CLASSIFICATION

Intangible assets are non-monetary assets that are identifiable and not physical, stem from legal or contractual rights, are held to be used for several years and are expected to generate future economic benefits. The main types of intangible assets are:

- Software acquired from external sources or with licence for use;
- In-house developed software;
- Residual goodwill recognized as the difference between purchase cost and the fair value of the assets and liabilities acquired and contingent assets and liabilities recognized upon acquisition in accordance with the IFRS 3 determination criteria;
- The intangibles representing business with Customers are recognized subsequent to the application of IFRS 3.

RECOGNITION

Separately acquired and internally generated intangible assets are initially recognized at cost adjusted by any ancillary expenses, only if the economic benefits from the asset are likely to be generated and if its cost can be reliably determined. Otherwise, the intangible asset cost is recognized in the Income Statement for the period in which it is borne. Intangible assets acquired through business combinations are recognized at fair value as at the acquisition date.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, intangible assets are recognized net of the accumulated amortization and of any accumulated impairment losses. Intangible assets' useful life is assessed as finite or indefinite.

Intangible assets with finite useful life are amortized over their useful life and are tested for impairment every time signals of possible impairment are detected. The amortization period and approach for intangible assets with finite useful life are reassessed at least at the end of every year. Changes in the expected useful life or in the modalities with which the future economic benefits linked to the assets occur, are recognized through the change of the period or amortization approach, as the case may be, and are considered as accounting estimate changes. Amortization of intangible assets with finite useful life is recognized in the Income Statement in the item "190 Net adjustments to/recoveries on intangible assets".

Generally, software useful life is estimated as being five years. In compliance with IAS 38, some large projects have been specifically identified and their useful life has been measured as being ten years.

Intangibles consisting of business with Customers and recognized under IFRS 3 are assigned finite useful life, determined based on the available time series on the rates of customer turnover.

Intangible assets with indefinite useful life, including goodwill are not amortized, but are tested for impairment annually, both at individual level and at a cash-generating unit level.

The amount of any impairment is calculated based on the difference between the recoverable amount of the cash-generating unit and its carrying amount.

This recoverable amount is the higher of the fair value of the cash-generating unit, net of any selling costs, and its value in use. Any subsequent value adjustments are recognized in the Income Statement.

DERECOGNITION

Intangible assets are derecognized from the Balance Sheet when disposed of or when no future economic benefits are expected to be generated by the asset.

Profits or losses resulting from the derecognition of intangible assets are calculated as the difference between the net disposal revenue and the book value of the intangible asset and are recognized in the income statement for the year in which the derecognition is made.

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

RECOGNITION, CLASSIFICATION, MEASUREMENT AND DERECOGNITION

"Non-current assets held for sale and discontinued operations" and "Liabilities in respect of assets held for sale" report non-current assets or groups of assets/liabilities which are in the process of being divested and for which a sale is considered highly probable. In case of transactions subject to authorization to be issued by Supervisory Authorities, the Group's accounting policy, since it attaches an essential value to such authorization, provides for "Non-current Assets/Liabilities and discontinued operations" to be recognized as from the date of receipt of the such authorization (whether express or tacit).

These assets/liabilities are measured at the lower between their book value and their fair value net of disposal costs, except for some types of assets -comprising for instance all financial instruments in IFRS 9 scope of application - to which, in accordance with IFRS 6, the measurement bases as per the reference standard shall continue to be applied.

income and expenses linked to assets and liabilities held for sale and discontinued operations, if linked to discontinued operations under IFRS 5), are presented in the income statement, net of tax effects, in item "290. Profit (Loss) after tax from discontinued operations", while if linked to single non-current assets held for sale, they are recognized in the most appropriate item in the income statement.

"Discontinued operations" must be understood as an important self-standing part of business or geographical area of operations, also within a single coordinate divestment programme, or a subsidiary that has been acquired solely in order to be resold.

Non-current assets held for sale and discontinued operations are written off upon disposal.

9. Current and Deferred Taxes

These items report current and deferred tax assets and current and deferred tax liabilities, respectively, as regards income taxes.

Income taxes, calculated in accordance with the Italian tax legislation, are recognized on an accrual basis, consistently with the recognition of the costs and revenues generating them. Therefore, they represent the expense, equal to the balance of current and deferred tax assets and current and deferred tax liabilities, for taxes on income for the period. Income taxes are recognized in the Income Statement, except for those related to items debited or credited directly in equity, for which the related taxes are recognized, for consistency purposes, in equity.

The effects of current taxes and deferred tax assets and liabilities are recognized at the applicable tax rates.

Provisions for income taxes are calculated on the basis of forecasts of the current tax liability and deferred tax assets and liabilities. Specifically, deferred tax assets and liabilities are calculated on the basis of temporary differences – without time restrictions – between the value attributed to an asset or a liability pursuant to the Italian Civil Code and the corresponding values used for tax purposes.

In March 2016, the national tax consolidation scheme was adopted, with effects since the 2015 tax period, by the Crédit Agricole Group in Italy; such scheme was introduced with Article 6 pursuant to Italian Legislative Decree No. 147 of 14 September 2015, according to which also the Italian "sister" companies, whose controlling Company is resident in a EU Member State, may exercise the option for consolidated taxation.

This regime provides for the consolidated companies to transfer their taxable income (or their tax loss) to the Consolidating Entity Crédit Agricole Italia, which calculates a single taxable income or a single tax loss of the Group for the Italian corporate income tax (IRES), as the algebraic sum of the income and/or losses of the single Companies, and recognizes a single tax account payable to or receivable from the Italian Inland Revenue Agency.

In the consolidating entity's financial statements, the intra-group balances resulting from the tax consolidation scheme are reported under the "Financial assets measured at amortized cost - due from banks" item for the provisions for Corporate Income Tax (IRES) allocated by the scheme member entities net of withholdings due and down-payments made (in the "Financial liabilities measured at amortized cost - due to banks" item if

the down-payments made are higher than the provisions). In the same financial statement items, the scheme member entities recognize the receivable or payable balances resulting from their respective taxable income contributions to the consolidating entity.
Deferred tax liabilities are calculated using the so-called balance-sheet liability method.

Deferred tax assets, relating to deductible temporary differences or future tax benefits that can be gained by carrying forward tax losses, are recognized to the extent their recovery is deemed likely based on the probability test, which is to be run on a yearly basis, in accordance with IAS 12.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the reserves subject to tax deferral arrangements, since the amount of available reserves already subject to taxation makes it likely that no taxable operations will be carried out.

Deferred tax assets and liabilities are recognized in the Balance Sheet with open balances without any offsetting, the former under the "Tax Assets" item, the latter under the "Tax Liabilities" one.

Deferred tax assets and liabilities are systematically measured to reflect any changes in tax regulations or rates, as well as in any other situation specifically applying to the Company. The effects are recognized in the Income Statement, except when these regard changes in the temporary differences in items for which accounting policies require recognition directly in equity, in which case the change in the deferred tax liability or asset is taken directly to equity.

10. Provisions for risks and charges

This item comprises provisions for risks and charges when the following conditions are met:

- A present obligation (legal or implicit) exists resulting from a past event;
- It is likely that resources will have to be used in order to generate the economic benefits necessary to fulfil the obligation;
- The obligation amount can be reliably estimated.

If the time factor is significant, provisions for risks and charges are discounted. The allocation to provision is recognized in the Income Statement, which also reports interest expense accrued on provisions that have been discounted.

PROVISIONS FOR RISKS AND CHARGES REGARDING COMMITMENTS AND GUARANTEES GIVEN

This sub-item of the "provisions for risks and charges" item reports credit risk allowances recognized for commitment to disburse funds and for guarantees given within the scope of application of the impairment rules pursuant to IFRS 9. In principle, for these cases, the same methods apply for the allocation to the three credit risk stages and for the calculation of the expected loss as reported with regard to financial assets measured at amortized cost or at fair value through other comprehensive income.

POST-EMPLOYMENT BENEFITS

Pension plans, created pursuant to corporate agreements, qualify as "defined-benefit plans".

The liabilities referring to these plans and the relating social security costs for employees currently on staff are determined based on actuarial assumptions by applying the Projected Unit Credit (PUC) method. Under this method, future outlays are projected based on analyses of time series and the demographic curve and the discounting of these cash flows using market interest rates, as set forth in the relevant tables in the Note to the Financial Statements.

Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

Actuarial profits and losses, defined as the difference between the liability book value and the present value of the commitments as at the reporting date, are fully recognized directly in equity, under the item "Valuation reserves".

OTHER PROVISIONS

Other provisions for risks and charges include provisioning for legal or other obligations associated with employment relationships or disputes, including tax disputes, resulting from a past event for which a cash outflow to settle the obligation is likely, granted that its amount can be reliably estimated.

Where the time factor is significant, provisions are discounted using current market rates. The amount allocated to provision is recognized in the Income Statement under item "170. Net provisions for risks and charges" and reports the increases in the provisions due to the passage of time.

This item also reports long-term employee benefits, the liabilities for which are determined using the same actuarial assumptions described for post-employment benefits. Actuarial gains and losses are immediately recognized in full in the Income Statement.

11. Financial liabilities measured at amortized cost

CLASSIFICATION

The "Due to banks", "Due to customers" and "Debt securities issued" items report all forms of interbank and customer funding, repurchase agreements and funding through certificates of deposit, bonds and other funding instruments issued, less any amounts repurchased.

This item also reports lease liabilities recognized by the entity as the lessee.

RECOGNITION

These financial liabilities are initially recognized upon the signing of the relevant contract, which is usually the date of receipt of the funds raised or of the issue of debt securities.

These financial liabilities are initially recognized at fair value, which usually is equal to the amount collected or the issue price plus any additional expenses/income that can be directly attributed to the single financing or issue transaction. Internal administrative expenses are excluded.

Repurchase agreements or reverse repurchase agreements are recognized as funding or lending transactions. Specifically, repurchase agreements are recognized as due and payables for the spot amount received, whereas reverse repurchase agreements are recognized as loans and receivables for the spot amount paid.

Lease liabilities are recognized based on the present value of future lease payments still to be made as at the lease contract effective date in accordance with IFRS 16.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Following initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method. The result of this method is recognized in the Income Statement under item "20 Interest and similar expenses". Accrued interest income on financial liabilities is recognized under item "10 Interest and similar income".

This does not apply to short-term liabilities which are recognized in the amount collected since the time factor is negligible.

After the lease contract effective date, the lessee shall redetermine its lease liabilities in order to take account of the changes to lease payments; the amount of the redetermined lease liabilities shall be recognized as an adjustment of the right-of-use assets.

DERECOGNITION

Financial liabilities are derecognised when they mature or are settled. Liabilities are also derecognized when previously issued securities are repurchased.

The difference between the liability book value and the amount paid to purchase such liability is recognized in the Income Statement under item 100 "Net profit (loss) on sale or repurchase of financial liabilities".

The subsequent placement of repurchased securities on the market is treated as a new issue and is recognized at the new placement price, with no effect through profit or loss.

12. Financial liabilities held for trading

RECOGNITION

These financial instruments are recognized, at the date of subscription or at the date of issue, at cost that is equal to the instrument fair value, without taking into account any directly attributable transaction costs or income.

CLASSIFICATION

This item also reports the negative value of derivative contracts held for trading, as well as the negative value of derivatives that are embedded in complex contracts but that are not strictly connected to such contracts.

It also includes liabilities originating from technical overdrafts generated by securities trading.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

All liabilities held for trading are measured at fair value through profit or loss.

For more information on fair value measurement, please refer to paragraph 15 "Other Information - Fair Value Measurement" and to "Part A.4 - Fair value reporting".

Profits and losses on trading and any capital gains and losses on measurement of the trading book are recognized in the Income Statement under item "80. Net profit (loss) on trading activities".

DERECOGNITION

Financial liabilities held for trading are derecognized when the contractual rights to the relevant cash flows expire or when the financial liability is sold with substantial transfer of all risks and rewards of ownership.

13. Financial liabilities designated at fair value

Crédit Agricole Italia has not exercised the fair value option for financial liabilities.

Financial liabilities may be designated at fair value if one of the following conditions is met:
- This classification allows to eliminate or significantly reduce any "accounting mismatching";
- They belong to groups of liabilities that are managed and their performance is measured based on fair value, in accordance with an appropriately documented risk management strategy.

14. Foreign currency transactions

RECOGNITION

Transactions in a foreign currency are initially recognized in the reporting currency by translating the foreign currency amount at the exchange rate in force on the date of the transaction.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

At each financial reporting date, foreign currency items are measured as follows:

- Monetary items are translated at the exchange rate in force as at the reporting date;
- Non-monetary items measured at historical cost are translated at the exchange rate in force as at the transaction date;
- Non-monetary items measured at fair value are translated at the exchange rate in force as at the reporting date.

Exchange rate differences resulting from the settlement of monetary items or from the translation of monetary items at exchange rates other than the initial translation rate, or the translation of previous Financial Statements, are recognized in the Income Statement for the period in which they emerge.

When gains or losses relating to a non-monetary item are recognized in equity, the exchange rate difference for the item is also recognized in equity.

Conversely, when a profit or a loss is recognized in the Income Statement, the related exchange rate difference is also recognized in the Income Statement.

15. Other Information

ADJUSTMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES IN MACRO-HEDGE PORTFOLIOS

These items report changes in the fair value of financial assets and liabilities macro-hedged against interest rate risk, based on their respective balances, either positive or negative. The recognition of hedges is reported in point 4 “Hedging” of this section.

LEASES

IFRS 16 “Leases” requires entities to determine whether a contract is (or contains) a lease, based on the right to control the use of an identified asset for a given period of time; therefore, rental, hire, lease or loan for use contracts are in the scope of application of the new standard.

Leases in which the Bank is the lessee

IFRS 16 provides for a single lessee accounting model, requiring lessees to apply it to both operating and finance leases, with a “Rights-of-use” approach (hereinafter “right of use” or “RoU”).

Therefore, for all leases in which it is the lessee, the reporting entity shall recognize the items listed below in its balance sheet:

- Future lease payments, which shall be recognized under financial liabilities as Lease Liability, which reports the obligation to make future payments and is discounted at the incremental borrowing rate (the liability decreases in accordance with payments made and increases by the amount of accrued interest due);
- The right of use, as expressed in the contracts, which shall be recognized as a lease asset reporting its value in a separate row in the Balance Sheet, under Property, plant and equipment (RoU Asset) to be calculated as the sum of the lease liability, the initial direct costs, any payments made on or before the contract effective date (net of any lease incentives received) and of dismantling and restoration costs.

The following are recognized in the income statement:

- The expenses for depreciation of right of use asset over the lease term of validity on a straight-line basis (impact on income from operations);
- Interest expenses accrued on the financial liability (impact on financial expenses and on financial income).

In case of any subsequent "finance" sublease of the asset, the related right-of-use asset is derecognized and the account receivable for the financial sublease is concomitantly recognized,amounting to the total contractual rent income discounted; any differences between the derecognized right of use and the recognized receivable shall be immediately taken to the income statement. Over the contract residual duration, interest expenses on the head lease liability and interest income on the financial sublease loan shall be taken to the income statement. In case of "operating" sublease, the rent income accrued and collected as the lessor shall be recognized in the income statement, continuing to recognize the right-of-use and the head lease liability, along with the related effects on profit or loss. An intermediate lessor shall assess whether the sublease is a finance or operating lease within the scope of the asset consisting in the right of use rather than in the underlying actual asset.

The minimum disclosure requirements for the lessee include:
- The subdivision of underlying assets into "classes";
- Breakdown by maturity of lease liabilities;
- Information potentially useful to better understand the lessee's business with reference to the lease contracts (e.g. early repayment or extension options).

In determining the scope of application of the new standard, the Group and Crédit Agricole Italia exercised the options for the exemptions listed below:
- Exclusion of short-term lease contracts, i.e. with duration of less than 12 months);
- Leases of low-value assets (lease contracts for assets with unit value of less than Euro 5 thousand).

Furthermore, it is specified that, based on the IFRS 16 requirements and the clarifications given by IFRIC (document "Cloud Computing Arrangements" of September 2018), software shall not fall in the IFRS 16 scope; therefore, all software shall be recognized in accordance with IAS 38 and the related requirements.

Leases in which the Bank is the lessor

IFRS16 keeps the distinction between operating leases and finance leases provided for by IAS 17. Leases are considered finance leases if they transfer all risks and rewards of ownership; otherwise, leases are classified as operating leases.

For finance lease contracts entered into by Crédit Agricole Italia as the lessor, the leased assets are recognized as receivables in the Balance Sheet with a value equal to the lease net investment, while interest income (financial components of lease fees) is recognized in the Income Statement, and the fee part representing principal repayment reduces the receivable value.

For operating leases, the lease payments accrued are recognized under the "Other income" item.

Sale and leaseback transactions

In a sale and leaseback transaction, an entity (seller-lessee) sells an asset to another entity (buyer-lessor) which then leases it back to the seller-lessee; therefore, under the lease contract, the seller-lessee keeps its right to use of the sold asset.

In order to determine the appropriate accounting treatment under IFRS 16, it must first be assessed whether the transaction qualifies as a sale complying with the IFRS 15 requirements.

If the transaction qualifies as a sale, the seller-lessee shall derecognize the sold asset and recognize the acquired right of use in accordance with the methods laid down by IFRS16 para.100 et seq.

Specifically, the lessee shall measure the right-of-use asset for an amount equal to the percentage of the previous book value representing the right of use it has kept; consequently, the gain or loss that the seller-lessee shall recognize refers only to the transferred rights and, therefore, it is not quantified simply as the difference between the asset fair value and its book value, but it shall be determined as equal to the consideration portion attributable to the portion of the asset the control on which has been transferred to the buyer-lessor minus the portion of the asset book value attributable to the period after the end of the lease, when control is transferred to the buyer-lessor. If the sale consideration is not consistent with the asset fair value or the lease payments are not consistent with market ones, the the differences shall be recognized as other liabilities or advance payment.

If the transaction does not qualify as a sale under IFRS15, the seller-lessee shall continue to recognize the transferred asset and a financial liability under IFRS 9 equal to the transfer proceeds; the buyer-lessor shall not recognize the transferred asset but shall recognize a financial asset under IFRS 9 resulting from the transfer.

TREASURY SHARES

Any Any treasury shares held are recognized under a specific item and deducted from equity. Similarly, the original costs of these shares and any gains or losses resulting from their subsequent sale are recognized as changes in Equity.

OTHER ASSETS

This item reports assets that cannot be classified under other asset items in the Balance Sheet. By way of example, this item may report:

- Gold, silver and precious metals;
- Accrued income other than capitalized on the related financial assets;
- Receivables associated with the supply of non-financial goods and services;
- Tax due and payables other than those recognized under item “100. Tax assets”.

It also reports leasehold improvement,expenses other than those recognized under item “80. Property, plant and equipment”, as they cannot be separated by the assets they refer to and, therefore, cannot be used separately. It can also report any remaining assets (“debt balance”) of transit and suspended items not recognized in the relevant accounts as long as their total amount is negligible.

ACCRUALS AND DEFERRALS

Accrued income and prepaid expenses and accrued expenses and deferred income for the period on assets and liabilities are recognized as adjustments to the assets and liabilities they refer to.

LEASEHOLD IMPROVEMENT

The costs of renovating leased property are capitalized in consideration of the fact that, for the duration of the lease, the lessee Company has control over and enjoys the future economic benefits of the assets. These costs, classified among “Other Assets” as required by the Bank of Italy in the aforementioned Circular No. 262/2005, are amortized over a period that does not exceed the residual duration of the lease.

The balancing item in the Income Statement of the above amortization is recognized under “Other operating expenses”.

EMPLOYEE SEVERANCE BENEFITS

Until 31 December 2006, the employee severance benefits of Italian Companies were considered defined-benefit plans. The regulation of these benefits was amended by Italian Law No. 296 of 27 December 2006 (Italy’s “2007 Finance Act”) and subsequent Decrees and Regulations issued in the first months of 2007. In the light of such amendments, this item is now to be considered a defined-benefit plan exclusively for the portions accrued before 1 January 2007 (and not yet settled as at the reporting date), whereas, after such date, it is treated as a defined-contribution plan.

Therefore, with reference to the defined-benefit plan component the benefit cost is calculated separately for each plan using the actuarial unitary credit projection method. Under this method, future outlays are projected based on an analysis of time series and the demographic curve, and the discounting of these cash flows using a market interest rate. Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

The plan servicing costs are recognized under personnel costs, include interests accrued, the actuarial gains and losses, including the revaluation based on the relevant ISTAT (the Italian National Institute of Statistics) Index of the portions accrued in previous years, are recognized in a special equity reserve.

Having regard to the Employee severance benefit portions accrued in the reporting period, based on the employees' choice, the amounts are allocated to supplementary pension schemes or to the Treasury fund managed by INPS (Italian Social Security Institute). The portions allocated to the defined-contribution plan are calculated based on the contributions due for each year without applying actuarial calculation methods.

SHARE-BASED PAYMENTS

Share-based remuneration plans for employees are recognized in the Income Statement, with a corresponding increase in Equity, based on the fair value of the financial instruments allocated at the awarding date, divided over the time period covered by the plan.

The fair value of any options is calculated using a model that takes into account information such as the exercise price and term of the option, the current price of the shares and their expected volatility, expected dividends and the risk-free interest rate, as well as the plan specific features The measurement model separately measures the options and the probability that the conditions for granting the options will be achieved.

Any reduction in the number of financial instruments awarded is reported as derecognition of a portion of such instruments.

REVENUE RECOGNITION

Revenues are recognised when realized or when it is probable that future benefits will be received and these future benefits can be reliably determined. Specifically:

- interest revenues are recognized on an accrual basis, using the contractual interest rate or the effective interest rate where the amortized cost method is applied;
- Default interest, if any is contractually provided for, is recognized in the Income Statement only upon collection;
- Dividends are recognized in the income statement when their distribution is authorized;
- Fee and commission income for revenues from services is recognized, where the relevant agreements exist, in compliance with IFRS 15 (fee and commission income considered in the amortized cost for determining the effective interest rate are recognized under interest income);
- Revenues from intermediation of financial instruments held for trading, calculated as the difference between the transaction price and the instrument fair value, are recognized in the Income Statement when the transaction is recognized, if the fair value can be determined with reference to parameters or transactions recently observed in the same market in which the instrument is traded.

If these values cannot be easily detected or the instrument is not highly liquid, the financial instrument is recognized at a value equal to the transaction price, less the business profit; the difference with the fair value is recognized in the Income Statement over the transaction duration with progressive reduction, in the measurement model, of the correction factor relating to the instrument's low liquidity.

REVENUES FROM CONTRACTS WITH CUSTOMERS (IFRS 15)

Fee and commission revenues and expenses are recognised in the Income Statement based on the nature of services they refer to.

Fees and commissions that are an integral part of the effective yield on a financial instrument are recognised as an adjustment to the yield on the instrument and included in its effective interest rate.

The recognition of other types of fees and commissions in the income statement shall reflect the time of transfer to the customer of control of the goods or services sold.

The net income from a transaction associated with the provision of services is recognised under Fee and commission income at the time of transfer of control of the service to the customer, if this can be reliably estimated. This transfer may occur as the service is provided (ongoing service) or on a specific date (one-off service).

- Fee and commission income from ongoing services (fees and commissions on payment instruments, for example) shall be recognised through profit or loss according to the degree of progress of the service provided.
- Fees and commissions collected or paid as consideration for one-off services shall be fully recognized through profit or loss when the service is provided.

Fees and commissions to be paid or collected, or not yet earned, shall be progressively recognized as the performance obligation is satisfied over time. These estimates shall be updated at every reporting date. In practice, this condition can result in the deferred recognition of certain items of performance-related fee and commission income until such income has been definitively acquired.

CONTRIBUTIONS TO THE SINGLE RESOLUTION FUND

The Bank Recovery and Resolution Directive (BRRD – 2014/59/EU) lays down the resolution rules applying since 1 January 2015 to all the banks within the European Union.

The relevant measures shall be financed by the National Resolution Fund, which, on 1 January 2016, was merged into the Single Resolution Fund – SRF, managed by the Single Resolution Board – SRB.

The Single Resolution Fund shall reach a target level of financial resources by 31 December 2023 through the payment of a yearly ex-ante contribution, which, normally, pursuant to the Delegated Regulation of the European Commission No. 2015/81, may be paid also with irrevocable payment commitments (IPC). For 2022, credit institutions were allowed to use such commitments for 15% of total contributions, as in the two previous years. To secure full payment of the total contributions, intermediaries are required to give eligible assets as collateral, which may consist only of cash.

In 2022, the Bank of Italy, in its capacity as the Resolution Authority, informed the Italian Banks that are subject to the above regulation of the ordinary contribution due for the 2022 financial year, calculated pursuant to Delegated Regulations of the European Commission No. 2015/63 and Council Implementing Regulation no. 2015/81. This contribution was determined by the Single Resolution Board in cooperation with the Bank of Italy.

It is reported that Crédit Agricole Italia exercised the option to settle 15% of its total contribution through irrevocable payment commitments.

The ex-ante ordinary contribution to the Single Resolution Fund, net of IPCs, to be paid by Crédit Agricole Italia for 2022 amounts to Euro 38 million.

These contributions are recognized in the Income Statement under “Other administrative expenses”.

CONTRIBUTIONS TO THE DEPOSIT GUARANTEE SCHEME

The Deposit Guarantee Scheme Directive - 2014/49/EU (DGSD) laid down an harmonized regulatory framework applying throughout the European Union on deposit guarantee schemes.

The Deposit Guarantee Scheme provides a coverage of Euro 100,000 per depositor. In Italy, it is managed by the Interbank Deposit Protection Fund.

The Scheme requires member banks to give an ex-ante contribution, which is intended to achieve the financial target level, i.e. 0.8% of the amount of the covered deposits of all authorized credit institutions in all Member States, by 3 July 2024.

If the Scheme does not have the resources to intervene where needed, an extraordinary contribution (ex-post) may be requested.

The contribution paid by Crédit Agricole Italia for 2022 amounted to Euro 66.1 million.

These contributions are recognized in the Income Statement under “Other administrative expenses”.

BUSINESS COMBINATIONS

Business combinations are recognized in accordance with IFRS 3 "Business Combinations".

This standard requires business combinations to be recognized using the "acquisition method" of accounting, based on which assets, liabilities and contingent liabilities of the acquiree are measured at acquisition-date fair value.

Any portion of the price paid exceeding the acquisition-date fair values shall be recognized as goodwill or as other intangible assets; if the price is lower than acquisition-date fair value, the difference shall be taken to the Income Statement ("negative goodwill").

The "acquisition method" shall be applied from the acquisition date, i.e. the date on which control over the acquiree is actually obtained. Therefore, profit or losses of a subsidiary acquired in the period are reported in the Consolidated Financial Statements starting from the date of its acquisition. Likewise, profit or losses of a subsidiary sold in the period are reported in the Financial Statements up to the date on which control is transferred.

Business combinations between entities under common control are not within IFRS 3 scope of application, nor are they governed by other IFRSs; therefore, these business combinations are defined in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Indeed, IASs/IFRSs provide specific guidelines to be followed for any transactions that are not within the IFRS scope of applications, which are described in paragraphs 10–12 of IAS 8 and require the Management to consider also the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards.

IFRS 3 gives limited accounting guidelines regarding transactions under common control, previously described in the Accounting Principles Board (APB) Opinion. This method ("pooling of interest") requires, for these transactions, assets and liabilities to be recognized at the historical values (book valued) of the combined entities, rather than at their respective fair values without recognizing goodwill.

In Italy, this approach was essentially endorsed and adopted by the Italian Association of Auditors of the Accounts (Assirevi), with Documents OPI No. 1R regarding the accounting treatment of "business combinations of entities under common control" and OPI No. 2R regarding the accounting treatment of mergers.

Therefore, "intra-group" business combinations or business combinations between "entities under common control" within the Crédit Agricole Italia Banking Group are recognized based on the book value of the transferred entities. If the consideration paid to acquire the equity interest is different from the book value of the transferred entity, because of recognized goodwill, the difference shall be recognized as a decrease in equity of the acquirer Company and the transaction shall be classified as extraordinary distribution of reserves.

Exactly in the same way, if an entity is sold, the received consideration shall be recognized directly in an equity reserve, since it is essentially a capital contribution made by the other Companies of the Group the reporting entity belongs to.

FAIR VALUE MEASUREMENT

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price) on the main (or more advantageous) market, irrespective of whether this price can be directly observed or is estimated using a valuation technique. Fair value applies to every financial asset or liability on an individual basis. As an exception, it can be estimated at a portfolio level, if the strategy for risk management and monitoring allows it and if appropriate documentation is provided. However, certain fair value parameters are calculated on a net basis, when a group of financial assets and financial liabilities is managed based on its net exposure to market or credit risks. This is the case for calculation of Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA) for derivatives.

More exhaustive reporting on these parameters is given in Part A.4 of the Note to the Financial Statements.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

For financial instruments, fair value is determined using prices from financial markets in the case of financial instruments listed in active markets, or using internal measurement models for other financial instruments.

A market is considered active if quoted prices, representing actual and regular market transactions occurring during an appropriate reference period, are readily and regularly available from sources such as stock exchanges, stockbrokers, intermediaries, industry companies, pricing services or authorized bodies. Collective investment schemes (EFT), spot exchange transactions, futures, options and equity securities listed on a regulated market are considered as traded on a regulated market. Bonds for which at least two executable prices can be detected on a quotation service with a bid-asking spread that is less than an interval deemed consistent are also considered as quoted. Otherwise, all securities, derivatives and hedge funds that do not belong to the above categories are not considered as traded on an active market.

For financial instruments traded on active markets, the price is used which is defined as “official”, as at the closure of the reference period.

In the case of financial instruments for which the bid-ask spread is immaterial, or for financial assets and liabilities capable of offsetting market risk, a “mid price” is used, i.e. the average market price (on the last day of the reference period) instead of the bid or ask price.

Where there is no active, liquid market, the fair value of financial instruments is defined mainly by using standard measurement techniques designed to establish what the transaction price would have been on the measurement date in an arm’s length trade carried out for normal market reasons. In incorporating all the factors that operators would consider in setting the price, development of the valuation models takes into account the time value of money at the risk-free rate, the volatility of the financial instrument, as well as, where applicable, exchange rates, commodity prices and stock prices.

With finance products for which the fair value determined with measurement techniques cannot guarantee a sufficient degree of reliability, the value is prudentially calculated as the fair value at the reference date communicated by the parties with which the transactions were signed.

The measurement method chosen for a financial instrument is applied consistently over time and may only be altered if significant changes in market conditions or the subjective condition of the issuer of the financial instrument occur.

For bonds and derivative contracts, globally accepted valuation models have been set, which refer to market parameters, to the time value of money and to risk-free rates.

Specifically, fixed-rate bonds relating to financial assets or liabilities are measured using the discounted cash flow method pursuant to the security contractual scheme; floating-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameter.

Derivative contracts are measured using specific calculation algorithms and specific numerical procedures according to the type of the different categories of transactions.

Stocks are measured considering the direct transactions, that is, significant transactions on the security registered in a sufficiently short timeframe with respect to the time of measurement and in constant market conditions, comparable transactions by companies operating in the same sector and supplying the same type of products/services as the associated company being evaluated provides, application of the average of significant stock exchange multiples of companies of a comparable financial size to the financial aggregates of the investee and, finally, financial, income and equity measurement methods.

The fair value of units in funds resulting from loan management initiatives is determined in accordance with Bank of Italy/Consob/Ivass Joint Document no. 8 – Coordination table between Consob, the Bank of Italy and Ivass regarding the application of the. IAS/IFRS of 14 April 2020; therefore, for fair value determination, the Crédit Agricole Italia Banking Group asks the Asset Manager to periodically provide an estimate of the Fund made by an independent expert and compliant with IFRS13 and with the Joint Document. Said Fair Value is the value the fund units are measures and recognized at. If the asset management undertaking does not provide that estimate, the NAV communicated by the undertaking is reduced by a discount determined in accordance with market practices.

All the other funds not resulting from loan management initiatives are measured applying a discount determined in accordance with the market practices.

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS

For financial instruments held for sale and for those assets and liabilities recognized at cost or amortized cost, the fair value for reporting purposes or given as disclosure in the Note to the Financial Statements is calculated as follows:

- The fair values of medium/long-term assets and liabilities are primarily measured by discounting future cash flows, taking account of the riskiness of the relevant portfolio;
- A good approximation of the fair value of demand or short-term assets and liabilities is their book value as initially recognized and net of collective/individual writedowns;
- The book value of non-performing loans (bad loans, unlikely-to-pay and past-due positions) is deemed to be a reasonable fair value approximation. This assumption is based on the fact that the fair value calculation is mainly affected by the expected recovery from the borrower through internal collection activities based on the account manager's subjective assessment, as well as by the alternative scenario of selling the individual non-performing exposure on the market, which considers the main assessment parameters used by potential buyers; therefore, the recovery value recognized results from the weighting of such scenarios.
- the book value initially recognized of floating-rate and short-term fixed-rate securities is deemed a reasonable fair value approximation, due to the fact that it reflects both the change in rates and the measurement of the credit risk associated with the issuer.

An analogous approach is applied for the fair value measurement of medium-/long-term fixed-rate securities and structured securities that are hedged for interest rate risk, for which the book value determined for hedge accounting purposes already takes account of interest rate risk measurement. For the latter, in determining the fair value reported in the Note to the Financial Statements, changes in their credit spread were not taken into account, considering the same within the Group.

With regard to real estate, for which the fair value is calculated only for the purposes of disclosure in the Note to the Financial Statements, reference is made to a value primarily based on appraisals by independent experts, considering transactions at current prices in an active market for similar properties in the same geographical area and under the same conditions for leases and other contracts.

AMORTIZED COST MEASUREMENT

The amortized cost of a financial asset or financial liability is the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization, calculated using the effective interest method, of any difference between the initial amount and the amount at maturity, and minus any impairment loss.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the financial asset or liability up to maturity or the subsequent repricing date to the present value of the financial asset or liability.

To calculate the present value, the effective interest rate is applied to future cash flows or payments over the life of the financial asset or liability or for a shorter period of time under certain conditions (for example, changes in market rates).

Subsequent to initial recognition, the amortized cost method makes it possible to allocate revenues and costs pertaining to the instruments over their expected lifetime. The determination of the amortized cost varies according to whether the financial assets/liabilities being measured are at fixed or variable rate, and - in the latter case - according to whether the rate variability is known or not beforehand. For fixed-rate instruments, or instruments with fixed rate over specified time ranges, future cash flows are measured using the known interest rate (single or variable) over the life of the loan. For floating rate financial assets and liabilities whose variability is not known ahead of time (e.g. because it is linked to an index), cash flows are determined using the last known rate. Each time the rate is changed, the amortization schedule is recalculated, as is the effective rate of return over the entire useful life of the instruments, i.e. to maturity. Any adjustments are recognized as expense or income in the Income Statement.

Measurement at amortized cost applies to financial assets measured at amortized cost and to financial assets measured at fair value through other comprehensive income, as well as to financial liabilities measured at amortized cost.

Financial assets and liabilities traded on an arm's length basis are initially recognized at fair value, which is normally equal to the amount received or paid, including, for instruments measured at amortized cost, directly attributable transaction costs, fees and commissions.

Transaction costs are marginal internal or external costs or revenues that are directly attributable to the issue, acquisition or disposal of a financial instrument and that cannot be charged to the customer. These fees and commissions, which must be directly attributable to individual financial assets or liabilities, affect the original effective rate of return and cause the effective interest rate associated with the transaction to vary from the contractual interest rate. Transaction costs do not include costs and revenues that apply, indiscriminately, to more than one transaction and do not include components relating to events that could occur over the life of the instruments that are not certain at the time the instrument is initially prepared, such as: commissions for retrocession, failure to use a credit line, early repayment.

Furthermore, the amortized cost calculation does not take account of the costs that the Group would bear independently of the transaction (for example, administrative costs, recording and communication expenses), of the costs that, though specifically attributable to the transaction, fall within normal loan management practices (for example, activities associated with disbursement of the loan), as well as fees and commissions for services collected for the completion of Structured Finance operations, which would however have been collected irrespectively of the subsequent financing of the transaction (such as, for example, arrangement fees and commissions).

With specific reference to loans, costs attributable to the financial instrument include commission paid to distribution channels, fees paid for advice/assistance regarding the organization and/or participation in syndicated loans and expenses borne for loans acquired by subrogation; while the revenues considered in the calculation of amortized cost are up-front commissions relating to loans granted at lower-than-market rates, fees and commissions for participation in syndicated transactions and brokerage fees linked to commissions paid by intermediation companies.

With regard to securities not measured at "fair value through profit or loss", transaction costs include fees and commissions on contracts with stockbrokers operating in Italian markets, fees and commissions paid to intermediaries operating in foreign stock and bond markets based on set fee and commission schedules. The amortized cost does not include stamp duties, as these are deemed immaterial.

For securities issued, amortized cost is calculated taking into account fees and commissions for placing debenture loans paid to third parties, legal expenses, fees paid to stock exchanges and fees paid to auditors for work done on each individual issue, while the amortized cost excludes fees and commissions paid to rating agencies, legal and advice/audit expenses for the annual update of prospectuses, expenses for the use of indices and fees and commissions that arise during the life of the debenture loan issued.

Following initial measurement, they are measured at amortized cost, reporting effective interest rates that are higher or lower than the nominal rates.

Hedged financial assets and liabilities, for which changes in fair value with respect to the hedged risk are recognized in the income statement, are not measured at amortized cost. However, the financial instrument is once again measured at amortized cost where the hedge terminates. From that moment, previously recognized changes in fair value are amortized, calculating the new effective interest rate that takes account of the value of the loan adjusted for the fair value of the hedged item, up to the originally scheduled expiry of the hedge. Moreover, as previously stated in the section on measuring loans and receivables, debt and debt securities issued, the amortized cost method does not apply to short-term financial assets and liabilities since the impact of discount is negligible, and does not apply to loans without a specified maturity or loans subject to revocation.

IMPAIRMENT OF OTHER NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment if there is evidence that the book value of the asset can no longer be recovered.

The recoverable amount is calculated for each single asset, except in case this asset generates cash flows that are not widely independent of those generated by other assets or groups of assets.

If the carrying amount of an asset is higher than its recoverable amount, that asset is impaired and consequently written down to the recoverable amount.

The recoverable amount is determined with reference to the fair value of the asset, excluding disposal costs, or value in use, if calculable and higher than the fair value.

The fair value of property is mainly determined on the basis of appraisals by independent experts. The appraisal is updated whenever there is a change in the property market trend that could affect the validity of the previous estimates and, in any case, every three years. Impairment losses are recognized only when the fair value, net of sale costs, or the value in use of the asset is lower than its book value for three consecutive years.

For other Property, plant and equipment items and intangible assets (other than goodwill), the Group determines the value in use as the present value of the estimated future cash flows using a discount rate before-taxes reflecting market data (the present value of money and asset-specific risks).

SEGMENT REPORTING METHOD

In accordance with IFRS 8, segment reporting is presented in the consolidated financial statements only, to which reference is made.

A.3 REPORTING ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

In 2022, no transfers between portfolios were made.

A.4 FAIR VALUE REPORTING

QUALITATIVE DISCLOSURES

CLASSIFICATION OF FINANCIAL INSTRUMENTS AND OF NON-FINANCIAL ASSETS/ LIABILITIES

Reporting on the fair value hierarchy as required by IFRS 13 applies to financial instruments and to non-financial assets/liabilities that are measured at fair value (irrespectively of whether they are so measured on a recurring or non-recurring basis).

The standard classifies fair value into three different levels based on the observability of the inputs used for its measurement:

- **Level 1:** Fair value equal to quoted prices (with no adjustments) in active markets. Level 1 includes financial instruments that are quoted on active markets.
  Specifically, these financial instruments are stocks and bonds quoted in active markets, investment schemes quoted in active markets (EFT) and derivatives traded in regulated markets.
  Markets are considered active if the quotations are easily and regularly available on the stock exchange, from brokers, intermediaries, price quotation services or regulatory agencies and these prices represent actual transactions that are regularly carried out in the market on an arm's length basis.
- **Level 2:** Fair value determined using measurement models that are based on observable or indirectly observable market inputs (for example determining the yield curve based on interest rates that are directly observable on the market at a given reference date). Level 2 includes:
  - Stocks and bonds that are quoted on markets considered inactive or that are not quoted on an active market, but whose fair value is determined using a measurement model based on observable or indirectly observable inputs;
  - Financial instruments whose fair value is determined with measurement models using observable market inputs.

- **Level 3:** Financial instruments whose fair value is determined using, to a significant extent, inputs that do not meet the set observability requirements. The fair value of some complex instruments that are not traded in active markets is determined with measurement techniques based on inputs that are not observable on the market. They are mainly complex interest rate instruments, stock derivatives and structured loans, where the measured correlation or volatility inputs are not directly comparable to market inputs.

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

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

Specifically, fixed-rate bonds relating to financial assets or liabilities are measured using the discounted cash flow method pursuant to the security contractual scheme; floating-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameter.

Derivative contracts are measured using specific calculation algorithms according to the type of the different categories of transactions.

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

CREDIT VALUATION ADJUSTMENT (CVA) AND DEBIT VALUATION ADJUSTMENT (DVA)

In accordance with the IFRS 13 regulatory framework, derivatives shall be priced based on market factors, as well as on the possible effects of the risk of the counterparty's default, which comprises the risk associated to the counterparty's creditworthiness, by calculating the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA is the value adjustment of an OTC derivative contract entered into by the Bank with an external counterparty, which reflects the possible loss resulting from the worsening of the creditworthiness/default of the counterparty.

In a mirror-like way, the DVA expresses the CVA from the external counterparty's standpoint and consists in an adjustment of the derivative fair value based on the change in the creditworthiness of the Bank.

Based on the above, the value of a portfolio of OTC derivatives that are in force with a market counterparty is equal to the value of the same risk-free portfolio less the CVA plus the DVA.

As provided for by IFRS13, in certain conditions, risk mitigation tools may be used, such as ISDA master agreements and Credit Support Annexes (CSA).

By signing ISDA Master Agreements, which are framework agreements that amount to the reference international standard on OTC derivatives, the Bank can calculate the CVA and DVA by netting set or by counterparty, after assessing the netting effect potentially resulting from such Agreements, rather than calculating it by single derivative.

Much in the same way, risks can be mitigated by finalizing Credit Support Annexes (CSA), which are attached to the ISDA Mater Agreement and provide for the deposit with the creditor of an amount equal to the mark-to-market value of the exposure as collateral.

Such collateral allows the present exposure and the consequent risk to be reduced and must be periodically reviewed in order to verify its consistency.

In accordance with IFRS 13, the Crédit Agricole Italia Banking Group has adopted a model implemented by its French Parent Company Crédit Agricole S.A.; in addition to the effects of any changes in the counterparty's creditworthiness (Credit Valuation Adjustment – CVA), this model also expresses any changes in the Group's creditworthiness (Debit Value Adjustment – DVA).

In accordance with the model, the calculation of the CVA depends on the exposure, on the probability of default (PD) and on the Loss Given Default (LGD) of the counterparties.

This model provides for the use of a forward-looking PD as a function of the type of counterparty, to which a CDS spread or a CDS proxy is assigned. For this purpose, external counterparties are classified into three categories:

- The first category includes the counterparties for which CDS input parameters are directly observable in the market;
- The second category includes counterparties for which there is no official quoted parameter, but to which a CDS proxy can be assigned, based on the observable market value that is given to counterparties with the same characteristics in terms of economic activity sector, rating and geographical area;
- The third category includes the counterparties to which a proxy cannot be assigned and for which, therefore, historical data are used.

On the other hand, the DVA calculation depends on the Bank's exposure, probability of default (PD) and Loss Given Default (LGD) and this measure expresses the potential earnings from the change in the market prices of the relevant derivative, due to the worsening of the creditworthiness/default of the Bank.

In this case, a forward-looking PD is used which reflects the Group's credit risk.

As at 31 December 2022, the CVA value for Crédit Agricole Italia, calculated in accordance with the method reported above, was Euro -2.83 million.

Similarly, as at 31 December 2022, the DVA value was Euro 4.96 million.

The difference between the CVA and DVA amounts as calculated (equal to Euro +2.13 million), net of the same component already recognized as at 31 December 2021 (equal to Euro -4.81 million), is a positive income component and, as such, has been recognized in the Income Statement.

A.4.2 Processes and sensitivity of measurement

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

IFRS 13 also requires that, for recurring fair value measurements classified as Level 3 of the fair value hierarchy, a narrative description be given of the sensitivity of the fair value measurement to changes in unobservable inputs, if a change in those inputs could result in a significantly higher or lower fair value measurement.

Indeed, unobservable inputs that can affect the measurement of financial instruments classified as Level 3 mainly consist in estimates and assumptions underlying the models used to measure investments in equity securities and OTC derivatives. For these investments no quantitative sensitivity analysis of the fair value based on the change in unobservable inputs was carried out, since either the fair value was obtained from third-party sources without any adjustments or resulted from a model whose inputs are specific for the entity being measured (for example the company equity values) and for which alternative values cannot be reasonably assumed.

Reference is made to the breakdown analysis of the composition of these cases, which is reported in the next section on quantitative disclosures.

A.4.3 Fair value hierarchy

For the assets and liabilities recognized, the Finance Department assesses whether transfers between fair value levels have occurred and reviews the fair value categorization at each reporting date.

The Finance Department moves financial instruments from Level 1 to Level 2 only in case of financial instruments that are quoted in a regulated but not active market and that can be measured using the Group's internal standard pricing models. The Finance Department makes transfers to Level 3 only for financial instruments that are no longer listed in a regulated market and that cannot be measured using standard internal pricing models of the Group.

A.4.4 Other information

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

QUANTITATIVE DISCLOSURES

A.4.5 Fair value hierarchy

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

Assets/liabilities measured at fair value	31 Dec. 2022			31 Dec. 2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	88	331,834	186,789	93	49,206	56,776
a) financial assets held for trading;	88	331,834	60	93	49,206	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	186,729	-	-	56,776
2. Financial assets measured at fair value through other comprehensive income	3,255,763	211,271	49,462	2,887,509	202,000	19,066
3. Hedging derivatives	-	1,318,583	63	-	570,135	-
4. Property, Plant and Equipment	-	-	-	-	-	-
5. Intangible Assets	-	-	-	-	-	-
Total	**3,255,851**	**1,861,688**	**236,314**	**2,887,602**	**821,341**	**75,842**
1. Financial liabilities held for trading	-	328,990	59	-	53,025	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	3,045,592	769,942	-	146,102	677,072
Total	**-**	**3,374,582**	**770,001**	**-**	**199,127**	**677,072**

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

In 2022 there were no transfers of assets and liabilities between fair value levels.

The impact of applying CVA and DVA on the fair value measurement of derivatives held for trading came to Euro 2.13 million.

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible Assets
	Total	Of which a) financial assets held for trading	Of which b) financial assets designated at fair value	Of which c) other financial assets mandatorily measured at fair value				
1. Opening balance	**56,776**	**-**	**-**	**56,776**	**19,066**	**-**	**-**	**-**
2. Increases	**167,363**	**1,019**	**-**	**166,344**	**57,791**	**63**	**-**	**-**
2.1 Purchases	23,472	1,005	-	22,467	104	-	-	-
2.2 Profits recognized in:	30	13	-	17	1,680	44	-	-
2.2.1 Income Statement	30	13	-	17	30	44	-	-
- of which: capital gains	-	-	-	-	-	44	-	-
2.2.2 Equity	-	X	X	X	1,650	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	143,861	1	-	143,860	56,007	19	-	-
3. Decreases	**37,350**	**959**	**-**	**36,391**	**27,395**	**-**	**-**	**-**
3.1 Sales	4,554	958	-	3,596	23,583	-	-	-
3.2 Repayments	21,662	-	-	21,662	1,425	-	-	-
3.3 Losses recognized in:	11,133	-	-	11,133	2,309	-	-	-
3.3.1 Income Statement	11,133	-	-	11,133	-	-	-	-
- of which: capital losses	10,350	-	-	10,350	-	-	-	-
3.3.2 Equity	-	X	X	X	2,309	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	1	1	-	-	78	-	-	-
4. Closing Balance	**186,789**	**60**	**-**	**186,729**	**49,462**	**63**	**-**	**-**

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

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	**-**	**-**	**677,072**
2. Increases	**59**	**-**	**187,653**
2.1 Issues	59	-	-
2.2 Losses recognized in:	-	-	152,055
2.2.1 Income Statement	-	-	152,055
- of which: capital losses	-	-	152,055
2.2.2 Equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	35,598
3. Decreases	**-**	**-**	**94,783**
3.1 Repayments	-	-	85,537
3.2 Repurchases	-	-	-
3.3 Profits recognized in:	-	-	9,246
3.3.1 Income Statement	-	-	9,246
- of which: capital gains	-	-	9,246
3.3.2 Equity	X	-	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing Balance	**59**	**-**	**769,942**

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

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31 Dec. 2022				31 Dec. 2021			
	BV	L1	L2	L3	VB	L1	L2	L3
1. Financial assets measured at amortized cost	81,364,405	11,598,893	5,523,234	63,712,608	63,943,468	8,934,080	11,810,802	43,938,140
2. Investment property	132,970	-	-	153,402	94,088	-	-	95,974
3. Non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**81,497,375**	**11,598,893**	**5,523,234**	**63,866,010**	**64,037,556**	**8,934,080**	**11,810,802**	**44,034,114**
1. Financial liabilities measured at amortized cost	83,673,492	-	82,634,854	1,098,736	64,531,162	-	64,506,902	371,453
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**83,673,492**	**-**	**82,634,854**	**1,098,736**	**64,531,162**	**-**	**64,506,902**	**371,453**

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

The book value recognized for non-performing loans, classified at Level 3 of the fair value hierarchy is assumed to be a reasonable approximation of the fair value. This assumption is based on the fact that the fair value calculation is mainly affected by the expected recovery from the borrower through internal collection activities based on the account manager's subjective assessment, as well as by the alternative scenario of selling the individual non-performing exposure on the market, which considers the main assessment parameters used by potential buyers; therefore, the recovery value recognized results from the weighting of such scenarios. For more details, please see Part A.2 – Part reporting on the main financial statement items – Impairment for credit risk – ECL governance and measurement.

On the other hand, it is pointed out that the fair value of performing loans, classified at Level 3, as reported in the table, has been calculated based on models that use mainly unobservable inputs (e.g: internal risk parameters). Therefore, for these loans (stage 1 and stage 2), also because there is no secondary market, the fair value recognized, for disclosure purposes only, could be significantly different from the prices of any disposals.

A.5 – REPORTING ON DAY ONE PROFIT/LOSS

Paragraph 28 of IFRS 7 governs the specific situation where, in case of purchase of a financial instrument that is designated at fair value but not listed on an active market, the transaction price, which generally is equal to the fair value best estimate upon initial recognition, is different from the fair value determined based on the measurement techniques used by the entity.

In this case, a measurement profit/loss is realized upon acquisition, which shall be adequately reported by financial instrument class.

It is pointed out that this case does not apply to Crédit Agricole Italia Financial Statements.

PART B – INFORMATION ON THE ASSETS BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

1.1 CASH AND CASH EQUIVALENTS: BREAKDOWN

	31 Dec. 2022	31 Dec. 2021
a) Cash	523,520	331,827
b) Current accounts and demand deposits with Central Banks	2,084,995	-
c) Current accounts and deposits with Banks	267,482	208,466
Total	**2,875,997**	**540,293**

Item b) Current accounts and demand deposits with Central Banks also reports the overnight deposits with the Bank of Italy.

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

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2022			31 Dec. 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities	87	-	-	93	-	-
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	87	-	-	93	-	-
2. Equity securities	1	-	1	-	-	-
3. Units of O.I.C.R. collective investment undertakings	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**88**	**-**	**1**	**93**	**-**	**-**
B. Derivatives						
1. Financial Derivatives	-	331,834	59	-	49,206	-
1.1 held for trading	-	331,834	59	-	49,206	-
1.2 Associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit Derivatives	-	-	-	-	-	-
2.1 held for trading	-	-	-	-	-	-
2.2 Associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**-**	**331,834**	**59**	**-**	**49,206**	**-**
Total (A+B)	**88**	**331,834**	**60**	**93**	**49,206**	**-**

The increase in item "Derivative instruments" resulted mainly from the change in measurement component and partly only to the contribution of the amounts from the two mergers made in the reporting year.

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY BORROWER/ ISSUER/COUNTERPARTY

Items/Values	31 Dec. 2022	31 Dec. 2021
A. On-balance-sheet assets		
1. Debt securities	**87**	**93**
a) Central Banks	-	-
b) Public administration bodies	85	91
c) Banks	2	1
d) Other financial companies	-	1
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
2. Equity securities	**2**	**-**
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance undertakings	-	-
c) non-financial corporations	2	-
d) Other issuers	-	-
3. Units of O.I.C.R. collective investment undertakings	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total (A)	**89**	**93**
B. Derivatives		
a) Central counterparties	-	-
b) Other	331,893	49,206
Total (B)	**331,893**	**49,206**
Total (A+B)	**331,982**	**49,299**

The trading book consists mainly of Over-The-Counter derivatives traded on a matched basis (back-to-back trading). The mismatch vs. the measurement of derivatives held for trading recognized in the “Financial liabilities held for trading” item resulted from the CVA/DVA application to fair value measurement, as reported in Part A.4 Fair value reporting of Accounting Policies.

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE BREAKDOWN BY TYPE

Items/Values	31 Dec. 2022			31 Dec. 2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**1,433**	**-**	**-**	**650**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	1,433	-	-	650
2. Equity securities	**-**	**-**	**23,865**	**-**	**-**	**9,468**
3. Units of O.I.C.R. collective investment undertakings	**-**	**-**	**161,431**	**-**	**-**	**46,658**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**-**	**-**	**186,729**	**-**	**-**	**56,776**

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

Item 1.2 “Other debt securities” reports the 5% retained portion of the mezzanine and junior notes within the securitization of a NPL portfolio.

Item 2 “Equity securities”, amounting to Euro 23,865 thousand, reports the investments in the following companies: Autovie Venete for Euro 9,524 thousand, Friulia for Euro 8,488 thousand, Fraer leasing for Euro 5,211 thousand, Finapp for Euro 500 thousand and in Banca Popolare di Puglia e Basilicata for Eueo 142 thousand.

The increase in item 3 “Units of collective investment undertakings” resulted mainly from the mergers made in the reporting year (Euro 122,038 thousand).

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY DEBTOR/ISSUER

Items/Values	31 Dec. 2022	31 Dec. 2021
1. Equity securities	**23,865**	**9,468**
of which: banks	142	142
of which: other financial companies	13,699	5,211
of which: non-financial corporations	10,023	4,115
2. Debt securities	**1,433**	**650**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	1,433	650
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
3. Units of O.I.C.R. collective investment undertakings	**161,431**	**46,658**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total	**186,729**	**56,776**

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

3.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2022			31 Dec. 2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**3,240,500**	**-**	**-**	**2,871,187**	**-**	**-**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	3,240,500	-	-	2,871,187	-	-
2. Equity securities	**15,263**	**211,271**	**49,462**	**16,322**	**202,000**	**19,066**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,255,763**	**211,271**	**49,462**	**2,887,509**	**202,000**	**19,066**

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

As at the reporting date, the exposure in debt securities came to a total of Euro 3,241 million and consisted of Italian government bonds.

Equity securities at level 1 mainly consist of the shares held in Unipol-Sai capital for an amount of Euro 15,103 thousand.

Among equity securities at level 2, the item reports 8,438 shares in the Bank of Italy, equal to 2.81% of its entire share capital. As at the reporting date their book value was Euro 211 million.

These shares resulted mainly from the share capital increase that the Bank of Italy made in 2013 in accordance with Italian Decree Law no. 133 of 30 November 2013, converted with Italian Law no. 5 of 29 January 2014, which determined the issue of new shares.

In 2022 the shares in the Bank of Italy increased by 101 new shares coming from Creval merger, while another 257 were purchased from other intermediaries.

Level-3 equity securities include the equity investments in Alba Leasing S.p.A. Amounting to Euro 27,418 thousand, Astaldi SFP amounting to Euro 4,142 thousand, Cassa di Risparmio di Volterra amounting to Euro 3,196 thousand and Fidi Toscana S.p.A. amounting to Euro 1,871 thousand.

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY DEBTOR/ISSUER

Items/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Debt securities	**3,240,500**	**2,871,187**
a) Central Banks	-	-
b) Public administration bodies	3,240,500	2,871,187
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
2. Equity securities	**275,996**	**237,388**
a) Banks	214,467	205,196
b) Other issuers:	61,529	32,192
- other financial companies	46,658	20,163
of which: insurance undertakings	15,103	16,170
- non-financial corporations	14,871	12,029
- other	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total	**3,516,496**	**3,108,575**

Line 2.a) reports also the value of the shareholding in the Bank of Italy amounting to Euro 211 million.

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total partial write-offs(*)
	Stage 1	O/w: Low credit risk instruments	Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
Debt securities	3,246,659	3,246,659	-	-	-	6,159	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31 Dec. 2022	**3,246,659**	**3,246,659**	**-**	**-**	**-**	**6,159**	**-**	**-**	**-**	**-**
Total 31 Dec. 2021	**2,874,621**	**2,874,621**	**-**	**-**	**-**	**3,434**	**-**	**-**	**-**	**-**

(*) Value to be stated for disclosure purposes.

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

4.1 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE FROM BANKS

Type of transactions/Values	31 Dec. 2022						31 Dec. 2021					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3
A. Claims on Central Banks	**653,923**	**-**	**-**	**-**	**653,923**	**-**	**8,999,080**	**-**	**-**	**-**	**8,999,080**	**-**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Reserve requirement	626,640	-	-	X	X	X	8,985,429	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	27,283	-	-	X	X	X	13,651	-	-	X	X	X
B. Due from Banks	**4,869,039**	**372**	**-**	**-**	**4,869,311**	**100**	**2,811,722**	**-**	**-**	**-**	**2,811,722**	**-**
1. Loans	4,868,939	372	-	-	4,869,311	-	2,811,722	-	-	-	2,811,722	-
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	1,503,643	-	-	X	X	X	2,241,602	-	-	X	X	X
1.3 Other loans:	3,365,296	372	-	X	X	X	570,120	-	-	X	X	X
- Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Loans for leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	3,365,296	372	-	X	X	X	570,120	-	-	X	X	X
2. Debt securities	100	-	-	-	-	100	-	-	-	-	-	-
2.1 Structured Securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	100	-	-	-	-	100	-	-	-	-	-	-
Total	**5,522,962**	**372**	**-**	**-**	**5,523,234**	**100**	**11,810,802**	**-**	**-**	**-**	**11,810,802**	**-**

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

The decrease in the Reserve requirement item resulted from the temporary reduction in excess liquidity on the Bank of Italy account.

The increase in item 1.3 Other loans – Other resulted from the origination of loans to companies of the Crédit Agricole Group.

4.2 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF LOANS TO CUSTOMERS

Type of transactions/ Values	31 Dec. 2022						31 Dec. 2021					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3
1. Loans	**62,222,820**	**1,079,923**	**-**	**-**	**-**	**62,846,969**	**42,095,153**	**641,338**	**-**	**-**	**-**	**43,437,823**
1.1 Current accounts	3,005,616	174,760	-	X	X	X	1,417,680	109,307	-	X	X	X
1.2 Repurchase agreements for lending purposes	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Mortgage loans	44,683,738	833,300	-	X	X	X	29,107,602	490,604	-	X	X	X
1.4 Credit cards, personal loans and loans repaid by automatic deductions from salaries/pensions	328,508	4,955	-	X	X	X	127,616	1,501	-	X	X	X
1.5 Lease loans	7,286	-	-	X	X	X	-	-	-	X	X	X
1.6 Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7 Other loans	14,197,672	66,908	-	X	X	X	11,442,255	39,926	-	X	X	X
2. Debt securities	**12,537,280**	**1,048**	**-**	**11,598,893**	**-**	**865,539**	**9,396,175**	**-**	**-**	**8,934,080**	**-**	**500,317**
2.1 Structured Securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	12,537,280	1,048	-	11,598,893	-	865,539	9,396,175	-	-	8,934,080	-	500,317
Total	**74,760,100**	**1,080,971**	**-**	**11,598,893**	**-**	**63,712,508**	**51,491,328**	**641,338**	**-**	**8,934,080**	**-**	**43,938,140**

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

As regards the values in the first and second stages, the most significant sub-items are reported below:

- Item "3. Mortgage loans" also reports loans pledged as collateral for the issues of covered bonds amounting to Euro 13.6 billion;
- Item "2.2 Other debt securities" mainly reports Italian Government securities.

Item "1.5 Lease loans" reports lease receivables resulting from finance sublease transactions on property lease contracts.

4.3 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY BORROWER/ISSUER OF LOANS TO CUSTOMERS

Type of transactions/Values	31 Dec. 2022			31 Dec. 2021		
	Stage 1 and 2	Stage 3	POCI assets	Stage 1 and 2	Stage 3	POCI assets
1. Debt securities	**12,537,280**	**1,048**	**-**	**9,396,175**	**-**	**-**
a) Public administration bodies	11,667,781	-	-	8,895,860	-	-
b) Other financial companies	841,022	-	-	480,315	-	-
of which: insurance undertakings	-	-	-	140,315	-	-
c) non-financial corporations	28,477	1,048	-	20,000	-	-
2. Loans to:	**62,222,820**	**1,079,923**	**-**	**42,095,153**	**641,338**	**-**
a) Public administration bodies	248,144	34	-	222,239	26	-
b) Other financial companies	8,510,133	6,811	-	6,833,453	3,610	-
of which: insurance undertakings	98,892	1	-	91,224	1	-
c) non-financial corporations	21,510,883	699,887	-	13,790,981	405,596	-
d) Households	31,953,660	373,191	-	21,248,480	232,106	-
Total	**74,760,100**	**1,080,971**	**-**	**51,491,328**	**641,338**	**-**

4.4 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: GROSS VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total/ partial write-offs (*)
	Stage 1	O/w: Low credit risk instruments	Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
Debt securities	12,556,691	12,556,691	-	5,048	-	19,311	-	4,000	-	-
Loans	64,526,495	-	3,569,733	2,492,363	-	143,045	207,501	1,412,068	-	44,956
Total 31 Dec. 2022	**77,083,186**	**12,556,691**	**3,569,733**	**2,497,411**	**-**	**162,356**	**207,501**	**1,416,068**	**-**	**44,956**
Total 31 Dec. 2021	**60,536,735**	**9,407,326**	**3,001,040**	**1,335,454**	**-**	**91,129**	**144,515**	**694,117**	**-**	**37,682**

(*) Value to be stated for disclosure purposes.

4.4A LOANS MEASURED AT AMORTIZED COST UNDER COVID-19 SUPPORT MEASURES: GROSS VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total partial write-offs (*)
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
1. Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-
2. Loans under moratoria in force no longer EBA-compliant and not measured as forborne	10,109	-	4,351	799	-	12	243	218	-	-
3. Loans under other concession measures	-	-	-	-	-	-	-	-	-	-
4. New loans	3,032,004	-	174,105	66,134	-	20,457	13,827	21,940	-	-
Total 31 Dec. 2022	**3,042,113**	**-**	**178,456**	**66,933**	**-**	**20,469**	**14,070**	**22,158**	**-**	**-**
Total 31 Dec. 2021	**2,596,783**	**-**	**194,815**	**52,474**	**-**	**13,204**	**13,147**	**14,654**	**-**	**-**

(*) Value to be stated for disclosure purposes.

Section 5 – Hedging derivatives – Item 50

5.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND BY LEVEL

	Fair value 31 Dec. 2022			NV 31 Dec. 2022	Fair value 31 Dec. 2021			NV 31 Dec. 2021
	L1	L2	L3		L1	L2	L3	
A. Financial Derivatives	**-**	**1,318,583**	**63**	**14,107,595**	**-**	**570,135**	**-**	**21,179,953**
1) Fair value	-	1,318,583	63	14,107,595	-	570,135	-	21,179,953
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**1,318,583**	**63**	**14,107,595**	**-**	**570,135**	**-**	**21,179,953**

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

While the notional value of financial derivatives decreased, their fair value significantly increased.

5.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value							Cash flows		Investments in foreign operations
	Micro-hedging						Macro-hedging	Micro-hedging	Macro-hedging	
	Debt securities and interest rates	Equity securities and equity indices	Foreign exchange and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	219,916	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	1,089,729	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**1,309,645**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	9,001	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**9,001**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The "Hedging Derivatives" item referring to financial liabilities measured at amortized cost came to Euro 1,089,729 thousand, of which Euro 779,292 thousand for hedging mortgage loans and Euro 310,437 thousand for hedging securities measured at amortized cost. Specifically, the hedged item is limited to the portion referring to interest rate risk.

The "Hedging Derivatives" item referring to financial liabilities consisted of Euro 9,001 thousand for hedges on demand deposits, limited to interest rate risk Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread. To hedge sight deposits, a "fictitious" bond-equivalent is simulated, which is designed to identify the hedged item obtained by modeling the financial statements item hedged.

Section 6 – Fair value change of financial assets in macro-hedge portfolios – Item 60

6.1 FAIR VALUE CHANGE OF HEDGED ASSETS BREAKDOWN BY HEDGED PORTFOLIO

Adjustments of hedged assets/Values	31 Dec. 2022	31 Dec. 2021
1. Positive fair value change	**5,538**	**21,681**
1.1 of specific portfolios:	5,538	21,681
a) financial assets measured at amortized cost	5,538	21,681
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Negative fair value change	**613,491**	**31,045**
2.1 of specific portfolios:	613,491	31,045
a) financial assets measured at amortized cost	613,491	31,045
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	**-607,953**	**-9,364**

The hedged assets are to two types:

1. Variable-rate mortgage loans with CAP option. Hedging uses IRO traded in order to hedge the risk that a variable-rate mortgage loan contract, once having reached its cap, becomes a fixed-rate item, with subsequent increase in the Bank's financial leverage;
2. Fixed-rate mortgage loans. The hedging purpose is to manage interest rate risk within the wider scope of measuring the impacts that changes in interest rates generate on the bank's assets and liabilities (interest rate gap analysis). That purpose is pursued by entering into Interest Rate Swaps, which essentially convert the fixed interest rates collected on mortgage loans to Customers into variable rates.

For both types of assets, macro-hedges are used on open sets of mortgage loans.

Section 7 – Equity investments – Item 70

7.1 EQUITY INVESTMENTS: DISCLOSURE ON EQUITY INVESTMENTS IN OTHER ENTITIES

Name	Registered Office	Operating HQ	% held	% of votes available
A. Subsidiaries				
Crédit Agricole Group Solutions S.C.p.A.	Parma, Italy	Parma, Italy	97.83	
Crédit Agricole Leasing Italia – Calit S.r.l.	Milan, Italy	Milan, Italy	85.00	
Crédit Agricole Italia OBG S.r.l.	Milan, Italy	Milan, Italy	60.00	
Crédit Agricole Real Estate S.r.l.	Parma, Italy	Parma, Italy	100.00	
Le Village by Crédit Agricole Parma S.r.l.	Parma, Italy	Parma, Italy	66.67	
Le Village by Crédit Agricole Triveneto S.r.l.	Padua, Italy	Padua, Italy	50.01	
Nuova Madonnina S.p.A.	Forl, Italy	Forl, Italy	100.00	
San Giorgio Immobiliare S.p.A.	Cesena, Italy	Cesena, Italy	100.00	
San Piero Immobiliare S.r.l.	Cesena, Italy	Cesena, Italy	100.00	
Sliders S.r.l.	Milan, Italy	Milan, Italy	100.00	
Società Agricola Le Cicogne S.r.l.	Faenza, Italy	Faenza, Italy	50.01	
Stelline Real Estate S.p.A.	Sondrio, Italy	Sondrio, Italy	100.00	
B. Joint arrangements				
Rajna Immobiliare S.r.l.	Sondrio, Italy	Sondrio, Italy	50.00	
C. Companies subject to significant influence				
Fiere di Parma S.p.A.	Parma, Italy	Parma, Italy	32.42	
Le Village by Crédit Agricole Milano S.r.l.	Milan, Italy	Milan, Italy	38.91	
Generalfinance S.p.A.	Milan, Italy	Milan, Italy	16.29	20.44
Global Broker S.p.A.	Milan, Italy	Milan, Italy	30.00	
Valtellina Golf Club S.p.A.	Caiolo (SO), Italy	Caiolo (SO), Italy	43.08	

(1) The percentage of available votes is stated only when it is not equal to the equity investment held.

7.5 EQUITY INVESTMENTS: CHANGES FOR THE YEAR

	Total 31 Dec. 2022	Total 31 Dec. 2021
A. Opening balance	**2,105,245**	**1,078,486**
B. Increases	**106,672**	**1,027,429**
B.1 Purchases	13,004	1,027,429
B.2 Recoveries	-	-
B.3 Revaluations	-	-
B.4 Other changes(*)	93,668	-
C. Decreases	**2,010,894**	**670**
C.1 Sales	27,715	-
C.2 Adjustments	14	670
C.3 Impairment	-	-
C.4 Other changes(°)	1,983,165	-
D. Closing balance	**201,023**	**2,105,245**
E. Total recoveries/writebacks	**-**	**-**
F. Total impairment losses	**-**	**-**
(*) of which for business combinations	74,369	-
(°) of which for business combinations	1,933,114	-

The increase in the value of equity investments mainly resulted from Stelline share capital increase of Euro 12,154 thousand and from the value of shares previously held by Crédit Agricole FriulAdria and Creval in other companies for Euro 74,369 thousand.

The decreases mainly resulted from the sale of Generalfinance for Euro 18,305thousand, the sale of Creval Più Factor for Euro 9,400 thousand and the derecognition of the equity investments in Crédit Agricole FriulAdria and Creval for Euro 1,933,114 thousand.

7.8 DISCLOSURE OF SIGNIFICANT RESTRICTIONS

As at 31 December 2022, there were no significant restrictions pursuant to IFRS 12, paragraphs 13 and 22 a).

Section 8 – Property, plant and equipment – Item 80

8.1 OPERATING PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST

Assets/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Owned	**734,685**	**484,929**
a) land	192,134	131,062
b) buildings	473,685	322,086
c) furniture	12,837	10,364
d) electronic plants	7,765	4,060
e) other	48,264	17,357
2. Rights of use acquired through leases	**293,672**	**155,668**
a) land	-	172
b) buildings	291,526	153,736
c) furniture	-	-
d) electronic plants	-	-
e) other	2,146	1,760
Total	**1,028,357**	**640,597**
of which: obtained through the enforcement of guarantees received	-	-

8.2 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

Assets/Values	Total 31 Dec. 2022				Total 31 Dec. 2021			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned	**129,583**	**-**	**-**	**150,015**	**89,723**	**-**	**-**	**91,610**
a) land	43,282	-	-	46,498	37,183	-	-	34,574
b) buildings	86,301	-	-	103,517	52,540	-	-	57,036
2. Rights of use acquired through leases	**3,387**	**-**	**-**	**3,387**	**4,365**	**-**	**-**	**4,365**
a) land	-	-	-	-	-	-	-	-
b) buildings	3,387	-	-	3,387	4,365	-	-	4,365
Total	**132,970**	**-**	**-**	**153,402**	**94,088**	**-**	**-**	**95,975**
of which: obtained through the enforcement of guarantees received	-	-	-	-	-	-	-	-

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

8.6 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE YEAR

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**131,234**	**801,668**	**97,535**	**68,915**	**74,432**	**1,173,784**
A.1 Total net impairment writedowns	-	325,846	87,171	64,855	55,315	533,187
A.2 Opening net balance	**131,234**	**475,822**	**10,364**	**4,060**	**19,117**	**640,597**
B. Increases	**61,209**	**360,245**	**7,009**	**7,481**	**36,841**	**472,785**
B.1 Purchases	61,209	346,476	7,009	7,481	36,841	459,016
B.2 Capitalized improvement expenses	-	5,373	-	-	-	5,373
B.3 Recoveries	-	-	-	-	-	-
B.4 Fair value gains recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other changes	-	8,396	-	-	-	8,396
C. Decreases	**309**	**70,856**	**4,536**	**3,776**	**5,548**	**85,025**
C.1 Sales	55	47	-	-	-	102
C.2 Depreciation	-	56,824	4,536	3,776	4,997	70,133
C.3 Writedowns for impairment recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.4 Fair value losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	254	2,053	-	-	-	2,307
a) Investment property	254	2,053	X	X	X	2,307
b) Non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other changes	-	11,932	-	-	551	12,483
D. Closing net balance	**192,134**	**765,211**	**12,837**	**7,765**	**50,410**	**1,028,357**
D.1 Total net impairment writedowns	-	586,965	213,454	114,473	200,593	1,115,485
D.2 Closing gross balance	192,134	1,352,176	226,291	122,238	251,003	2,143,842
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**
(*) of which for business combinations:						
- gross value	61,209	512,616	125,405	47,740	171,311	918,281
- Accumulated depreciation/ amortization	-	207,400	121,746	45,841	140,281	515,268

All property, plant and equipment assets are measured at cost adjusted by the related depreciation and any losses/recoveries.

8.6-BIS CHANGE FOR THE PERIOD IN PROPERTY PLANT AND EQUIPMENT RECOGNIZED APPLYING IFRS 16

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**172**	**228,900**	**-**	**-**	**2,882**	**231,954**
A.1 Total net impairment writedowns	-	75,164	-	-	1,122	76,286
A.2 Opening net balance	**172**	**153,736**	**-**	**-**	**1,760**	**155,668**
B. Increases	**-**	**179,553**	**-**	**-**	**1,764**	**181,317**
B.1 Purchases	-	171,158	-	-	1,764	172,922
B.2 Capitalized improvement expenses	-	-	-	-	-	-
B.3 Recoveries	-	-	-	-	-	-
B.4 Fair value gains recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other changes	-	8,395	-	-	-	8,395
C. Decreases	**172**	**41,763**	**-**	**-**	**1,378**	**43,313**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	29,405	-	-	827	30,232
C.3 Writedowns for impairment recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.4 Fair value losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	172	426	-	-	-	598
a) Investment property	172	426	X	X	X	598
b) Non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other changes	-	11,932	-	-	551	12,483
D. Closing net balance	**-**	**291,526**	**-**	**-**	**2,146**	**293,672**
D.1 Total net impairment writedowns	-	116,560	-	-	2,120	118,680
D.2 Closing gross balance	-	408,086	-	-	4,266	412,352
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**
(*) of which for business combinations:						
- gross value	-	141,918	-	-	1,163	143,081
- Accumulated depreciation/ amortization	-	12,019	-	-	171	12,190

8.7 INVESTMENT PROPERTY: CHANGES FOR THE YEAR

	Total 31 Dec. 2022	
	Land	Buildings
A. Opening balance	**37,183**	**56,905**
B. Increases	**6,893**	**48,231**
B.1 Purchases	6,639	45,810
B.2 Capitalized improvement expenses	-	224
B.3 Fair value gains	-	-
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfers from operating assets	254	2,053
B.7 Other changes	-	144
C. Decreases	**794**	**15,448**
C.1 Sales	384	11,147
C.2 Depreciation	-	-31
C.3 Fair Value losses	-	-
C.4 impairment losses	410	1,603
C.5 Negative foreign exchange differences	-	-
C.6 Transfers to:	-	-
a) operating assets	-	-
b) Non-current assets held for sale and discontinued operations	-	-
C.7 Other changes	-	2,729
D. Closing balance	**43,282**	**89,688**
E. Measurement at fair value	**46,498**	**106,904**
(*) of which for business combinations:		
- gross value	6,639	91,643
- Accumulated depreciation/amortization	-	47,256

Property, plant and equipment assets are measured at cost adjusted by the related depreciation and any losses/recoveries.

8.7-BIS CHANGE FOR THE PERIOD IN PROPERTY PLANT AND EQUIPMENT RECOGNIZED APPLYING IFRS 16

	Total 31 Dec. 2022	
	Land	Buildings
A. Opening balance	**-**	**4,365**
B. Increases	**-**	**1,860**
B.1 Purchases	-	1,716
B.2 Capitalized improvement expenses	-	-
B.3 Fair value gains	-	-
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfers from operating assets	-	-
B.7 Other changes	-	144
C. Decreases	**-**	**2,838**
C.1 Sales	-	-
C.2 Depreciation	-	110
C.3 Fair Value losses	-	-
C.4 impairment losses	-	-
C.5 Negative foreign exchange differences	-	-
C.6 Transfers to:	-	-
a) operating assets	-	-
b) Non-current assets held for sale and discontinued operations	-	-
C.7 Other changes	-	2,728
D. Closing balance	**-**	**3,387**
E. Measurement at fair value	**-**	**-**
(*) of which for business combinations:		
- gross value	-	412
- Accumulated depreciation/amortization	-	118

Section 9 – Intangible assets – Item 90

9.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

Assets/Values	Total 31 Dec. 2022		Total 31 Dec. 2021	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**1,315,925**	**X**	**1,042,598**
A.2 Other intangible assets	**115,631**	**-**	**95,699**	**-**
of which software	-	-	8	-
A.2.1 Assets measured at cost:	115,631	-	95,699	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	115,631	-	95,699	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**115,631**	**1,315,925**	**95,699**	**1,042,598**

The cost of intangible assets with finite life is amortized on a straight-line basis over their useful life.

Intangible assets representing business with customers have been assigned a finite useful life, based on the time series available on the rate of customer turnover in the retail segment, of 15 years as regards the transactions finalized in 2011, of 13 years for the transactions finalized in 2017 and of about 8 years for the transaction finalized in 2021.

9.2 INTANGIBLE ASSETS: CHANGES FOR THE YEAR

	Goodwill	Other intangible assets: internally generated		Other intangible assets other:		Total
		Finite	Indefinite	Finite	Indefinite	
A. Opening balance	**1,042,598**	**-**	**-**	**348,468**	**-**	**1,391,066**
A.1 Total net impairment writedowns	-	-	-	252,769	-	252,769
A.2 Opening net balance	**1,042,598**	**-**	**-**	**95,699**	**-**	**1,138,297**
B. Increases	**273,327**	**1,140**	**-**	**48,263**	**-**	**322,730**
B.1 Purchases (*)	273,327	1,140	-	48,263	-	322,730
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Recoveries	X	-	-	-	-	-
B.4 Fair value gains	-	-	-	-	-	-
- through equity	X	-	-	-	-	-
- through profit and loss	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**1,140**	**-**	**28,331**	**-**	**29,471**
C.1 Sales	-	-	-	-	-	-
C.2 Value adjustments	-	1,140	-	28,331	-	29,471
- Amortization	X	1,140	-	28,331	-	29,471
- Impairment writedowns:	-	-	-	-	-	-
+ Equity	X	-	-	-	-	-
+ Profit and loss	-	-	-	-	-	-
C.3 Fair Value losses:	-	-	-	-	-	-
- through equity	X	-	-	-	-	-
- through profit and loss	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Closing net balance	**1,315,925**	**-**	**-**	**115,631**	**-**	**1,431,556**
D.1 Total net value adjustments	-	65,757	-	396,681		462,438
E. Closing gross balance	**1,315,925**	**65,757**	**-**	**512,312**	**-**	**1,893,994**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**
(*) of which for business combinations:						
- gross value	273,327	65,757	-	162,824	-	501,908
- accumulated depreciation	-	64,617	-	115,581	-	180,198

Key:
DEF: finite life
INDEF: indefinite life

9.3 INTANGIBLE ASSETS: OTHER INFORMATION

The value of finite-life intangible assets recognized in the separate financial statements as at 31 December 2022 is Euro 116 thousand and resulted from the business combinations made by the Bank.

Within the purchase transactions made in 2011, 2017 and 2021 by Crédit Agricole Italia, a set of assets with finite useful life was identified, in accordance with the different sources of recurring profitability associated to business with Customers. They have been assigned a life, based on the time series available on the rate of customer turnover in the retail segment, of 15 years as regards the transactions finalized in 13 and 2017 and of 8 years for the transactions finalized in 2021.

Said assets are broken down below, reporting also their analysis:

Intangible assets resulting from the business combination made in 2011

The value of the intangible assets recognized as at 31 December 2022 is Euro 29 million. At the end of 2022 the performance of the elements that constitute the intangible assets recognized in the financial statements was verified. The amortization period for said components is 15 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Intangible assets resulting from the business combination made in 2017

The value of the intangible assets recognized in the financial statements as at 31 December 2022 is Euro 51 million and comprises business with customers resulting from the acquisition of Cassa di Risparmio Cesena, Cassa di Risparmio di Rimini and Cassa di Risparmio di San Miniato.

At the end of 2022 the performance of the elements that constitute the intangible assets recognized in the financial statements was verified. The amortization period for said components is 13 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Intangible assets resulting from the business combination made in 2021

In 2021, within Creval business combination, an intangible asset with finite useful life was recognized amounting to Euro 46 million. In the financial statements as at 31 December 2022, that intangible asset was recognized in an amount of Euro 36 million.

At the end of 2022 the performance of the elements that constitute the intangible assets recognized in the financial statements was verified. The amortization period for said components is 8 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Impairment testing of goodwill

As required by IASs/IFRSs, the goodwill resulting from the purchases of Crédit Agricole FriulAdria, of the 180 Crédit Agricole Italia branches and of the 29 Crédit Agricole FriulAdria branches (made in 2007), of the 81 Crédit Agricole Italia branches and of the 15 Crédit Agricole FriulAdria branches (made in 2011), of Crédit Agricole Leasing Italia (made in 2009) and of Crédit Agricole Carispezia (made in 2011) was tested for impairment. The goodwill determined after the allocation of the purchase price paid within the above-described transactions was initially allocated, in the financial statements, to the two Cash Generating Units (CGU) identified in the Retail and Private Banking Business Segment and in the Corporate Banking Segment. After having been written down in the previous years, the goodwill paid within the above-described four transactions is now fully allocated to the Retail and Private Banking CGU for an amount of Euro 1,316 million. Then the CGU value in use was calculated in accordance with the method used by the Crédit Agricole Group, namely the Dividend Discount Model ("DDM") in its Excess Capital version. The DDM estimates the company value as the sum of the present value of the theoretical future cash flows distributed to shareholders in the explicit period and the Terminal Value. Specifically, in its"Excess Capital" variant, this method provides for the economic value of a financial company to be calculated by discounting a dividend flow determined based on full compliance with the capital requirements set by the Supervisory Authority.

Information on the method for calculating future cash flows and the discount rate is provided in the Annual Report and Consolidated Financial Statements of the Crédit Agricole Italia Banking Group.

The analysis showed a value of the CGU higher than the related goodwill value, with a positive difference between.1,607 and 1,953 million Euro, (with the 70% and 75% weight on the separate profit, respectively). Furthermore, that positive difference was calculated considering also intangible assets with finite useful life in the book value. If those assets were excluded, the positive difference would increase coming to a figure between 1,722 and 2,068 million Euro (with the 70% and 75% weight on the separate profit, respectively).

Sensitivity to variations in the used parameters was also analyzed. Specifically, this sensitivity analysis was developed calculating the threshold levels of each parameter above which impairment would arise.

The analysis results have shown that the book value is equal to the value in use taking the risk premium to 7.64% (vs, 5.10% used for the test); the same result would be obtained taking the risk-free rate to 5.87% (vs, 2.82% used for the test) or the beta parameter to 1.80 (vs. 1.20 used for the test).

Lastly, it was verified at which discounting rate or at which long-term growth rate “g” the value in use becomes equal to the book value. This analysis showed that the book value is equal to the use value only with a marked increase in the discount rate Ke to 11.99% (vs. 8.90% used for the test), whereas, with a long-term growth rate equal to zero, the use value would remain higher than the book value.

Section 10 – Tax Assets and Tax Liabilities – Item 100 of Assets and Item 60 of Liabilities

10.1 DEFERRED TAX ASSETS: BREAKDOWN

		REVERSAL					Total recognized	TAX			
	(*)	2023	2024	2025	Other	Undetermined		IRES	ADD.LE	IRAP	TOTAL
Deductible temporary differences											
Adjustments to loans[1]	from 27.50 to 32.99	372,885	417,960	291,072	175,625	-	**1,257,542**	301,810	44,014	41,868	**387,692**
Adjustments of valuation of securities	32.99	7,485	156	1,348	15,982	2,734	**27,705**	6,649	874	1,371	**8,894**
Provisions for risks and charges											
- legal disputes as defendant and legal actions to revoke transactions in insolvency proceedings	27.50	61,291	2,438	4,331	-	484	**68,544**	16,451	2,399	-	**18,850**
- signature loans	27.50	-	-	-	-	71,714	**71,714**	17,211	2,510	-	**19,721**
- staff expenses	from 27.50 to 32.99	47,775	38,325	26,650	112,188	-	**224,938**	53,985	7,873	11,570	**73,428**
- other reasons	from 27.50 to 32.99	10,181	-	-	256	175,135	**185,572**	44,537	6,495	1,607	**52,639**
Recognition of goodwill for tax purposes	32.99	125,438	162,879	168,169	643,210	-	**1,099,696**	263,927	38,489	61,249	**363,665**
Other costs or provisions not yet deducted	from 27.50 to 32.99	232,147	151,979	145,134	1,017,809	314,497	**1,861,566**	446,776	65,155	97,951	**609,882**
Tax losses that can be carried forward (IRES Surtax)	27.50	-	-	109,144	318,332	-	**427,476**	102,594	14,962	-	**117,556**
Other tax losses that can be carried forward (IRES Surtax)	3.50	-	-	-	73,482	-	**73,482**	-	2,572	-	**2,572**
Tax losses convertible into tax credits	27.50	2,179	-	-	-	-	**2,179**	523	76	-	**599**
Total by reversal year		**859,381**	**773,737**	**745,848**	**2,356,884**	**564,564**	**5,300,414**	**1,254,463**	**185,419**	**215,616**	**1,655,498**

(*) Indicates the percentage applied in calculating deferred tax liabilities and assets.

(1) For adjustments since 2013, also IRAP applies.

As regards the recognition of DTAs, especially those relating to tax losses, the probability test was carried out and confirmed their full recoverability. For the probability test calculation, profits and losses for tax purposes in the coming FYs were simulated, starting from the assumed profit or losses for those FYs and taking into account, for that purpose, the permanent increases and decreases that can be estimated, as well as the release of temporary differences, both positive and negative, expected for that period. Besides the recovery of the aforementioned temporary differences, the calculation also showed that the DTA for tax losses can be recovered over a modest time horizon, which, in the most likely scenario, is five years. Other possible scenarios of more severe, albeit reasonable, stress were also assumed, taking into account decreases in profits or higher recovery of temporary difference assets than deemed likely, and recoverability was confirmed. It may be useful to point out that the main portion of the recognized DTAs consists of so-called "convertible" DTAs, i.e. DTAs whose recoverability does not depend on future profit or loss, as they may be converted in true tax credits, receivable form the Inland Revenue Agency in case of statutory or tax losses.

Furthermore, as regards Italian Corporate income tax (IRES) DTAs, it is to be considered that the companies of the Crédit Agricole Italia Banking Group are members of a tax consolidation scheme under Article 117 et seq. of Italian Presidential Decree 917/86, which includes also other resident entities that are directly or indirectly controlled by Crédit Agricole S.A.. A tax profit is expected on the tax consolidation scheme in the coming FYs, which is further ground supporting the recoverability of the recognized DTA for IRES.

10.2 DEFERRED TAX LIABILITIES: BREAKDOWN

		Reversal timeframe					Total recognized	Taxes			
	(*)	2023	2024	2025	Beyond	Undetermined reversal		IRES	ADD. IRES	IRAP	TOTAL
Taxable temporary differences											
Realized capital gains	from 27.50 to 33.08	20,112	20,003	3,402	-	-	**43,517**	10,444	1,523	-	**11,967**
Assets not recognized for tax purposes	from 27.50 to 33.08	14,856	14,089	8,925	21,127	93,560	**152,557**	36,613	5,068	5,683	**47,364**
Total by reversal year		**34,968**	**34,092**	**12,327**	**21,127**	**93,560**	**196,074**	**47,057**	**6,591**	**5,683**	**59,331**

(*) Indicates the percentage applied in calculating deferred tax liabilities and assets.

10.3 CHANGES IN DEFERRED TAX ASSETS (THROUGH PROFIT OR LOSS)

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**1,072,246**	**979,345**
2. Increases	**1,936,688**	**238,380**
2.1 Deferred tax assets recognized in the year	198,715	231,632
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) Recoveries	-	-
d) other	198,715	231,632
2.2 New taxes or increases in tax rates	488	-
2.3 other increases(*)	1,737,485	6,748
3. Decreases	**1,376,115**	**145,479**
3.1 Deferred tax assets derecognized in the year	263,342	116,202
a) reversals	263,342	116,202
b) writedowns for supervening non-recoverability	-	-
c) change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	2,333	-
3.3 Other decreases	1,110,440	29,277
a) conversion into tax credits pursuant to L. 214/2011	169,030	24,229
b) other	941,410	5,048
4. Closing balance	**1,632,819**	**1,072,246**
(*) of which for business combinations	1,162,360	-

Item "2.3) Other increases" also reports the DTA coming from business combinations of Creval (for Euro 965,101 thousand) and Crédit Agricole FriulAdria (for Euro 109,582 thousand). Creval absorption also entailed the recognition of DTAs on the PPA for Euro 87,677 thousand, which were partially recycled as to Euro 74,365 thousand (as reported in item "3.1.a) Recycling"). In 2022,following another tax ruling that had been applied for with the Agenzia delle Entrate (the Italian Revenue Agency), the goodwill tax base from the Realignment under Article 110 of Italian Decree Law 104/2020 was redetermined, with the following effects on the DTAs for the period: item "2.1.d) other" for Euro 160,881 thousand, item "3.1.a) recycling" for Euro 4,064 thousand and item "3.3.b) Other decreases, other" for Euro 3,217 thousand. In accordance with Article 1, paragraph 233 et seq., of Italian Law 178/2020, having regard to the merger by absorption of Creval into Crédit Agricole Italia, in 2022 the DTAs for not deducted tax losses or the Allowance for Corporate Equity (ACE) surplus not used until the 2020 tax period were converted into ta credits for Euro 399,945 thousand (of which Euro 17,580 thousand for DTAs as equity balancing item). Item 2.3 Other increases and item 3.3.b) other decreases also report increases and decreases determined by correct recognition of deferred tax assets after filing the income ta return, having their balancing item not in Income Statement items but in current tax liabilities. The same items also report, as open balances, the changes occurred in the DTAs for the recognition of the PPA and the conversion into tax credits under Italian Law 178/2020.

10.3-BIS CHANGES IN DEFERRED TAX ASSETS PURSUANT TO ITALIAN LAW 214/2011

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**566,938**	**591,527**
2. Increases	**781,282**	**63,094**
3. Decreases	**594,320**	**87,683**
3.1 Reversals	55,795	63,454
3.2 Conversion into tax credits	169,030	24,229
a) from loss for the year	46,337	-
b) from tax losses	122,693	24,229
3.3 Other decreases	369,495	-
4. Closing balance	**753,900**	**566,938**

10.4 CHANGES IN DEFERRED TAX LIABILITIES (THROUGH PROFIT OR LOSS)

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**29,260**	**67,833**
2. Increases	**81,745**	**4,269**
2.1 Deferred tax liabilities recognized in the year	724	3,428
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	724	3,428
2.2 New taxes or increases in tax rates	-	-
2.3 other increases(*)	81,021	841
3. Decreases	**62,904**	**42,842**
3.1 Deferred tax liabilities derecognized in the year	62,825	42,837
a) reversals	62,825	42,837
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	79	-
3.3 Other decreases	-	5
4. Closing balance	**48,101**	**29,260**
(*) of which for business combinations	78,918	-

Item "2.3) Other increases" also reports the increases in DTL resulting from the PPA of Creval (for Euro 67,918 thousand) and Crédit Agricole FriulAdria (for Euro 7,414 thousand). The increases also report the DTL coming from business combinations of Creval (for Euro 1,564 thousand) and Crédit Agricole FriulAdria (for Euro 2,022 thousand).

Item "3.1.a) recycling" also reports the decreases in DTL relating to the PPA of Creval (for Euro 55,877 thousand) and Crédit Agricole FriulAdria (for Euro 336 thousand).

10.5 CHANGES IN DEFERRED TAX ASSETS (THROUGH EQUITY/OCI)

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**17,257**	**16,840**
2. Increases	**34,710**	**797**
2.1 Deferred tax assets recognized in the year	9,209	227
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	9,209	227
2.2 New taxes or increases in tax rates	-	-
2.3 other increases(*)	25,501	570
3. Decreases	**29,288**	**380**
3.1 Deferred tax assets derecognized in the year	3,414	22
a) reversals	3,414	22
b) writedowns for supervening non-recoverability	-	-
b) due to change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	25,874	358
4. Closing balance	**22,679**	**17,257**
(*) of which for business combinations	21,540	-

The increases also report the DTA coming from business combinations of Creval (for Euro 19,412 thousand) and Crédit Agricole FriulAdria (for Euro 2,128 thousand). Item “3.3 Other decreases” also reports the conversion into tax credits for Euro 17,580 thousand, pursuant to Italian Law 178/2020 and relating to the merger by absorption of Creval into Crédit Agricole Italia, of the DTA for not deducted tax losses or the Allowance for Corporate Equity (ACE) surplus not used until the 2020 tax period.

10.6 CHANGES IN DEFERRED TAX LIABILITIES (THROUGH EQUITY/OCI)

	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Opening balance	**7,944**	**13,658**
2. Increases	**11,186**	**4,405**
2.1 Deferred tax liabilities recognized in the year	1,907	4,405
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	1,907	4,405
2.2 New taxes or increases in tax rates	-	-
2.3 other increases(*)	9,279	-
3. Decreases	**7,900**	**10,119**
3.1 Deferred tax liabilities derecognized in the year	6,822	10,119
a) reversals	6,822	10,119
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	1,078	-
3.3 Other decreases	-	-
4. Closing balance	**11,230**	**7,944**
(*) of which for business combinations	6,008	-

The increases also report the DTL coming from business combinations of Creval (for Euro 4,797 thousand) and Crédit Agricole FriulAdria (for Euro 1,211 thousand).

Section 12 – Other assets – Item 120

12.1 OTHER ASSETS: BREAKDOWN

	31 Dec. 2022	31 Dec. 2021
Sundry debits in process	56,286	33,640
Revenue stamps and other instruments	4,716	31
Items being processed	145,554	65,235
Accrued income not allocated to other items	4,977	2,275
Prepaid expenses not allocated to other items	29,450	23,063
Protested bills and cheques	3,254	4,040
Leasehold improvements	13,527	9,949
Tax advances paid on behalf of third parties	109,284	71,441
Sundry	176,190	70,863
Purchased tax credits	1,230,987	350,955
Total	**1,774,225**	**631,492**

LIABILITIES

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

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE TO BANKS

Type of transactions/Values	Total 31 Dec. 2022				Total 31 Dec. 2021			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	**9,364,842**	**X**	**X**	**X**	**11,337,778**	**X**	**X**	**X**
2. Due to banks	**1,694,885**	**X**	**X**	**X**	**3,493,354**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	83,914	X	X	X	994,446	X	X	X
2.2 Time deposits	88,593	X	X	X	1,226,340	X	X	X
2.3 Loans	1,508,999	X	X	X	1,265,881	X	X	X
2.3.1 Repurchase agreements for funding purposes	-	X	X	X	-	X	X	X
2.3.2 Other	1,508,999	X	X	X	1,265,881	X	X	X
2.4 Liabilities for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	138	X	X	X	141	X	X	X
2.6 Other due and payables	13,241	X	X	X	6,546	X	X	X
Total	**11,059,727**	**-**	**11,059,727**	**-**	**14,831,132**	**-**	**14,831,132**	**-**

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

Item “Due to central banks” reports Targeted Longer-Term Refinancing Operations (TLTRO) with the European Central Bank. TLTROS provide the Eurosystem credit institutions with the possibility to obtain loans with multi-year maturity, intended to improve the monetary policy transmission mechanism supporting bank lending to the real economy.

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE TO CUSTOMERS

Type of transactions/Values	Total 31 Dec. 2022				Total 31 Dec. 2021			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	61,119,253	X	X	X	38,385,614	X	X	X
2. Time deposits	10,662	X	X	X	6,951	X	X	X
3. Loans	-	X	X	X	-	X	X	X
3.1 Repurchase agreements for funding purposes	-	X	X	X	-	X	X	X
3.2 Other	-	X	X	X	-	X	X	X
4. Liabilities for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	344,374	X	X	X	188,763	X	X	X
6. Other due and payables	740,882	X	X	X	191,388	X	X	X
Total	**62,215,171**	**-**	**62,215,171**	**-**	**38,772,716**	**-**	**38,772,716**	**-**

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

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF SECURITIES ISSUED

Type of securities/values	Total 31 Dec. 2022				Total 31 Dec. 2021			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds	9,299,858	-	9,359,956	-	10,555,860	-	10,903,054	-
1.1 Structured	-	-	-	-	-	-	-	-
1.2 other	9,299,858	-	9,359,956	-	10,555,860	-	10,903,054	-
2. Other securities	1,098,736	-	-	1,098,736	371,454	-	-	371,454
2.1 Structured	-	-	-	-	-	-	-	-
2.2 other	1,098,736	-	-	1,098,736	371,454	-	-	371,454
Total	**10,398,594**	**-**	**9,359,956**	**1,098,736**	**10,927,314**	**-**	**10,903,054**	**371,454**

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

Item “Bonds” reports covered bonds for Euro 7,754,910 thousand, Senior Non Preferred notes for Euro 1,464,042 thousand and ordinary debenture loans for Euro 80,906 thousand.

Item “other securities” reports certificates of deposit for Euro 859,789 thousand and banker’s drafts for Euro 238,947 thousand.

1.4 BREAKDOWN OF SUBORDINATED LIABILITIES/SECURITIES

Characteristics	Issue date	Maturity date	Repayment schedule	Interest rate	Currency	Original amount in the rep. currency	Book value
Lower Tier II deposit	28 June 2017	28 June 2027	at maturity	3M Euribor + 219 bps	euro	250,000	250,090
Lower Tier II deposit	11 Dec. 2017	11 Dec. 2027	at maturity	3M Euribor + 162 bps	euro	400,000	400,762
Lower Tier II deposit	14 Dec. 2018	14 Dec. 2028	at maturity	3M Euribor + 571 bps	euro	100,000	100,367
Lower Tier II deposit	02 August 2019	02 August 2029	at maturity	3M Euribor + 213 bps	euro	80,000	80,503
Lower Tier II deposit	15 Dec. 2021	15 Dec. 2031	at maturity	3M Euribor + 266 bps	euro	80,000	80,167
Lower Tier II deposit	12 April 2022	12 April 2032	at maturity	3M Euribor + 314 bps	euro	150,000	151,486
Lower Tier II security	31 May 2010	30 May 2023	in one payment at maturity	4% fixed-rate	euro	4,050	4,164

Total subordinated deposits came to Euro 1,063,375 thousand, whereas total subordinated securities came to Euro 4,164 thousand.

1.5 BREAKDOWN OF STRUCTURED LIABILITIES

As at 31 December 2022, there were no structured liabilities.

1.6 LEASE LIABILITIES

For reporting on lease liabilities and the breakdown of maturities and cash flows, please see Part M of this Note to the financial statements.

Section 2 – Financial liabilities held for trading – Item 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

Type of transactions / Values	Total 31 Dec. 2022					Total 31 Dec. 2021				
	Nominal or notional value	Fair Value			Fair value(*)	Nominal or notional value	Fair Value			Fair value(*)
		L1	L2	L3			L1	L2	L3	
A. On-balance-sheet liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-		-	-	-	-	-
3.1 Bonds	-	-	-	-		-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1 Financial Derivatives		-	328,990	59			-	53,025	-	
1.1 Held for trading	X	-	328,990	59	X	X	-	53,025	-	X
1.2 associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit Derivatives		-	-	-			-	-	-	
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**328,990**	**59**	**X**	**X**	**-**	**53,025**	**-**	**X**
Total (A+B)	**X**	**-**	**328,990**	**59**	**X**	**X**	**-**	**53,025**	**-**	**X**

Key:
L1= Level 1
L2= Level 2
L3= Level 3
Fair value(*) = air value calculated excluding value changes resulting from an alteration in the issuer's credit rating after the date of issue.

The increase in item "Derivative instruments" resulted mainly from the change in measurement component and partly only to the contribution of the amounts from the two mergers made in the reporting year.

2.2 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": SUBORDINATED LIABILITIES

At the end of 2022, there were no subordinated "Liabilities held for trading".

2.3 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": STRUCTURED LIABILITIES

At the end of 2022, there were no structured "Liabilities held for trading".

Section 4 – Hedging derivatives – Item 40

4.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND BY HIERARCHY LEVEL

	Fair value 31 Dec. 2022			NV 31 Dec. 2022	Fair value 31 Dec. 2021			NV 31 Dec. 2021
	L1	L2	L3		L1	L2	L3	
A. Financial Derivatives	**-**	**3,045,592**	**769,942**	**28,221,292**	**-**	**146,102**	**677,072**	**7,945,638**
1) Fair value	-	3,045,592	769,942	28,221,292	-	146,102	677,072	7,945,638
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**3,045,592**	**769,942**	**28,221,292**	**-**	**146,102**	**677,072**	**7,945,638**

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

4.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value							Cash flows		Investments in foreign operations
	Micro-hedging						Macro-hedging	Micro-hedging	Macro-hedging	
	Debt securities and interest rates	Equity securities and equity indices	Foreign exchange and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	115,601	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	695,216	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**810,817**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	3,004,717	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**3,004,717**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The "Hedging Derivatives" item referring to financial liabilities measured at amortized cost consisted of Euro 694,582 thousand for hedging securities measured at amortized cost and Euro 634 thousand for hedging mortgage loans.

The "Hedging Derivatives" item referring to financial liabilities consisted of Euro 1,511,299 thousand for hedging own bonds issued and Euro 1,493,418 thousand for macrohedging of demand deposits; specifically, the hedged item is limited to the portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread. To hedge sight deposits, a "fictitious" bond-equivalent is simulated, which is designed to identify the hedged item obtained by modeling the financial statements item hedged.

Section 5 – Fair value change of financial liabilities in macro-hedge portfolios – Item 50

5.1 FAIR VALUE CHANGE OF HEDGED FINANCIAL LIABILITIES BREAKDOWN BY HEDGED PORTFOLIO

Fair value change of hedged liabilities/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Increase in fair value of hedged financial liabilities	1,775	139,353
2. Decrease in fair value of hedged financial liabilities	1,493,597	-
Total	**-1,491,822**	**139,353**

The part of demand deposits that is considered stable as to liquidity and rate, by the internal model adopted by the Crédit Agricole Italia Banking Group is in the macro-hedge portfolio.

Section 6 – Tax Liabilities – Item 60

Please, see Section 10 – Assets.

Section 8 – Other liabilities – Item 80

8.1 OTHER LIABILITIES: BREAKDOWN

	31 Dec. 2022	31 Dec. 2021
Trade payables	121,366	121,129
Amounts due to third parties	613,223	274,939
Credit transfers ordered and being processed	81,798	29,311
Amounts payable to tax authorities on behalf of third parties	124,702	69,910
Advances on loans to mature	61	145
Adjustments for illiquid items	-	263,313
Personnel expenses	109,646	75,132
Uncapitalized accrued expenses	16,731	10,952
Deferred income not allocated to other items	9,434	8,455
Sundry	214,365	230,741
Total	**1,291,326**	**1,084,027**

Section 9 – Employee severance benefits – Item 90

9.1 EMPLOYEE SEVERANCE BENEFITS: CHANGES FOR THE YEAR

	Total 31 Dec. 2022	Total 31 Dec. 2021
A. Opening balance	**83,191**	**92,002**
B. Increases	**55,486**	**1,580**
B.1 Provision for the period	179	41
B.2 Other changes(*)	55,307	1,539
C. Decreases	**44,368**	**10,391**
C.1 Severance payments	26,073	9,379
C.2 Other changes	18,295	1,012
D. Closing balance	**94,309**	**83,191**
Total	**94,309**	**83,191**
(*) of which for business combinations	49,822	-

9.2 OTHER INFORMATION

Information on the characteristics of defined-benefit plans and risks associated with them (IAS 19, paragraph 139)

Employee Severance Benefits

Pursuant to the Italian legislation, at the date of termination of his/her employment contract with a company, each employee is entitled to a severance package called “Trattamento di Fine Rapporto” (Employee Severance Benefits or with the Italian acronym TFR) equal to the sum of the Severance Benefits accrued for each year of work for the employer. The benefit accrued each year is equal to 6.91% of the gross annual pay. This rate is calculated by dividing the ordinary pay by 13.5; to the resulting amount a deduction is made of 0.5%, which is paid directly to the Italian National Social Security Institute (INPS) as a pension contribution.

Moreover, as at 31 December of each year, the Provision for Employees’ Severance Benefits is subject to revaluation applying a fixed-rate of 1.5% plus 75% of the increase in the consumer price index for blue-collar and white-collar households for the year.

The revalued amount, thus calculated,i s taxed at a 17% rate, as provided for by the Italian 2015 Stability Law (Italian Law No. 190 of 23 December 2014).

Pursuant to the applicable legislation, employees may ask for advances on their Severance Benefits accrued when the employment relation is still going on. This advance may be obtained only once during the employment relation, after at least 8 years on staff and up to 70% of the Employee Severance Benefits accrued as at the date of request.

With the entry into force of Italian 2007 Finance Act, concerning also the Reform of Supplementary Pension Schemes, the measurement of Employee Severance Benefits, in accordance with IAS 19 Revised, shall take account of the impacts of this Act, as well as of the guidelines for their calculation, which were issued by the Italian National Association of Actuaries and by the Organismo Italiano di Contabilità (the Italian National Accounting Body).

Given that, in 2006, Crédit Agricole Italia had an average number of employees higher than 50, it has been considered that the portions of employee severance benefits accruing in the future will be paid to a separate entity (supplementary pension scheme, FONDINPS or to the Fund managed by the Italian State Treasury) irrespective of the employees’ choice. It was specifically considered that the Fund managed by the Italian State Treasury through the Italian National Social Security Institute (INPS), pursuant to Article 1, paragraph 5, of the Italian 2007 Finance Act “ensures that private sector employees receive the severance benefits as provided for in Article 2120 of the Italian Civil Code, in accordance with the contributions paid to the Fund”.

0.5% supplement to employee severance benefits

For the employees that were formerly employees of the Intesa Sanpaolo Group and were already on staff on 31 December 1990, upon employment termination, an amount supplementing their severance benefits is granted, equal to the 0.5% contribution paid to the Italian National Social Security Institute (INPS) by the workers.

Such supplementary amount accrues on a monthly basis and is revalued in accordance with the ISTAT (the Italian National Institute of Statistics) index for the revaluation of employee severance benefits.

Additional 2.75% revaluation of employee severance benefits

To formerly Intesa employees, in case of employment termination, a supplementary amount is paid which is calculated by applying to the employee severance benefits accrued since 1992, on a yearly basis, an additional fixed revaluation equal to 2.75%. This amount is then revalued, on a yearly basis, according to the reference ISTAT (the Italian National Institute of Statistics) index.

Changes for the year in the defined-benefit plan net liabilities (assets) and in rights to repayment (IAS 19, paragraphs 140 and 141)

The statement of reconciliation for 2022 of the present value of the plan obligation for Crédit Agricole Italia is given below:

Actuarial value of the obligation as at 1 Jan. 2022		83,191
a	Service cost	41
b	Interest cost	138
c	Transfer in/out	49,822
d.1	Actuarial gains/losses from changes in financial assumptions	-18,296
d.2	Actuarial gains/losses from changes in demographic assumptions	16
d.3	Actuarial gains/losses from demographic experience	5,470
e	Payments provided for by the Plan	-26,073
Actuarial value of the obligation as at 31 Dec.2022		**94,309**

Disclosure of the fair value of the plan assets (IAS 19, paragraphs 142 and 143)

This point does not apply because no assets covering employee severance benefits have been provided for.

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

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used regarding:

- Mortality;
- Invalidity;
- Termination (resignation or dismissal);
- Requests for advances;
- The workers' future economic career (including the assumptions on promotion to higher positions);
- Performance of the actual purchasing power of money.

Specifically, the following assumptions were used:

a) DEMOGRAPHIC TECHNICAL BASES:

a.1 Annual probability of exclusion due to death of employees on staff were calculated based on IPS55;

a.2 Annual probabilities of exclusion due to causes other than death of employees on staff were calculated based on appropriate smoothing of historical data of the Group and, therefore, an annual frequency of turnover of 3.50% was used;

a.3 The annual probability of request for advances on the accrued severance benefits was calculated based on the Group's experience and was assumed as equal to an average annual rate of 3%;

a.4 The Retirement is assumed upon meeting the first requirement to qualify for pension.

b) ECONOMIC TECHNICAL BASES:

b.1 To calculate the present value for the various plans, in compliance with the instructions given by Crédit Agricole S.A., the rate adopted was IBOXX AA 3.57% (IBOXX duration 5-7 years);

b.2 The cost of living index for white-collar and blue-collar households, required for the revaluation of the employee severance benefits amounts allocated to provision, was assumed at 2%, as per the instructions given by Crédit Agricole S.A.;

b.3 The pay line, as a function of seniority, increasing by automatic pay increases only, was calculated, on average, with reference to the Company's employees, based on the interpolation and smoothing of the distribution of pays by seniority and on the national and company collective bargaining agreements;

b.4 The average annual rate of increase in pay for changes in the minimum wage, is to be seen as related to the fluctuation in the value of money and, therefore, its appreciation, especially in a long-term perspective, is technically difficult; a 2% rate was assumed;

b.5 Percentage of accrued employee severance benefits requested as advances: 60%.This percentage was inferred based on the Group historical data.

Disclosure of amount, timing and uncertainty of cash flows (IAS 19, paragraphs 145, 146 and 147

The outcomes of the sensitivity analyses for each one of the above main assumptions are given below:

Discount rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+50 bp	-50 bp
94,309	91,613	97,134

Inflation rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+50 bp	-50 bp
94,309	96,086	92,619

Turnover rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+100 bp	-100 bp
94,309	94,561	94,038

Multi-employer plans (IAS 19, paragraph 148)

This point does not apply because the provision for employee severance benefits is not a multi-employer plan.

Defined-benefit plans that share risks between various entities under common control (IAS 19, paragraphs 149 and 150).

This point does not apply because the provision for employee severance benefits is not a plan that shares risks between various entities under common control.

Section 10 – Provisions for risks and charges – Item 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

Items/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Provisions for credit risk on commitments and financial guarantees given	72,517	30,334
2. Provisions for other commitments and guarantees given	-	-
3. Company pension plans	24,020	32,692
4. Other provisions for risks and charges	476,554	374,201
4.1 Legal and tax-related disputes	78,496	54,547
4.2 Personnel expenses	225,656	191,054
4.3 Other	172,402	128,600
Total	**573,091**	**437,227**

10.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES FOR THE YEAR

	Provisions for other commitments and guarantees given	Pension plans	Other provisions for risks and charges	Total
A. Opening balance	**-**	**32,692**	**374,201**	**406,893**
B. Increases	**-**	**1,883**	**279,748**	**281,631**
B.1 Provision for the period	-	-	48,133	48,133
B.2 Changes due to passage of time	-	98	-	98
B.3 Changes due to alterations in the discount rate	-	-	-	-
B.4 Other changes(*)	-	1,785	231,615	233,400
C. Decreases	**-**	**10,555**	**177,395**	**187,950**
C.1 Use in the period	-	3,165	132,482	135,647
C.2 Changes due to alterations in the discount rate	-	-	177	177
C.3 Other changes	-	7,390	44,736	52,126
D. Closing balance	**-**	**24,020**	**476,554**	**500,574**
(*) of which for business combinations	-	1,785	231,615	233,400

10.3 PROVISIONS FOR CREDIT RISK ON COMMITMENT AND FINANCIAL GUARANTEES GIVEN

	Provisions for credit risk on commitments and financial guarantees given				
	Stage 1	Stage 2	Stage 3	POCI	Total
Commitments to disburse funds	2,026	4,410	1	-	6,437
Financial guarantees given	4,857	6,180	55,043	-	66,080
Total	**6,883**	**10,590**	**55,044**	**-**	**72,517**

10.4 PROVISIONS FOR OTHER COMMITMENTS AND GUARANTEES GIVEN

As at 31 December 2022, there were no provisions for other commitments and guarantees given.

10.5 COMPANY DEFINED-BENEFIT PENSION PLANS

A. Crédit Agricole Italia pension plans

1. Information on the characteristics of the entity's defined benefit plans and risks associated with them

Through its Defined-Benefit Pension Plan, Crédit Agricole Italia provides pension schemes that are supplementary or complementary to the pensions paid by INPS (Italian National Social Security Institute) on whatsoever ground, in compliance with the specific Regulation of the Pension Fund.

As at today's date, in accordance with the above Regulation, the employees on staff are not entitled to the benefits provided by the Pension Fund.

The plan is funded by a provision accrued by the Company, determined based on the mathematical reserve, certified annually by an independent actuary.

These benefits may consist in a pension assigned directly to the person concerned, in a pension assigned indirectly to the surviving family of the person concerned dying either before or after retirement.

As at 31 December 2022, 460 people (232 women and 228 men) were the beneficiaries of Crédit Agricole Italia Pension Fund, to whom a gross annual supplementary pension is paid amounting to Euro 6,632.

The average age of Crédit Agricole Italia pension plan beneficiaries is 83.2 years.

2. Change for the year in defined-benefit net liabilities (assets) and in rights to repayment from the plan

The table below reports the 2022 reconciliation figures for Crédit Agricole Italia:

Actuarial value of the obligation as at 1 Jan. 2022		**32,692**
a.	Service cost	-
b.	Interest cost	98
c.1	Actuarial gains/losses from changes in demographic assumptions	-5,888
c.2	Actuarial gains/losses from demographic experience	335
c.3	Actuarial gains/losses from changes in demographic assumptions	-53
d.	Payments provided for by the Plan	-3,164
e.	Transfer in	-
Actuarial value of the obligation as at 31 Dec. 2022		**24,020**

The value of the mathematical reserve is equal to the amount that the Management should have as at the measurement date, based on the assumptions used, in order to meet all the commitments undertaken towards the participants in the plan.

3. Disclosure of the fair value of the plan assets

This point does not apply because no assets covering the plan have been provided for.

4. Description of the main actuarial assumptions

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used, such as:

- Mortality;
- Probability to have a family;
- Performance of the actual purchasing power of money.

The main economic and demographic assumptions are given below, which have been used for the plan measurement and have been made based on the information provided by the Company subject to assessment and on market data/statistics:

- Annual probability of exclusion due to death of employees not on staff were calculated based on A62;
- For assignment to the surviving family in case of the pensioner's death, differentiated technical bases were used according to the age and gender of the member;
- The cost of living index for white-collar and blue-collar households, required for smoothing the annual pension instalments, was assumed at 2%, in accordance with the instructions given by Crédit Agricole S.A.;
- The annual increase in the plan benefits is governed by the relevant regulation, and, therefore, by the applicable regulations in force for INPS (Italian National Social Security Institute) pensions (automatic smoothing pursuant to paragraph 1, Article 34 of Italian Law No. 448/1998, as amended by paragraph 1, Article 69 of Italian Law No. 388/2000);
- To calculate the Present Value, in compliance with the instructions issued by Crédit Agricole S.A., the rate used was IBOXX AA (duration 7-10 years) of 3.63%.

5. Disclosure of amount, timing and uncertainty of future cash flows

The results of the sensitivity analyses for each one of the aforementioned main assumptions are given below:

Discount rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+50 bp	-50 bp
24,020	23,279	24,809

Mortality rate

Actuarial value of the obligation as at 31 Dec. 2022		
Central assumption	+20 bp	-20 bp
24,020	**22,067**	**26,517**

B. Former-Creval pension plans

1. Information on the characteristics of the entity's defined benefit plans and risks associated with them

Subsequent to Creval absorption, Credit Agricole Italia assumed an obligation to the former-Creval outsourced defined-benefit pension plan to ensure that the technical balance of Section II is kept over time in order to ensure continuation of each and every right resulting from participation in the original pension scheme.

2. Changes for the year in defined-benefit net liabilities (assets) and in rights to repayment from the plan

As at 31 December 2022 the actuarial value of the defined-benefit obligation was Euro 6,471 thousand. In 2022 benefits/repayments totalled Euro 863 thousand, service costs came to Euro 357 thousand, interest expenses accrued were Euro 74 thousand, and actuarial gains were recognized amounting to Euro 1,785 thousand.

3. Disclosure of the fair value of the plan assets

The assets servicing the plan that was transferred to defined-benefit Section of the pension fund consist in cash and cash equivalents amounting to Euro 6,495 thousand.

The net cost of the defined-benefit plan has been recognized.

Actuarial value of the obligation as at 1 Jan. 2022		**-**
a.	Service cost	-
b.	Interest cost	-
c.1	Actuarial gains/losses from changes in financial assumptions	-1,762
c.2	Actuarial gains/losses from changes in demographic assumptions	-
c.3	Actuarial gains/losses from demographic experience	-23
d.	Payments provided for by the Plan	-
e.	Transfer in	1,785
Actuarial value of the obligation as at 31 Dec. 2022		**-**

4. Description of the main actuarial assumptions

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used, such as:

- Surviving spouse benefit rate of 70%;
- Mortality;
- Probability to have a family;
- Performance of the actual purchasing power of money.

The main economic and demographic assumptions are given below, which have been used for the plan measurement and have been made based on the information provided by the Company subject to assessment and on market data/statistics:

- Annual probability of exclusion due to death of employees not on staff were calculated based on A62;
- For assignment to the surviving family in case of the pensioner's death, differentiated technical bases were used according to the age and gender of the member;
- The cost of living index for white-collar and blue-collar households, required for smoothing the annual pension instalments, was assumed at 2.00%, in accordance with the instructions given by Crédit Agricole S.A.;
- The annual increase in the plan benefits is governed by the relevant regulation, and, therefore, by the applicable regulations in force for INPS (Italian National Social Security Institute) pensions (automatic smoothing pursuant to paragraph 1, Article 34 of Italian Law No. 448/1998, as amended by paragraph 1, Article 69 of Italian Law No. 388/2000);
- To calculate the Present Value, in compliance with the instructions issued by Crédit Agricole S.A., the rate used was IBOXX AA (duration 10+ years) of 3.77%.

6. Multi-employer plans

This does not apply to Crédit Agricole Italia.

7. Defined-benefit plans that share risks between various entities under common control

This does not apply to Crédit Agricole Italia.

10.6 PROVISIONS FOR RISKS AND CHARGES - OTHER PROVISIONS

Sub-item 4.2 "Other provisions – personnel expenses" of Table 10.1 also reports the provisions for the liabilities resulting from the Trade Union agreement that gave the possibility to interested employees, who are already eligible for pension or will become eligible in the next few years, to voluntarily terminate their employment receiving incentives, as well as the contributions resulting from the merger of Crédit Agricole FriulAdria and Creval.

Some years ago several disputes were started with the Agenzia delle Entrate (the Italian Revenue Agency) as the Agency reclassified the transfers of branches from the Intesa Sanpaolo Group to Crédit Agricole Italia and Crédit Agricole FriulAdria and the subsequent transfer of the received equity investments to the institutional Shareholders of the two Banks as sales of business units. Although favourable judgements were obtained and believing that its conduct has always been fair and lawful, considering the very modest costs, in agreement with the parties jointly and severally involved, it was deemed it appropriate to exercise the option provided for by Italian Decree Law 119/2018 (so-called tax amnesty measures), against which there was opposition by the Tax Authority and, therefore, these disputes are to be considered essentially closed. For some of these disputes, the formalization of their dismissal has already been obtained from the competent Authorities.

Two tax disputes are still pending and concern a transfer of branches made in 2011 by the Intesa SanPaolo Group and followed by the trasfer of the equity investment to institutional shareholders of Crédit Agricole Italia, which was qualified by the Tax Authority as a transfer of a business unit, with yet another claim about the goodwill taxable base, for a registration tax amount of Euro 11.7 million, plus interest claimed from the parties jointly and severally involved. On the transaction requalification, favourable fist -and second-instance court judgements have already been obtained and the Italian Court of Cassation's ruling is pending. Having said that, also in this case, the Group believes that its conduct has always been fair and lawful and expects a favourable outcome of the dispute, also on the grounds of the aforementioned judgements, considering that the charge – if any – would be shared between the parties jointly and severally involved under specific agreements, on a prudential basis a provision of Euro 1.15 million has remained.

Other minor disputes are underway for taxes totalling Euro 1.8 million, plus any interest and penalties,for which the Group believes it has good grounds as its conduct has always been fair and lawful, as substantiated, in several cases, by fully or partially favourable judgements, which, therefore, have not been provisioned for.

More specifically:

- A dispute for alleged failure to pay a tax account receivable under Italian Decree Law 185/2008 for the amounts credited by it to Customers relating to the State contribution on floating-rate mortgage loans that were taken out by 31 October 2008. The total amount claimed is Euro 1.3 million, including penalties. The first-instance judgement upheld the tax claim but ruled out any penalties. As its arguments are believed to be valid, the Group continued the dispute;
- Some disputes on registration tax on legal deeds coming from the merged entity Cassa di Risparmio di Rimini, for a total amount of Euro 0.5 million;
- A dispute coming from Crédit Agricole Carispezia, which was absorbed in July 2019, concerning the determination of the taxable base for the Italian Regional Tax on Productive Activities (IRAP) for 2013, for a total amount, including tax, interest and penalties, of Euro 177 thousand; the first-instance judgement was in favour of the Group and the second-instance judgement was issued in October 2022 in favour of the Bank; a similar dispute regarding 2014, for a total amount of Euro 277 thousand including tax, penalties and interest on which the firstinstance judgement was issued in February 2022 in favour of the Group; for the same reasons and again concerning Credit Agricole Carispezia, two similar disputes started on 2015 and 2016, for a total amount of Euro 694 thousand, on which the first-instance judgement was issued in October 2022 in favour of the counterparty;
- A dispute from Creval, which was merged by absorption in April 2022, concerning failure to repay IRPEG withholdings regarding an absorbed entity for a total amount of Euro 221 thousand. The first-instance judgement were in favour of the Bank, but the tax Authority filed appela against them.

The notice of three assessments was also served on Crédit Agricole Italia in its capacity as the designated consolidating entity in the tax consolidation scheme comprising the Italian direct and indirect subsidiaries of Credit Agricole S.A., which actually concerns the determination of the income of member entities that do not belong to the Crédit Agricole Italia Banking Group, for a total amount including tax, penalty and interest of Euro 4.8 million. On a claim a favourable first-instance judgement was issued in February 2022, whereas the notices of the other two assessments were served in December 2022. It is also pointed out that any expenses shall be paid for by the tax consolidation member entities, which do not belong to the Crédit Agricole Italia Banking Group.

Section 12 – Parent Company Shareholders' Equity – Items 110, 130, 140, 150, 160, 170 and 180

12.1 "CAPITAL" AND "TREASURY SHARES": BREAKDOWN

As at 31 December 2022, the Parent Company's share capital, fully paid in, consisted of 1,102,071,064 ordinary shares, with a nominal value of Euro 1 each.

No treasury shares were held as at the reporting date.

12.2 CAPITAL - NUMBER OF SHARES: CHANGES FOR THE YEAR

Items/Types	Ordinary	Other
A. Shares - opening balance	**979,283,340**	**-**
- fully paid in	979,283,340	-
- partially paid in	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	**979,283,340**	**-**
B. Increases	**122,787,724**	**-**
B.1 New issues	122,787,724	-
- for a consideration:	122,787,724	-
- business combinations	122,787,724	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- free of charge:	-	-
- to Employees	-	-
- to Directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Disposal of businesses	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balance	**1,102,071,064**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares - closing balance	1,102,071,064	-
- fully paid in	1,102,071,064	-
- partially paid in	-	-

12.3 CAPITAL: OTHER INFORMATION

The unit nominal value of the 1,102,071,064 ordinary shares is Euro 1.

12.4 RETAINED EARNINGS RESERVES: OTHER INFORMATION

Items/Types	Amounts
Legal reserve	195,847
Reserves provided for by the Articles of Association	805,264
Reserve pursuant to Art. 13 of It. Leg. D. 124/93(*)	334
Extraordinary reserve of undistributable dividends on treasury shares	5
Reserve for interest on Additional Tier 1 Instruments	-253,485
Reserve for business combinations under common control	1,023,135
Reserve from the sale of financial assets at fair value through other comprehensive income without recycling	-4,098
Other reserves on financial assets at fair value through other comprehensive income without recycling	384
Carim IAS 19 revised first-time adoption reserve	-305
Retained earnings reserves	**1,767,081**
Reserve from share-based payments(**)	3,181
Total reserves	**1,770,262**

(*) Reserve pursuant to Art. 13 of Italian Legislative Decree No. 124/1993 to take advantage of tax relief on the portions of Employee severance benefits to be used for supplementary pension schemes.

(**) Reserve recognizing the increase in equity resulting from payments based on shares of the controlling company Crédit Agricole S.A. made to Employees and Directors.

12.5 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

The “Equity instruments” item reports the issues of Additional Tier 1 instruments for Euro 815 million.

There were no changes in the reporting period.

OTHER INFORMATION

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

	Notional value on commitments and financial guarantees given				Total 31 Dec. 2022	Total 31 Dec. 2021
	Stage 1	Stage 2	Stage 3	POCI		
Commitments to disburse funds	**1,749,605**	**30,716**	**26,198**	**-**	**1,806,519**	**932,508**
a) Central Banks	-	-	-	-	-	-
b) Public administration bodies	5,528	-	-	-	5,528	6,637
c) Banks	8,135	-	-	-	8,135	50,472
d) Other financial companies	335,022	2	6	-	335,030	148,587
e) non-financial corporations	1,199,696	15,821	25,183	-	1,240,700	613,566
f) Households	201,224	14,893	1,009	-	217,126	113,246
Financial guarantees given	**3,092,426**	**144,683**	**74,753**	**-**	**3,311,862**	**2,452,196**
a) Central Banks	-	-	-	-	-	-
b) Public administration bodies	8,954	437	-	-	9,391	2,292
c) Banks	598,472	871	-	-	599,343	542,496
d) Other financial companies	97,427	7,984	-	-	105,411	111,119
e) non-financial corporations	2,297,658	115,314	74,323	-	2,487,295	1,726,071
f) Households	89,915	20,077	430	-	110,422	70,218

2. Other commitments and other guarantees given

	Nominal value	
	Amount 31 Dec. 2022	Amount 31 Dec. 2021
1. Other guarantees given	**-**	**-**
of which non-performing	-	-
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) non-financial corporations	-	-
f) Households	-	-
2. Other commitments	**3,924**	**-**
of which non-performing	-	-
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	3,924	-
e) non-financial corporations	-	-
f) Households	-	-

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount 31 Dec. 2022	Amount 31 Dec. 2021
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-
3. Financial assets measured at amortized cost	21,567,692	16,088,426
4. Property, Plant and Equipment	-	-
- of which: property, plant and equipment inventories	-	-

4. Management and intermediation services

Type of services	Amount
1. Trading on behalf of customers	**-**
a) Purchases	-
1. settled	-
2. not yet settled	-
b) Sales	-
1. settled	-
2. not yet settled	-
2. Portfolio management	**-**
3. Custody and administration of securities	**88,132,173**
a) Third-party securities on deposit held for depository bank services (excluding asset management)	-
1. Securities issued by the reporting Bank	-
2. other securities	-
b) securities of third parties deposited (excluding portfolio management): other	36,594,329
1. Securities issued by the reporting Bank	130,330
2. other securities	36,463,999
c) third-party securities deposited with third parties	35,790,591
c) proprietary securities deposited with third parties	15,747,253
4. Other transactions	**-**

5. Financial assets subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial assets (a)	Amount of financial liabilities offset (b)	Net amount of financial assets recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31 Dec. 2022	Net amount 31 Dec. 2021
				Financial Instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	1,650,538	-	1,650,538	1,353,838	-	296,700	23,302
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31 Dec. 2022	**1,650,538**	**-**	**1,650,538**	**1,353,838**	**-**	**296,700**	**X**
Total 31 Dec. 2021	619,341	-	619,341	596,039	-	X	23,302

6. Financial liabilities subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets offset (b)	Net amount of financial liabilities recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31 Dec. 2022	Net amount 31 Dec. 2021
				Financial Instruments (d)	Cash deposits as collateral (e)		
1. Derivatives	4,144,583	-	4,144,583	1,353,838	2,113,890	676,855	6,090
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31 Dec. 2022	**4,144,583**	**-**	**4,144,583**	**1,353,838**	**2,113,890**	**676,855**	**X**
Total 31 Dec. 2021	**876,199**	**-**	**876,199**	**596,039**	**274,070**	**X**	**6,090**

IFRS 7 requires specific disclosure on financial instruments that have been offset in the Balance Sheet pursuant to IAS 32 or that may be potentially offset, upon occurrence of specific conditions, but are recognised in the Balance Sheet without any netting as they are governed by "master netting agreements or similar arrangements" that do not comply with all the requirements laid down by IAS 32 paragraph 42.

As regards instruments that may potentially be offset, at the occurrence of certain events, and to be reported in tables 5 and 6, it is pointed out that, for transactions in OTC, the Crédit Agricole Italia Banking Group has signed bilateral netting agreements (ISDA) with all banking counterparties it has OTC derivatives if force with, whereby, if certain conditions are met, claims and obligations relating to OTC derivatives may be offset. Furthermore, the Group has signed Credit Support Annexes (CSA) attached to the ISDA agreements, providing for the exchange of collateral with the counterparties in order to reduce net exposure.

In order to prepare the tables and in accordance with IFRS 7 and with the new regulations on Banks' financial statements, it is reported that:

- The effects of the potential offsetting of the balance sheet values of financial assets and liabilities are reported in column (d) "Financial instruments";
- The related cash collaterals are presented in column (e) "Cash deposits received/pledged as collateral";
- Transactions in derivatives are recognized at fair value.

These effects are calculated for each master netting agreement, to the extent of the exposure stated in column (c).

Based on the preparation methods described above, thanks to the netting agreements and the related collateral, the credit/debt exposure to the counterparties can be significantly reduced, as shown in column (f) "Net amount".

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 INTEREST AND SIMILAR INCOME: BREAKDOWN

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Financial assets measured at fair value through profit or loss	448	-	-	448	9
1.1 Financial assets held for trading	8	-	-	8	9
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	440	-	-	440	-
2. Financial assets measured at fair value through other comprehensive income	89,395	-	X	89,395	37,217
3. Financial assets measured at amortized cost	345,368	1,186,077	-	1,531,445	706,880
3.1 Due from banks	275	46,331	X	46,606	2,599
3.2 Loans to customers	345,093	1,139,746	X	1,484,839	704,281
4. Hedging derivatives	X	X	(370,297)	(370,297)	(155,855)
5. Other assets	X	X	42,860	42,860	6,618
6. Financial liabilities	X	X	X	52,490	114,719
Total	**435,211**	**1,186,077**	**(327,437)**	**1,346,341**	**709,588**
of which: interest income on impaired financial assets	-	30,183	-	30,183	16,789
of which: interest income on finance leases	X	914	X	914	-

Item “Financial liabilities” reports, as to Euro 51,981 thousand, interest income accrued on the funding from the ECB consisting of TLTRO III loans taken.

1.2 INTEREST AND SIMILAR INCOME: OTHER INFORMATION

1.2.1 Interest income on foreign-currency financial assets

As at 31 December 2022, interest income on foreign-currency financial assets came to Euro 8,452 thousand.

1.3 INTEREST AND SIMILAR EXPENSES: BREAKDOWN

Items/Technical forms	Due and payables	Securities	Other transactions	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Financial liabilities measured at amortized cost	(114,342)	(105,523)	-	(219,865)	(162,550)
1.1 Due to central banks	(25,391)	X	X	(25,391)	(28,236)
1.2 Due to banks	(29,321)	X	X	(29,321)	(22,975)
1.3 Due to customers	(59,630)	X	X	(59,630)	(12,432)
1.4 Debt securities issued	X	(105,523)	X	(105,523)	(98,907)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	(4,341)	(4,341)	(2,134)
5. Hedging derivatives	X	X	145,386	145,386	204,772
6. Financial assets	X	X	X	(2,574)	(6,199)
Total	**(114,342)**	**(105,523)**	**141,045**	**(81,394)**	**33,889**
of which: interest expenses on lease liabilities	(7,710)	X	X	(7,710)	(3,702)

1.4 INTEREST AND SIMILAR EXPENSES: OTHER INFORMATION

1.4.1 Interest expenses on foreign-currency liabilities

As at 31 December 2022, interest expense on foreign-currency financial liabilities came to Euro 2,697 thousand.

1.5 DIFFERENTIALS ON HEDGING TRANSACTIONS

Items	31 Dec. 2022	31 Dec. 2021
A. Positive differentials on hedging transactions	403,323	307,386
B. Negative differentials on hedging transactions	(628,234)	(258,469)
C. Balance (A-B)	**(224,911)**	**48,917**

Section 2 – Fees and Commissions – Items 40 and 50

2.1 FEE AND COMMISSION INCOME: BREAKDOWN

Type of services/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
a) Financial instruments	276,214	217,261
1. Placement of securities	262,156	207,453
1.1 With firm commitment underwriting and/or based on an irrevocable commitment	-	-
1.2 Without irrevocable commitment	262,156	207,453
2. Receipt and transmission of orders and trading on customers' behalf	13,282	9,245
2.1 Receipt and transmission of orders for one or more financial instruments	13,282	9,245
2.2 Trading on behalf of customers	-	-
3. Other fees and commissions on activities in financial Instruments	776	563
Of which: proprietary trading	673	405
Of which:individual portfolio management	107	158
b) Corporate Finance	-	-
1. M&A advice	-	-
2. Treasury services	-	-
3. Other fees and commissions on corporate finance services	-	-
c) Investing advice	345	195
d) Clearing and settlement	-	-
e) Custody and administration	5,738	4,325
1. Depositary bank services	-	-
2. Other fees and commissions on custody and administration	5,738	4,325
f) Central administrative services for collective portfolio management	-	-
g) Fiduciary activities	-	-
h) Payment services	415,648	247,983
1. Current accounts	278,253	179,062
2. Credit cards	31,481	20,434
3. Debit cards and other payment cards	40,656	18,739
4. Credit transfers and other payment orders	27,266	10,132
5. Other fees and commissions on payment services	37,992	19,616
i) Distribution of third-party services	413,034	294,875
1. Collective portfolio management	-	-
2. Insurance products	343,091	258,715
3. Other products	69,943	36,160
O/w:individual portfolio management	13,313	5,562
j) Structured finance	44,959	29,328
k) Securitization servicing	35	-
l) Commitments to disburse funds	-	-
m) Financial guarantees given	23,964	17,840
Of which: credit derivatives	-	-
n) Financing transactions	12,118	6,243
Of which: for factoring	-	-
o) Foreign exchange trading	7,514	4,093
p) Commodities	-	-
q) Other fee and commission income	68,059	40,000
Of which: for management of multilateral trading facilities	-	-
Of which: management of organized trading facilities	-	-
Total	**1,267,628**	**862,143**

Item q) Other fee and commission income" mainly reports fee and commission income from Collection services for Euro 26,716 thousand and fee and commission income on e-money services for Euro 24,497 thousand.

2.2 FEE AND COMMISSION INCOME: DISTRIBUTION CHANNELS FOR PRODUCTS ANS SERVICES

Channels/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
a) At own branches:	**675,190**	**502,328**
1. portfolio management	-	-
2. placement of securities	262,156	207,453
3. third party products and services	413,034	294,875
b) off-premises distribution:	**244**	**-**
1. portfolio management	-	-
2. placement of securities	106	-
3. third party products and services	138	-
c) other distribution channels:	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. third party products and services	-	-
Total	**675,434**	**502,328**

2.3 FEE AND COMMISSION EXPENSES: BREAKDOWN

Services/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
a) Financial instruments	(2,925)	(3,429)
Of which: trading in financial instruments	-	-
Of which: placement of financial instruments	(2,925)	(3,429)
Of which: individual portfolio management	-	-
- on own account	-	-
- Delegated to third parties	-	-
b) Clearing and settlement	-	-
c) Custody and administration	(2,285)	(2,427)
d) Collection and payment services	(11,093)	(6,531)
of which: credit cards, debit cards and other payment cards	(6,714)	(3,804)
e) Securitization servicing	-	-
f) Commitments to receive funds	-	-
g) Financial guarantees received	(13,334)	(12,922)
of which: credit derivatives	-	-
h) Off-premises distribution of financial instruments, products and services	-	-
i) Foreign exchange trading	-	-
j) Other fee and commission expenses	(18,890)	(9,298)
Total	**(48,527)**	**(34,607)**

Item "j) Other fee and commission expenses" mainly reports fee and commission expenses on e-money services for Euro 12,143 thousand.

Section 3 – Dividend and similar income – Item 70

3.1 DIVIDEND AND SIMILAR INCOME: BREAKDOWN

Items/Revenues	Total 31 Dec. 2022		Total 31 Dec. 2021	
	Dividend income	Similar income	Dividend income	Similar income
A. Financial assets held for trading	4	-	1	-
B. Other financial assets mandatorily measured at fair value	897	1,898	451	143
C. Financial assets measured at fair value through other comprehensive income	10,557	-	10,462	-
D. Equity investments	2,352	-	-	-
Total	**13,810**	**1,898**	**10,914**	**143**

The main dividend for the reporting year referred to the shareholding in the Bank of Italy, which was classified in the “Financial assets measured at fair value through other comprehensive income” portfolio (Euro 9,157 thousand).

Income referred to the units of O.I.C.R. collective investment undertakings held.

Section 4 – Net profits (losses) on trading activities – Item 80

4.1 NET PROFITS (LOSSES) ON TRADING ACTIVITIES: BREAKDOWN

Transactions/Income components	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets held for trading	**-**	**207**	**(12)**	**(121)**	**74**
1.1 Debt securities	-	206	(11)	(31)	164
1.2 Equity securities	-	1	(1)	-	-
1.3 Units of O.I.C.R. collective investment undertakings	-	-	-	(90)	(90)
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Due and payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**10,811**
4. Derivatives	**382,998**	**68,781**	**(374,234)**	**(61,228)**	**16,939**
4.1 Financial derivatives:	382,998	68,781	(374,234)	(61,228)	16,939
- On debt securities and interest rates	382,998	68,781	(374,234)	(61,228)	16,317
- On equity securities and equity indices	-	-	-	-	-
- On foreign exchange and gold	X	X	X	X	622
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges associated with the fair value option	X	X	X	X	-
Total	**382,998**	**68,988**	**(374,246)**	**(61,349)**	**27,824**

Section 5 – Net profits (losses) on hedging activities – Item 90

5.1 NET PROFITS (LOSSES) ON HEDGING ACTIVITIES: BREAKDOWN

Income components/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
A. Income from:		
A.1 Fair value hedging derivatives	1,666,033	272,995
A.2 Hedged financial assets (fair value)	4,757	91,136
A.3 Hedged financial liabilities (fair value)	3,504,988	653,448
A.4 Cash flow hedging financial derivatives	-	-
A.5 Assets and liabilities in foreign currencies	-	-
Total income from hedging activities (A)	**5,175,778**	**1,017,579**
B. Expenses for:		
B.1 Fair value hedging derivatives	(3,579,658)	(738,399)
B.2 Hedged financial assets (fair value)	(1,428,940)	(232,630)
B.3 Hedged financial liabilities (fair value)	(177,486)	(52,283)
B.4 Cash flow hedging financial derivatives	-	-
B.5 Assets and liabilities in foreign currencies	-	-
Total expenses on hedging activities (B)	**(5,186,084)**	**(1,023,312)**
C. Net profit (loss) on hedging activities (A-B)	**(10,306)**	**(5,733)**
of which: fair value adjustments in hedge accounting on net positions	-	-

Section 6 – Profits (losses) on disposal/repurchase – Item 100

6.1 PROFITS (LOSSES) ON DISPOSAL/REPURCHASE: BREAKDOWN

Items/Income components	Total 31 Dec. 2022			Total 31 Dec. 2021		
	Profits	Losses	Net profit (loss)	Profits	Losses	Net profit (loss)
A. Financial Assets						
1. Financial assets measured at amortized cost	47,915	(26,966)	20,949	53,650	(162,769)	(109,119)
1.1 Due from banks	6	(576)	(570)	-	-	-
1.2 Loans to customers	47,909	(26,390)	21,519	53,650	(162,769)	(109,119)
2. Financial assets measured at fair value through other comprehensive income	54,498	(39,754)	14,744	62,624	(35,821)	26,803
2.1 Debt securities	54,498	(39,754)	14,744	62,624	(35,821)	26,803
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**102,413**	**(66,720)**	**35,693**	**116,274**	**(198,590)**	**(82,316)**
B. Financial liabilities measured at amortized cost						
1. Due to banks	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-
3. Debt securities issued	9,297	(240)	9,057	39	(6)	33
Total liabilities (B)	**9,297**	**(240)**	**9,057**	**39**	**(6)**	**33**

Section 7 – Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss – Item 110

7.1 NET CHANGE IN VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE

There were no financial assets and liabilities designated at fair value.

7.2 NET CHANGE IN VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES MANDATORILY MEASURED AT FAIR VALUE

Transactions/Income components	Capital gains (A)	Profits on realization (B)	Capital losses (C)	Losses on realization (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets	-	17	(10,350)	(783)	(11,116)
1.1 Debt securities	-	17	(5,775)	(264)	(6,022)
1.2 Equity securities	-	-	-	(519)	(519)
1.3 Units of collective investment undertakings	-	-	(4,575)	-	(4,575)
1.4 Loans	-	-	-	-	-
2. Financial assets in foreign currencies: foreign exchange differences	X	X	X	X	-
Total	**-**	**17**	**(10,350)**	**(783)**	**(11,116)**

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

8.1 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN

Transactions/income components	Adjustments						Recoveries				Total 31 Dec. 2022	Total 31 Dec. 2021
	Stage 1	Stage 2	Stage 3		POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
			Write-off	Other	Write-off	Other						
A. Due from Banks	**(132)**	**-**	**-**	**(1,702)**	**-**	**-**	**303**	**5**	**-**	**-**	**(1,526)**	**(238)**
- Loans	(132)	-	-	(1,702)	-	-	303	5	-	-	(1,526)	(238)
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans to customers	**(73,177)**	**(132,213)**	**(22,520)**	**(310,230)**	**-**	**-**	**65,345**	**117,530**	**82,106**	**-**	**(273,159)**	**(331,995)**
- Loans	(66,581)	(132,213)	(22,520)	(306,361)	-	-	63,590	117,530	82,106	-	(264,449)	(329,773)
- Debt securities	(6,596)	-	-	(3,869)	-	-	1,755	-	-	-	(8,710)	(2,222)
Total	**(73,309)**	**(132,213)**	**(22,520)**	**(311,932)**	**-**	**-**	**65,648**	**117,535**	**82,106**	**-**	**(274,685)**	**(332,233)**

8.1A NET ADJUSTMENTS FOR CREDIT RISK ON LOANS MEASURED AT AMORTIZED COSTS UNDER COVID-19-RELATED SUPPORT MEASURES: BREAKDOWN

	Net adjustments						Total 31 Dec. 2022	Total 31 Dec. 2021
	Stage 1	Stage 2	Stage 3		POCI assets			
			Write-off	Other	Write-off	Other		
1. Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-
2. Loans under moratoria in force no longer EBA-compliant and not measured as forborne	3	(81)	-	(147)	-	-	(225)	(7,448)
3. Loans under other concession measures	-	-	-	-	-	-	-	-
4. New loans	1,092	2,301	-	(30,785)	-	-	(27,392)	(12,976)
Total 31 Dec. 2022	**1,095**	**2,220**	**-**	**(30,932)**	**-**	**-**	**(27,617)**	**-**
Total 31 Dec. 2021	**590**	**(9,389)**	**-**	**(11,625)**	**-**	**-**	**-**	**(20,424)**

8.2 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN

Transactions/income components	Adjustments						Recoveries				Total 31 Dec. 2022	Total 31 Dec. 2021
	Stage 1	Stage 2	Stage 3		POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
			Write-off	Other	Write-off	Other						
A. Debt securities	(3,702)	-	-	-	-	-	-	-	-	-	(3,702)	(2,143)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(3,702)	-	-	-	-	-	-	-	-	-	(3,702)	(2,143)

Section 9 – Profits/losses on contract modifications without derecognition – Item 140

9.1 PROFITS (LOSSES) ON CONTRACT MODIFICATIONS: BREAKDOWN

Losses on contract modifications came to Euro 694 thousand.

This item reports the impacts resulting from contract modifications on medium/long-term loans to customers, which, as they do not classify as substantial in accordance with IFRS 9, do not entail derecognition of the assets, but recognition in the Income Statement of the modifications made to contractual cash flows.

Section 10 – Administrative expenses – Item 160

10.1 PERSONNEL EXPENSES: BREAKDOWN

Type of expense/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1) Employees	(913,848)	(700,654)
a) wages and salaries	(675,871)	(411,280)
b) social security contributions	(175,437)	(110,616)
c) severance benefits	(689)	(246)
d) pensions	-	-
e) allocation to employee severance benefit provision	(179)	20
f) allocation to provision for post-employment and similar obligations:	(98)	7
- defined-contribution	-	-
- defined-benefit	(98)	7
g) payment to external supplementary pension schemes:	(65,071)	(37,723)
- defined-contribution	(65,071)	(37,723)
- defined-benefit	-	-
h) costs from share-based payment agreements	-	-
i) other employee benefits	3,497	(140,816)
2) Other staff	(2,218)	(401)
3) Directors and Auditors	(2,207)	(1,114)
4) Retired personnel	-	-
5) Recovered expense for employees seconded to other companies	37,392	21,085
6) Refunded expenses for third parties' employees seconded to the company	(5,174)	(8,647)
Total	**(886,055)**	**(689,731)**

10.2 AVERAGE NUMBER OF EMPLOYEES BROKEN DOWN BY CATEGORY

	31 Dec. 2022
Employees:	11,053
a) Senior Managers	138
b) Junior Managers	5,145
c) other Employees	5,770
Other staff	56

The figures reporting the number of employees take account of incoming and outgoing secondments; the "Other staff" figure refers exclusively to non-employees.

10.3 COMPANY DEFINED-BENEFIT PENSION PLANS: COSTS AND REVENUES

Type of expenses/Values	31 Dec. 2022	31 Dec. 2021
Provision for the year	-	-
Changes due to passing of time	(98)	7

10.4 OTHER EMPLOYEE BENEFITS

These mainly consisted of the costs incurred for incentives to voluntary redundancy, for non-occupational policies, of the costs for financed education, refresher and training, and for employee benefits, as well as contributions to the employees' recreational club.

The item balance was positive because of the increase in the rates used for the redundancy fund evaluation.

10.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

Type of expense/Values	31 Dec. 2022	31 Dec. 2021
Direct and indirect taxes	(149,437)	(99,524)
IT services, data processing	(26,270)	(16,059)
Facility rental and management	(11,327)	(5,956)
Expenses for advisory services	(26,953)	(33,411)
Mail, telegraph and delivery services	(1,297)	18
Telephone and data transmission	(3,496)	(1,494)
Legal expenses	(8,009)	(3,718)
Property maintenance	(6,887)	(2,470)
Furnishing and plant maintenance	(3,144)	(165)
Marketing, promotion and entertainment expenses	(14,999)	(13,018)
Transport services	(2,498)	(669)
Lighting, heating and air conditioning	(26,427)	(11,420)
Printed material, stationery and consumables	(2,202)	(1,126)
Staff training expenses and reimbursements	(8,431)	(3,099)
Security services	(748)	(234)
Information and title searches	(6,295)	(3,978)
Insurance premiums	(200,825)	(167,200)
Cleaning services	(642)	43
Leasing of other property, plant and equipment	(3,145)	(2,230)
Management of archives and document handling	(126)	-
Reimbursement of costs to Group companies	(377,440)	(273,450)
Contributions to support the banking system	(95,873)	(85,762)
Sundry expenses	(22,496)	(25,622)
Total	**(998,967)**	**(750,544)**

Section 11 – Net provisions for risks and charges – Item 170

11.1 NET PROVISIONS FOR CREDIT RISK ON COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN: BREAKDOWN

The "Net provisions for credit risk on commitments and guarantees" item came to Euro 11,983 thousand.

11.2 NET PROVISIONS FOR OTHER COMMITMENTS AND OTHER GUARANTEES GIVEN: BREAKDOWN

As at 31 December 2018, there were no provisions for other commitments and guarantees given.

11.3 NET PROVISIONS FOR OTHER RISKS AND CHARGES: BREAKDOWN

The “Net provisions for risks and charges” item came to Euro 15,502 thousand and consists of Euro 2,731 thousand in provisions for revocatory actions, Euro 6,095 thousand in provisions for non-lending-related legal disputes and Euro 6,676 thousand in other provision.

Section 12 – Net adjustments/writebacks of property, plant and equipment – Item 180

12.1 NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN

Assets/Income components	Depreciation (a)	Impairment (b)	Recoveries (c)	Net profit (loss) (a + b - c)
A. Property, Plant and Equipment				
1. Operating assets	(91,424)	-	-	(91,424)
- owned	(39,905)	-	-	(39,905)
- Rights of use acquired through leases	(51,519)	-	-	(51,519)
2. Investment property	(6,679)	(2,013)	-	(8,692)
- owned	(4,347)	(2,013)	-	(6,360)
- Rights of use acquired through leases	(2,332)	-	-	(2,332)
3. Inventories	X	-	-	-
Total	**(98,103)**	**(2,013)**	**-**	**(100,116)**

Section 13 – Net adjustments of/recoveries on intangible assets – Item 190

13.1 NET ADJUSTMENTS TO INTANGIBLE ASSETS: BREAKDOWN

Assets/Income components	Amortization (a)	Impairment (b)	Recoveries (c)	Net profit (loss) (a + b - c)
A. Intangible Assets				
of which. software	-	-	-	-
A.1 Owned	(29,471)	-	-	(29,471)
- Internally generated	(1,140)	-	-	(1,140)
- Other	(28,331)	-	-	(28,331)
A.2 Rights of use acquired through leases	-	-	-	-
Total	**(29,471)**	**-**	**-**	**(29,471)**

Section 14 – Other operating expenses and income – Item 200

14.1 OTHER OPERATING EXPENSES: BREAKDOWN

Type of expense/Values	31 Dec. 2022	31 Dec. 2021
Amortization of expenditure for leasehold improvements	(5,934)	(4,224)
Other expenses	(12,554)	(6,744)
Total	**(18,488)**	**(10,968)**

14.2 OTHER OPERATING INCOME: BREAKDOWN

Type of expense/Values	31 Dec. 2022	31 Dec. 2021
Rental income and recovered expenses on real estate	6,593	3,817
Taxes and levies recovered	125,733	86,279
Insurance costs recovered	194,472	163,241
Other expenses recovered	3,823	3,783
Service recovery	3,176	10,480
Other income	15,835	3,989
Total	**349,632**	**271,589**

Section 15 – Profits (losses) on equity investments – Item 220

15.1 PROFITS (LOSSES) ON EQUITY INVESTMENTS: BREAKDOWN

Income components/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
A. Income	5,419	-
1. Revaluations	-	-
2. Profits on disposal	5,299	-
3. Recoveries	-	-
4. Other income	120	-
B. Expenses	(14)	(670)
1. Writedowns	-	-
2. Losses on impairment	(12)	(670)
3. Losses on disposal	(2)	-
4. Other expenses	-	-
Net profit (loss)	**5,405**	**(670)**

Section 18 – Profits (losses) on disposal of investments – Item 250

18.1 PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS: BREAKDOWN

Income component/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
A. Real estate	3,127	599
- Profits on disposal	3,292	733
- Losses on disposal	(165)	(134)
B. Other assets	(48)	-
- Profits on disposal	32	-
- Losses on disposal	(80)	-
Net profit (loss)	**3,079**	**599**

Section 19 – Taxes on income from continuing operations – Item 270

19.1 TAXES ON INCOME FROM CONTINUING OPERATIONS: BREAKDOWN

Income components/Values	Total 31 Dec. 2022	Total 31 Dec. 2021
1. Current taxes (-)	(14,697)	(96,581)
2. Changes in current taxes for previous years (+/-)	-	827
3. Reduction in current taxes for the year (+)	740	584
3.bis Reduction in current taxes for the year for tax receivables pursuant to Law No. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(64,627)	115,430
5. Change in deferred tax liabilities (+/-)	62,102	39,409
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(16,482)**	**59,669**

19.2 RECONCILIATION OF THEORETICAL TAX LIABILITY AND ACTUAL TAX LIABILITY RECOGNIZED

	31 Dec. 2022
Income before taxes from continuing operations	569,361
Income from discontinued operations (before taxes)	-
Theoretical taxable income	**569,361**

	31 Dec. 2022
Income taxes - Theoretical tax liability at the 27.5% ordinary rate	(156,574)
- effect of tax-exempt income or income taxed at special rates	-
- effect of income already subject to taxation	-
- effect of expenses that are fully or partially non–deductible and income that is fully or partially non–taxable at 27.5% tax rate	30,803
Income tax - actual tax liability	**(125,771)**
- lower taxes for patent box relief	**-**
- effect of realignment under Art.110 of Italian Decree Law 104/2020	**146,251**
- effect of the commission for tax loss/ACE DTA conversion L.178/2021	**-**
- Effect of deduction and tax credits	**740**
IRAP - Theoretical tax liability at the 5.49% ordinary rate	(31,258)
- effect of income/expenses that do not contribute to the taxable base	-108,780
- effect of other changes	(108,780)
- effect of change in the average tax rate	-
IRAP - Actual tax liability	**(37,702)**
Other taxes	-
Actual tax liability recognized	**(16,482)**
Of which: actual tax liability on continuing operations	(16,482)
Actual tax liabilities on discontinued operations	

Section 22 – Earnings per share

22.1 AVERAGE NUMBER OF ORDINARY SHARES OF DILUTED CAPITAL

This piece of information shall be given by Banks listed on regulated markets.

PART D – COMPREHENSIVE INCOME

BREAKDOWN STATEMENT OF COMPREHENSIVE INCOME

Items		31 Dec. 2022	31 Dec. 2021
10.	**Profit (Loss) for the period**	**552,879**	**(71,836)**
Other income components not reclassified to profit or loss		**22,434**	**(18)**
20.	Equity securities designated at fair value through other comprehensive income	12,211	601
	a) Fair value change	(1,717)	712
	b) Transfers to other equity components	13,928	(111)
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating):	-	-
	a) Fair value change		
	b) Transfers to other equity components		
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
	a) Fair value change (hedged item)	-	-
	a) Changes in fair value (hedging instrument)	-	-
50.	Property, Plant and Equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	20,898	(764)
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves on equity investments measured using the equity method	-	-
100.	Income taxes for other income components not reclassified to profit or loss	(10,675)	145
Other income components reclassified to profit or loss		**(22,317)**	**(14,864)**
110.	Hedging of investments in foreign operations:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
120.	Foreign exchange differences:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
130.	Cash flow hedges:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
	of which: gains (losses) on net positions	-	-
140.	Hedging instruments: (not designated elements)	-	-
	A) Value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(34,514)	(20,848)
	a) Fair value changes	(24,793)	638
	b) reclassification to profit or loss	(9,721)	(21,486)
	- adjustments for credit risk	3,702	2,143
	- profit/losses on disposal	(13,423)	(23,629)
	c) other changes	-	-
160.	Non-current assets held for sale and discontinued operations	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
170.	Share of valuation reserve on equity investments measured with the equity method:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	- writedowns for impairment	-	-
	- profit/losses on disposal	-	-
	c) other changes	-	-
180.	Income taxes for other income components reclassified to profit or loss	12,197	5,984
190.	**Total other comprehensive income**	**117**	**(14,882)**
200.	**Comprehensive income (10+190)**	**552,996**	**(86,718)**

PART E – INFORMATION ON RISKS AND RELATIVE HEDGING POLICIES

Section 1 – Credit Risk

QUALITATIVE DISCLOSURES

1. GENERAL ASPECTS

The responsibilities for the lending operations of the Crédit Agricole Italia Banking Group are vested in the Group Chief Lending Officer., In compliance with the European Central Bank guidelines requiring that non-performing exposures (NPE) be managed by expert and dedicated units separate from those managing performing loans ,the Chief Lending Officer is directly responsible for the two management units (Credit Department and NPE Department) and for a unit engaged in strategic and coordination functions (Intelligence & Asset Disposal Department).

The **Credit Department** is responsible for lending activities regarding the Performing loan portfolio. This Department has the task of setting, in compliance with the corporate strategies and objectives, the lending policies directions and the guidelines on taking and managing credit risk, coordinating their implementation by the relevant structures of the Bank and of the Group.

This Credit Department has also the following responsibilities:
- To coordinate, fully respecting the independence of every Company of the Crédit Agricole Italia Banking Group, lending to ordinary Customers and to Customers entailing significant exposures;
- To set and oversee the implementation of the Crédit Agricole Italia Banking Group's strategies and guidelines pursuing effective control on the amount of position becoming non-performing and the related cost, by steering the lending chain structures of the Companies of the Group and of the Commercial Channels;
- To define and promote, consistently with the Group strategies and objectives, an appropriate harmonization of lending governance rules;
- To verify, through appropriate operating control mechanisms, compliance with the lending guidelines and policies within the Group, ensuring their quality and monitoring the allocation of loans in terms of sectors and sizes.

The **NPE Department** is responsible for managing all the exposures classified as non-performing, ensuring and coordinating the relationships with Crédit Agricole S.A. and the Supervisory Authorities in the NPE scope.

On the relevant Customer perimeter, it is responsible for ensuring management, recovery and/or out-of-court collection of non-performing exposures, in close contact and cooperation with the Network of Crédit Agricole Italia for prompt and effective action to prevent loan impairment, so that the associated cost is kept under control.

It is responsible for Customers, single ones and/or by Economic Group, in accordance with the specific "Limits to Decision-Making Powers" and with the specific guidelines set out in the "NPE Regulation" and in the applicable legislation and internal normative instruments (specifically, the "Non performing exposure – Stage3" Policy).

The NPE Department is engaged in the following tasks:
- Coordinating the relations with the Group as regards NPEs, as well as managing the preparation of all NPE-related documentation and reporting to the Supervisory Authorities;
- Arranging for, in cooperation with the Risk Management and Permanent Controls Department, the design and update of the NPE impairment policy, ensuring the use of harmonized models for lending processes and tools to manage NPEs;
- Ensuring, consistently with the Group's strategies and objectives and through the structures reporting to this Division on a solid line, the appropriate harmonization of Models, tools and rules for Loan Management, as regards the positions within the Non-Performing Loans management process;
- Setting, steering and verifying, in cooperation with the Structures of the Bank reporting to it on a dotted line, the implementation of the Guidelines on the management, recovery and/or out-of-court/in-court collection of exposures classified as "NPEs" within its scope of responsibility.

The Intelligence and Asset Disposal Department is vested with a dual role as it is engaged in both strategic and operational aspects that cover the loan entire life cycle.

Its main mission is to keep a full-range view and oversight on all lending activities, ensuring constant monitoring and implementation of the appropriate actions plans, also with a forestalling approach.

As to the main strategic aspects, the Intelligence and Asset Disposal Department is engaged in the following tasks:

- Designing and developing the Group Policies on Performing Loans, in order to ensure their constant evolution, also keeping pace with technological innovations and regulatory requirements;
- Defining the NPE strategy and its evolution at the Group level and the NPE writing down policies;
- Analyzing and developing alternative strategies for the disposal and monetization of the properties pledged as collateral.

As to the main operational aspects, the Intelligence and Asset Disposal Department is engaged in the following tasks:

- Governing the whole set of information on loans, in order to set the management direction through data interpretation;
- Driving the evolution of processes in order to pursue the corporate objectives and to ensure regulatory compliance, by managing the main lending-related projects and applications;
- Governing credit risk mitigation and real estate surveillance processes;
- Managing and coordinating the external firms collection services are outsourced from;
- Seeing to the sale of real estate assets, involving investors and/or potential buyers.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 ORGANIZATIONAL ASPECTS

In 2022, the Crédit Agricole Italia Banking Group completed a profound organizational change of its lending structures, aligning its model to the market best practices and ensuring full compliance with the EBA guidelines on loan origination and monitoring of 29 May 2020, which emphasize that the performing and non-performing management chains be separated.

As described in the previous paragraphs, the adopted model went live with the relevant resolution passed by the Board of Directors of the Parent Company on 4 December 2020, which approved the Chief Lending Office (CLO) role as the central lending governance unit directly coordinating:

- The NPE Department, consisting of the UTP and Past Due Management Divisions, Bad Loans and Servicers Division and of the NPE Legal and Support Division;
- The Credit Department, which still comprises the Lending Division and the Watch-list Exposures Management Division.

Later, the model was fine-tuned with the resolutions passed by the Board of Directors of the Parent Company on 28 April 2021 and 27 May 2021, whereby the Intelligence and Asset Disposal Department was set up, reporting directly to the CLO, which now comprises the Portfolio Management and External Collection Governance Division, the Credit Intelligence and Lending Policies Division and the Real Estate Remarketing Service.

Having regard to the non-performing loans chain, in 2022 some actions for the revision of took and organizational processes were planned and will be implemented and completed in 2023. It is specifically pointed out that:

a) The NPE Department is responsible for the management and collection of all non-performing loans (Past due, UTP and Bad loans);
b) A new organizational and operational model was defined for the management of non-performing loans, which provides for:
   - In-house management by specialist structures of the most material positions, broken down into clusters and geographical hubs, in order to ensure closer control on risks;

- The outsourcing from specialist servicers of the management of positions entailing lower amounts having regard to granular loans classified as UTP (unsecured loans below Euro 50k), bad loans (unsecured and mortgage loans below Euro 500k) and lastly residential mortgage loans (classified both as UTP and bad loans below Euro 500k).

The *NPE Department* comprises all the structures engaged in the management of non-performing loans.

The *UTP* and *Past Due Management Division*, vested with the scopes of responsibility listed below:

- Ensuring management, recovery and/or out-of-court collection of non-performing exposures (except bad loans), in close contact and cooperation with the Network of Crédit Agricole Italia for prompt and effective action to prevent loan impairment, so that the relevant cost is kept under control.
- Assessing the customers in its scope and providing the single Banks' Loan Committees, the extended Loan Committee of Crédit Agricole Leasing Italia and the Loan Committee of Crédit Agricole Italia with its opinion on loan origination proposals submitted by the Structures reporting to it on a dotted line, in order to ensure that loan origination is consistent with the Group's strategic directions and to coordinate activities regarding key accounts.

On the other hand, the Bad Loans and *Services Management Division* is mainly responsible for the management, performance and credit quality of loans to Customers of Crédit Agricole Italia and of Crédit Agricole Leasing Italia classified as bad and, therefore, it is responsible for the following scopes.

- Steering the management of these exposures, providing the guidelines on the activities to be carried out by the structures reporting to it, and for ensuring coordination and operational efficiency;
- Overseeing the specific activities carried out by the structures reporting to it, and for determining, where the case, the technical-legal solutions to be implemented;
- Verifying and controlling that the structures reporting to it properly carry out the relevant activities, and for setting the specific benchmarks;
- Ensuring and coordinating that the relevant structures are constantly on top of any developments in the legislation and case law applying to the matters under their responsibility;
- Providing the Structure the Division directly reports to and the Top Officers with adequate reporting and regular briefs on the activities of the Division;
- Overseeing proper management of the Division, training of its staff and of the staff of the structures reporting to it;
- Ensuring control on the management of UTP and bad loans outsourced from external services; specifically, it shall ensure that operating activities are duly carried out in coordination with the Servicers and Accounting Service, in order to verify the effectiveness, good value for money and timeliness of the collection actions.

The *NPE Legal* and *Support Division* is responsible for:

- Giving legal advice and support in the management of exposures classified as Past Due and UTP in the NPE Department's scope of responsibility;
- Giving legal support in "single name" or "bulk" loan disposals;
- Managing litigation cases in which the Group is the defendant concerning:
  (i) Positions classified as Past Due and UTP; and
  (ii) Exposures previously disposed of.
- Managing post sale on positions disposed of (compensation claims, requests for documents);
- Monitoring the case law and jurisprudence relevant for its scope of responsibility and concerning watch-list and non-performing exposures, in order to support constant compliance with the applicable legislation and regulations;
- Managing cost of credit activities, carrying out analyses and reporting to the management, first-level controls on the NPE portfolio through the NPE Support Service.

As regards the Performing Loans management chain, the related activities are assigned to and carried out by the different dedicated structures of the Parent Company and of the investee companies, which report to the Credit Department and did not undergo any material alteration within the organizational change approved in 2021. On the other hand, it is pointed out that in 2020,some organizational change actions resolved and were completed in 2021; said actions specifically consist in eliminating the Credit Advisory Division, with concomitant assignment of its responsibilities to the Loan Authorization Division, as regards authorization and origination of performing loans, and to the Watch-list Exposures Management Division, as regards watch-list exposures. Said actions pursued the following objectives:

- Further streamlining of the levels of decision-making bodies, with clearer assignment of their respective responsibilities for performing loans and watch-list exposures;
- Higher specialization in assessing Customers' risk profiles, with the decision-making structure designed to be fully consistent with Customer business segmentation;
- Rationalization of decision-making powers, different in accordance with the Commercial Channels and Customer segments, implementing the new "weighted authorized amount", resulting form the application to the nominal authorized amount of a set of weighting coefficients reflecting the counterparty's specific riskiness, the sector attractiveness and the structure and nature of the credit lines.

Subsequent to the organizational action, the Credit Department of Crédit Agricole Italia comprises three Divisions:

- The *Loan Authorization Division*, responsible for the performance and credit quality of Performing loans to Customers with no material non-performing signs (performing loans) and comprises Loan Authorization Services, each one of which specializes in assessing the loan proposals made by one of the Commercial channels (Corporate Banking, Private Banking, Retail Banking Small Business, Retail Banking Individuals and Financial Advisors) or specific "production chains" requiring specific skills in risk assessment, especially as regards the Real Estate and Hotel sector;
- The *Watch-list Exposures Management Division*, responsible for the performance and credit quality of watch-list exposures, meaning loans that show early warning, as per the adopted early-warning indicators, in order to pursue full recovery of the position and/or to design risk mitigation solutions and/or, where these activities do not prove sufficient, for classifying said loans in the non-performing perimeter.

2.2 MANAGEMENT, MEASUREMENT AND CONTROL

Lending policies and strategies

The Lending policies lay down the standards and directions for the Banking Group as a whole, which the Distribution Network and the Decision-making Bodies shall comply with in making lending proposals and decisions. Lending policies are structured in order to foster balanced growth with the worthiest Customers and to recover exposures to the riskiest ones. The Lending Policies are regularly updated consistently with the developments in the economic, financial and market scenarios; they also implement the guidelines set within the Risk Strategy, which is agreed on every year with the French Parent Company Crédit Agricole S.A., with specific regard to risk concentration limits and to the limits set for specific types of transactions.

The 2022 updated version of the Lending Policies have confirmed the general arrangement implemented in the previous two-year period, ensuring full alignment with the directions set out in the Risk Strategy of the Crédit Agricole Italia Banking Group. The characterizing elements of the lending policies that were confirmed can be summarized as follows:

- The operation logics within the new loan origination workflow (Electronic Loan Application Processing), thanks to the implementation of a mechanism combining:
  - The Weighted authorized amount, as a function of the counterparty's rating, the sector forward-looking riskiness and the loan specific features (duration, financial vs self-liquidating nature, type of guarantee based on eligibility requirements and capital absorption mitigation);
  - Qualitative–quantitative rulebook, different for each segment and type of counterparty;
- Specific Key Risk Indicators (KRI), applying crosswise to all segments and designed to detect present and forward-looking affordability (the «affordability» parameter);
- Specialization by customer commercial segment, considerably differentiating the guidelines for ‚Piccoli Operatori Economici (POE, non-structured enterprises featuring operational flexibility but financial rigidity), SMEs in the Small Business segment;
- Control on the Real Estate and Hotel sector, through Key Risk Indicators (Debt Yield, project profitability).

Furthermore, in 2022 the Crédit Agricole Italia Banking Group boosted important evolution in its Lending Policies, introducing a specific section on ESG (Environmental, Social and Governance) criteria and, therefore, intended to extend the types of elements taken into account in the credit rating process. Specifically, the new ESG Lending Policies rest on a framework that can be summarized into the four elements given below:

- The implementation of the CSR Sector Policy of Crédit Agricole S.A.'Policies on Environmentally-Sensitive Sectors;

- The adoption of a specific proprietary quantitative approach regarding ESG risk, which includes the "correction" of the weights used for authorized amount weighted by ESG sectoral and counterparty risks and the definition of minimum decision-making bodies for physical, climate-related, industrial, seismic and volcanic risks;
- The confirmation of a qualitative assessment via a "base" questionnaire applicable to the largest possible number of customer enterprises;
- The implementation of the "ESG Customer File",and information tool that ensures the most capillary spreading of ESG information to all the levels in the lending process, starting from the proposing structures all the way up to the ultimate decision-making body.

Lending processes

To ensure adequate control of Credit Risk, in accordance with the guidelines issued by the French Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group's internal lending processes are defined and set towards:

- The achievement of sustainable objectives that are consistent with its risk appetite and with the Group's value creation expectations, while ensuring support and proximity to the needs of the productive system, households and of the real economy;
- Portfolio diversification, by limiting and constantly monitoring the concentration of exposures by counterparty/group, economic activity sector or geographical area;
- Adequate selection of the borrower economic groups and single borrowers, through in-depth creditworthiness analyses, aimed at developing and drive business with the most creditworthy Customers, as well as to anticipate and curb insolvency risks.

Lending processes are designed and regulated in order to identify the criteria for risk taking and management, the activities to implement for the proper application of such criteria, the units responsible for carrying out the above activities and the procedures and tools supporting them. The process steps are structured and the responsibilities are assigned in order to pursue set objectives in terms of overall effectiveness and efficiency.

In 2022 the lending processes were adapted to the different phases in the integration of the subsidiaries into the Parent Company. Specifically, the process for Creval integration into Crédit Agricole Italia consisted in an initial phase of co-existence of the legal entities, during which ad-interim management mechanisms were implemented and led to the harmonisation of the lending processes of the subsidiary with those of the Parent Company. Conversely, in the second phase, after the completion of the IT migration, all the lending processes were,aligned, for the whose customer base, with the target ones of Crédit Agricole Italia.

In terms of the applicable legislation, in June 2022 the Temporary Framework for Covid-19-related State aid ended and the European Union introduced the new Temporary Framework associated with the Ukraine-Russia crisis. In the reporting year the Crédit Agricole Italia Banking Group ensured full continuity in the management of the portfolio under Covid-19-related measures and financing, ensuring access also to the very last measures in force, such as the possibility of extending the pre-amortization of loans originated under the Liquidity Decree Law. Besides the proper and timely management of the Covid-19 portfolio, the Group timely activated the lending measures to support its Customers that were hit by the war and by the related energy crisis, specifically the measures provided for in the Decree-Laws listed below were implemented and made available to Customers:

- Italian Decree Law no. 14 of 25 February laying down urgent provisions within the Ukrainian crisis;
- Italian Decree Law no. 17 of 1 March "Urgent measures to address the increase in costs of electrical energy and natural gas";
- Italian Decree Law no. 21 of 21 March "Urgent measures to address the economic and humanitarian effects of the Ukrainian crisis";
- The Aid Italian Decree Law of.17 May;
- The Aid-bis Italian Decree Law of 9 August;
- The Aid-ter Italian Decree Law of 23 September;
- The Aid-quater Italian Decree Law of 18 November.

Conversely, describing normal operations not strictly associated with extraordinary transactions, the operation of the internal lending processes of the Crédit Agricole Italia Banking Group is outlined below, representing that said processes are thoroughly defined and regulated by the internal procedures, in order to ensure adequate selection of borrowers, through exhaustive creditworthiness analyses, and, thus, to develop and support business with the most creditworthy Customers, while anticipating the management of any insolvency risk.

The rules governing authorization and this origination of loans to applicants are set out in the "Regulation on Performing Loans and Watch-list Exposures", which gives the core logics guiding the assessment of credit risk:

- Classifying transactions based on their intrinsic riskiness, consistently with the Risk Appetite Framework (RAF);
- Structuring of authorization power brackets based on counterparty risk, in accordance with the Internal Rating Systems used within the Crédit Agricole Italia Banking Group, and also in compliance with the regulation on corporate groups;
- Decision-making powers that are scaled up as the customer riskiness increases;
- Separation between the loan proposing structure and the body deciding on loan origination.

To this end, the "Regulation on Performing Loans and Watch -list Loans" sets out the characteristics of the loans that fall within the "Watch List" perimeter, as they show irregularities in their performance, which, if not fully solved, could lead to the deterioration of the risks taken by the Bank.

The loan-origination process in force uses risk assessment metrics based on the internal rating systems and sets the lending decision-making powers based on the Probability of Default assigned to the counterparty, which is reassessed at least once a year, as well as on the sector riskiness, which was reviewed in order to factor in the effects of the pandemic crisis, of the geopolitical tensions and of the energy crisis, as well as the characteristics of the specific technical forms (duration, financial or self-liquidating nature, type of guarantees in accordance with eligibility criteria and capital absorption mitigation). Therefore, the Group is fully compliant with the regulatory requirements on the use of the same tools and risk measurement techniques in loan authorization processes, in the measurement of the counterparties' creditworthiness and in the process to determine economic capital and capital requirements.

As stated in the Management Report, in order to determine its capital requirement for credit risk, the Crédit Agricole Italia Banking Group,uses PD and LGD internal rating models with the advanced approach (Internal Rating Based – Advanced) on financial assets consisting of loans to customers in the Retail segment – the so-called "Retail portfolio"".

Counterparty risk is measured after assessing the counterparty's overall financial situation based on all information - positive and negative - that the Crédit Agricole Italia Banking Group has available. Specifically, the latest possible income statements, cash flow statements and balance sheets are currently acquired, along with budgets, in order to have a point-in-time and forward-looking view of the counterparty, thus taking into account also the effects of the pandemic-related crisis, of the geopolitical tensions and of the energy crisis.

The loan authorization process is managed by the Company Information System, within the scope of a specific procedure called "Electronic Loan Application procedure - PEF".

After the first loan authorization and, therefore, after the start of the lending relation, the borrowers' positions are subject to a periodic review process, within set limits and upon reporting and/or at the initiative of the structures concerned, both peripheral and central, in order to verify that the borrower and the relevant guarantors, where any, remain solvent, that they are able to generate cash flows adequate for debt servicing and that the requirements of any guarantees remain complied with (legal certainty, prompt realization and value consistency with the exposure). Then, in some cases, the review of the loans is simplified, after assessing that suitable and pre-set requirements are met in terms of counterparty riskiness, which shall be at modest levels.

The process for monitoring and managing non-performing loans is steered by the early warning indicator (the Performance Monitoring Indicator - IMA), which is defined and maintained by the Risk Management and Permanent Controls Department, supported by the Credit Department, and is updated on a monthly basis. The process has been fine-tuned over time in order to is fit to ensure that actual risk warnings can be more accurately distinguished from "false alarms" and practical and prompt action lines are set, by which:

- The counterparties that are temporarily non-performing can be restored to a performing status and, thus, the business relation can be retained;
- The exposures to counterparties showing structural non-performing signs can be reduced and/or mitigated and, thus, credit risk can be controlled;
- The combination of credit risk and profitability can be reviewed by amending the conditions applied.

The process for monitoring and managing non-performing loans is also supported with a dedicated procedure, called "Electronic Management Procedure" or with the Italian acronym "PEG"; it is structured in well-defined process steps, with automatic workflow logic but with the possibility for the relevant staff to act on the strategies and action plans, in accordance with very clear roles and responsibilities. Thanks to the PEG procedure, the guidelines on watch-list exposures have a single and clear direction, thus fostering harmonization of account managers' conducts, the monitoring of time frames and outcomes of the implemented actions, as well as adequate tracing of the management actions carried out on the single positions.

In terms of lending, the main directions set out in the Business Plan focus on overall strengthening of tools, processes and infrastructure pursuing higher industrialization, in order to enhance analysis and assessment efficiency and thus to improve both the time to yes and the quality of the lending decisions made. The main projects include:

- Overhaul of the end-to-end lending processes, pursuing higher digitalization and industrialization, as well streamlining;
- The strengthening of forecast analysis and of loan management processes to anticipate and forestall any impairment;
- The evolution in the data infrastructure ("Data Lake") with an "LOM oriented" logic, to ensure agile use by the various structures of the Bank, also for portfolio scenarios;
- The adoption of ESG criteria in the various phases of the loan origination and creditworthiness assessment process.

Development, management and updating of Models – Roles and responsibilities

The process for the development, management and updating of the models, consistently with the guidelines issued by Crédit Agricole S.A., consists in the activities and procedures aimed at defining, at the initial stage, or at later updating the rating models that apply to loan exposures, that is to say, statistical models that have been designed to support credit assessment and to allow the capital requirements to be calculated in terms of risks of unexpected losses for the Crédit Agricole Italia Banking Group.

The models for the measurement of risk parameters aim at achieving – for both reporting and management purposes - risk measures that are:

- Fit to grasp the key elements at the basis of assessment of the creditworthiness of the parties with whom the Group has or intends to assume loan exposures;
- Relatively stable over time over time in order to reflect at all times and in every Customer segment, long-term riskiness (measured by the rate of default) of the Group's exposures, both present and potential;
- Fit to prevent uncontrolled growth of risk in the positive cycle phases and – as a reaction – indiscriminate crunch in lending in negative phases (reverse cycle).

The function responsible for the development, management and updating of the models is the RAF, Models and Reporting Division, which is part of the Risk Management and Permanent Controls Department.

Specifically, the RAF, Models and Reporting Division is responsible for the development of internal rating models and of the LGD model, for the Crédit Agricole Italia Banking Group as a whole, ensuring compliance with the regulatory requirements provided for by the National and European Regulators, with the guidelines issued by the French Parent Company and constant alignment to the international best practices. Moreover, this Division is responsible for producing documentation on the structuring and operating details of the adopted models, especially of the rating system, formalizing the features and methods adopted, as well as any alterations in the components and overall structure of the model, setting forth the reasons for such alterations.

Since 2014, the Model Development Function has applied a Model Development Policy, which was approved by the Board of Directors of the Parent Company and adopted by the Boards of Directors of the other Banks in the Group in that year and then updated in 2017.

As approved by the Parent Company's Board of Directors in July 2020 and the following supplement approved in March 2021, the policy was revised and new version provides for three different documents:
- The "Regulation governing the process for the development, monitoring, revision and decommissioning of the internal rating systems" of the Crédit Agricole Italia Banking Group;
- The "Methodological Guidelines for Model Development and Monitoring" manual;
- The "Margins of Conservatism in AIRB models" manual.

The first document listed above formalizes the process implemented to develop, monitor, revise and decommission internal rating systems, setting out the process steps, the Organizational Units involved and their respective responsibilities. It also sets out the process for reporting to the Supervisory Authorities on any changes made to the internal rating systems or to their application scope.

The second document listed above formalizes the guidelines for the development and monitoring of the risk measurement systems for which the Model Development Service is exclusively responsible and shall be complied with by all the entities of the Crédit Agricole Italia Banking Group. Specifically, it exhaustively describes the process to develop Pillar 1 regulatory statistical models (PD, LGD, EAD, Maturity) as they are used to calculate the Bank's capital requirements.

The third document listed above describes the process to identify, assess, monitor and formalize evidence of the Margins of Conservatism (MoC) to be used in case of estimate uncertainty in the modeling process.

Furthermore, all the internal models used by the Crédit Agricole Italia Group are submitted to the "Comité Normes et Modeles" of the Parent Company Crédit Agricole S.A. for approval, after being validated in-house by the Validation des Modèles Internes Structure of Crédit Agricole S.A. (Along with the Validation Service of Crédit Agricole Italia).

Within its activities for the monitoring and maintenance of the existing models, in 2022 the Model Development Service worked on the main initiatives listed below:
- Continuing with the interaction and talks with the ECB on the Internal Models' Investigation (IMI) linked to the Material Model Change process concerning the credit risk internal models for the Retail segment, which started with the sending to the ECB of the Application Package in June 2020;
- Activities to put the new Retail segment models into operation in all the key processes of the Bank, after their validation by the ECB in June 2022. Said activities also included the assessment of the impacts generated by the new models on corporate processes and systems, planning, in agreement with the owners of the impacted procedures, targeted analyses and the deployment of the identified actions;
- The calculation, on a quarterly basis, of IFRS 9 collective impairment, using methods and models that have been developed in close coordination with the Fremch Parent Company Crédit Agricole S.A. and that cover the recent macroeconomic development scenarios. Contributing to the EBA first stress test exercise on climate risk;
- That exercise was conducted in order to measure the effects on the KPIs of the Crédit Agricole S.A. Group generated by energy transition scenarios (transition risk) and by sudden climate shocks (physical risk) The project, which will be carried out in coordination with the French Parent Company Crédit Agricole S.A., will involve various operating and management units of the Crédit Agricole Italia Banking Group for most of H1 2022;
- The activities for the implementation of the Return to Compliance Plan, which was sent to the ECB on 30 November 2021 and was intended to give the Supervisory Authority the representation of an appropriate strategy for the inclusion of the former Creval portfolio in the models for the measurement of Pillar 1 credit risk. Those activities comprised the start of several project streams for the review/recalibration of the models in force in order to prepare an Application Package to be submitted to the Supervisory Authority for the extension of the use of the Crédit Agricole Italia Banking Group's models to the former-Creval portfolio;
- Start of the activities to re-estimate the early-warning model, adding estimate methodologies based on machine learning techniques and enrichment of the model's estimate information set (e.g. transaction data), for more effective and timely risk monitoring.

In 2023, the main projects will concern:

- Continuation of the activities to implement the Return to Compliance Plan as sent to the ECB, in accordance with the time schedule agreed on with the Supervisory Authority during the processes for the plan design;
- Putting the new Retail AIRB models validated in 2022 into operation;
- The internal stress test exercises in accordance with the Stress Testing Policy that will be submitted to the Board of Directors in early 2023;
- Conducting the EBA regulatory stress test exercise on under the ECB coordination, which is going to be held in H1 2023;
- Continuing with the project for the revision of the early warning model started in 2022.

Cost of credit

The Crédit Agricole Italia Banking Group has kept and enhanced its systematic control on the developments in the quality of the Loans-to-Customers Portfolio; specifically, it has intensified the monitoring on loan positions and has made it even more selective, in order to ensure constant adequacy of recovery expectations in accordance with any changes affecting its counterparties.

Specifically, in 2022, after the Covid-19 pandemic crisis, which was further worsened by the Russia-Ukraine war and the consequent energy crisis, by the disruption in procurement chains and, lastly, by the significant hikes in interest rates, the collection forecasts were further reviewed with a conservative approach in order to increase the provisions covering non-performing loans.

The process to define, manage and monitor the cost of credit is owned by the NPE Department, which ensures its overall consistency and all he controls within the wider scope of the strategy for the management of Non-performing Loans.

Said process comprises all steps in the cost of credit management, from setting strategic objectives in the NPE Strategy to verifying actuals, with the involvement of all relevant structures and with periodic reporting to the NPE Committee.

The Intelligence and Asset Disposal Department, through the Portfolio Management Service, is responsible for progressive updating of the KPIs set out in the NPE Strategy and for reporting also to the NPE Committee (in order to define strategies, target KPIs and the related monitoring).

Stress test

The credit risk monitoring strategy pursued in 2022 was fully consistent with that pursued in the previous year. The related controls were performed on all channels, focusing on the Corporate Banking Channel (SME/Mid and Large Corporate segments) and on the Small Business and Individuals Retail sub-segments, as well as on Crédit Agricole Leasing Italia.

Moreover, in order to define a reference framework for Stress Test exercises on the different risk scope consistently with the guidelines issued by the French Parent Company Crédit Agricole S.A., since 2017 the Crédit Agricole Italia Banking Group has been implementing a specific policy (the Stress Test Policy), which was approved by the Board of Directors of Crédit Agricole Italia and then adopted by all the companies of the Group. The Stress Test policy is updated and submitted to the Board of Directors for its validation on a yearly basis.

The Policy lays down the quantitative and qualitative techniques with which the Group assesses its vulnerability to exceptional but plausible events; they consist in measuring the impacts on profit or loss, on its financial position and on regulatory aspects generated by specific events (sensitivity analysis) or by combined changes in a set of economic and financial variables in adverse scenarios (scenario analysis). The policy lays down the stress test reference framework of the Crédit Agricole Italia Banking Group, as required by the new regulations issued by the Supervisory Authority and defines the set of stress test exercises to be carried out in the year.

In 2022, the Group stress testing exercises were:

- The ECB 2022 climate risk stress test, contributing to the consolidated calculation of the French Parent Company Crédit Agricole S.A.. The stress test was carried out as a joint learning exercise, to the benefit both of banks and of the Regulator, aimed at assessing vulnerabilities, the best practices and the challenges that banks face in managing climate-related risks;

- The budget and on the MTP (Budgétaire) stress test exercise, which was carried out using the macroeconomic scenarios given by the French Parent Company Crédit Agricole S.A in the period September-November 2022. This exercise, which operated across the various corporate divisions engaged in risk measurement and management, allowed a prospective analysis of the impact on the Income Statement main items (including the cost of credit) and on risk-weighted assets.

In the stress testing exercises, the estimated effects of the economic cycle on the PD allow future developments in Risk Weighted Assets and Expected Loss to be calculated by aggregation level, with the possibility to simulate and calculate separately the impacts in terms of changes in volumes and increase in risk. Moreover, the outcomes of the stress test exercises are taken into account within the definition and management of the Risk Appetite Framework.

Within the Internal Capital Adequacy Assessment Process (ICAAP), the Pillar II requirements were calculated in accordance with the methods defined by the French Parent Company Crédit Agricole S.A., which, as regard credit risk on the Retail portfolio, provide for the calculation of RWAs and capital requirements using point-in-time risk parameters consistently with the IFRS9 framework deployed to calculate impairment on performing loans.

2.3 METHODS TO MEASURE EXPECTED LOSSES

ECL governance and measurement

The Risk Management and Permanent Controls Department is responsible for defining the methodological framework and for overseeing the process for ECL-related impairment of exposures and provisioning. The calculation of impairment of performing assets is part of the overall cost of credit process, which is coordinated by the Portfolio Management and External Collection Division.

To define the IFRS 9 parameters required to calculate ECL, the Crédit Agricole Italia Banking Group has primarily relied on its internal rating system and on the other regulatory processes already implemented.

The assessment of credit risk is based on an expected loss model and extrapolation based on reasonable future scenarios. All information that is available, pertinent, reasonable and justifiable, including forward-looking information, shall be taken into account.

Therefore, in compliance with the requirements laid down by the standard, in order to estimate parameters, a set of forward-looking scenarios is used, each one of which is weighted by the related probability of occurrence. In agreement with its French Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group uses four different macroeconomic scenarios:

- Said scenarios can be summarized as follows:
- Central scenario, i.e. the most likely scenario;
- Moderately adverse scenario, i.e. the economic scenario in moderately adverse conditions;
- Budget stress scenario, i.e. the most adverse scenario used within the Stress exercise at the end of the budget preparation.

Favourable scenario, i.e. the economic scenario in favourable conditions. The weights to be assigned to the four scenarios - which may vary at each new estimation of the parameters - are defined by the Crédit Agricole Group (Group Economic Research Department of CAsa) and shared with the local management

The Crédit Agricole Banking Group updates the estimate of the parameters at least every year. The ECL calculation formula comprises the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD;
- Exposure At Default - EAD.

As already pointed out, these parameters have also been defined broadly based on the internal models used as part of the regulatory framework (where any), although they had to be adjusted in order to determine an ECL fully compliant with IFRS 9. Indeed, the standard requires a Point-in-Time analysis as at the reporting date, while taking account of the historical loss data and forward-looking macroeconomic data. Therefore, based on the above, the accounting approach is different from the prudential framework, where analyses are multiyear and Through the Cycle to estimate the Probability of Default (PD); moreover, such analyses shall include the Downturn in the estimate of the Loss Given Default (LGD) (whereas this effect is not envisaged in the IFRS 9 LGD).

ECLs are calculated according to the type of product concerned, i.e. financial instruments or off-balance sheet instruments. Expected credit losses are discounted at the effective interest rate (EIR) used for the initial recognition of the financial instrument. The models and parameters used are backtested at least annually by the Risk Management and Permanent Controls Department.

Significant increase in credit risk

For each financial instrument, the Crédit Agricole Italia Banking Group assesses any increase in credit risk from origination to every reporting date. Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

Monitoring for any significant increase in credit risk shall cover every financial instrument, unless specific exceptions apply. Contagion is not required for the downgrading of financial instruments of the same counterparty from stage 1 to stage 2.

Monitoring for any significant increase in credit risk shall consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

For each exposure, any significant increase in credit risk is assessed using thresholds (SICR) that measure any changes in the PD from the date of initial recognition to every reporting date.

Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

The PD variation is calculated as follows: $PD_{Closing\ Date} > \alpha + \beta i * PD_{Origial\ Date}$ where:

- ***i*** is the type of portfolio (for example, Mortgage loans on real estate properties, revolving, Large Corporate, SMEs);
- α, β are estimated for each entity (have been estimated on Crédit Agricole Italia)

To estimate β_i:

- **Step 1:** estimate of the probability of downgrade to Stage 2 during a specific quarter with the **PD_rap** calculated as follows:

$$PD\_rap=(PD_{Closing\ Date} - \alpha)/PD_{Origial\ Date}$$

- **Step 2**: Identification of the related **PD_rap** and downgrading to Stage 2 at the breach of the underlying thresholds, which are represented for each type of portfolio.

Portfolio		ALPHA	BETA
Large Corporate		0.30	3.20
Small Medium Enterprises		0.30	2.75
Retail Bnkg	Individuals with real estate collaterals	0.30	2.90
	Qualified rotating Retail Exposures	0.30	2.90
	Small Enterprises and Sole Traders	0.30	3.05
	Other exposures to individuals	0.30	2.90

Origination means the settlement date or the date on which the Bank became bound by the contractual terms of the financial instrument. For financing and guarantee commitments, origination means the date on which the irrevocable commitment was made.

For exposures without an internal rating model, the Crédit Agricole Italia Banking Group uses non-payment as at the reporting date or in the previous 12 months. In case of non-payment, as at the reporting date or in the previous months, the exposure is downgraded to stage 2.

For exposures (with the exception of securities) for which internal rating models have been implemented and applied (all the more so if the rating models have been validated), the Crédit Agricole Italia Banking Group considers that all of the information incorporated into the rating systems allows for a more detailed assessment than the non-payment for over 30 days criterion alone as a back-stop threshold.

Other factors for downgrading to stage 2 are:
- A PD absolute threshold is breached. This threshold is set at 12% for the corporate portfolio and at 15% for the retail portfolio;
- No rating as at the assessment date if regarding loans disbursed over six months before;
- The exposure being classified as forborne performing (definition given below).

If the conditions that triggered downgrading to stage 2 no longer apply, impairment may be reduced to 12-month ECL (stage 1).

For security portfolios, the Crédit Agricole Italia Banking Group uses an approach that consists in applying an absolute level of credit risk, in accordance with IFRS 9, at the breaching of which exposures shall be classified in stage 2 and provisioned for based on ECL at maturity.

Therefore, the following rules shall apply for monitoring significant increase in the credit risk of securities:

- “Investment Grade” (IG) securities, at the reporting date, shall be classified in stage 1 and provisioned for based on 12-month ECL;
- “Non-Investment Grade” (NIG) securities, at the reporting date, shall be subject to monitoring for significant increase in credit risk, since origination, and shall be classified in Stage 2 (lifetime ECL) where any significant increase in credit risk is found.

The related increase in credit risk shall be assessed prior to the occurrence of a known default (Stage 3).

Multi-scenario calculation

To estimate the parameters used in calculating the forward-looking scenarios , the weights set by the French Parent Company Crédit Agricole S.A. were the following:
- Central scenario, 50%;
- Moderately adverse scenario, 35%;
- Stressed budget scenario 10%;
- Favorable scenario, 5%.

In compliance with IFRS 9, the ECL is estimated weighting forward-looking scenarios; therefore, the various scenarios were weighted by their probability of occurrence, as given above.

The main macroeconomic indicators used to define the scenarios were prepared by the ECO structure of the French Parent Company Crédit Agricole S.A. specializing in macroeconomic studies.

Indicators used as at 31 December 2022

	Central				Adverse Modéré(*)				Stress Budgétaire				Favorable			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
ITA GDP	3.4%	0.2%	0.9%	1.0%	3.4%	-0.6%	1.1%	1.2%	2.5%	-1.4%	1.6%	1.9%	3.4%	0.9%	1.4%	1.2%
GDP ZE	3.2%	0.4%	1.2%	1.5%	3.2%	-0.7%	1.2%	1.1%	2.5%	-1.5%	1.7%	1.6%	3.2%	0.6%	1.6%	1.6%
Inflation	8.1%	6.6%	3.8%	3.3%	8.1%	8.6%	4.7%	3.8%	7.8%	8.8%	3.4%	1.9%	8.1%	5.6%	2.8%	2.1%
Investments in Buildings	13.6%	3.7%	2.3%	1.9%	13.6%	3.0%	1.5%	1.6%	13.9%	-0.2%	2.4%	4.4%	13.6%	3.4%	2.3%	2.5%
Investments in machinery	9.7%	3.2%	2.3%	2.0%	9.7%	2.6%	1.5%	1.4%	9.3%	-2.1%	3.6%	4.6%	9.7%	2.9%	2.7%	2.7%
Fixed investments	10.4%	3.3%	2.3%	2.0%	10.4%	2.8%	1.6%	1.7%	10.2%	-0.4%	3.1%	4.4%	10.4%	3.1%	2.4%	2.5%
Unemployment rate	3.0%	-0.3%	-0.2%	0.2%	3.0%	-0.7%	-0.3%	-0.2%	2.2%	-0.8%	-0.7%	0.3%	3.0%	0.2%	0.3%	0.2%
Domestic demand	2.7%	0.2%	0.8%	0.7%	2.7%	-0.5%	0.9%	1.1%	1.0%	-0.8%	1.7%	1.5%	2.7%	0.5%	0.9%	0.9%
World oil demand	2.4%	0.8%	-0.2%	0.2%	1.9%	-0.3%	0.0%	0.5%	1.9%	-1.5%	0.3%	0.9%	2.4%	1.0%	0.5%	0.5%
Work productivity	3.6%	0.0%	0.2%	0.1%	3.6%	-0.1%	0.1%	0.5%	1.9%	-1.0%	1.5%	1.0%	3.6%	0.4%	0.2%	0.5%
Industrial Production Index (IPI)	0.4%	0.2%	1.9%	1.5%	0.4%	-0.7%	1.3%	1.7%	0.5%	-1.9%	2.1%	2.4%	0.4%	0.9%	1.1%	1.9%
Propensity to consume	-0.5%	-3.3%	-0.7%	-1.3%	-0.5%	-5.4%	-1.2%	-1.7%	6.7%	1.0%	3.0%	0.7%	-0.5%	0.1%	-2.8%	-1.4%
Weight	**50%**				**35%**				**10%**				**5%**			

(*) On the 2021 absolute value, necessary for the % of 2022,the respective scenario was "CRISE GAZIERE BCE".

The main underlying assumptions are:

- Central scenario: the war in Ukraine persists and with it the weight of the sanctions imposed by the West on Russia also persists. Consequently, the export of Russian gas is expected to decrease and the diversification of energy sources deployed by European Countries via LNG proves insufficient. Inflation decreases to 6.6% in 2023, after reaching a Euro Area average figure of 8.3% in 2022;
- Monetary policies remain restrictive but less aggressive; Moderately adverse scenario: full stoppage of Russian gas supply. Gas rationing plans in Europe, aimed at protecting households, hit businesses. Gas prices remain high throughout 2023. Inflation increases aggressively again to 8.6%. Throughout the Euro Area there is an average annual decrease in the GDP of -0.7%. Being affected by a judgement of inadequacy of monetary policies, sovereign rates significantly increase with consequent widening of the spreads. Gradual improvement starting not before 2024;
- The budget stress scenario envisages a deadlock in the Russia-Ukraine war, a cold winter that hits the agri-food sector and worsen the prices of agricultural commodities and, therefore, of food products. This, combined with the tensions in the energy sector, causes the inflationary shock to persist also in 2023. As a consequence, in the Euro Area monetary policies are strongly tightened, with strong decreases in equity and real estate markets;
- The favorable scenario is also the least likely one. Thanks to China's intervention, Russia strongly reduces its war effort in Ukraine. This eases the tensions in the energy sector, generates a positive impact on the prices of commodities and consumer goods. This, combined with sufficiently credible monetary policies, mitigates long-term inflation expectations and, therefore, some relief in key interest rates in 2023.

The economic scenarios used in the 2022 Half-year Report and in the 2021 Annual Report are also given, in order to represent the main changes occurred.

Indicators used as at 30 June 2022

	Central				Adverse Modéré(*)				Stress Budgétaire				Favorable			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
ITA GDP	1.9%	2.1%	1.7%	1.4%	1.2%	0.7%	1.3%	1.5%	0.8%	0.3%	1.2%	1.4%	3.1%	2.2%	1.6%	1.3%
GDP ZE	3.0%	2.4%	1.8%	1.4%	1.8%	0.6%	1.1%	1.2%	1.0%	-0.8%	0.3%	0.9%	3.9%	2.9%	1.7%	1.3%
Inflation	7.3%	3.0%	2.5%	2.0%	8.7%	4.8%	1.4%	1.0%	9.5%	2.5%	0.9%	1.2%	5.5%	1.3%	1.4%	1.4%
Investments in Buildings	7.2%	4.0%	3.0%	2.4%	6.0%	1.8%	2.2%	2.0%	5.9%	1.7%	2.8%	2.4%	7.6%	4.8%	3.8%	2.5%
Investments in machinery	4.4%	3.0%	2.6%	2.9%	3.2%	0.6%	1.5%	1.9%	2.7%	0.3%	2.3%	2.9%	6.4%	5.2%	3.1%	2.8%
Fixed investments	5.7%	3.4%	3.1%	2.9%	4.7%	1.5%	2.3%	2.3%	4.5%	1.4%	2.8%	2.9%	6.6%	4.6%	3.6%	2.9%
Unemployment rate	2.6%	0.6%	0.6%	0.4%	2.3%	0.5%	0.4%	0.4%	2.1%	0.4%	0.4%	0.4%	2.5%	0.7%	0.5%	0.4%
Domestic demand	1.8%	1.8%	1.3%	0.8%	1.5%	0.7%	1.0%	1.1%	1.1%	0.4%	0.9%	1.0%	2.4%	1.8%	1.0%	0.8%
World oil demand	2.0%	0.2%	1.0%	0.8%	1.5%	0.0%	0.5%	0.2%	1.4%	-0.5%	0.2%	0.2%	2.6%	0.1%	1.0%	0.8%
Work productivity	3.9%	1.6%	-0.1%	0.5%	3.9%	1.6%	-0.1%	0.5%	-3.1%	1.4%	1.3%	1.1%	2.3%	1.8%	1.1%	1.2%
Industrial Production Index (IPI)	-0.5%	3.0%	2.9%	2.0%	-1.4%	0.9%	2.5%	2.8%	-2.1%	0.3%	2.5%	3.0%	2.0%	3.7%	1.4%	1.9%
Propensity to consume	-1.9%	-1.1%	-1.3%	-1.8%	-3.5%	-2.1%	-1.2%	-1.2%	-4.9%	-3.0%	-1.5%	-1.0%	-1.6%	-0.8%	-1.8%	-1.7%
Weight	55%				30%				10%				5%			

(*) On the 2021 absolute value, necessary for the % of 2022,the respective scenario was “CRISE GAZIERE BCE”.

Indicators used as at 31 December 2021

	Central				Adverse Modéré				Stress Budgétaire				Favorable			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
ITA GDP	6.0%	4.1%	2.3%	1.5%	6.0%	2.9%	1.1%	1.3%	4.5%	2.5%	0.5%	1.1%	6.0%	4.7%	2.8%	1.9%
GDP ZE	5.3%	4.3%	2.5%	1.5%	-8.3%	3.4%	0.7%	1.1%	-6.4%	3.0%	0.1%	0.9%	-2.8%	4.7%	2.8%	2.0%
Inflation	1.9%	2.3%	1.5%	1.4%	1.9%	2.8%	2.1%	1.5%	1.3%	1.5%	1.3%	1.0%	1.9%	1.6%	1.4%	1.7%
Investments in Buildings	20.8%	5.3%	3.9%	3.6%	20.8%	2.8%	3.1%	2.6%	18.7%	4.3%	1.1%	1.5%	20.8%	6.5%	4.6%	4.3%
Investments in machinery	15.6%	6.0%	4.4%	2.6%	15.6%	3.1%	3.2%	2.1%	16.2%	3.1%	0.1%	2.4%	15.6%	6.5%	4.8%	4.3%
Fixed investments	15.3%	5.1%	3.9%	3.3%	15.3%	2.9%	3.1%	2.6%	14.6%	3.6%	1.0%	2.2%	15.3%	6.1%	5.0%	4.5%
Unemployment rate	-0.5%	0.9%	0.5%	0.8%	-2.2%	0.8%	0.0%	-0.1%	-0.7%	-0.1%	-0.4%	0.6%	-0.1%	1.0%	1.4%	0.7%
Domestic demand	3.7%	3.7%	1.9%	1.0%	3.7%	2.8%	0.8%	0.9%	2.7%	3.0%	0.6%	0.8%	3.7%	4.5%	2.3%	1.5%
World oil demand	4.7%	3.4%	0.8%	1.1%	-5.3%	3.0%	0.5%	0.6%	-3.9%	2.5%	1.0%	0.8%	-4.5%	3.6%	0.8%	1.2%
Work productivity	6.4%	3.9%	1.6%	-0.1%	6.4%	3.0%	1.4%	0.2%	-0.7%	0.9%	1.1%	0.8%	6.4%	2.3%	1.8%	1.1%
Industrial Production Index (IPI)	10.6%	3.2%	3.1%	1.7%	10.6%	1.0%	0.9%	2.7%	11.2%	1.1%	0.5%	0.8%	10.6%	4.2%	3.9%	2.8%
Propensity to consume	-0.8%	1.9%	0.0%	-0.7%	-1.1%	0.8%	-1.5%	-1.1%	-0.5%	2.2%	0.5%	0.2%	-0.6%	2.2%	0.0%	-0.7%
Weight	50%				35%				5%				10%			

Scenario sensitivity analysis

Within the revision of the parameters used for the IFRS 9 calculation of the Q4 2022 figures, the Crédit Agricole Italia Banking Group estimated the sensitivity of the ECL figure to the different macroeconomic scenarios given by the Crédit Agricole Group Economic Research Department - ECO, which is a specialist in macroeconomic studies.

To estimate the impact from the different scenarios identified, the maximum weighting was associated to each scenario, each time zeroing the contribution from the others in determining the forward-looking risk parameters and, thus, assessing the marginal contribution of each scenario to the final result.

Sensitivity was estimated on the September 2022 data in a lab environment and later applied to the 2022 closing data. The application of the observed variations to the December 2022 calculation results for the Crédit Agricole Italia Banking Group is summarized in the table below, which shows the range of figures that can obtained with the above-described method.

Euro/milions	Exposure	EAD	Multiscenario ECL	Sensitivity analysis: ECL per single scenario			
				Central	Moderately adverse	Stressed budget	Favorable
RETAIL BNKG	**43,602**	**40,293**	**255**	**246**	**270**	**264**	**228**
Stage 1	40,567	37,344	62	59	65	67	56
Stage 2	3,035	2,949	194	188	205	196	172
CORPORATE BNKG	**55,286**	**33,193**	**142**	**134**	**150**	**169**	**122**
Stage 1	53,672	32,048	67	62	72	85	54
Stage 2	1,614	1,145	75	72	78	84	68
SECURITIES	**16,104**	**16,112**	**26**	**24**	**29**	**31**	**14**
Stage 1	16,096	8	-	-	-	-	-
Stage 2	8	16,104	25	24	29	31	14
TOTAL	**114,992**	**89,598**	**423**	**403**	**449**	**474**	**363**
Deviation				**-4.9%**	**6.1%**	**11.9%**	**-14.3%**
Weight				**50%**	**35%**	**10%**	**5%**

The table reports the result of the ECL sensitivity analysis based on the simulated scenarios and the related percentage deviation from the "multi-scenario" used for the accounting 'ECL , which can vary from Euro 363 million (-14.3% decrease) to Euro 474 million in the Stress Budgetaire scenario used for budget simulations (11.9% increase). The recognized amount of Euro 423 million reflects the weights on the Central and Moderately Adverse Scenarios.

Q4 2022 changes

In terms of methods and approaches, the actions deployed in Q4 concerned:

- Updating of the forward-looking parameters after receiving the new macroeconomic scenarios from the Economic Studies Department of Crédit Agricole S.A. (ECO), which were much worse than those in production from Q2 2022;
- Updating of the SICR parameters;
- Tagliamento Project: IT migration of the former Crédit Agricole FriulAdria positions into Crédit Agricole Italia with the consequent creation of a Single Bank (plus CALIT).

Post-model adjustments

Following the Forward-Looking Local ECL calculation as at the December 2022, the Crédit Agricole Italia Banking Group made management overlays for a total net amount of Euro 74.1 million. Said adjustments can be broken down into two types:

- **Adjustments made to specific positions:**
  - Single-name adjustments (adjustments on single positions) whereby the results could be aligned with the expectations – in terms of risk profile – of the IFRS 9 work group. In accordance with the regulated process, based on the results obtained with the calculation approach defined by the Group and based on the management information of the single counterparties, if the expected loss value associated with a specific counterparty does not accurately reflect its riskiness, the provisioning on the counterparty may be adjusted manually to a level deemed appropriate; such manual actions are allowed only if they increase the coverage ratio on the counterparty. Single-name adjustments also include **adjustments of the ECL value associated with exposures to the Bank of Italy, to the State Treasury and to intra-group positions (with effects on the separate financial statements of the Group's entities);**
  - Application of the **SICR** rules to the former-Creval portfolio: in order to ensure correct classification of the exposures coming from the former-Creval portfolio, the staging rules in force were enriched with the comparison of Creval PD as at acquisition and Creval PD as at the IT migration date.

- **Portfolio adjustments made through massive spreading** of the identified amounts over all positions proportionally to the ECL. Said case included the following actions:
  - **Recalibration of the IFRS 9 parameters** based on the **NDOD**, which went live in the systems of the Crédit Agricole Italia Banking Group on 7 September 2020;
  - Actions concerning methodological elements not yet included in the used parameters or the shifting from a regulatory FIRB LGD to a management one, also for the Corporate segment and the implementation of a Forward-Looking Local model also for the LGD value;
  - Forward-looking action to take into account the upcoming modification to the Corporate PD model: the action is intended to early consider the effect of the adoption of the Corporate rating new grids, which were validated by the ECB for the Crédit Agricole S.A. Group and which will be adopted by the Crédit Agricole Italia Banking Group in 2023;
  - Action on sectors aimed at taking into account the higher riskiness of **energy-intensive sectors**, which is growing because of the consequences of the ongoing crisis on the future economic scenario.

2.4 CREDIT RISK MITIGATION TECHNIQUES

Within the Crédit Agricole Italia Banking Group, the mitigation of credit risk is pursued by entering into ancillary agreements or by adopting adequate tools and techniques designed to mitigate this risk.

In particular, specific processes regulate the obtainment and management of guarantees, with clear definition of the relevant roles, responsibilities and controls. Close attention is paid to the adequacy of the rules and procedures for monitoring that the requirements of the guarantees remain complied with (legal certainty, prompt realization and value consistency with the exposure).

The standards for the appraisal of real estate properties securing the exposures of the Crédit Agricole Italia Banking Group, as laid down in the «Policies on the Valuation of Real Estate Properties Securing Exposures», are compliant with the Guidelines issued by the Italian Banking Association (ABI) in force at the relevant time and prepared in accordance with the recent regulatory principles "International Valuation Standards" (IVS) and "European Valuation Standards" (EVS).

In October 2022, said Policies were updated in order to further strengthen the overall framework. The key elements that were confirmed versus the previous versions were:

- The role of Crédit Agricole Group Solutions specialist functions in the governance and control of the quality of appraisals, with special regard to the processes for appointing appraisal tasks, the appraisal methods used and the criteria for the selection of the appraisers;
- The control framework defining the methods and frequency of controls and the reporting of the related outcomes;
- The use of different types of appraisal based on:
  - Quality and amount of the guaranteed loan;
  - Time of origination;
  - Type of property;
  - Property development stage;
- The definition of a qualified list of accredited appraisers, with the specific expertise and scopes of responsibility, based also on whether they are certified by the Royal Institution of Chartered Surveyors (RICS).

Whereas, with the updating, the fine-tuning factors listed below were introduced:

- Increasing the reappraisals of the properties securing non-performing loans;
- The alignment of the appraisal contents with the updates to the relevant standards – both Italian and international (ABI, IVS-International Valuation Standards, EVS-European Valuation Standards and RICS-Royal Institution of Chartered Surveyors) – with the subsequent update of the appraisal formats;
- The inclusion in the appraisal of any ESG factors that have effects on the property value. Specifically, they shall be collected as general information and, where possible, some of them (such as energy performance scores, the energy grade of buildings or the CO2 emission data) may be taken into account in calculating the value of the property;
- The rationalization of the annual surveillance process, supplementing the drivers used to set the appraisal frequency, besides amount thresholds, loan quality and type of counterparty, by introducing the combination between statistical impairment and Loan to Value, as required by the applicable legislation.

3. NON-PERFORMING CREDIT EXPOSURES

In 2022 the new policy on the measurement of non-performing loans was updated, after being already deeply changed in 2021: that update was deemed necessary in order to better define the logics underlying the identification, staging and management of non-performing loans, while also laying down the behavioural guidelines, the operational processes and the accounting aspects associated with non-performing loans.

The NPE Regulation

In the last few years, the legislation and regulations applicable to non-performing loans have been constantly developed and amended in order to improve the prudential criteria for identification and management of non-performing loans, fostering harmonization across the EU Member States.

In order to ensure constant compliance with said developments, the NPE Regulation is periodically revised, on the basis also on the remarks made during the periodic audits carried out by the Parent Company and by the ECB.

Therefore, in 2022 the Loan Regulation was also supplemented, implementing some very important factors of a regulatory and organizational nature, specifically:

a) Some references have been introduced to the legal paradigms of the Italian bankruptcy law and of the new corporate crisis code;
b) The UTP events (known as triggers) have been extended with special focus on the Commercial Real Estate sector;
c) The manual was supplemented with the new organizational models for the management of non-performing loans, which provided for in-house specialist management and for the outsourcing from specialist servicers of the management of UTPs and bad loans that have lesser amounts and are granular.

The events triggering classification as in Default (UTP Triggers): in compliance with the EBA Guidelines, a set of events has been defined upon whose occurrence the management structures shall thoroughly review the positions concerned in order to assess whether it is appropriate or necessary to classify them as non-performing.

Said positions may be kept in the performing category only in specific cases to be appropriately substantiated. The triggers are different in accordance with their scope of application being Individuals or SMEs.

The events triggering classification as Bad Loans: a set of events has been defined which, for their severity and risk of impairment of the assets backing the Bank credit claim, shall trigger immediate classification of the positions concerned as bad loans, with subsequent start of the related executive actions.

Furthermore, some guidelines have been designed for loan classification in the correct risk grade, first of all through going/ gone concern assessment.

Special attention is given to the positions in the “Commercial Real Estate” perimeter, which, due to the problems associated with the sector in terms of management and risk, is quite material in the non-performing loans scope.

In recovery forecasts, thorough assessment has been introduced of the reasons concerning the time for which the positions have been classified as non-performing; to this effect the analysis of exposure vintage is of key importance for the loan conservative measurement.

The policy on the measurement of non-performing loans

In 2022, as already specified, the measurement of non-performing loans was updated to keep the internal normative instruments aligned with the applicable legislation and regulations, which are constantly evolving in order to ensure increasing harmonization and prudence in the measurement of non-performing exposures.

The revision was necessary in order to make some amendments and supplements to the policy issued in 2021, specifically mentioning:

- The increase in the coverage of mortgage loans becoming Past Due in accordance with the recommendations given by the Parent Company, which regard the minimum provisions covering mortgage exposures irrespective of the value attributed to the underlying collateral;
- The increase in the coverage of unsecured loans becoming Past Due;
- Full write-down of the UTP unsecured loans with exposure of less than Euro 500 in view of their write.off later on;
- The correlation of the coverage ratios to vintage in case of proven and substantiated difficulty in marketing the assets pledged as collateral securing exposures that have long been classified as non-performing;
- The set of first-level controls carried out by the NPE Department aimed at better control of credit risk.

The units managing non-performing loans

The UTP and Past Due Management Division, through specialist management Services by type of counterparty, is responsible for managing non-performing exposures classified as Past Due (PD) and Unlikely to pay (UTP).

The Division in in charge of out-of-court collection and/or full recovery of the exposures it manages, excluding the positions within the scope of outsourced collection services, consistently with the NPE strategy.

The Division manages relations with the Customers falling within its scope of responsibility with the objective of collecting the credit claims of the Crédit Agricole Italia Banking Group, promptly implementing all actions that are deemed the most suitable and effective towards borrowers.

In addition to periodic specific measurement of the recovery value, the management process for non-performing positions aims also at:

- Verifying whether the counterparty is capable of recovering financial health and, consequently, restoring the business and loan relationship; To this end, the Division is responsible for determining the scenario for collection forecast, specifically assuming the counterparty as a going concern (i.e. the exposure can be repaid with the cash flows generated by the counterparty as a going concern) or assuming the counterparty as a gone concern where the exposure can be collected only through the assets securing it as collaterals);
- Scheduling and monitoring loan workout plans agreed on with Customers;
- Proactive participation in interbank work group for debt restructuring and assessment of the proposed plans.

The Bad Loans Management and Servicers Division is responsible for the management of non-performing exposures classified as “bad”, through the two structures it comprises: The Bad Loans Management Service and the Servicers and Accounting Service.

The Servicers and Accounting Service is responsible for overseeing the management of UTP and bad loans outsourced from external services; specifically, it shall ensure that operating activities are duly carried out in coordination with the Servicers and Accounting Service, in order to verify the effectiveness, good value for money and timeliness of the collection actions.

The mission of the Bad Loans Division in the bad loans perimeter was obviously confirmed and consists in protecting and enforcing the credit claims of the Bank and of the Leasing Company against borrowers that are insolvent, in accordance with the NPE Strategy.

This mission is pursued managing bad exposures as follows:

- Implementing all possible actions in court and out of court, in order to achieve the best possible compromise between the highest possible collection and the shortest time to collection on these exposures;
- Ensuring organic management of all information on the most likely forward-looking repercussions on the income statement through the recognition of provisions for risks and allowances for losses on loans;
- Preparing and then updating, based on harmonized and standardized approaches, collection forecast in terms of probable collected amount and expected collection date, as well as conservative measurement of the existing guarantees and of those that can be reasonably be obtained in court.

3.1 MANAGEMENT STRATEGIES AND POLICIES

In accordance with the "Guidance to banks on non-performing loans" published in March 2017 by the European Central Bank (ECB), the Crédit Agricole Italia Banking Group designed its strategy for the management of non-performing loans, "Group 2018-2021 NPE Strategy", with the planning of the related KPIs, such as the weight of NPEs, the riskiness of the performing loan portfolio, the effectiveness of NPE recovery and the coverage ratio of the NPL portfolio.

The design of the NPE Strategy has provided for the following approach:

- Breakdown analysis of the loan portfolio and of the performance historical data of NPE management and collection by the Crédit Agricole Italia Banking Group;
- The positioning benchmark of the Crédit Agricole Italia Banking Group in the target market as regards KPIs (NPE Ratio, Coverage Ratio, Cost of Risk);
- Identification, based on the aforementioned analysis, of action drivers to strengthen the performances of the Crédit Agricole Italia Banking Group in terms of credit quality protection and improvement;
- Management actions on the "loan recovery machine";
- Initiatives aimed at increasing the NPE coverage ratio;
- NPE deleveraging initiatives through tools and actions already developed by the Group (NPE sales on a portfolio and single name basis) also in order to reduce the average vintage of the NPE portfolio.

Specifically, the NPL Policy sets out the internal rules for assessing Past Due, UTP and Bad Loans and, for each category, it governs the following scopes:

- Identification and classification methods;
- Criteria to determine statutory impairment applied upon entry in the category;
- Discounting rule to determine the present value in accordance with the estimated recovery plan;
- Assessment methods and criteria during the stay in the category;
- Conditions and methods for exiting the category with migration between NPE categories.

In 2022, further targets were achieved in terms of reducing the risk associated with the NPE portfolio; specifically, at the end of the year, the non-performing portfolio consisted, by about three quarters, of exposures classified as "unlikely to pay", the gross NPE ratio stood at 3.1% and the total coverage ratio of the NPE portfolio hit 47.2% .

Furthermore, in the reporting year, the NPE Strategy up to 2025 was defined. The NPE Strategy, which reflects the forecast of the main macroeconomic factors, aims at protecting the quality of the loan portfolio, preserving the good levels reached in the recent FYs and, specifically, it provides for the adoption of ordinary management drivers, selectively supplementing them with targeted deleverage actions. Besides this, the new strategy provides for an action plan aimed at speeding up the digitalization of the processes and tools supporting lending and loan management.

For information on the technical-organizational procedures and on the methods used to manage and control the NPE portfolio, please, refer to the Note to the Financial Statements - Part A - Accounting Policies, section A.2 Part reporting on the main financial statement items "Impairment for credit risk".

3.2 WRITE-OFF

The Bad Loans Management Division writes off bad loans after full recovery of the exposure or resumption of its amortization.

Furthermore, bad loans are written off with loan waiver subsequent to:

- Unilateral remission of the residual amount due within authorized and executed settlement;
- Loan disposal.

Conversely, bad loans are written off also without loan waiver subsequent to:

- Loan uncollectibility, as proved or inferred, including the implementation of all possible affordable actions;
- Very marginal possibility of collection.

In this case, the loan is fully or partially written off. These loans are written off in order not to keep, on the Balance Sheet, loans that, although still managed by the structures in charge of collection, are hardly likely to be recovered. The positions to be subject to this treatment must be identified – through a judgemental analysis – from among those that have both high vintage and high coverage.

3.3 PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS

As regards the accounting treatment of these assets and the related reporting, please refer to "A.2 - Part reporting on the main financial statement items".

4. RENEGOTIATED FINANCIAL ASSETS AND FORBORNE EXPOSURES

As regards the accounting treatment of these assets and the related reporting, please refer to "A.2 - Part reporting on the main financial statement items".

Forborne exposures are those for which "concessions" have been granted to a borrower that is experiencing or is about to experience difficulties in fulfilling his/her/its financial commitments ("financial difficulty").

Concessions consist in the following:

- Changes in the terms/conditions of an existing contract as regards which the borrower is not deemed able to comply with the set payments due to financial difficulties, which would not have been granted if the borrower had not been in financial difficulties;
- Total or partial refinancing of an existing contract as regards which the borrower is not deemed able to comply with the set payments due to financial difficulties, which would not have been granted if the borrower had not been in financial difficulties.

Based on the information contained in EBA "*Implementing Technical Standards (ITS) - On Supervisory reporting on forbearance and non-performing exposures under article 99(4) of Regulation (EU) No 575/2013*" of 27 July 2014, as updated, and implementing the guidelines developed afterwards by the French Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group has defined an internal algorithm whereby forborne exposures can be identified, distinguishing between performing and non-performing forborne exposures.

As opposed to the "by counterparty" approach, used by the Crédit Agricole Italia Banking Group to classify non-performing exposures, it classifies forborne positions with a "by individual credit facility" approach". An exposure shall be classified as forborne when:

- The counterparty is classified as performing at the time of contract modification and there were contractual repayment instalments totally or partially past due by over 30 days at least once in the three months before its modification. The contracts meeting these features are classified as "forborne performing - probation period", except for contractual modifications featuring a difference between the net present value before and after the modification of more than 1%, in which case they shall be classified in their cure period and no longer considered forborne when all the following conditions are met:
  - The contract is considered performing;
  - At least two years have passed from the beginning of the probation period;
  - Regular payments have been made for a more than considerable portion of the principal/interest due during at least one half of the probation period;
  - No one of the exposures to the same borrower is past due by more than 30 days at the end of the probation period.
- The counterparty is classified as defaulted at the time of contract modification or the modified contract is totally or partially past due by over 30 days at least once during the three months before its modification, with a difference between the net present value before and after forbearance of more than 1%. The contracts meeting the above description are classified as "forborne non-performing - cure period" for a period of at least a year and are kept classified as unlikely to pay. The contract shall be classified "forbearance performing - probation period" when all the following conditions are met:
  - At least one year has passed since the start of the cure period[21];
  - There are no late payments;
  - The counterparty has returned fully able to fulfil its credit obligations.

21 In case of suspensions, the year of cure period starts from the suspension date.

Having said that contract modifications made for business reasons or contract modifications that were provided for in the original contract are not included in the forbearance perimeter, in order to assess whether any "concession" exists, the adopted approaches require that the existence of forbearance is identified when:

- The amortization schedule regarding a loan is suspended or modified in its original duration;
- The loan has be renegotiated;
- Several credit lines granted to a counterparty are closed and consolidated in a new loan;
- A real estate mortgage loan based on the project progress which has been partially disbursed to a counterparty classified in the perimeter of real estate players has a pre-amortization period of over 36 months.

Furthermore, an exposure may be classified in the forborne perimeter on a judgemental basis where the algorithm does not automatically detect the contract modification or the financial difficulties experienced by the debtor. In the same way, the concessions automatically detected by the algorithm may be excluded on a judgemental basis, where the account manager believes that the clas-sification in the forborne perimeter is not consistent with the contract modification made and/or with the customer's financial situation.

An analysis of exposures referring to forborne assets measured at amortized cost is given below, separately reporting performing and non-performing ones.

		Total
PERFORMING	Forborne Performing exposures	432,210
DEFAULTED	Forborne Non-performing exposures	1,018,862
	Total Forborne Exposures	**1,451,072**

QUANTITATIVE DISCLOSURES

A. Loan quality

All financial assets are classified by credit quality with the exception of equity securities and units of O.I.C.R. collective investment undertakings.

The term "on-balance-sheet exposures" defines all on-balance-sheet financial assets consisting of due from banks or customers, irrespective of the accounting portfolio they are allocated to (measured at fair value through profit or loss, measured at fair value through other comprehensive income, measured at amortized cost, financial assets being divested).

The term "off-balance-sheet exposures" means all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

A.1 PERFORMING AND NON-PERFORMING CREDIT EXPOSURES: AMOUNTS, ADJUSTMENTS, CHANGES AND BREAKDOWNS

A.1.1 Breakdown of financial assets by portfolio and credit quality (book values)

Portfolio/quality	Bad loans	Unlikely to Pay	Non-performing past due exposures	Performing past-due exposures	Other performing exposures	Total
1. Financial assets measured at amortized cost	102,154	951,595	27,594	790,183	79,492,879	81,364,405
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,240,500	3,240,500
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	1,433	1,433
5. Financial assets being divested	-	-	-	-	-	-
Total 31 Dec. 2022	**102,154**	**951,595**	**27,594**	**790,183**	**82,734,812**	**84,606,338**
Total 31 Dec. 2021	**54,172**	**575,243**	**11,923**	**473,670**	**65,700,297**	**66,815,305**

A.1.2 Breakdown of financial assets by portfolio and by credit quality (gross and net values)

Portfolio/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs (*)	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortized cost	2,497,411	1,416,068	1,081,343	44,956	80,652,920	369,858	80,283,062	81,364,405
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,246,659	6,159	3,240,500	3,240,500
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	1,433	1,433
5. Financial assets being divested	-	-	-	-	-	-	-	-
Total 31 Dec. 2022	**2,497,411**	**1,416,068**	**1,081,343**	**44,956**	**83,899,579**	**376,017**	**83,524,995**	**84,606,338**
Total 31 Dec. 2021	**1,335,454**	**694,116**	**641,338**	**32,199**	**66,412,395**	**239,078**	**66,173,317**	**66,814,655**

(*) Value to be stated for disclosure purposes.

Portfolio/quality	Assets with clearly poor credit quality		Other assets
	Accumulated losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	331,984
2. Hedging derivatives	-	-	1,318,646
Total 31 Dec. 2022	**-**	**-**	**1,650,630**
Total 31 Dec. 2021	**334**	**274**	**619,160**

A.1.3 Breakdown of Finance Act assets by past due bracket (book values)

Portfolios/risk stages	Stage 1			Stage 2			Stage 3			POCI assets		
	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortized cost	434,052	34,222	19	263,535	48,268	10,087	48,387	51,706	491,044	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets being divested	-	-	-	-	-	-	-	-	-	-	-	-
Total 31 Dec. 2022	**434,052**	**34,222**	**19**	**263,535**	**48,268**	**10,087**	**48,387**	**51,706**	**491,044**	**-**	**-**	**-**
Total 31 Dec. 2021	**254,143**	**16,420**	**147**	**164,454**	**32,325**	**6,182**	**25,395**	**28,711**	**341,170**	**-**	**-**	**-**

A.1.4 Financial assets, to disburse funds and financial guarantees given: changes in total adjustments and total provisions for credit risk

	Total adjustments											
	Stage 1 assets						Stage 2 assets					
	Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment
Opening total adjustments	**-**	**91,061**	**3,434**	**-**	**-**	**94,495**	**-**	**144,582**	**-**	**-**	**-**	**144,582**
Increases from purchased or originated financial assets	-	14,463	2,549	-	-	17,012	-	5,986	-	-	-	5,986
Derecognized items other than write-offs	-	(64)	(2,302)	-	-	(2,366)	-	(74)	(28)	-	-	(102)
Net losses/recoveries for credit risk (+/-)	5	(3,342)	1,152	-	-	(2,185)	-	(9,048)	-	-	-	(9,048)
Contract modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimate approach	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognized directly through profit and loss	-	(62)	-	-	-	(62)	-	(52)	-	-	-	(52)
Other changes	-	60,300	1,326	-	-	61,626	-	66,108	28	-	-	66,136
Closing total adjustments	**5**	**162,356**	**6,159**	**-**	**-**	**168,520**	**-**	**207,502**	**-**	**-**	**-**	**207,502**
Recoveries from collection on financial assets written-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognized directly through profit and loss	-	(63)	-	-	-	(63)	-	(62)	-	-	-	(62)

Total adjustments											Total provisions for commitments to disburse funds and financial guarantees given				Total
	Stage 3 assets					POCI assets									
Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees POCI	
-	**694,117**	**-**	**-**	**694,117**	**-**	**-**	**-**	**-**	**-**	**-**	**4,359**	**8,816**	**17,160**	**-**	**963,529**
-	4,807	-	-	4,807	-	X	X	X	X	X	424	915	1,328	-	30,472
-	(20,943)	-	-	(20,943)	-	-	-	-	-	-	-	-	-	-	(23,411)
-	218,282	-	-	218,282	-	-	-	-	-	-	(1,085)	(2,977)	13,020	-	216,007
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	(80,743)	-	-	(80,743)	-	-	-	-	-	-	-	-	-	-	(80,857)
-	600,548	-	-	600,548	-	-	-	-	-	-	3,185	3,837	23,535	-	758,867
-	**1,416,068**	**-**	**-**	**1,416,068**	**-**	**-**	**-**	**-**	**-**	**-**	**6,883**	**10,591**	**55,043**	**-**	**1,864,607**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	(22,520)	-	-	(22,520)	-	-	-	-	-	-	-	-	-	-	(22,645)

A.1.5 Financial assets, commitments to disburse funds and financial guarantees given: transfers between the difference credit risks stages (gross and nominal values)

	Gross values/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortized cost	2,286,048	2,056,207	201,881	42,404	241,378	19,521
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets being divested	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees given	28,922	109,929	19,811	2,067	1,413	1,291
Total 31 Dec. 2022	**2,314,970**	**2,166,136**	**221,692**	**44,471**	**242,791**	**20,812**
Total 31 Dec. 2021	**5,495,177**	**1,021,425**	**174,996**	**22,024**	**84,650**	**7,798**

A.1.5a Loans subject to Covid-19-related relief measures: transfers between the different credit risk stages (gross and nominal values)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
A. Loans measured at amortized cost	**11,679**	**1,390**	**37,644**	**7,641**	**52,329**	**562**
A.1 Loans with EBA-compliant concessions	-	-	-	-	-	-
A.2 Loans under moratoria in force no longer EBA-compliant and not measured as forborne	1,523	1,312	247	1	218	-
A.3 Loans with other concession measures	-	-	-	-	-	-
A.4 new loans	10,156	78	37,397	7,640	52,111	562
B. Loans measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Loans with EBA-compliant concessions	-	-	-	-	-	-
B.2 Loans under moratoria in force no longer EBA-compliant and not measured as forborne	-	-	-	-	-	-
B.3 Loans with other concession measures	-	-	-	-	-	-
B.4 new loans	-	-	-	-	-	-
Total 31 Dec. 2022	**11,679**	**1,390**	**37,644**	**7,641**	**52,329**	**562**
Total 31 Dec. 2021	**109,562**	**37,310**	**18,356**	**408**	**-**	**-**

A.1.6 On-balance-sheet and off-balance-sheet exposures to banks: gross and net values

Type of exposures/Values	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs(*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. ON-BALANCE-SHEET EXPOSURES												
A.1 DEMAND	**2,352,482**	**2,352,482**	**-**	**-**	**-**	**5**	**5**	**-**	**-**	**-**	**2,352,477**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	2,352,482	2,352,482	-	X	-	5	5	-	X	-	2,352,477	-
A.2 Other	**5,527,404**	**5,523,264**	**-**	**4,138**	**-**	**4,068**	**302**	**-**	**3,766**	**-**	**5,523,336**	**-**
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to Pay	4,138	X	-	4,138	-	3,766	X	-	3,766	-	372	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	5,523,266	5,523,264	-	X	-	302	302	-	X	-	5,522,964	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL A	**7,879,886**	**7,875,746**	**-**	**4,138**	**-**	**4,073**	**307**	**-**	**3,766**	**-**	**7,875,813**	**-**
B. OFF-BALANCE-SHEET EXPOSURES												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	2,243,232	2,242,361	871	X	-	841	838	3	X	-	2,242,391	-
TOTAL B	**2,243,232**	**2,242,361**	**871**	**-**	**-**	**841**	**838**	**3**	**-**	**-**	**2,242,391**	**-**
TOTAL A+B	**10,123,118**	**10,118,107**	**871**	**4,138**	**-**	**4,914**	**1,145**	**3**	**3,766**	**-**	**10,118,204**	**-**

(*) Value to be stated for disclosure purposes.

A.1.7 On-balance-sheet and off-balance-sheet exposures to customers: gross and net values

Type of exposures/Values	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs(*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. ON-BALANCE-SHEET EXPOSURES												
a) Bad loans	550,270	X	-	550,270	-	448,116	X	-	448,116	-	102,154	2,242
- of which: forborne exposures	152,013	X	-	152,013	-	122,497	X	-	122,497	-	29,516	-
b) Unlikely to Pay	1,904,369	X	-	1,904,369	-	953,146	X	-	953,146	-	951,223	37,731
- of which: forborne exposures	866,493	X	-	866,493	-	446,446	X	-	446,446	-	420,047	-
c) Non-performing past due exposures	38,634	X	-	38,634	-	11,040	X	-	11,040	-	27,594	20
- of which: forborne exposures	356	X	-	356	-	86	X	-	86	-	270	-
d) Performing past due exposures	820,607	471,456	349,150	X	-	30,424	3,164	27,260	X	-	790,183	-
- of which: forborne exposures	29,946	11	29,935	X	-	1,933	-	1,933	X	-	28,012	-
e) Other performing exposures	77,557,226	74,336,643	3,220,583	X	-	345,290	165,049	180,241	X	-	77,211,935	4,963
- of which: forborne exposures	402,263	14,141	388,122	X	-	21,581	10	21,571	X	-	380,682	-
TOTAL (A)	**80,871,106**	**74,808,099**	**3,569,733**	**2,493,273**	**-**	**1,788,016**	**168,213**	**207,501**	**1,412,302**	**-**	**79,083,089**	**44,956**
B. OFF-BALANCE-SHEET EXPOSURES												
a) Non-performing	101,275	X	-	101,275	-	55,043	X	-	55,043	-	46,231	-
b) Performing	4,426,484	4,251,956	174,528	X	-	16,633	6,044	10,589	X	-	4,409,852	-
TOTAL (B)	**4,527,759**	**4,251,956**	**174,528**	**101,275**	**-**	**71,676**	**6,044**	**10,589**	**55,043**	**-**	**4,456,083**	**-**
TOTAL (A+B)	**85,398,865**	**79,060,055**	**3,744,261**	**2,594,548**	**-**	**1,859,692**	**174,257**	**218,090**	**1,467,345**	**-**	**83,539,172**	**44,956**

(*) Value to be stated for disclosure purposes.

A.1.7a On-balance-sheet exposure to Customers subject to Covid-19 relief measures: gross and net values

Type of exposures/Values	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs(*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. Bad loans:	**18**	**-**	**-**	**18**	**-**	**-**	**-**	**-**	**-**	**-**	**18**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Under moratoria no longer EBA-compliant and not measured as forborne	-	-	-	-	-	-	-	-	-	-	-	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	18	-	-	18	-	-	-	-	-	-	18	-
B. Loans classified as Unlikely to Pay:	**63,382**	**-**	**-**	**63,382**	**-**	**21,003**	**-**	**-**	**21,003**	**-**	**42,380**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Under moratoria no longer EBA-compliant and not measured as forborne	799	-	-	799	-	218	-	-	218	-	581	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	62,583	-	-	62,583	-	20,785	-	-	20,785	-	41,798	-
C. Non-performing pastdue loans:	**3,534**	**-**	**-**	**3,534**	**-**	**1,155**	**-**	**-**	**1,155**	**-**	**2,379**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Under moratoria no longer EBA-compliant and not measured as forborne	-	-	-	-	-	-	-	-	-	-	-	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	3,534	-	-	3,534	-	1,155	-	-	1,155	-	2,379	-
D. Other performing pastdue loans:	**21,959**	**12,727**	**9,231**	**-**	**-**	**1,242**	**187**	**1,055**	**-**	**-**	**20,717**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Under moratoria no longer EBA-compliant and not measured as forborne	-	-	-	-	-	-	-	-	-	-	-	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	21,959	12,727	9,231	-	-	1,242	187	1,055	-	-	20,717	-
E. Other performing loans:	**3,198,610**	**3,029,386**	**169,225**	**-**	**-**	**33,297**	**20,282**	**13,015**	**-**	**-**	**3,165,313**	**-**
a) Loans with EBA-compliant concessions	-	-	-	-	-	-	-	-	-	-	-	-
b) Under moratoria no longer EBA-compliant and not measured as forborne	14,460	10,109	4,351	-	-	255	12	243	-	-	14,205	-
c) Loans with other concession measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	3,184,150	3,019,277	164,874	-	-	33,042	20,270	12,772	-	-	3,151,108	-
TOTAL (A+B+C+D+E)	**3,287,503**	**3,042,113**	**178,456**	**66,934**	**-**	**56,697**	**20,469**	**14,070**	**22,158**	**-**	**3,230,806**	**-**

(*) Value to be stated for disclosure purposes.

A.1.8 On-balance sheet exposures to Banks: changes in gross non-performing exposures

Reasons/categories	Bad loans	Unlikely to Pay	Non-performing past due exposures
A. Opening gross exposure	**-**	**-**	**-**
- of which: sold exposures not derecognized	-	-	-
B. Increases	**-**	**4,138**	**-**
B.1 from performing exposures	-	-	-
B.2 from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	-	-	-
B.4 Contract modifications without derecognition			
B.5 other increases		4,138	
C. Decreases	**-**	**-**	**-**
C.1 to performing exposures	-	-	-
C.2 Write-offs	-	-	-
C.3 collections	-	-	-
C.4 profits on disposals	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other categories of non-performing exposures	-	-	-
C.7 Contract modifications without derecognition	-	-	-
C.8 other decreases			
D. Closing gross exposure	**-**	**4,138**	**-**
- of which: sold exposures not derecognized	-	-	-

A.1.9 On-balance sheet exposures to Customers: changes in gross non-performing exposures

Reasons/categories	Bad loans	Unlikely to Pay	Non-performing past due exposures
A. Opening gross exposure	**255,801**	**1,066,574**	**13,079**
- of which: sold exposures not derecognized	-	-	-
B. Increases	**417,708**	**1,583,027**	**73,886**
B.1 from performing exposures	18,560	384,465	40,233
B.2 from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	196,144	17,107	17,398
B.4 Contract modifications without derecognition	-	-	-
B.5 other increases	203,004	1,181,455	16,255
C. Decreases	**123,239**	**745,232**	**48,331**
C.1 to performing exposures	133	56,974	4,818
C.2 Write-offs	42,493	42,078	17,115
C.3 collections	36,642	248,548	10,210
C.4 profits on disposals	13,556	75,600	-
C.5 losses on disposals	1,238	2,561	-
C.6 transfers to other categories of non-performing exposures	2,393	212,068	16,188
C.7 Contract modifications without derecognition	-	587	-
C.8 other decreases	26,784	106,816	
D. Closing gross exposure	**550,270**	**1,904,369**	**38,634**
- of which: sold exposures not derecognized	-	-	-

Item B.5 “Other changes” reports the exposures coming from the mergers.
Item C.8 “Other decreases” reports also the gross amount of the exposure disposed of exceeding the sum of the profit and any losses on disposal.

A.1.9bis On-balance-sheet exposures to Customers: changes in gross forborne exposures broken down by credit quality

Reasons/Quality	Non-performing forborne exposures	Performing forborne exposures
A. Opening gross exposure	**736,340**	**343,628**
- of which: sold exposures not derecognized	-	-
B. Increases	**651,069**	**423,087**
B.1 from non-forborne performing exposures	8,161	134,125
B.2 from forborne performing exposures	64,069	X
B.3 from forborne non-performing exposures	X	31,571
B.4 from non-forborne non-performing exposures	-	-
B.5 other increases	578,839	257,391
C. Decreases	**368,547**	**334,506**
C.1 to non-forborne performing exposures	X	133,009
C.2 to forborne performing exposures	31,571	X
C.3 to forborne non-performing exposures	X	64,069
C.4 Write-offs	46,916	-
C.5 collections	112,662	95,247
C.6 profits on disposals	58,990	-
B.2 losses on disposal	1,661	-
C.8 other decreases	116,747	42,181
D. Closing gross exposure	**1,018,862**	**432,209**
- of which: sold exposures not derecognized	-	-

A.1.10 On-balance-sheet non-performing exposures to Banks: changes in total adjustments

Reasons/categories	Bad loans		Unlikely to Pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**-**	**-**	**-**	**-**	**-**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-
B. Increases	**-**	**-**	**3,766**	**-**	**-**	**-**
B.1 adjustments to purchased or originated credit-impaired financial assets	-	X	-	X	-	X
B.2 other impairment losses	-	-	1,702	-	-	-
B.3 losses on disposals	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 Contract modifications without derecognition	-	-	-	-	-	-
B.6 other increases	-	-	2,064	-	-	-
C. Decreases	**-**	**-**	**-**	**-**	**-**	**-**
C.1 writebacks from valuations	-	-	-	-	-	-
C.2 recoveries from collection	-	-	-	-	-	-
C.3 profits on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 Contract modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
D. Total closing adjustments	**-**	**-**	**3,766**	**-**	**-**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-

A.1.11 On-balance-sheet non-performing exposures to Customers: changes in total adjustments

Reasons/categories	Bad loans		Unlikely to Pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**201,629**	**58,951**	**491,332**	**303,052**	**1,156**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-
B. Increases	**337,285**	**95,413**	**853,519**	**364,396**	**29,807**	**10,336**
B.1 impairment losses from purchased or originated credit-impaired financial assets	-	X	-	X	-	X
B.2 other adjustments	76,104	19,199	232,715	99,847	10,740	310
B.3 losses on disposals	1,238	140	2,561	1,644	-	-
B.4 transfers from other categories of non-performing exposures	106,456	34,125	1,770	172	15,650	9,864
B.5 Contract modifications without derecognition	-	-	-	-	-	-
B.6 other increases	153,487	41,949	616,473	262,733	3,417	162
C. Decreases	**90,798**	**31,867**	**391,705**	**221,002**	**19,923**	**10,250**
C.1 recoveries from valuation	4,347	1,474	37,391	28,070	473	1
C.2 recoveries from collection	12,235	2,694	49,556	22,005	216	-
C.3 profits on disposal	3,695	2,111	16,716	11,522	-	-
C.4 write-offs	42,493	11,935	42,078	24,857	17,115	10,125
C.5 transfers to other categories of non-performing exposures	-	66	121,902	56,489	1,975	124
C.6 Contract modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	28,028	13,587	124,062	78,059	144	-
D. Total closing adjustments	**448,116**	**122,497**	**953,146**	**446,446**	**11,040**	**86**
- of which: sold exposures not derecognized	-	-	-	-	-	-

Item C.7 “Other decreases” mainly reports, as to derecognized items other than write-offs, the amount equal to difference between the gross exposure and the disposal price.

A.2 CLASSIFICATION OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUAR-ANTEES GIVEN BASED ON EXTERNAL AND INTERNAL RATINGS

A.2.1 Breakdown of financial assets, commitments to disburse funds and financial guarantees given by external rating grades (gross values)

Exposures	External rating grades						Without rating	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6		
A. Financial assets measured at amortized cost	**1,883,249**	**3,876,380**	**5,197,239**	**2,879,561**	**273,035**	**28,816**	**69,012,051**	**83,150,331**
- Stage 1	1,883,249	3,826,251	5,053,833	2,645,717	161,015	8,406	63,504,716	77,083,187
- Stage 2	-	50,129	142,857	225,127	111,354	6,160	3,034,106	3,569,733
- Stage 3	-	-	549	8,717	666	14,250	2,473,229	2,497,411
- POCI assets	- "	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**3,246,659**	**3,246,659**
- Stage 1	-	-	-	-	-	-	3,246,659	3,246,659
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- POCI assets	- "	-	-	-	-	-	-	-
C. Financial assets being divested	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- POCI assets	- "	-	-	-	-	-	-	-
Total (A+B+C)	**1,883,249**	**3,876,380**	**5,197,239**	**2,879,561**	**273,035**	**28,816**	**72,258,710**	**86,396,990**
D. Commitments to disburse funds and financial guarantees given	**190,121**	**932,868**	**1,067,806**	**573,971**	**242,597**	**2,705**	**2,106,460**	**5,116,528**
- Stage 1	190,121	920,738	1,050,208	550,012	236,763	1,674	1,890,338	4,839,854
- Stage 2	-	12,130	17,598	23,902	5,834	1,028	114,907	175,399
- Stage 3	-	-	-	57	-	3	101,215	101,275
- POCI assets	- "	-	-	-	-	-	-	-
Total D	**190,121**	**932,868**	**1,067,806**	**573,971**	**242,597**	**2,705**	**2,106,460**	**5,116,528**
Total (A+B+C+D)	**2,073,370**	**4,809,248**	**6,265,045**	**3,453,532**	**515,632**	**31,521**	**74,365,170**	**91,513,518**

The breakdown by rating grades represented in the table refers to the ratings given by Cerved Rating Agency S.p.A. and DBRS Ratings GmbH. The "without rating" column reports exposures with counterparties for which ratings given by the two ECAIs are not available, of which the key is given in the table below:

Credit rating grade	Cerved Rating Agency S.p.A.	DBRS Ratings GmbH
Classe 1	from A1.1 to A1.3	from AAA to AAL
Grade 2	from A2.1 to A3.1	from AH to AL
Grade 3	B1.1, B1.2	from BBBH to BBBL
Grade 4	B2.1, B2.2	from BBH to BBL
Grade 5	C1.1	from BH to BL
Grade 6	from C1.2 to C2.1	from CCCH to D

A.2.2 Breakdown of financial assets, commitments to disburse funds and financial guarantees given by internal rating grades (gross values)

Exposures	Internal rating grades					Total
	From AAA a BBB+	From BBB a BBB-	from BB+ to B	from B- to D	Without rating	
A. Financial assets measured at amortized cost	**40,340,055**	**24,647,853**	**12,382,484**	**3,316,538**	**2,463,401**	**83,150,331**
- Stage 1	40,229,346	24,309,872	10,438,223	191,433	1,914,313	77,083,187
- Stage 2	110,709	337,981	1,944,261	627,694	549,088	3,569,733
- Stage 3	-	-	-	2,497,411	-	2,497,411
- POCI assets	- "	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**3,246,659**	**-**	**-**	**-**	**-**	**3,246,659**
- Stage 1	3,246,659	-	-	-	-	3,246,659
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- POCI assets	- "	-	-	-	-	-
C. Financial assets being divested	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- POCI assets	- "	-	-	-	-	-
Total (A+B+C)	**43,586,714**	**24,647,853**	**12,382,484**	**3,316,538**	**2,463,401**	**86,396,990**
D. Commitments to disburse funds and financial guarantees given	**1,685,173**	**1,721,315**	**1,197,050**	**147,218**	**365,772**	**5,116,528**
- Stage 1	1,682,024	1,706,070	1,132,620	7,635	311,505	4,839,854
- Stage 2	3,149	15,245	64,430	38,308	54,267	175,399
- Stage 3	-	-	-	101,275	-	101,275
- POCI assets	- "	-	-	-	-	-
Total (D)	**1,685,173**	**1,721,315**	**1,197,050**	**147,218**	**365,772**	**5,116,528**
Total (A+B+C+D)	**45,271,887**	**26,369,168**	**13,579,534**	**3,463,756**	**2,829,173**	**91,513,518**

The breakdown by rating grade refers to the Crédit Agricole Italia Banking Group's internal models. The "Without rating" column mainly shows exposures to Banks, Public Administration Bodies and Sovereign States, for which internal rating models are not available.

Excluding counterparties without rating, 81% of total counterparties fall within the Investment grades (from AAA to BBB-), whereas 15% falls within the BB+/B grades and 4% in the B-/D grades.

It is pointed out that, of total "without rating" exposures, 37% consisted of "Retail Joint Accounts", 17% of financial institutions, 13% of Retail and Private Bnkg counterparties and 11% of Corporate counterparties; the remaining part of unrated positions consisted of other types of less material counterparties in terms of exposure.

A.3 BREAKDOWN OF SECURED EXPOSURES BY TYPE OF GUARANTEE

A.3.1 On-balance-sheet and off-balance-sheet secured exposures to banks

	Gross exposure	Net exposure	Collaterals (1)			
			Real estate - mortgages	Real estate- Loans for leases	Securities	Other collaterals
1. On-balance-sheet secured exposures:	**1,051,773**	**1,051,760**	**-**	**-**	**-**	**-**
1.1 fully secured	401,060	401,047	-	-	-	-
- of which non-performing	-	-	-	-	-	-
1.2 partially secured	650,713	650,713	-	-	-	-
- of which non-performing	-	-	-	-	-	-
2. Off-balance-sheet secured exposures:	**26,677**	**26,643**	**-**	**-**	**-**	**-**
2.1 fully secured	638	636	-	-	-	-
- of which non-performing	-	-	-	-	-	-
2.2 partially secured	26,039	26,007	-	-	-	-
- of which non-performing	-	-	-	-	-	-

A.3.2 On-balance-sheet and off-balance-sheet secured exposures to Customers

	Gross exposure	Net exposure	Collaterals (1)			
			Real estate - mortgages	Real estate- Loans for leases	Securities	Other collaterals
1. On-balance-sheet secured exposures:	**48,925,042**	**47,534,670**	**31,736,314**	**-**	**914,562**	**1,246,484**
1.1 fully secured	43,208,215	41,987,864	31,518,843	-	874,563	1,060,772
- of which non-performing	1,894,648	925,389	728,537	-	1,194	8,266
1.2 partially secured	5,716,827	5,546,806	217,471	-	39,999	185,712
- of which non-performing	207,388	79,336	14,598	-	483	1,175
2. Off-balance-sheet secured exposures:	**1,245,202**	**1,230,813**	**256,913**	**-**	**86,572**	**260,772**
2.1 fully secured	990,954	978,640	239,178	-	64,305	226,190
- of which non-performing	31,514	24,973	19,607	-	167	2,220
2.2 partially secured	254,248	252,173	17,735	-	22,267	34,582
- of which non-performing	9,427	7,940	2,284	-	1,828	145

	Personal guarantees (2)										Total (1)+(2)
	Credit derivatives					Signature loans				
	CLN	Other derivatives								
		Central counterparties	Banks	Other financial companies	Other parties	Public administration bodies	Banks	Other financial companies	Other parties	
	-	**-**	**-**	**-**	**-**	**-**	**1,050,000**	**585**	**-**	**1,050,585**
	-	-	-	-	-	-	400,463	585	-	401,048
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	649,537	-	-	649,537
	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**10,331**	**5,323**	**-**	**15,654**
	-	-	-	-	-	-	636	-	-	636
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	9,695	5,323	-	15,018
	-	-	-	-	-	-	-	-	-	-

	Personal guarantees (2)										Total (1)+(2)
	Credit derivatives					Signature loans				
	CLN	Other derivatives								
		Central counterparties	Banks	Other financial companies	Other parties	Public administration bodies	Banks	Other financial companies	Other parties	
	-	**-**	**-**	**-**	**-**	**5,956,507**	**2,090,094**	**918,058**	**2,708,344**	**45,570,363**
	-	-	-	-	-	3,307,955	1,290,876	598,462	2,488,068	41,139,539
	-	-	-	-	-	53,812	95	6,209	81,273	879,386
	-	-	-	-	-	2,648,552	799,218	319,596	220,276	4,430,824
	-	-	-	-	-	46,087	460	6,237	3,367	72,407
	-	**-**	**-**	**-**	**-**	**15,905**	**20,261**	**48,729**	**429,202**	**1,118,354**
	-	-	-	-	-	14,027	7,702	31,705	393,841	976,948
	-	-	-	-	-	438	-	779	1,761	24,972
	-	-	-	-	-	1,878	12,559	17,024	35,361	141,406
	-	-	-	-	-	358	2,800	1	230	7,646

In compliance with Bank of Italy Circular No. 262, 5th update, in the "Collaterals" and "Personal guarantees" columns, the fair value of the collaterals or guarantee is reported, estimated as at the reporting date or, where not available, its contractual value.

It is pointed out that, in compliance with the aforementioned 5th update, both the above values shall not be higher than the book value of secured exposures.

B. Breakdown and concentration of exposures

B.1 BREAKDOWN BY SECTOR OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES TO CUSTOMERS

Exposures/Counterparties	Public administration bodies		Financial companies		Financial companies (of which: insurance undertakings)		Non-financial companies		Households	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	205	975	-	-	63,533	346,184	38,416	100,957
- of which: forborne exposures	-	-	-	-	-	-	26,653	115,550	2,863	6,947
A.2 Unlikely to Pay	34	30	6,605	10,157	-	-	631,330	731,092	313,254	211,867
- of which: forborne exposures	-	-	3,820	7,148	-	-	292,683	365,223	123,544	74,075
A.3 Non-performing past-due exposures	-	-	2	1	1	1	6,072	3,469	21,520	7,570
- of which: forborne exposures	-	-	-	-	-	-	133	49	137	37
A.4 Performing exposures	15,156,438	24,181	9,351,613	16,820	98,892	55	21,540,407	147,021	31,953,660	187,692
- of which: forborne exposures	-	-	1,352	23	-	-	249,891	16,813	157,451	6,678
Total (A)	**15,156,472**	**24,211**	**9,358,425**	**27,953**	**98,893**	**56**	**22,241,342**	**1,227,766**	**32,326,850**	**508,086**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	6	1	-	-	45,044	54,784	1,181	258
B.2 Performing exposures	14,896	23	443,535	1,257	32,439	39	3,632,352	9,684	319,069	5,669
Total (B)	**14,896**	**23**	**443,541**	**1,258**	**32,439**	**39**	**3,677,396**	**64,468**	**320,250**	**5,927**
Total (A+B) 31 Dec. 2022	**15,171,368**	**24,234**	**9,801,966**	**29,211**	**131,332**	**95**	**25,918,738**	**1,292,234**	**32,647,100**	**514,013**
Total (A+B) 31 Dec. 2021	**11,998,328**	**15,455**	**7,545,801**	**14,173**	**264,285**	**104**	**16,560,509**	**699,086**	**21,663,476**	**232,898**

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.2 BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES TO CUSTOMERS

Exposures/Geographical areas	Northwest Italy		Northeast Italy		Central Italy		South and insular Italy	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures								
A.1 Bad loans	36,143	126,654	34,273	186,966	15,568	63,384	16,121	70,997
A.2 Unlikely to Pay	401,141	396,113	264,263	261,115	165,980	150,463	118,994	144,620
A.3 Non-performing past-due exposures	11,666	4,451	3,486	1,635	4,455	1,629	7,917	3,291
A.4 Performing exposures	30,398,944	132,391	18,459,743	129,472	24,421,098	77,773	4,335,339	32,771
Total (A)	**30,847,894**	**659,609**	**18,761,765**	**579,188**	**24,607,101**	**293,249**	**4,478,371**	**251,679**
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	13,584	6,643	23,523	23,893	4,534	18,324	4,575	6,126
B.2 Performing exposures	1,719,556	10,977	1,778,171	3,837	642,364	729	133,495	750
Total (B)	**1,733,140**	**17,620**	**1,801,694**	**27,730**	**646,898**	**19,053**	**138,070**	**6,876**
Total (A+B) 31 Dec. 2022	**32,581,034**	**677,229**	**20,563,459**	**606,918**	**25,253,999**	**312,302**	**4,616,441**	**258,555**
Total (A+B) 31 Dec. 2021	**25,287,691**	**296,902**	**10,361,499**	**409,614**	**19,102,452**	**189,977**	**2,519,689**	**61,017**

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.3 BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES TO BANKS

Exposures/Geographical areas	Italy		Other European Countries		America		Asia		Rest of the world	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to Pay	-	-	-	-	-	-	-	-	372	3,766
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	3,944,843	205	3,914,959	83	2,441	2	6,974	4	6,224	13
Total (A)	**3,944,843**	**205**	**3,914,959**	**83**	**2,441**	**2**	**6,974**	**4**	**6,596**	**3,779**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	259,145	694	1,774,047	32	14,211	1	164,951	76	30,025	38
Total (B)	**259,145**	**694**	**1,774,047**	**32**	**14,211**	**1**	**164,951**	**76**	**30,025**	**38**
Total (A+B) 31 Dec. 2022	**4,203,988**	**899**	**5,689,006**	**115**	**16,652**	**3**	**171,925**	**80**	**36,621**	**3,817**
Total (A+B) 31 Dec. 2021	**11,657,418**	**1,856**	**1,355,953**	**67**	**8,095**	**2**	**144,016**	**45**	**27,027**	**21**

On-balance-sheet exposures include loans as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.4 LARGE EXPOSURES

As at 31 December 2022 the positions having large exposure features in accordance with Regulation (EU) no. 575/2013 (CRR) as amended, including by Regulation (EU) no. 876/2019 (CRR2) were:

a) Of a total nominal amount of Euro 44,653,390 thousand;
b) Of a total weighted amount of Euro 491,328 thousand;
c) A total number of 9 making reference to both nominal value and weighted value.

C. Securitizations

QUALITATIVE DISCLOSURES

Within the derisking actions deployed on the NPE portfolio, in 2021 the Crédit Agricole Italia Group successfully completed disposals of non-performing loans for an aggregate gross book value of approximately Euro 1.6 billion, combining the securitization transac-tion called “Stelvio Project” and the disposal of single positions during the ordinary collection activities.

Specifically, the Stelvio transaction perimeter consisted of a portfolio of approximately 13,500 positions classified as bad loans, for a gross book value of Euro 1.6 billion.

The transaction was carried out by the Crédit Agricole Italia Banking Group, con ItalFondiario as the Master Servicer, Zenith as the corporate servicer and DoValue S.p.A. and Cerved as the Portfolio Special Servicers.

In December 2021 the sale agreement was signed with the special-purpose entity “Ortles 21 S.r.l.”.

In order to finance the purchase of the loans, on 17 December 2021, the special-purpose entity issued three tranches of ABS as listed below:

- Senior (Class A) notes, amounting to Euro 340,000,000 and equal to 18.5% of the gross collectible value of the sold loans, to which a BBB investment grade rating was assigned by Scope Rating, DBRS and Arc Rating and were subscribed by Crédit Agricole Italia;
- Mezzanine (Class B) notes, amounting to Euro 40,000,000 and equal to 2.2% of the gross collectible value of the sold loans, without rating and subscribed by Crédit Agricole Italia;
- Junior (Class J) notes, amounting to Euro 14,311,000 and equal to 0.8% of the gross collectible value of the sold loans, without rating and subscribed by Crédit Agricole Italia.

The Notes are not listed on any regulated market.

In order to comply with the obligation to retain a net economic interest in the securitized exposures of no less than 5% under Regulation (EU) 2017/2402 and the other applicable regulations, Crédit Agricole Italia undertook to retain, throughout the transaction duration, (i) 5% of the nominal value of each class of junior and mezzanine notes and (ii) the principal amount of the limited recourse loan.

On 21 December 2021, 95% of the Mezzanine notes and 95% of the Junior notes was sold to specialist investor SPF Investment Management with concomitant payment of the purchase price and subsequent derecognition of the sold loans.

On the Senior notes, the Italian Ministry of the Economy and Finance gave the Italian State Guarantee on Securitization of NPLs (GACS) on 13 April 2022.

Stelvio (structured transaction pursuant to Italian Law no.130 of 30 April 1999)

Key transaction information	
Transaction finalized on	3 Dec. 2021
Special-purpose vehicle	Ortles 21 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,552,479**
Outstanding notes as at 31 Dec. 2022	**310,271**
Of which senior	255,960
Of which mezzanine	40,000
Of which junior	14,311
Senior notes rating at issue	BBB Scope Rating, DBRS, ARC
Limited recourse loan (Cash reserve) as at 31 Dec. 2022	14,680
Senior notes rating as at 31 Dec. 2022	BBB Scope, DBRS, ARC

The securitizations underway as at 31 December 2022 are listed below.

Elrond NPL 2017

Key transaction information	
Transaction finalized on	14 July 2017
Special-purpose vehicle	Elrond NPL 2017 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,405,252**
Outstanding notes as at 31 Dec. 2022	**299,816**
Of which senior	237,316
Of which mezzanine	42,500
Of which junior	20,000
Senior notes rating at issue	Baa3 Moody's BBB- Scope Ratings
Limited recourse loan (Cash reserve) as at 31 Dec. 2022	10,062
Senior notes rating as at 31 Dec. 2022	CAA3 Moody's and CC Scope Rating

Special servicing is performed by Cerved Credit Management S.p.A., whereas master servicing is performed by Cerved Master Servicer S.p.A..

Aragorn NPL 2018

Key transaction information	
Transaction finalized on	14 June 2018
Special-purpose vehicle	Aragorn NPL 2018 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses corporate and retail bnkg
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,670,633**
Outstanding notes as at 31 Dec. 2022	**434,665**
Of which senior	357,843
Of which mezzanine	66,822
Of which junior	10,000
Senior notes rating at issue	BBBL DBRS BBB- Scope Ratings
Limited recourse loan (Cash reserve) as at 31 Dec. 2022	18,745
Senior notes rating as at 31 Dec. 2022	CC DBRS and Scope Ratings

Master servicing is performed by Master Gardant S.p.A., whereas *special servicing* is performed jointly by Special Gardant SpA and Cerved Credit Management S.p.A..

As the Stelvio, Elrond and Aragorn securitizations had the objective of transferring credit risk, they may entail the specific risk that credit risk is not fully transferred, but the sale of the mezzanine and junior tranches (with substantial transfer of the risks and rewards associated with the securitized loans and the subsequent derecognition of the portfolio) and the State guarantee given ensure constant compliance with the requirements of significant transfer of credit risk.

Pillarstone Italy

In 2018, Creval, along with other banks, transferred its loans to Rainbow Magicland S.p.A. to the Pillarstone Italy SPV. With the loans disposed of totalling Euro 8.4 million, in January 2019 Creval subscribed class B1 notes for Euro 1.5 million and class C2 notes for Euro 6.9 million (the latter fully written down).

Key transaction information	
Special-purpose vehicle	Pillarstone Italy SPV S.r.l.
Underlying exposures	Non-Performing Loans having RAINBOW MAGICLAND S.p.A. as the borrower
Geographical area of the sold loans	Italy
Amount of the loans sold by Creval	**8,395**
All subscribed by Creval	**8,395**
Of which class B1	1,469
Of which class C2	6,926
Notes rating	N.R.

The role as Servicer was vested in Banca Finint S.p.a. (within the restructuring of the Securitisation Services S.p.a. Group, it was merged into Banca Finanziaria Internazionale S.p.a. – i.e. Banca Finint S.p.A.).

Tranched Cover – Creval 25

In 2020, the "Creval 25" portfolio was finalized for a *tranched cover* synthetic securitization on newly-originated loans to *Retail* and *Corporate banking customers*. The transaction provides for a personal guarantee to be given covering credit risk. The guarantee was given by the Central Guarantee Fund for SMEs on the *junior tranche* of a *selected* portfolio.

The portfolio of underlying exposures consists of loans originated in 2019 and 2020, to approximately 580 enterprises based throughout Italy, amounting to Euro 65,452 thousand, (the *junior tranche* amounting to Euro 5,638 thousand, the *senior tranche* amounting to Euro 59,814 thousand).

Key transaction information	
Transaction finalized on	03 October 2020
Originator	Creval S.p.A.
Transaction type	Tranched Cover
Underlying exposures	Unsecured performing loans with average maturity of 60 months
Geographical area of the sold loans	Italy
Amount of the portfolio of underlying assets	65,452
Risk holder	
Senior tranche	Crédit Agricole Italia S.p.A.
Junior tranche	Partially covered by protection seller
Guarantees given by third parties	Guarantee given by the Central Guarantee Fund for SMEs on the junior tranche

Risk measurement, Internal control Systems and hedging policies

In order to comply with the regulatory requirements concerning the recognition of "Significant transfer of credit risk", within the se-curitizations of non-performing and performing loans, the Group designed a comprehensive and clear-cut framework for periodic monitoring and management of the controls and information flows (consistently with its risk appetite expressed by the Risk Appe-tite Framework and with its strategic plan),adopting the policy for oversight on the model for governance and management of the risks associated with the securitizations, called Significant Risk Transfer ("SRT").

The "SRT" Policy provides for a clear definition of the roles and responsibilities for monitoring, control and reporting, as well as for the related escalation mechanisms; the Framework for the management of significant transfer of credit risk and the related risk oversight and control system are part of the overall Internal Controls System, which is managed and implemented by the Parent Company Crédit Agricole Italia on behalf of all the entities of the Group.

QUANTITATIVE DISCLOSURES

C.1 - EXPOSURES RESULTING FROM "OWN" MAIN SECURITIZATION TRANSACTIONS BROKEN DOWN BY TYPE OF ASSET-BACKED SECURITIES AND BY TYPE OF EXPOSURES

Type of securitized assets/ Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
A. Fully derecognized	**833,114**	**-1,389**	**1,432**	**-**	**1**	**-**
Non-performing loans	833,114	-1,389	1,432	-	1	-
C. Not derecognized	**14,270**	**-139**	**-**	**-**	**546**	**-581**
Mortgage and unsecured loans	14,270	-139	-	-	546	-581

C.2 - EXPOSURES RESULTING FROM "THIRD PARTIES" MAIN SECURITIZATION TRANSACTIONS BROKEN DOWN BY TYPE OF ASSET-BACKED SECURITIES AND BY TYPE OF EXPOSURES

Type of securitized assets/ Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
- Type of assets: NPL	1,041	-129	-	-	-	-

C.3 - SECURITIZATION SPECIAL-PURPOSE VEHICLES

Securitization name/SPE name	Registered Office	Consolidation
Ortles 21 S.r.l.	Milan, Italy	No
Elrond NPL 2017 S.r.l.	Conegliano Veneto (TV), Italy	No
Aragorn NPL 2018 S.r.l.	Rome, Italy	No
Pillarstone Italy SPV S.r.l.	Milan, Italy	No

As regards the Ortles, Elrond, Aragorn and Pillarstone transactions, given that there is no control in accordance with IFRS 10 and considering the transfer to third parties of all the risks and rewards, the special-purpose entities have not been consolidated.

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
	-	-	-	-	-	-	-	-	-	-	-	-

	Assets			Liabilities		
	Loans	Debt securities	Other	Senior	Mezzanine	Junior
	320,263	-	37,152	257,026	40,800	14,607
	968,639	-	-	237,316	42,500	20,000
	212,968	-	58,147	359,384	80,067	14,480
	42,009	-	-	25,983	25,601	105,917

C.4 - SECURITIZATION SPECIAL-PURPOSE VEHICLES NOT CONSOLIDATED

Subsequent to the Stelvio transaction, which was finalized at the end of 2021, as at 31 December 2022 the Group held the senior tranche issued by the special-purpose entity Ortles 21 and having a book value of Euro 256.5 million, 5% of the mezzanine tranche having a book value of Euro 0.7 million and 5% of the junior tranche, which has been fully written down. Within the transaction, the Group made a limited recourse loan (cash reserve) to the special-purpose entity amounting, as at 31 December 2022, to Euro 14.7 million.

On the Senior notes, the Italian Ministry of Economy and Finance gave the Italian State Guarantee on Securitization of NPLs (GACS) on 13 April 2022 and, therefore, the variability of the performance of that tranche is not material.

As regards the securitization transactions carried out by Creval before its acquisition, as at 31 December 2022 the Crédit Agricole Italia Banking Group held the senior tranches issued by the special-purpose entities Elrond NPL 2017 and Aragorn NPL 2018 backed by the GACS Italian State guarantee and amounting to a book value of Euro 576.6 million, and 5% of the mezzanine and junior tranches having a total book value of about Euro 170 thousand. Within those transactions, the Group made limited recourse loans to the special-purpose entities to provide them with cash reserves to manage the risk of any mismatch between the funds from collections and recoveries on the portfolio of transferred loans on the one hand, and the necessary funds to pay interests on the senior ABS on the other, amounting to Euro 28.8 million and recognized in item "40. Financial assets measured at amortized cost" as at 31 December 2022. As regards the Pillarstone transaction, the Group subscribed a portion of the mezzanine notes amounting to Euro 1.5 million, having a total book value of Euro 0.6 million, and a portion of the junior notes amounting to Euro 6.9 million and fully written down.

The State guarantee limits the variability of the results for the Group on the senior tranche and, consequently, the maximum exposure to the risk of loss is equal to the sum of the book values of the junior and mezzanine tranches amounting to Euro 1.4 million, and the book value of the limited recourse loans amounting to Euro 43.7 million. The maximum exposure to the risk of loss is deemed amounting to Euro 45.1 million.

E. ASSET DISPOSALS

D. Covered bond programme

In order to increase its liquidity reserves, in 2013 Crédit Agricole Italia designed its program for the issue of Covered Bonds. These bonds are secured, i.e. "covered" both by the issuing Bank and by a pool of high-quality loans that are "separately" managed by a special-purpose entity (Crédit Agricole Italia OBG S.r.l. – the Special-Purpose Entity dedicated to the Program, of which Crédit Agricole Italia holds 60%), operating as the "depositary of the mortgage loans used as collaterals". The Programme requires effective organizational control and significant capital strength. It is also emphasized that the above program has no effect on the regulatory risk profile of the disposing Banks (and of the Crédit Agricole Italia Banking Group) and does not generate the obligation for the Banks to derecognize the assets used as collaterals.

In general, the transaction, in accordance with the relevant regulations, consisted in the following activities.

The Banks of the Crédit Agricole Italia Banking Group transfer a "Pool" of mortgage loans to Crédit Agricole Italia OBG S.r.l.. The assets transferred to the Special-Purpose Entity are separated from the SPE's assets and are to be used to the benefit of the holders of the covered bonds issued and of other parties in whose favour the guarantee has been given.

The Banks grant a subordinated loan to Crédit Agricole Italia OBG, to be used to pay the purchase price of the assets by the same Special-Purpose Entity.

Crédit Agricole Italia issues the Covered Bonds and the Special-Purpose Entity issues collateral in favour of the holders of the issued covered bonds.

As a consequence, the repayment of the Covered Bonds that have been issued within the programme is secured by unconditional and irrevocable collateral issued by Crédit Agricole Italia OBG exclusively to the benefit of the Covered Bond subscribers and of un-related counterparties.

Besides creating an additional eligible buffer with the ECB by issuing a retained Covered Bond, through the Programme Covered Bonds could be placed with external investors, giving the Group the opportunity to be appreciated as one of the leading players in the Italian Covered Bond market.

The programme, which is part of a process for enhancing the efficiency of funding sources, aims at providing the Bank with a wider range of liquidity management instruments.

That decision was made considering that, in the Covered Bond market, Crédit Agricole Italia can access funding instruments with longer maturities than those of the securities placed with Retail Customers, diversify the investor base and stabilize the cost of funding, while also confirming its commitment to ESG matters with the first Italian issue of Green Covered Bonds, which was made in March 2021.

As of December 2022, following the merger by absorption of Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A., the only Bank that will transfer loans to the Special-purpose vehicle will be Crédit Agricole Italia.

In January 2022, the Group went again to the market with a new dual-tranche issue of Covered Bonds with 10-year and 20-year maturities for 1 billion Euro and 500 million Euro, respectively. The Group has thus confirmed its commitment to the market. Fur-thermore, on 31 January 2022, the Covered Bond of Euro 1 billion , issued in 2014, matured; the 2014 one was the first issue in the market within the Covered Bond Issue Programme.

As at 31 December 2022, the nominal value of the outstanding bonds came to Euro 12 billion, of which Euro 2.75 billion in retained bonds and Euro 9.25 billion in publicly traded bonds.

Disclosure

At its meetings held on 24 July 2012 and 26 March 2013, the Board of Directors of Crédit Agricole Italia resolved to start a programme for the issue of covered bonds.

The Italian legislation framework on covered bonds consists of Article 7-bis of Law No. 130 of 30 April 1999 (as amended and sup-plemented, hereinafter referred to as “Law 130”), of the Decree issued by the Italian Minister of Economy and Finance No. 310 of 14 December 2006 (the “MEF Decree”) and by the Provisions for Prudential Supervision of Banks set down in the Bank of Italy’s Circular No. 285 of 17 December 2013, as supplemented and amended (the “Instructions” and, jointly with Law 130 and with the MEF Decree, the “Legislation”). The issue of Covered Bonds has allowed the Crédit Agricole Italia Banking Group to further diversify its stock of eligible assets with the European Central Bank, to have access to funding tools with longer maturity than the securities placed with its Retail Customers, to diversify its investor base and to stabilize the cost of funding.

In general, the transaction, in accordance with the relevant regulations, consisted in the following activities. Crédit Agricole Italia transfer a pool of mortgage loans to Crédit Agricole Italia OBG.

The assets transferred to the Special-Purpose Entity are separated from the SPE’s assets and are to be used to the benefit of the holders of the covered bonds issued and of other parties in whose favour the guarantee has been given.

The Bank grants a subordinated loan to Crédit Agricole Italia OBG, to be used to pay the purchase price of the assets by the same Special-Purpose Entity.

Crédit Agricole Italia issues the Covered Bonds and the Special-Purpose Entity issues collateral in favour of the holders of the issued covered bonds.

As a consequence, the repayment of the Covered Bonds that have been issued within the transaction is secured by unconditional and irrevocable collateral issued by Crédit Agricole Italia OBG exclusively to the benefit of the Covered Bond subscribers and of un-related counterparties.

The cover pool

The loan pool that, each time, is transferred to the Special-purpose Vehicle must have some common features.

Since May 2013, several transfers have been made within which receivables, i.e. credit claims, based on mortgage loan contracts were selected and, as at their respective transfer date, had, by way of example and not limited to, the following common features:

- Credit claims based on mortgage loan contracts:
  - Which are residential mortgage loans (i) having a risk-weighting factor not higher than 35% and (ii) for which the residual principal amount plus the residual principal of any previous mortgage loans with mortgage on the same property is not higher than 80% of the value of the mortgaged property; or
  - Which are mortgage loans originated or purchased by the Crédit Agricole Italia Banking Group;
  - Which are performing with no instalments past due by over 30 days;
  - Which do not include clauses restricting the right of the Banks of the Crédit Agricole Italia Banking Group to sell its credit claims re-sulting from the relevant loan contract or providing for the borrower's consent to the transfer and for the Banks of the Crédit Agricole Italia Banking Group to have obtained such consent;
  - for which any pre-amortization period provided for by the contract has fully expired and at least one instalment has matured and has been paid;
  - Which have been granted to a natural person, a legal person or to more than one natural or legal person, who have jointly taken out the loan;
  - Which provide for the borrower to pay floating-rate interest (determined each time by the Banks of the Crédit Agricole Italia Banking Group) or fixed-rate interest.

On 30 May 2022 the thirteenth pool of residential mortgage loans was transferred to Crédit Agricole Italia OBG S.r.l. for a total principal amount of approximately Euro 2.3 billion.

As at 31 December 2022, the Cover Pool consisted of receivables resulting from 171,054 mortgage loans, with a total residual debt, net of any repayments, of approximately Euro 13.7 billion.

Current accounts

The Programme provides for a complex structure of current accounts to manage the cash flows from the transaction.

A number of accounts have been opened in the name of Crédit Agricole Italia OBG and specifically, but not limited to: collection accounts, quota capital account, reserve fund account, guarantor payments account and expenses account.

Parties involved in the Programme

With regard to the Programme, the following parties have the roles set forth here below:

- Transferor Bank: Crédit Agricole Italia;
- Master Servicer: Crédit Agricole Italia (which, in this capacity, has been tasked by Crédit Agricole Italia OBG, pursuant to the Servicing Master Agreement, with the collection and recovery of the receivables in the Initial Pool and in the pools that the Transferor Bank will transfer to Crédit Agricole Italia OBG pursuant to the Transfer Master Agreement);
- Principal Paying Agent: Crédit Agricole Italia (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to determine and process the payments due, for principal and interest, to the holders of the Covered Bonds);
- Calculation Agent: Crédit Agricole Corporate & Investment Bank, Milan Branch ("CACIB") (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to prepare and sent – to all parties to the agreement – the so-called Payments Report, setting forth the available funds owned by Crédit Agricole Italia OBG and the payments to be made, based on the payment priority order as set by the parties in the transaction, pursuant to the Intercreditor Agreement, from the available funds);
- Account Bank: Crédit Agricole Italia (with which, in this capacity, pursuant to the Cash Management and Agency Agreement, the Italian current accounts shall be opened and kept in the name of Crédit Agricole Italia OBG S.r.l.; on these accounts the liquidity shall be deposited to be used for the payments as per the Programme schedule);

- Asset Monitor: BDO Italia (which, in this capacity, pursuant to the Asset Monitor Agreement, shall carry out the calculations and veri-fications on the Mandatory Tests and on the Amortisation Test to be performed pursuant to the Cover Pool Administration Agreement, verifying the accurateness of the calculations made by the Calculation Agent pursuant to the Cover Pool Administration Agreement. With separate assignment, the Asset Monitor, tasked by Crédit Agricole Italia, shall carry out further verifications, specif-ically on (i) compliance of the eligible assets making up the Pool with the requirements set by the Legislation and (ii) compliance with the limits set for the transfer and with the issuers' requirements as provided for in the Instructions and (iii) the completeness, truthfulness and promptness of the information made available by investors);
- Guarantor quotaholders: Crédit Agricole Italia and Stichting Pavia (which, in this capacity, have signed the Quotaholders Agreement to exercise the corporate rights associated to the equity investment held by each one of them in Crédit Agricole Italia OBG);
- Representative of the Covered Bondholders: Zenith Service (which, in this capacity, exercises, towards Crédit Agricole Italia and Crédit Agricole Italia OBG, the rights of the counterparties involved in the transaction based on the Programme Contracts);
- Administrative Services Provider: Zenith Service (which, in this capacity, has the task of providing Crédit Agricole Italia OBG with administrative and corporate services relating to the activities to be carried out within the Programme);
- Arranger: CACIB;
- Rating Agency: Moody's.

Risks associated with the Programme

The Programme for the Issue of Covered Bonds entails the financial risks specified below, for which several mitigation measures have been adopted: Credit Risk, Liquidity Risk, Refinancing Risk, Counterparty Risk, Operational Risks, Risk of Bankruptcy of the Issuer Bank, Legal Risks.

Based on the procedures, in compliance with the Supervisory Instructions, the Internal Audit Department of Crédit Agricole Italia performs a verification of the controls carried out, at least every 12 months, also using the information received from and the judgements expressed by the Asset Monitor.

The Programme financial structure envisages that Crédit Agricole Italia may issue Covered Bonds, in more than one subsequent series, to be rated by Moody's Investors Service (presently the expected rating is Aa3).

Section 2 – Market risks

2.1 INTEREST RATE RISK AND PRICE RISK – SUPERVISORY TRADING BOOK

QUALITATIVE DISCLOSURES

A. General aspects

Crédit Agricole Italia does not typically engage in proprietary trading on financial markets, but only in trading operations to meet its customers' needs. Furthermore, trading activities are subject to specific regulatory requirements that prohibit any proprietary speculative trading. The applicable legislation consists of the Volcker Rule (*Dodd-Frank Wall Street Reform and Consumer Protection Act*) and the LBF - "*Loi de séparation et de régulation des activités bancaires*" (French law no. 2013-672)). Following the Volcker Rule reform in 2020, the Crédit Agricole Italia Banking Group has been classified as a TOTUS ("*Totally Outside The US*") entity. The Entities that do not have any branches in the US or direct operations in the US territory are exempted from the obligation to perform the Volcker specific controls that were previously required, thus simplifying the programme for compliance with that piece of legislation. Therefore, trading activities are ancillary to and aimed at meeting customers' requirements; Crédit Agricole Italia takes only residual risk positions in the trading book.

The trading book of Crédit Agricole Italia mainly consists of Over-The-Counter derivatives (matched trading) and non-structured financial instruments. In its capacity as the Parent Company, Crédit Agricole Italia coordinates the interest rate risk and price risk of the trading books of all the Group's entities, centrally managing financial operations as well as the risk assessment and control activities. The control of market risk on the trading book ensures that a risk level consistent with the Group's objectives is continuously main-tained.

Given the exposure immateriality, Pillar One capital absorption is calculated in accordance with the standardized approach.

B. Management and measurement of interest rate and price risks

Organisational aspects

The process for the management of market risks is regulated by the relevant risk policy. This document lays down the internal sys-tem of normative instruments for the management of market risk with reference to operations in financial instruments, foreign cur-rencies and commodities, in terms of:

- The principles, objectives, methodologies and tools used for the measurement, control and management of market risk;
- Guidelines and rules which the market risk management processes are based on.

The Market Risk Policy is one of the components of the overall risk *governance* model implemented by the Crédit Agricole Group, consistently with the guidelines issued by the French Parent Company Crédit Agricole S.A..

Within the process for market risk management, primary responsibility is assigned to corporate bodies/ structures, according to their respective scopes, and they must be fully aware of the Bank's level of exposure. Specifically:

- The Board of Directors is the body engaged in strategic oversight functions and is therefore responsible for defining market risk governance policies and management processes;
- The Co-General Manager in charge of Corporate Banking, delegating the relevant powers to the Corporate Banking Department, is the officer responsible for market risk management, and, therefore, sets down and steers the Group's mechanism for the manage-ment of Market Risk;
- The Capital Management and Middle Office Service is responsible for controlling the perfect back–to-back of the transactions en-tered by the Capital Market & Open Innovation Division on behalf of Customers;
- The Risk Management and Permanent Controls Department is responsible for level 2.2 control. It verifies the corporate risk man-agement process and supervises compliance of the market risk treatment with the applicable legislation in force and with the Group Risk Strategy.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is a mechanism designed to control that operational practices, at the various organisational levels, are performed in compliance with management guidelines and strategies, as defined by the Top Management.

The risk framework system regarding the trading books of Crédit Agricole Italia is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Its risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

The system of global limits must be able to ensure a controlled development of the business. The limits are set in order to contain any losses within a level that is deemed acceptable for the Crédit Agricole Group as a whole and are defined using common metrics, such as Notional Value, Mark to Market and Value at Risk. As regards limits and thresholds on market risk, the global limits and global alert thresholds are validated by the Group Risk Committee of Crédit Agricole SA (Comité Risques Groupe - CRG) and approved by the Board of Directors of the Parent Company Crédit Agricole Italia and implemented by the Boards of Directors of the other Entities of the Group, whereas the local operational limits and the local alert thresholds – which are specific adaptations of the global limits - are adapted locallyfor the indivudal Entities of the Crédit Agricole Italia Banking Group and also validated by the Board of Directors of Crédit Agricole Italia and submitted for implementation and information to the Boards of Directors of the other Entities.

Control System

The monitoring of global and operational limits is a task assigned to the Risk Management and Permanent Controls Department. Reporting on compliance with the set limits is included in the monthly Financial Risk Report, while continuous compliance is verified with automated daily reporting through an internal procedure. The Financial Risk Report is sent to the Group's top bodies and officers, to the structures engaged in market risk management, to the Internal Audit Department and to the Group Risk Department (Direction Risques Groupe) of Crédit Agricole S.A. A summary of this report is the basis for quarterly reporting on foreign exchange risks to the Group's Executive and Control collective Bodies (Risk and Internal Control Committee, Board of Auditors, Board of Directors).

If certain events occur (the limits are breached, there are significant changes in markets, significant losses, etc.), a specific alert procedure is triggered, reporting the event and a remedial action plan to the Top Management Bodies and to the French Parent Com-pany Crédit Agricole S.A., depending on the type of breach detected.

Furthermore, the Risk Management and Permanent Controls Department performs Independent Price Verification of the financial instruments on the trading book and audits on Prudent Valuation of the financial instruments held. As regards derivative instruments sold to ordinary instruments, it issues opinions on the pricing methodology, whose models, which are commonly used in financial practices, are fed with input parameters (such as interest rate, exchange rate and volatility curves) observed on the market and subject to monitoring processes.

Local "Correspondant Volcker Rule" (the Local Officer in charge of the Volcker Rule)

The Local "*Correspondant Volcker Rule*" (the Local Officer in charge of the Volcker Rule) for the Crédit Agricole Italia Banking Group is part of the Finance Department and is responsible for ensuring that the Group is always compliant with the Volcker Rule and with the LBF cooperating with the central Officers in charge at Crédit Agricole S.A..

Fair Value Option

In 2022, no transactions recognized under "Fair Value Option" were carried out.

QUANTITATIVE DISCLOSURES

1. Supervisory Trading Book: breakdown by remaining maturity (repricing date) of on-balance-sheet financial assets and liabilities and financial derivatives

Type/Remaining maturity EURO	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**-**	**-**	**1**	**1**	**17**	**3**	**1**	**-**
1.1 Debt securities	-	-	1	1	17	3	1	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	1	1	17	3	1	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives	**272,005**	**7,501,468**	**4,889,044**	**1,977,042**	**6,615,648**	**628,707**	**35,128**	**-**
3.1 With underlying security	-	2,304	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	2,304	-	-	-	-	-	-
+ long positions	-	1,152	-	-	-	-	-	-
+ short positions	-	1,152	-	-	-	-	-	-
3.2 Without underlying security	272,005	7,499,164	4,889,044	1,977,042	6,615,648	628,707	35,128	-
- Options								
+ long positions	26	15,675	24,878	50,974	158,538	9,972	707	-
+ short positions	21	15,671	24,873	50,975	158,551	9,973	707	-
- Other derivatives								
+ long positions	135,979	3,733,023	2,419,599	936,994	3,149,748	304,381	16,857	-
+ short positions	135,979	3,734,795	2,419,694	938,099	3,148,811	304,381	16,857	-

Type/Remaining maturity Other Currencies	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**632,769**	**399,847**	**378,944**	**235,420**	**-**	**-**	**-**
3.1 With underlying security	-	10	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	10	-	-	-	-	-	-
+ long positions	-	5	-	-	-	-	-	-
+ short positions	-	5	-	-	-	-	-	-
3.2 Without underlying security	-	632,759	399,847	378,944	235,420	-	-	-
- Options								
+ long positions	-	348	267	491	10	-	-	-
+ short positions	-	348	267	491	10	-	-	-
- Other derivatives								
+ long positions	-	316,890	199,656	188,981	117,700	-	-	-
+ short positions	-	315,173	199,657	188,981	117,700	-	-	-

2.2 INTEREST RATE RISK AND PRICE RISK - BANKING BOOK

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of interest rate risk and price risk

General aspects

Asset & Liability Management activities cover all the items on the banking book, on-balance-sheet and off-balance-sheet. Future fluctuations in interest rates that would impact on profits, through changes in net interest income, and that would also have an effect on the discounted value of its capital, as they would cause a change in the net present value of future cash flows, are mitigated with hedges that are calibrated also through specific modeling of financial statement items.

Organisational aspects

In its capacity as the Parent Company, Crédit Agricole Italia coordinates the interest rate risk and price risk profiles of the Group's banking book, centrally managing financial operations, as well as risk assessment and control activities.

The Governance model adopted by the Crédit Agricole Italia Banking Group vests:

- The ALM Committee with the task of setting the strategic and direction lines for the management, of validating proper application of the standards and methods for measuring the exposure to interest rate risk, of examining the reporting produced by the Finance Department, as well as to resolve on any measures to be implemented, as well as of validating the local operational limits and the local alert thresholds regarding interest rate risk.
- The Risk and Internal Control Committee with the task of examining the outcomes of controls on compliance with the RAF and Risk Strategy limits and alert thresholds, as well as any alert procedures that started.

The CFO is responsible for the management and measurement of interest rate risk for the Group as a whole. Through the Finance Department, the CFO sets the methods for managing interest risk in compliance with the applicable regulations and with the methodological indications provided by the Crédit Agricole Group. The CFO also designs operational actions, carries out stress testing exercises based on the guidelines issued by the Crédit Agricole Group and prepares the ICAAP reports, both the local one and the contribution to the Group's ICAAP exercise.

The Risk Management and Permanent Controls Department is responsible for control. Therefore, it verifies the corporate risk management process and supervises compliance of the risk treatment with the applicable legislation in force and with the Group Risk Strategy.

In compliance with the normative instruments of the Crédit Agricole Group and with the supervisory regulations, the system of limits to the interest rate risk is reviewed on a yearly basis within the Risk Appetite Framework process, setting out operational limits in the Risk Strategy, which is submitted to the Group Risk Committee of Crédit Agricole S.A. and is approved by the Boards of Directors of all the Group's Entities. The local operational limits are reviewed by the ALM Committee.

Risk policy and management

The processes for the management of interest rate risk and price risk are governed by the respective risk policies. These documents lay down the internal normative framework for the management of risks with reference to operations in financial instruments, in terms of:

- Principles, objectives, methodologies and tools used for the measurement, control and management of risks;
- Guidelines and rules on which the *Risk Management and Stress Testing* processes are based.

The management of interest rate risk designed by the Crédit Agricole Italia Banking Group aims at ensuring that the individual legal entities and the Group as a whole achieve the maximum possible income from the existing positions through proactive management of interest risk hedges. The main financial instruments to manage risk hedges are derivative contracts, i.e. interest rate options and *Interest Rate Swaps*.

Control System

Independent level 2.2 control on the system for the management of interest rate risk is performed by the Risk Management and Permanent Controls Department of Crédit Agricole Italia, by verifying the system compliance with the internal model of Crédit Agricole S.A..

Specifically, within its responsibilities, the Risk Management and Permanent Controls Department:

- Independently verifies compliance with the limits and alter thresholds provided for by the RAF and by the Risk Strategy; it also expresses its prior opinion in case of any changes to the approaches and methods used by the Finance Department, while reporting on them to the ALM Committee and to the Risk and Internal Control Committee;
- Submits the outcomes of its verifications to the Controlling Company on a monthly basis and, in case of breach of any one of the limits and alert thresholds set in the Risk Strategy and/or locally by the ALM Committee, it triggers the alert procedure, with a specific escalation measure depending on the type of breach detected , and analyzes and approves the action plan proposed by the relevant corporate structures.

- Reports to the Boards of Directors of the single Banks of the Group and to the Risk and Internal Control Committee on any breached limits or thresholds, problems arisen and compliance with the Risk Strategy.

The Risk Management and Permanent Controls Department is responsible for level 2.2. control on compliance with the set limits; therefore, on a monthly basis, it prepares and sends its Financial Risk Report to the Corporate Bodies, which provides information on the control outcomes and on any breaches of limits, and activates, where required, the appropriate alert procedures. On a quarterly basis, it submits a summary of the above Report to the Risk and Internal Control Committee and to the Boards of Directors of all the Entities of the Crédit Agricole Italia Banking Group.

Risk measurement: methodological aspects

The model for the measurement of global interest rate risk provides for an analysis of the contractual profile (cash flow generation by maturity), of all balance-sheet items and, where appropriate, for the "modeling" of other balance sheet items that, in terms of asset stability and responsiveness to changes in market interest rates, are among the items that are sensitive to interest rate risk for the Entities of the Group. Specifically, for interest rate risk analysis, the following elements are identified:

- Fixed-rate Term loans (with contractually defined term);
- Floating-rate term loans (with contractually defined term) for the portion with an already established rate;
- Balance-sheet items modelled in accordance with Crédit Agricole S.A. methodological guidelines;
- Balance-sheet items "modelled" in accordance with a statistical analysis able to differentiate a part stable over time by volume and, within it, the component linked to the market (floating-rate part) and the "core" part (fixed-rate one);
- Balance-sheet items modelled in accordance with specific management rules set by the relevant corporate structures of Crédit Agricole Italia (local models);
- Loans with optional contents.

As regards price risk for the Banking Book, global limits have been set, based on the type of instruments that can be held, which are expressed with reference to indicators, such as the balance sheet notional value and fair value, along with the outcomes of the management for stress testis on the relevant perimeter.

QUANTITATIVE DISCLOSURES

1. Banking book: breakdown by remaining maturity (by repricing date) of financial assets and liabilities

Type/Remaining maturity Euro	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**16,461,598**	**30,951,203**	**4,738,176**	**5,814,740**	**13,513,585**	**6,150,372**	**9,100,806**	**-**
1.1 Debt securities	-	517,178	2,232,563	4,088,100	6,744,742	1,658,684	835,015	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	517,178	2,232,563	4,088,100	6,744,742	1,658,684	835,015	-
1.2 Loans to banks	4,290,249	3,288,315	3,466	46,186	3,299	-	1	-
1.3 Loans to customers	12,171,349	27,145,710	2,502,147	1,680,454	6,765,544	4,491,688	8,265,790	-
- c/a	1,384,773	625,051	25,521	32,661	86,764	3,877	953,304	-
- other loans	10,786,576	26,520,659	2,476,626	1,647,793	6,678,780	4,487,811	7,312,486	-
- with early repayment option	12,344	640,412	137,049	35,787	139,665	7,799	53	-
- other	10,774,232	25,880,247	2,339,577	1,612,006	6,539,115	4,480,012	7,312,433	-
2. On-balance-sheet liabilities	**59,614,657**	**3,662,664**	**5,861,912**	**937,034**	**7,040,225**	**3,102,360**	**4,116,037**	**-**
2.1 Due to customers	59,523,803	6,932	13,448	26,524	167,298	110,521	1,871,667	-
- c/a	55,674,623	19	-	-	-	-	1,857,799	-
- Other due and payables	3,849,180	6,913	13,448	26,524	167,298	110,521	13,868	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	3,849,180	6,913	13,448	26,524	167,298	110,521	13,868	-
2.2 Due to banks	86,887	2,070,666	4,638,362	664,881	3,500,039	-	-	-
- c/a	1,637	-	-	-	-	-	-	-
- Other due and payables	85,250	2,070,666	4,638,362	664,881	3,500,039	-	-	-
2.3 Debt securities	3,967	1,585,066	1,210,102	245,629	3,372,888	2,991,839	2,244,370	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	3,967	1,585,066	1,210,102	245,629	3,372,888	2,991,839	2,244,370	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**400,027**	**39,348,666**	**3,496,201**	**4,618,187**	**20,450,998**	**9,472,789**	**7,038,438**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	400,027	39,348,666	3,496,201	4,618,187	20,450,998	9,472,789	7,038,438	-
- Options	27	58,263	156,201	273,021	2,770,817	1,097,355	1,211,438	-
+ long positions	27	24,698	79,014	135,495	1,384,738	550,310	609,280	-
+ short positions	-	33,565	77,187	137,526	1,386,079	547,045	602,158	-
- Other derivatives	400,000	39,290,403	3,340,000	4,345,166	17,680,181	8,375,434	5,827,000	-
+ long positions	375,000	13,220,665	1,325,000	1,432,427	12,125,000	6,805,000	4,346,000	-
+ short positions	25,000	26,069,738	2,015,000	2,912,739	5,555,181	1,570,434	1,481,000	-
4. Other off-balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

Type/Remaining maturity Other Currencies	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**81,909**	**252,361**	**21,260**	**14,315**	**30,014**	**24**	**60,434**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Loans to banks	68,037	165,225	10,560	-	-	-	-	-
1.3 Loans to customers	13,872	87,136	10,700	14,315	30,014	24	60,434	-
- c/a	4,904	2	-	1	-	-	60,434	-
- other loans	8,968	87,134	10,700	14,314	30,014	24	-	-
- with early repayment option	5	32,908	4,203	687	-	-	-	-
- other	8,963	54,226	6,497	13,627	30,014	24	-	-
2. On-balance-sheet liabilities	**407,399**	**82,734**	**3,381**	**5,701**	**-**	**-**	**-**	**-**
2.1 Due to customers	397,102	2,098	1,125	-	-	-	-	-
- c/a	396,545	2,098	1,125	-	-	-	-	-
- Other due and payables	557	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	557	-	-	-	-	-	-	-
2.2 Due to banks	10,297	80,636	2,256	5,701	-	-	-	-
- c/a	10,297	-	-	-	-	-	-	-
- Other due and payables	-	80,636	2,256	5,701	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-balance-sheet transactions	**115,626**	**125,628**	**165**	**23**	**-**	**-**	**-**	**-**
+ long positions	115,626	4,907	165	23	-	-	-	-
+ short positions	-	120,721	-	-	-	-	-	-

2.3 FOREIGN EXCHANGE RISK

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of foreign exchange risk

General aspects

Crédit Agricole Italia is not engaged in proprietary trading on the currency market. Consequently, there are no exposures other than residual positions resulting from activities carried out to meet customer requirements, in both the spot and forward markets.

Organisational aspects

The process for the management of foreign exchange risks is governed by the relevant risk policy, which is one of the key components of the overall risk governance model implemented by the Group, consistently with the guidelines given by Crédit Agricole S.A..

Within the process for foreign exchange risk management, primary responsibility is assigned to corporate bodies/departments, according to their respective scopes, and they must be fully aware of the Bank's level of exposure. Specifically:

- The Board of Directors is tasked with strategic oversight and is therefore responsible for defining risk governance policies and management processes;
- The Deputy General Manager in charge of Corporate Banking, and Lending through the Capital Market & Open Innovation Division, is responsible for risk management, and, therefore, defines and steers the Group's mechanism for the management of exchange rate risk, in compliance with the instructions and resolutions issued by the ALM Committee and by the Risk and Internal Control Committee;
- The Risk Management and Permanent Controls Department is responsible for level 2.2 control. It verifies the corporate risk management process and supervises compliance of foreign exchange risk treatment with the applicable legislation in force and with the Group risk strategy.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is designed to control that operations are performed in compliance with the management and strategic directions set by the Top Management.

The Group's framework system for foreign exchange risk is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Such risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

The global limit is set in order to ensure a controlled development of the business. It is calculated as the sum of the value in Euro of the open foreign currency position (in absolute value) for each currency and is validated by the Group Risk Committee (CRG) of Crédit Agricole S.A. and approved by the Boards of Directors of Crédit Agricole Italia and of the single entities of the Group.

Control System

The monitoring of the limits, which is carried out on a daily basis, is a task assigned to the Risk Management and Permanent Controls Department. The outcomes of monitoring on limits are included in the monthly Report on Financial Risks. It is sent to the Group's Top Management (CFO), to the structures engaged in foreign exchange risk management (Corporate Banking Department), to the Internal Audit Department and to Crédit Agricole S.A. (Direction Risques Groupe).

A summary of this report is the basis for quarterly reporting on foreign exchange risks to the Group's Executive and Control collective Bodies (Risk and Internal Control Committee, Board of Auditors, Board of Directors).

If certain events occur (the limits are breached, there are material changes in markets, material losses, etc.), the Group triggers the alert procedure in force, reporting the event and the related remedial action plan to the Top Management Bodies and to the Direction Risques Groupe of Crédit Agricole S.A., depending on the type of breach.

B. Foreign exchange risk hedging

Foreign exchange risk hedging is based on the intermediation principle, which allows the Group not to take foreign exchange risk positions breaching the authorized operational limits. Back-to-back hedging transactions are carried out with authorized financial counterparties, are traded upon the closing of the relevant transactions with Customers and entered in the relevant procedures within the business day.

QUANTITATIVE DISCLOSURES

1. Breakdown by currency of assets, liabilities and derivatives

Items	Currencies					
	USD	GBP	JPY	CAD	CHF	Other currencies
A. Financial Assets	**348,511**	**23,438**	**13,219**	**7,755**	**18,319**	**49,204**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	33	-	-	-	-	-
A.3 Loans to banks	160,273	22,822	12,793	6,305	1,739	39,890
A.4 Loans to customers	188,205	616	426	1,450	16,580	9,314
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**42,585**	**1,654**	**257**	**525**	**3,146**	**1,811**
C. Financial Liabilities	**388,258**	**24,557**	**13,673**	**7,918**	**21,331**	**43,479**
C.1 Due to banks	83,328	-	-	3,658	5,701	6,203
C.2 Due to customers	304,930	24,557	13,673	4,260	15,630	37,276
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**5,117**	**2,641**	**-**	**355**	**273**	**4,074**
E. Financial derivatives	**4,691**	**139**	**2**	**32**	**28**	**2,838**
- Options						
+ long positions	976	136	-	3	-	-
+ short positions	976	136	-	3	-	-
- Other derivatives						
+ long positions	641,995	33,932	1,084	6,671	1,768	107,078
+ short positions	637,304	34,071	1,086	6,639	1,796	109,916
Total assets	**1,034,067**	**59,160**	**14,560**	**14,954**	**23,233**	**158,093**
Total liabilities	**1,031,655**	**61,405**	**14,759**	**14,915**	**23,400**	**157,469**
Mismatch (+/-)	**2,412**	**-2,245**	**-199**	**39**	**-167**	**624**

Section 3 – Derivatives and hedging policies

3.1 DERIVATIVE INSTRUMENTS HELD FOR TRADING

A. Financial derivatives

A.1 FINANCIAL DERIVATIVES HELD FOR TRADING: CLOSING NOTIONAL VALUES

Underlying assets/Type of derivatives	Total 31 Dec. 2022				Total 31 Dec. 2021			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Debt securities and interest rates	**-**	**6,006,135**	**5,988,512**	**-**	**-**	**4,347,217**	**4,327,027**	**-**
a) Options	-	1,082,396	1,044,397	-	-	658,306	586,553	-
b) Swaps	-	4,923,739	4,944,115	-	-	3,688,911	3,740,474	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange and gold	**-**	**802,572**	**865,562**	**-**	**-**	**490,940**	**562,053**	**-**
a) Options	-	114,126	114,126	-	-	89,744	90,053	-
b) Swaps	-	74,028	74,028	-	-	31,751	31,751	-
c) Forwards	-	614,418	677,408	-	-	369,445	440,249	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**6,808,707**	**6,854,074**	**-**	**-**	**4,838,157**	**4,889,080**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR TRADING: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN BY PRODUCT

Underlying assets/Type of derivatives	Total 31 Dec. 2022				Total 31 Dec. 2021			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Positive fair value								
a) Options	-	52,770	3,226	-	-	5,085	2,206	-
b) Interest rate swaps	-	252,465	3,098	-	-	2,864	31,939	-
c) Cross currency swaps	-	1,231	-	-	-	-	255	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	9,322	8,876	-	-	2,786	3,947	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	720	186	-	-	-	124	-
Total	**-**	**316,508**	**15,386**	**-**	**-**	**10,735**	**38,471**	**-**
2. Negative fair value								
a) Options	-	3,240	51,794	-	-	2,216	4,757	-
b) Interest rate swaps	-	3,895	250,192	-	-	36,052	3,125	-
c) Cross currency swaps	-	-	1,229	-	-	260	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	7,745	10,071	-	-	3,251	3,241	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	178	705	-	-	124	-	-
Total	**-**	**15,058**	**313,991**	**-**	**-**	**41,903**	**11,123**	**-**

A.3 OTC FINANCIAL DERIVATIVES HELD FOR TRADING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY

Underlying assets	Central counterparties	Banks	Other financial companies	Other parties
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	612,932	5,375,580
- positive fair value	X	-	521	2,623
- negative fair value	X	-	14,387	285,476
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange and gold				
- notional value	X	41,930	-	823,631
- positive fair value	X	514	-	11,728
- negative fair value	X	702	-	13,426
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	6,005,396	739	-
- gross positive fair value	-	303,098	14	-
- gross negative fair value	-	3,949	-	-
2) Equity securities and equity indices				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
3) Foreign exchange and gold				
- notional value	-	802,572	-	-
- gross positive fair value	-	13,396	-	-
- gross negative fair value	-	11,109	-	-
4) Commodities				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-

A.4 REMAINING MATURITY OF OTC FINANCIAL DERIVATIVES HELD FOR TRADING: NOTIONAL VALUES

Underlying asset/Remaining maturity	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	4,019,060	7,176,106	799,481	11,994,647
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3. Financial derivatives on foreign exchange rates and gold	1,492,111	176,023	-	1,668,134
A.4 Financial Derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31 Dec. 2022	**5,511,171**	**7,352,129**	**799,481**	**13,662,781**
Total 31 Dec. 2021	**3,342,031**	**5,501,466**	**883,740**	**9,727,237**

3.2 ACCOUNTING HEDGES

QUALITATIVE DISCLOSURES

A. Fair Value hedging

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The main financial instruments for the management of interest risk hedges are Interest Rate Swaps and Interest Rate OPtions, which, for their very nature, are contracts referring to “pure” interest rate risk.

Specifically, fixed-rate debenture loans have been hedged (micro-hedging), as have the mortgage loans with optional components to Customers (macro-hedging), government securities (micro- hedging), current accounts and fixed-rate mortgage loans in the macro-hedging portfolio.

In compliance with the financial reporting standards, the effectiveness of the hedges is assessed by the Finance Department, which carries out the relevant tests on a monthly basis and keeps formal documentation for every hedge.

B. Cash flow hedging

In 2022, no Cash Flow Hedge transactions were carried out.

D. Hedging instruments

Crédit Agricole Italia hedges interest rate risk resulting from some parts of its balance sheet items under fair value hedging, with the following instruments:

- IRS, both for micro-hedging (Issued Debenture Loans and Securities under assets), and for macro-hedging (modelled Retail Current Accounts under liabilities and fixed-rate mortgage loans to Customers);
- IRO, in macro-hedging, to hedge optional risk resulting from CAP options associated with a part of mortgage loans sold to Customers.

A source of ineffectiveness set for all the types of hedging used is the possible early repayment of the hedged item. Moreover, for hedging with IRS, also any possible sudden and material change in the Euribor rates, entailing the breach of the tolerance threshold set by IAS 39 for the hedge ratio (-80%/-125%), could be a cause of possible ineffectiveness. Lastly, as regards hedging of “modelled” items, a change in the model’s financial characteristics, subsequent to the periodic review of the models, could also be yet another cause of ineffectiveness.

Over time, ineffectiveness resulting from early or from the periodic review of the models (reduction in the modelled item duration) has been overcome with total or partial unwinding of the hedging instruments.

E. Hedged items

Hedging of issued (fixed-rate) Debenture Loans

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread.

The spread on the variable-rate leg of the IRS is included in the hedging relationship, inverting its sign, as "spread adjustment" of the hedged item (debenture loan rate +/- spread adjustment). In this way, based on the assumption that the two legs of the IRS, on the trading date, have the same value and knowing that an IRS contract hedges interest rate risk only, the value of the "hedged item" referring to every debenture loan can be determined, or the only part of the debenture loan interest rate referring to the hedged risk (interest rate risk).

Hedging of Securities recognized as Assets (fixed rate)

The hedged item is limited to portion referring to interest rate risk. Hedging is done with IRSs in which the variable-rate leg is determined as Euribor and the fixed-rate leg equalizes the swap market rate with maturity equal to the security maturity.

Hedging of Securities recognized as Assets (inflation-linked)

The hedged item is limited to the portion referring to fixed-rate plus the principal periodic revaluation based on inflation. Hedging is done with IRSs in which the variable-rate leg is determined as Euribor +/- spread adjustments and the fixed-rate leg equalizes the security rate.

Hedging of the fixed-rate part of Retail Current Accounts recognized as Liabilities

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalized the rate of a "fictitious" bond-equivalent designed to identify the hedged item resulting from the modelling of a balance-sheet item (a set of current accounts) that, in contractual terms only, would not allow to separate the characteristics required for the hedging, and the variable-rate leg is determined as Euribor. The value of the hedged rate and the duration of this bond-equivalent are determined with a modelling process that is specific to the Retail channel and is reviewed on a yearly basis and validated by the relevant structures of the Bank. Through a statistical analysis, the model breaks down a set of current accounts featuring the same behavioural aspects and product type (Retail current accounts under liabilities), into its different financial parts: stable part by volume (fixed-rate or variable-rate), and "fluctuating part". The hedged part is the stable fixed-rate one.

Hedging of the CAP option on mortgage loans (variable rate)

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRO traded in order to hedge the risk that a variable-rate mortgage loan contract, once having reached its cap, becomes a fixed-rate item, with subsequent increase in the Bank's financial leverage. Every IRO is specifically traded in order to hedge portfolios of mortgage loans having the same financial characteristics (strike, market parameter, payment schedule, ...). In this way, the Bank achieves its objective of having essential specularity between the characteristics of the implied Cap rates of the mortgage loans and those of the IRO hedging them.

Hedging of fixed-rate mortgage loans

The hedged item is limited to the portion referring to interest rate risk only and is an aggregate of mortgage loans having the appropriate financial features (set based on the approach accepted for this specific hedge. Once having defined the financial characteristics of the item to be hedged for interest rate risk, it is hedge "at par", i.e. with the swap market rate on the IRS fixed-rate leg, equal to the meta mortgage loan maturity, which, on the trade date, equalizes the value of Euribor applied to the variable-rate leg.

QUANTITATIVE DISCLOSURES

A. Financial derivatives held for hedging

A.1 FINANCIAL DERIVATIVES HELD FOR HEDGING: CLOSING NOTIONAL VALUES

Underlying assets/Type of derivatives	Total 31 Dec. 2022				Total 31 Dec. 2021			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Debt securities and interest rates	**-**	**42,328,887**	**-**	**-**	**-**	**29,125,592**	**-**	**-**
a) Options	-	2,699,795	-	-	-	2,093,253	-	-
b) Swaps	-	39,629,092	-	-	-	27,032,339	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange and gold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**42,328,887**	**-**	**-**	**-**	**29,125,592**	**-**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR HEDGING: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN BY PRODUCT

Type of derivatives	Positive and negative fair value								Change in value used to survey hedge effectiveness	
	Total 31 Dec. 2022				Total 31 Dec. 2021					
	Over the counter			Organized markets	Over the counter			Organized markets	Total 31 Dec. 2022	Total 31 Dec. 2021
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements			
1. Positive fair value										
a) Options	-	364,802	-	-	-	87,501	-	-	364,802	87,501
b) Interest rate swaps	-	953,845	-	-	-	482,634	-	-	953,845	482,634
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**1,318,647**	**-**	**-**	**-**	**570,135**	**-**	**-**	**1,318,647**	**570,135**
2. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	3,815,534	-	-	-	823,174	-	-	3,815,534	823,174
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**3,815,534**	**-**	**-**	**-**	**823,174**	**-**	**-**	**3,815,534**	**823,174**

A.3 OTC FINANCIAL DERIVATIVES HELD FOR HEDGING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other parties
Contracts not included in netting agreements				
1) Debt securities and interest rates	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and equity indices	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange and gold	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates	**-**	**47,463,068**	**-**	**-**
- notional value	-	42,328,887	-	-
- gross positive fair value	-	1,318,647	-	-
- gross negative fair value	-	3,815,534	-	-
2) Equity securities and equity indices	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
3) Foreign exchange and gold	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
4) Commodities	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
5) Other	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-

A.4 REMAINING MATURITY OF OTC FINANCIAL DERIVATIVES HELD FOR HEDGING: NOTIONAL VALUES

Underlying asset/Remaining maturity	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	7,746,477	17,680,181	16,902,229	42,328,887
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3. Financial derivatives on foreign exchange rates and gold	-	-	-	-
A.4 Financial Derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31 Dec. 2022	**7,746,477**	**17,680,181**	**16,902,229**	**42,328,887**
Total 31 Dec. 2021	**2,843,074**	**14,196,436**	**12,086,082**	**29,125,592**

D. Hedged items

D.1 FAIR VALUE HEDGES

	Micro-hedges: book value	Micro-hedges – net positions: book value of assets and liabilities (before netting)	Micro-hedges			Macro-hedges: book value
			Cumulative changes In the fair value of the hedged item	Termination of hedging: cumulative amount of residual fair value changes	Change in value used to survey hedge effectiveness	
A. ASSETS						
Financial assets measured at fair value through other comprehensive income - hedging of:	**2,285,923**	**-**	**222,981**	**736**	**-**	
1.1 Debt securities and interest rates	2,285,923	-	222,981	736	-	X
1.2 Equity securities and equity indexes	-	-	-	-	-	X
1.3 Foreign exchange and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
Financial assets measured at amortized cost – hedging of:	**10,924,708**	**-**	**295,411**	**-7,301**	**-**	
1.1 Debt securities and interest rates	10,909,439	-	295,921	-7,301	-	X
1.2 Equity securities and equity indexes	-	-	-	-	-	X
1.3 Foreign exchange and gold	-	-	-	-	-	X
1.4 Loans	15,269	-	-510	-	-	X
1.5 Other	-	-	-	-	-	X
Total 31 Dec. 2022	**13,210,631**	**-**	**518,392**	**-6,565**	**-**	**-**
Total 31 Dec. 2021	**10,666,663**	**-**	**138,971**	**63**	**-**	**-**
B. LIABILITIES						
Financial liabilities measured at amortized cost - hedging of:						
1.1 Debt securities and interest rates	7,754,910	-	-1,494,249	947	-	X
1.2 Foreign exchange and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total 31 Dec. 2022	**7,754,910**	**-**	**-1,494,249**	**947**	**-**	**-**
Total 31 Dec. 2021	**8,973,338**	**-**	**175,044**	**-**	**-**	**-**

3.3 OTHER INFORMATION ON DERIVATIVE INSTRUMENTS (HELD FOR TRADING AND FOR HEDGING)

A. Financial and credit derivatives

A.1 OTC FINANCIAL AND CREDIT DERIVATIVES: NET FAIR VALUES BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other parties
A. Financial Derivatives				
1) Debt securities and interest rates	**-**	**53,775,509**	**628,592**	**5,663,679**
- notional value	-	48,334,282	613,671	5,375,580
- positive fair value	-	1,621,744	534	2,623
- negative fair value	-	3,819,483	14,387	285,476
2) Equity securities and equity indices	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign exchange and gold	**-**	**870,223**	**-**	**848,785**
- notional value	-	844,502	-	823,631
- positive fair value	-	13,910	-	11,728
- negative fair value	-	11,811	-	13,426
4) Commodities	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Purchase and protection	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Sale and protection	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

Section 4 – Liquidity risk

Covid-19 – Impacts on liquidity risk

Having regard to liquidity risk, Crédit Agricole Italia continued to deploy all necessary measures to optimize liquidity management, keeping a strong position that can rely on the availability of large buffers and on highly stable funding.

In the first part of 2022, the European Central Bank continued with its accommodative monetary policy, which succeeded in mitigating potential liquidity crunch striving to support the financial systems in order for it to lend to the real economy. However, from the end of February, the invasion of Ukraine by Russia caused fast and severe increases in the prices of several commodities. The impact proved especially strong and persistent in the European natural gas market. The result was a significant increase in production costs and in inflation, as well as sudden worsening in the balance of trade and sharp change of pace in monetary policy normalisation.

The European Central Bank started to discontinue the stimulus measures it had deployed during the pandemic crisis. In Q1 the net purchases under the Pandemic Emergency Purchasing Programme (PEPP) were tapered and then finally discontinued on 31 March. Then, the Central Bank also discontinued the net purchases under the Asset Purchase Programme (APP) on 1 July 2022. In July, it started to hike key interest rates, which increased by a total of 125 basis points in the summer quarter and by another 125basis points in the last quarter.

Furthermore, since 23 November 2022, the conditions on the existing TLTROs have been made less favourable and therefore have encouraged voluntary repayments and, therefore, a reduction in excess liquidity.

Considering these elements, the Crédit Agricole Italia's liquidity buffers as at 31 December 2022 continue to be adequate to meet present and forward-looking requirements.

The s LCR and NSFR of Crédit Agricole Italia, at 260% and 133%, respectively, remain well above the minimum regulatory requirement.

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of liquidity risk

General and organisational aspects

Liquidity risk reflects the possibility that Crédit Agricole Italia may not be able to meet its payment commitments, both expected and unexpected, without prejudicing its daily operations or its financial position. This risk is managed based on the following components:

- Management of short-term liquidity: its objective is to ensure the balance between incoming and outgoing liquidity flows, in the perspective of continuously supporting normal banking operations;
- Management of structural liquidity: its objective is to maintain the balance between total liabilities and medium-/ long-term assets.

The liquidity risk management model, approved by Crédit Agricole Italia Board of Directors, is based on the principle of separation of liquidity management and measurement processes from control processes, in compliance with the regulatory requirements and with the guidelines issued by Crédit Agricole S.A..

The model provides for the governance and management of liquidity risk to be centrally performed by the Parent Company Crédit Agricole Italia, which is also responsible for the funding process of all the entities of the Group. This framework is defined as the "Liquidity System".

The model lays down the responsibilities of the Corporate Bodies and Functions Holders involved, specifically:

- The Board of Directors, the body in charge of strategic oversight, is responsible for defining governance policies, the organizational structure and management processes. Specifically, it approves measurement methods, risk tolerance thresholds and the limits system, the assumptions at the basis of stress tests and the Contingency Funding Plan (CFP or Plan d'Urgence).

- The CFO, through the Finance Department, is the role responsible for management and, specifically, for the preparation of the reporting to the Bank of Italy, as well as of internal reporting on the Group's liquidity situation (Liquidity Report). The Finance Department operates in compliance with the directions set by the ALM Committee, the Risk and Internal Control Committee, the RAF and the Risk Strategy;
- The Risk Management and Permanent Controls Department is responsible for the permanent controls framework, verifies compliance with global and operational limits, as well as with alert thresholds, prepares the reporting to corporate Bodies and triggers, where required, the alert procedures. Jointly with the Finance Department, it is also responsible for monitoring the ratios and indicators provided for in the Contingency Funding Plan.

The process for the management of liquidity risk is governed by the relevant risk policy.

Risk management and control: methodological aspects

The model adopted for liquidity risk management is based on the monitoring of the short-term component (up to 12 months) and the medium/long-term one.

The main objective of the short-term liquidity management process is to ensure that Crédit Agricole Italia is able to meet its on-balance-sheet payment commitments, expected and unexpected, in such a way as not to prejudice normal business operations.

A key condition for achieving this objective is to constantly maintain sufficient balance between incoming and outgoing liquidity flows.

The liquidity risk monitoring system considers the following factors:

- Keeping immediate liquidity, i.e. the net balance of customer sources, surplus own funds and loans to customers. This is carried out by recognizing cash inflows and outflows expected in the various ranges of remaining maturity making up the maturity ladder;
- The continuation of the business activity at a planned pace (monitoring the performance of liquidity used in loans to customers/from customer sources).

An essential aspect of liquidity management is the definition of an interbank short-term refinancing limit (LCT - Limite Court Terme), which is fine-tuned in accordance with the guidelines given by the French Parent Company Crédit Agricole S.A., aimed at limiting short-term funding on the market over a one-year time horizon in a market featuring stress conditions.

Short-term liquidity risk management and oversight policies aim at ensuring the surmounting of any crisis that leads to serious reduction in the Bank's normal financing sources; in this regard, three stress scenarios have been identified:

- Systemic crisis: a situation that leads to partial closure of the short-term and medium-/long-term refinancing market, with continuing business operations. The Group must be able to continue operations for a time horizon of one year;
- Idiosyncratic crisis: a situation that leads to a bank run, partial closure of the short-term market and total closure of the medium-/long-term market with continuing business operations. In this scenario, the Group must be able to continue operations for a time horizon of three months.
- Global crisis: a situation having the combined features of both a systemic crisis and an idiosyncratic crisis, in terms of substantial bank run, total closure of the markets, use of reserves even though with write-downs. The Group must be able to continue business operations in a serious crisis for a time horizon of one month.

Within Short-Term Liquidity Risk monitoring, on a monthly basis Crédit Agricole Italia calculates its Liquidity Coverage Ratio (LCR= Stock of high quality liquid assets/Total net cash outflows in the subsequent 30 calendar days). The LCR is a 30-day horizon ratio that simulates the combination of a systemic crises and an idiosyncratic one and measures the ability of the stock of liquid assets to ensure coverage of expected net cash outflows in the subsequent 30 calendar days.

As at 31 December 2022, the Liquidity Coverage Ratio (LCR) of Crédit Agricole Italia was 260%, once again firmly above the set compliance requirements.

Medium-/long-term liquidity management entails the identification of alert thresholds and limits by determining the *Position en Ressources Stables* (Stable Resources Position, PRS) and *Concentration des échéances MLT* (a concentration limit to MLT maturities). They aim at ensuring the Group's financial balance between stable resources (medium-/long-term market resources, funding from Customers, own funds) and long-term uses (non-current assets, loans to Customers, medium/long-term market uses and liquidity buffers), as well as at limiting concentration of maturities within medium-/long-term funding. Positive levels of the Stable Resources Position (PRS) substantiate the ability to support its assets during a crisis and, by monitoring the medium-/long-term due register, a balance can be kept between the maturities of resources and long-term uses.

The liquidity ratios, except for the NSFR, are calculated on a monthly basis. These ratios and indicators have the purpose of monitoring compliance with the Group's risk appetite and are benchmarked against specific global limits laid down by Crédit Agricole S.A. and approved by the Group Risk Committee, upon presentation of the Risk Strategy and then submitted to the Board of Directors of the Parent Company Crédit Agricole Italia for its approval.

Within its medium/long-term Liquidity Risk monitoring, the Crédit Agricole Italia Banking Group calculated its Net Stable Funding Ratio (NSFR) on a quarterly basis. The ratio, which shall be higher than100%, has the Available Stable Funding (ASF) figure as the numerator and the Required Stable Funding (RSF) figure as the denominator.

As at 31 December 2022, the Liquidity Coverage Ratio (NSFR) of Crédit Agricole Italia was 133%, once again firmly above the set compliance requirements.

Diversification of the Group's refinancing sources through Covered Bonds placed in the market continued in 2022. To this end, in January 2022 the Group made two issues of Covered Bonds in the market for Euro 1,000 million with 10-year maturity, and Euro 500 million with 20-year maturity, respectively.

With these transactions, the Group aims at improving its liquidity profile diversifying financing sources and stabilizing them on longer maturities.

Furthermore, within the ECB Targeted Longer-Term Refinancing Operations,(TLTRO) programme, between December 2019 and March 2021, Crédit Agricole Italia participated in the ECB TLTRO III.

Lastly, in marketing the products of the Group's Companies, the internal transfer rate system takes account of the cost of liquidity. Based on the products' financial features and on the prevailing market conditions, the system allows the internal return rate to be determined, which, in turn, is the basis for the pricing of lending and direct funding products.

Risk control

The Risk Management and Permanent Controls Department is responsible for verifying compliance with the set limits; therefore it prepares its own Financial Risk Report on a monthly basis and sends it to relevant corporate bodies, informing them of the control outcomes and of any breaches of the limits or alert thresholds and, in case any limits or thresholds are breached, it asks the Finance Department for a recovery plan. On a quarterly basis, it submits a summary of the above Report to the Risk and Internal Control Committee and to Crédit Agricole Italia Boards of Directors. Lastly, in case any limits are breached, the Risk Management and Permanent Controls Department shall inform, through the Alert Procedure in force, the relevant Top Bodies of the Group and the relevant structures of Crédit Agricole S.A., depending on the type of breach detected. Jointly with the Finance Department, the Risk Management and Permanent Controls Department is also responsible for monitoring the ratios/indicators provided for in the Contingency Funding Plan (CFP).

The CFP of the Crédit Agricole Italia Banking Group is approved by the Board of Directors of the Parent Company Crédit Agricole Italia and applies to all the legal entities within the liquidity risk monitoring perimeter.

DISCLOSURE

The document "Disclosure" (Basel III Third Pillar) referring to 31 December 2022 is published on the Group's website https://gruppo.credit-agricole.it/bilanci-ca-italia

It is pointed out that the Crédit Agricole Italia Banking Group is controlled by a parent company based in the EU and, therefore, the conditions laid down in Part One, Title II, Chapter 2, Article 13, Paragraph 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) as amended (CRR 2 - Regulation (EU) 2019/876 on "Application of disclosure requirements on a consolidated basis" are met.

QUANTITATIVE DISCLOSURES

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

Items/Time brackets Euro	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	Over 5 years	Indefinite maturity
On-balance-sheet assets	**5,053,055**	**2,389,809**	**528,894**	**1,048,073**	**4,523,618**	**4,801,558**	**10,149,758**	**29,639,210**	**28,980,190**	**626,567**
A.1 Government securities	780	-	7,029	-	574,360	2,068,030	3,740,261	6,513,608	1,770,003	-
A.2 Other debt securities	35	-	-	3,527	615	3,538	13,694	25,789	877,773	306
A.3 Units of o.I.C.R. collective investment undertakings	161,431	-	-	-	-	-	-	-	-	-
A.4 Loans	4,890,809	2,389,809	521,865	1,044,546	3,948,643	2,729,990	6,395,803	23,099,813	26,332,414	626,261
- banks	2,205,453	2,085,947	110	3,623	1,514,099	3,531	46,223	1,153,386	-	626,261
- customers	2,685,356	303,862	521,755	1,040,923	2,434,544	2,726,459	6,349,580	21,946,427	26,332,414	-
On-balance-sheet liabilities	**61,708,131**	**4,879**	**19,465**	**52,902**	**952,089**	**5,676,208**	**1,211,808**	**9,430,195**	**5,822,919**	**-**
B.1 Deposits and current accounts	60,771,661	-	-	204	5,127	493	25,504	750	-	-
- banks	73,617	-	-	-	-	-	-	-	-	-
- customers	60,698,044	-	-	204	5,127	493	25,504	750	-	-
B.2 Debt securities	242,767	4,497	19,465	47,401	122,065	1,233,019	290,340	4,822,054	5,250,000	-
B.3 Other liabilities	693,703	382	-	5,297	824,897	4,442,696	895,964	4,607,391	572,919	-
Off-balance-sheet transactions	**659,990**	**146,928**	**58,012**	**151,195**	**478,583**	**620,354**	**892,389**	**1,392,601**	**519,610**	**80**
C.1 Financial derivatives with exchange of principal	-	145,873	46,528	131,957	289,456	381,359	349,624	172,601	2,260	80
- long positions	-	72,132	23,262	65,923	144,700	190,629	174,757	86,267	1,130	40
- short positions	-	73,741	23,266	66,034	144,756	190,730	174,867	86,334	1,130	40
C.2 Financial derivatives without exchange of principal	659,990	1,055	11,484	19,238	189,127	238,995	542,765	1,220,000	517,350	-
- long positions	331,186	1,022	10,619	15,458	71,888	80,095	261,606	610,000	258,675	-
- short positions	328,804	33	865	3,780	117,239	158,900	281,159	610,000	258,675	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Items/Time brackets Other Currencies	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	Over 5 years	Indefinite maturity
On-balance-sheet assets	**142,282**	**160,565**	**19,459**	**31,597**	**40,954**	**21,890**	**6,352**	**32,044**	**4,212**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units of o.I.C.R. collective investment undertakings	-	-	-	-	-	-	-	-	-	-
A.4 Loans	142,282	160,565	19,459	31,597	40,954	21,890	6,352	32,044	4,212	-
- banks	68,037	159,365	-	146	5,843	10,664	-	-	-	-
- customers	74,245	1,200	19,459	31,451	35,111	11,226	6,352	32,044	4,212	-
On-balance-sheet liabilities	**407,399**	**5,794**	**13,013**	**20,325**	**44,087**	**3,437**	**5,716**	**-**	**-**	**-**
B.1 Deposits and current accounts	406,842	5,794	13,013	20,325	44,087	3,437	5,716	-	-	-
- banks	10,297	5,794	13,013	20,325	41,968	2,293	5,716	-	-	-
- customers	396,545	-	-	-	2,119	1,144	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	557	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**117,532**	**268,658**	**46,016**	**129,464**	**284,767**	**377,450**	**345,800**	**173,556**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	143,525	46,016	128,974	284,761	377,285	345,777	173,556	-	-
- long positions	-	72,581	23,008	64,528	142,379	188,642	172,888	86,778	-	-
- short positions	-	70,944	23,008	64,446	142,382	188,643	172,889	86,778	-	-
C.2 Financial derivatives without exchange of principal	1,906	-	-	-	-	-	-	-	-	-
- long positions	965	-	-	-	-	-	-	-	-	-
- short positions	941	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	633	-	490	-	-	-	-	-	-
- long positions	-	561	-	-	-	-	-	-	-	-
- short positions	-	72	-	490	-	-	-	-	-	-
C.4 Commitments to disburse funds	115,626	124,500	-	-	6	165	23	-	-	-
- long positions	115,626	4,340	-	-	6	165	23	-	-	-
- short positions	-	120,160	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Section 5 – Operational risks

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of operational risk

The Crédit Agricole Italia Banking Group has adopted the definition of operational risk given in "Basel 2 – International Convergence of Capital Measurement and Capital Standards" prepared by the Basel Committee on Banking Supervision.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

To consolidate and enhance control of operational risks, the Group has set clear objectives:

- To achieve full compliance with the requirements set by the Supervisory regulations for internal control systems (15th update of Bank of Italy's Circular No. 285/2013 as updated);
- To maintain constant full compliance of Crédit Agricole Italia with the regulatory requirements for the use of the Traditional Standardised Approach (TSA) and full compliance of the other banking entities of the Group with the requirements for the use of the Basic indicator approach (BIA) to calculate their regulatory capital;
- To constantly improve the monitoring of risks and losses, in order to allow a management- oriented approach, especially in terms of risk mitigation and prevention initiatives, as well as risk culture dissemination;
- Fine-tuning of the permanent controls systems and extension of the coverage of said controls within the company perimeter.

Macro-organisational aspects

Governance of the Group operational risks is the responsibility of the Risk Management and Permanent Controls Department of Crédit Agricole Italia, which implements the guidelines issued by the Risk Management Department of the French Parent Company Crédit Agricole S.A., and reports on a solid line to the latter.

The Risk Management and Permanent Controls Department (Italian acronym DRCP) performs risk management and control activities for all the Companies of the Crédit Agricole Italia Banking Group.

In compliance with the supervisory regulations, the Group has formalized the roles and responsibilities of the corporate bodies and structures involved in the management of operational risks.

The governance model provides for:

- A centralized strategy for the control of operational risks;
- Close connections with the activities for permanent controls;
- Synergies with the Compliance Department and with the Internal Audit Department.

Risk management

The Group has adopted a model that is consistent with the guidelines issued by Crédit Agricole and governed by the central department, which works with the well-established and complementary contributions, in its operating, management and mitigation activities, of specialized roles, departments and mechanisms:

- Operational Risk Manager (ORM or with the Italian acronym: MRO);
- Control on Outsourced Critical and Important Functions/Provision of Outsourced Essential Services and on Physical Security;
- MRSI (Manager des Risques SI), in charge of monitoring and control of IT risks on the Information System, on the Business Continuity Plan (BCP or with the Italian acronym PCO) and on physical security;
- CISO (Chief Information Security Officer), who is responsible for the security of corporate information;
- Information Security Manager (ISM): who is responsible for the implementation and management of the Information System operational security;
- Business Continuity Manager (BCM), who is responsible for the Group's Business Continuity Plan;

- Persons in charge of Controls, within the Distribution Network structures, with the task of performing 2nd degree 1st level permanent controls;
- Structures, systems and tools, instrumental for proper risk control and for the management of mitigation/improvement actions, including:
  - The Risk and Internal Control Committee;
  - The BCP (Business Continuity Plan) Interfunctional Unit;
  - The Supervisory Committee on IT Security and on BCP of the French Parent Company Crédit Agricole S.A. (CSSCA, Supervisory Committee on Security and Business Continuity);
  - The system of permanent controls for the Commercial Network, together with early warning indicators;
  - Work Groups for Improvement.

The upgrading of the process for the management and control of operational risks to the guidelines issued by Crédit Agricole S.A. has been intended for the harmonization with the general methods used throughout the Group and consists of the macro-phases listed below:
- Detection, identification and classification of risks and losses and their recognition in the accounts where necessary;
- Assessment and measurement of the risk profile for every corporate environment;
- Identification of mitigation actions and preparation of the action plan;
- Verification of the adequacy of the control plan and increase in control points;
- Verification of actual implementation of controls;
- Verification of correct exercise of mitigation actions;
- information and reporting.

In the above phases, the following processes are also applied:
- Loss data collection (recording, classification and processing of loss data);
- Risk self-assessment ((self-assessment of the exposure to operational risks relating to the specific structures engaged in operating functions and the relevant processes);
- Direct involvement of corporate structures in collective assessment work groups (improvement, ...).

Each one of these processes entails information processing based on methods that are predefined, repeatable and formalized in the Company's normative instruments, as well as with the support of specific application tools.

Risk mitigation

The Group has implemented a policy for operational risk mitigation through:
- Specific self-assessment with three-year planning and assessment on a yearly basis (Risk Self-Assessment") aimed at designing an annual Action Plan containing all the initiatives that the owners of the various corporate processes have identified as required in order to mitigate the detected operational risks operational risks; the Action Plan is then submitted to the Board of Directors for approval;
- Implementation of the permanent controls plan, both within the Distribution Network and at Central Departments, in order to have the most critical processes fully under control;
- A fraud prevention system governed by the Compliance Department;
- Implementation of the framework for controlling and monitoring outsourced critical and important functions (CIF);
- Implementation of the framework for controlling and monitoring:
  - Physical security;
  - Business Continuity (BCP);
- Implementation of the function for control and monitoring of Information and Communication Technology (ICT) Risk.

Transfer of risk

The Structure in charge of Control on the Insurance Coverage of the Group is responsible for the process that governs the insurance polices covering the Group's insurable risks and for the definition of the regulations governing it.

The implemented insurance strategy provides - through specific policies - for the coverage of material events having exceptional nature and not for the coverage of recurring routine events having medium-low amounts (known as expected losses). It follows that the insurance policies in force cover events that are not frequent but that could have severe consequences, consistently with the insurance approach of the Crédit Agricole S.A. and in full compliance with the guidelines issued by the Regulator.

Where the outcomes of specific assessments prove it appropriate, the Structure in charge shall:

- Transfer insurable risks underwriting specific insurance policies, in order to mitigate the impact of any unexpected losses and in accordance with the best practices in the System;
- Coordinate with Crédit Agricole S.A., in order to ensure full consistency between the transfer strategy and the Group objectives;
- Exercise control on and provide support to the various corporate structures in outsourcing management, with specific focus on the outsourcing of Critical and Important Functions (CIF);
- Perform controls and specific analyses on the insurance policies underwritten by the Providers of Outsourced Important Operational Functions (FEI), in order to assess their adequacy to the risks associated with the outsourced essential services.

Risk management oversight and shared solutions

This is the specific task of the Group Risk and Internal Control Committee, composed of the main Corporate Function holders, which is responsible for:

- Approving guidelines and action plans on Operational Risks;
- Acknowledging the Loss Data Collection (LDC) outcomes;
- Monitoring control activities and outcomes, as well as periodically validating the mapping of operational risks;
- Governing Business Continuity for the Crédit Agricole Italia Banking Group;
- Monitoring and, if necessary, taking action on Information and Communication Technology (ICT) Risk for the Crédit Agricole Italia Banking Group, assessing the situation based on the periodic reporting made by the MRSI (Manager des Risques SI) and by the CISO (Chief Information Security Officer);
- Assessing the risk analyses of the essential services, that is to say CARITICAL OR Important Functions (CIF or with the Italian acronym FEII) for the Crédit Agricole Italia Banking Group.

Loss data

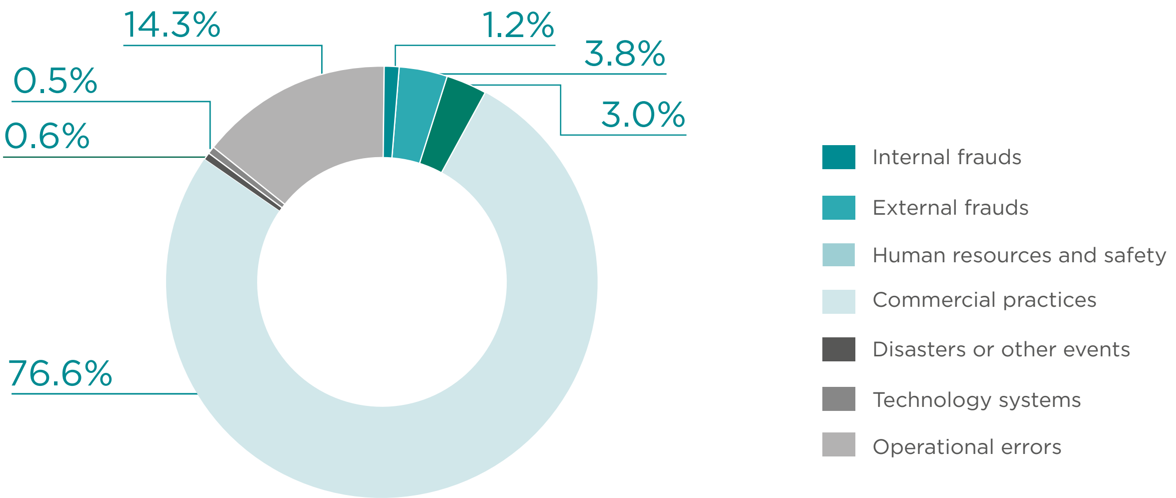
Operational losses, which the model considers as quantitative data, are collected, managed and analyzed, to different levels of granularity and detail, using an event classification scheme complying with the one set by the Basel II Framework, by the Supervisory Authority and by Crédit Agricole S.A.. The basic structure is given below:

- Internal frauds: events due to deliberate acts committed by at least one party internal to the Bank and causing losses to the Bank;
- External frauds: events due to deliberate acts committed exclusively by parties that cannot be defined as internal to the Bank, generally for the purpose of personal gain;
- Relations with staff and workplace safety: events relating to the relations between the company and its staff or to the failure of the workplace to meet health and safety standards. These include liabilities arising from accidents to employees in company offices or vehicles;
- Business practices: events linked to the supply of products and provision of services to Customers carried out in an improper or negligent manner (fiduciary requirements and adequate information on investments), as well as defects in the nature or features of products/models/contracts. These include liabilities arising from breach of public security laws or other legislation not specific to the banking sector;
- Disasters or other events: events due to natural causes or human actions, which lead to damage to company resources (tangible or intangible property, persons, etc.) and/or service interruptions or other events (including improper conduct/illegal acts by third-party companies that damage the company). The category also includes liabilities arising from political changes and retroactive changes in legislation and taxation;
- Technological systems and services: losses arising from the malfunctions, logical or structural defects in technological and other support systems;
- Execution, delivery and management of processes: events arising from unintentional errors in the management of operational and support assets or caused by counterparties other than Customers and Vendors.

For Loss Data Collection and for reporting consolidated loss data, the Crédit Agricole Italia Banking Group has adopted an IT application especially designed for the adoption of advanced approaches, as well as specific tools and models developed directly by Crédit Agricole S.A..

QUANTITATIVE DISCLOSURES

With reference to sources of operational risk, the breakdown of net losses (gross losses net of other collection excluding insurance-related ones) by event type recognized in 2022 is given below. Any "boundary losses" have been excluded.



Information and Communication Technology (ICT) Risk

Pursuant to the regulatory provisions issued by the Bank of Italy (Circular 285/13 as updated), Information and Communication Technology Risk (hereinafter referred to also as "ICT Risk") is defined as the "risk of suffering losses, in terms of income, reputation and market shares, associated with the use of Information and Communication Technology (ICT) [...]. In the integrated statement of corporate risks for prudential purposes (ICAAP), this type of risk is included, in accordance with specific aspects, among operational, reputational and strategic risks".

To analyze and assess ICT risks on its IT resources, the Crédit Agricole Italia Banking Group implements and develops the key concepts of the Risk Analysis Methodology of the French Parent Company Crédit Agricole S.A., supplementing it, to achieve an overall representation of its risk position, with:

- The definition of the risk taxonomy of the information system (ICT Governance and strategy, ICT availability and continuity risk, ICT security risk, ICT change risk, ICT data integrity risk, ICT outsourcing risk);
- The outcomes of the Risk Self-Assessment Process;
- The outcomes of the process for collection of Operational Losses data;
- The outcomes of the Permanent Controls framework;
- Continuous information flows on the main processes/events concerning the Information System and Information System Security, with specific reference to incident and vulnerability management.

In the year, close attention was placed on the non-recurring transactions consisting in the merger by absorption of Creval and Crédit Agricole FriulAdria in Crédit Agricole Italia's perimeter, as well as on the migration of the departmental Data Center from Green Life to the outsourcer's facility.

In 2022 three operational incidents, were reported to the Supervisory Authority, the procedures implemented and the actions deployed by the Group proved effective and ensured prompt restoration of operation.

The structures involved in IT Risk Governance are:

- The Risk Management and Permanent Controls Department of the Crédit Agricole Italia Banking Group with the setting up within this Department of a unit to be engaged in Control of IT Risks (Information System and Information Security System - Italian acronym MRSI);
- The Chief Operating Officer (COO) of the Crédit Agricole Italia Banking Group is also the Chief Information Security Officer (CISO), for the Information Security System scope;
- The Head of the Security Division of Crédit Agricole Group Solutions, who has been vested with the role of ICT Security Manager for the Information Security System scope;
- The Head of the Information Systems Department of Crédit Agricole Group Solutions (CIO, Chief Information Officer) for the Information System scope (other risk not security-related).

Some initiatives for 2023 are presented below:

- Taking charge of the necessary activities for alignment to the 40th update of Bank of Italy Circular 285;
- Reporting of controls on Information Systems and Security in accordance with the the new guide received from the French Parent Company Crédit Agricole S.A..
- Start of the first analysis in order to take charge of the DORA Regulation concerning digital operational resilience for the financial sector, which entered into force on 16 January 2023 and will be fully applicable as of 17 January 2025;
- Setting up a skill center in order for it to structure centralized oversight on the monitoring of IT security measures of the Group's IT providers and of their subcontractors.

Business Continuity Plan ("BCP")

In 2022, the Group continued to update and verify its Business Continuity Plan to take account of the changes in the scenario and in the Group's organisational, technology and software infrastructure.

In 2022, the main activities were:

- Periodic testing and certification exercises on the solutions for information system recovery and on critical processes in the business continuity scope, including that of critical providers.
- Adequacy assessment and analysis of business continuity plans and of the relevant tests of providers of Outsourced Critical and Important Functions (CIF), continuing also with the activity on NON-CIF vendors involved in critical processes;
- The testing the Crisis Management Organizational Model (Italian acronym MOGC), by simulating a cyberattack against a provider;
- The inclusion of the risk analyses of the new department processing centers;
- The updating of the Business Impact Analysis ("BIA") on the corporate processes in the business continuity scope;
- The updating of contingency Operational Plans (back-up solutions to be triggered in case of crisis);
- The start of a study for the analysis of new extended and/or combined crisis scenarios, also based on the energy situation caused by the Russia-Ukraine war.

The goal pursued by the Group is to identify the areas affected by high vulnerability, in order to set up effective control and mitigation systems and actions. Among the initiatives scheduled to start in 2023, the Group is going to strengthen its testing strategy in the Business Continuity scope.

Critical or Important Functions (CIF called POES – Provisions of Outsourced Essential Services - by Crédit Agricole S.A.)

The CIF/PSEE Control function, performed by a unit that is part of the Operational Risks and Permanent Controls Division of the Risk Management and Permanent Controls Department, governs the system of controls on compliance of the process implemented for outsourced critical and important functions; it is also responsible for specific matters in the definition of risk monitoring controls and provides management and methodological support, especially on risk assessment.

Within the Organization Department, the Group Outsourcing Governance structure was set up to support the Outsourcing Manager of the Crédit Agricole Italia Banking Group, in its performing its functions as the single point of contact for outsourcing and vested with the responsibility for managing the governance of outsourced functions, providing support in the design of the strategic directions, managing communication and interaction with the Regulator, the preparation of information reports to the Corporate Bodies and to the Top Management of the Bank and of the Companies of the Group.

In 2022, the most important actions concerned:

- Strong support to the corporate structures in the phases of outsourcing management, aimed both at proper implementation of the process and at wider dissemination of an outsourcing culture and the analysis of the associated risks;
- The review and upgrading -by the Unit responsible for control on outsourced critical and important functions - of the monitoring tools it uses to perform its tasks;
- The review and update of the tools used to assess risks associated with outsourcing;
- Monitoring of the process for the preparation of the Register of Outsourcing Arrangements as a tool for the governance and management of information concerning all outsourcing arrangements in force, with different level of detail for critical and important functions;
- The start of the project to ensure compliance of the outsourcing arrangements with the new requirements laid down by Circular. 285/13 transposing the EBA Guidelines;
- General monitoring on and actions to increase the awareness of the outsourced service owners as regards their responsibilities, using also:
  - A specific “tableau de bord”, managed by the CIFI/PSEE control unit;
  - Regular updating of the permanent controls plan;
  - Systematic performance of specific activities (e.g. “risk assessment”, participation in work groups).

The most important results concerned the consolidation of methods, approaches and culture on this matter, all foreboding satisfactory general quality within the outsourcing of Critical and Important Functions (CIF).

PART F – INFORMATION ON EQUITY

Section 1 – Shareholders' equity

A. Qualitative disclosures

The own funds management policy implemented by Crédit Agricole Italia is aimed at maintaining an adequate level of resources in order to be able to cope at any time with the risks taken.

B. Quantitative disclosure

B.1 SHAREHOLDER'S EQUITY: BREAKDOWN

The breakdown of equity as at 31 December 2022 is given below:

Items/Values	31 Dec. 2022	31 Dec. 2021
1. Capital	1,102,071	979,283
2. Share premium reserve	3,496,073	3,118,688
3. Reserves	1,770,262	2,011,528
- retained earnings	1,767,081	1,591,565
a) legal reserve	195,847	195,847
b) reserve provided for by the Articles of Association	804,950	1,042,689
c) treasury shares	-	-
d) other	766,284	353,029
- other	3,181	419,963
3.5 Interim dividends (-)	-	-
4. Equity instruments	815,000	815,000
5. (Treasury Shares)	-	-
6. Valuation reserves	-54,584	-48,666
- Equity securities designated at fair value through other comprehensive income	-9,228	-12,823
- Hedging of equity securities designated at fair value through other comprehensive income	-	-
Financial assets (other than equity securities) measured at fair value through other comprehensive income	-6,712	12,588
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedging of investments in foreign operations	-	-
- Cash flow hedges	-	-
Hedging instruments (non-designated elements)	-	-
- Foreign exchange differences	-	-
- Non-current assets held for sale and discontinued operations	-	-
Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
- Actuarial gains (losses) pertaining to defined-benefit pension plans	-38,644	-48,431
- Share of Valuation Reserves on investees measured using the equity method	-	-
- Special revaluation laws	-	-
7. Profit (Loss) for the period	552,879	-71,836
Total	**7,681,701**	**6,803,997**

B.2 VALUATION RESERVES OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN

Assets/Values	Total 31 Dec. 2022		Total 31 Dec. 2021	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	9,228	13,053	465
2. Equity securities	-	6,712	1,853	14,675
3. Loans	-	-	-	-
Total	**-**	**15,940**	**14,906**	**15,140**

B.3 VALUATION RESERVES OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: CHANGES FOR THE YEAR

	Debt securities	Equity securities	Loans
1. Opening balance	**12,587**	**-12,823**	**-**
2. Increases	**6,188**	**10,533**	**-**
2.1 Fair value gains	2,126	1,166	-
2.2 Adjustments for credit risk	2,480	X	-
2.3 Reclassification to profit or loss of negative reserves from disposal	1,226	X	-
2.4 Transfers to other equity components (equity securities)	-	9,367	-
2.5 Other changes(*)	356	-	-
3. Decreases	**28,003**	**4,422**	**-**
3.1 Fair value losses	17,666	2,903	-
3.2 Recoveries for credit risk	-	-	-
3.3 Reclassification to profit or loss of positive reserves from disposal	10,337	X	-
3.4 Transfers to other equity components (equity securities)	-	-	-
3.5 Other changes(°)	-	1,519	-
4. Closing Balance	**-9,228**	**-6,712**	**-**
(*) of which for business combinations	356	-	-
(°) of which for business combinations	-	1,519	-

B.4 VALUATION RESERVES RELATING TO DEFINED-BENEFIT PLANS: CHANGES FOR THE YEAR

	31 Dec. 2022
1. Opening balance	**-48,431**
2. Increases	**27,823**
2.1 Actuarial gains	24,237
2.2. Other changes	3,586
3. Decreases	**18,036**
3.1 Actuarial losses	5,821
3.2. Other changes	12,215
4. Closing Balance	**-38,644**

Section 2 – Own Funds and supervisory requirements

Reference is made to the disclosure on own funds and capital adequacy contained in Section 1 the public disclosure (Basel III Pillar 3"),on the website of the Crédit Agricole Italia Banking Group https://gruppo.credit-agricole.it/bilanci-ca-italia, concomitantly with the publication of the Annual Report and Financial Statements.

PART G – BUSINESS COMBINATIONS

Section 1 – Business combinations made in the reporting year

In the reporting period, no business combinations were carried out with counterparties not belonging to the Crédit Agricole Italia Banking Group (to be recognized with the "purchase method" in accordance with IFRS 3 "Business combination").

On the other hand, having regard to corporate reorganization between Companies belonging to the same Group, in the reporting year, with accounting and tax effectiveness as of 1 January 2022, the mergers by absorption of Creval (for more details please, see the 2021 Annual Report and Consolidated Financial Statements) and of Crédit Agricole FriulAdria S.p.A. were completed.

From an accounting standpoint, in accordance with the IAS/IFRS, it is a "business combination of entities under common control". Those combinations are usually made to achieve simply corporate reorganization purposes within a Group and, therefore, IFRS 3 "Business Combinations" does not apply to them.

In compliance with the practices of the Crédit Agricole Italia Banking Group for the accounting of this type of transactions, the combination was recognized in the Parent Company's separate financial statements in accordance with the predecessor basis of accounting (or continuity of values), which is also referred to by the Italian Association of Audit Firms (Assirevi) in its Preliminary Interpretation Guidance.

For the mergers, the application of the predecessor basis of accounting (or continuity of values) determined the recognition in the Parent Company's separate financial statements of all balance sheet, income statement and equity balances of the absorbed Banks, as of the accounting effectiveness date of the mergers and without recognizing profit and loss effect as at that date.

Furthermore, the following were eliminated:

- Intercompany receivables and payables;
- The costs and revenues resulting from transactions made between the surviving entity Crédit Agricole Italia and the absorbed entities;
- the amount of the equity investments from the Parent Company's separate financial statements;
- The equity balances of the absorbed entity.

Section 2 – Business combinations made after the reporting date

No business combinations were made after the reporting date.

Section 3 – Retrospective Adjustments

No retrospective adjustments are to be reported.

PART H – TRANSACTIONS WITH RELATED PARTIES

The closeness of some persons to a company's decision-making centers may compromise the objectivity and impartiality of its decisions, with possible distortions in the allocation of resources, as well as expose the company to risks and damages to itself and to its stakeholders.

This is the matter addressed by CONSOB with its Regulations containing provisions relating to transactions with related parties (adopted by CONSOB with Resolution no. 17221 of 12 March 2010, laying down specific measures for Italian companies listed in Italian regulated markets or in regulated markets of other EU Member States and whose shares are publicly held to a considerable extent, in order to ensure transparency and substantial and procedural fairness of transactions with related parties carried out directly or through subsidiaries.

The regulation issued by the Bank of Italy on 12 December 2011, on risk assets and conflicts of interest with associated persons falls within the scope of the framework regulation concerning related parties (Article 2391-bis of the Italian Civil Code, Article 53 of the Italian Consolidated Law on Banking 53 of the Italian Consolidated Law on Banking (TUB) and CONSOB Regulation No. 17221/10) and has been designed to "control the risk that the closeness of some persons to the Bank's decision-making centers may compromise the objectivity and impartiality of decisions relating to loan granting and other transactions with the same persons, with possible distortions in the allocation of resources, in the Bank's exposure to risks not adequately measured or controlled, potential damages to depositors and shareholders". This regulation came into force on 31 December 2012 and, consequently, the first supervisory reporting was made on 31 March 2013, as required by the Supervisory Authority.

The Crédit Agricole Italia Banking Group had already adopted a Regulation on transactions with related parties implementing the original CONSOB regulation of 2010; afterwards, on 11 December 2012, in accordance with the regulation issued by the Bank of Italy, Crédit Agricole Italia approved the Document "Regulation for Risk Assets and Conflicts of Interests with Parties associated to the Crédit Agricole Italia Banking Group", in order to give the Group a specific internal normative instrument on this matter and to harmonize the various regulations in force; the Document was then updated on 29 July 2014.

On 25 July 2018, the Board of Directors of Crédit Agricole Italia approved the adoption of the new "Regulation on transactions with Associated Persons", which was then adopted by the other Banks and Companies of the Banking Group, which defines and formalizes, in a single normative instrument, the procedures that the Banks and Companies of the Crédit Agricole Italia Banking Group apply to transactions with Associated Persons, in compliance with the regulations issued by CONSOB and by the Bank of Italy.

Afterwards, with resolution no. 21624 of 10 December 2020 CONSOB amended the Regulation on Transactions with Related Parties as issued with its previous resolution no. 17221 of 12 March 2010. As the amendments entered into force on 1 July 2021, the Crédit Agricole Italia Banking Group duly aligned its "Regulation on Transactions with Associated Persons" those amendments.

Furthermore, the document implements the amendments introduced with the 33rd update of 23 June 2020 to Bank of Italy Circular no, 285 "Supervisory Provisions for Banks - Risk assets and conflicts of interest with associated persons", whereby a new chapter, Chapter 11, was added to Part III, up to then contained in Circular no. 263/2006, aligning it to the new regulatory framework and, specifically, it excluded, under certain conditions, equity investments in insurance undertakings from the scope of application of prudential limits

Later on, with the 35th update to Circular no. 285 of 17 December 2013, which was published on the Italian Official Journal issue no. 165 of 15 July 2021, the Bank of Italy laid down the obligation for banks to comply – by 31 January2022 – with Article 88(1)(4) and (5) of Directive 2013/36/EU (CRD), as amended by Directive 2019/878/EU (CRD V), on loans to members of the management body and their related parties. Therefore, in January 2022, the Regulation was updated implementing the new Supervisory provisions.

As a consequence of the changed corporate structure of the Group resulting from the mergers of Creval S.p.A. and Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A., it was appropriate to make yet another update to the Regulation on Transactions with Associated Persons. Indeed, as the Group no longer includes any entities whose shares are listed (publicly held to any material extent, the provisions laid down in CONSOB Regulation no. 17221 on related parties do not apply.

Besides identifying the related parties and the connected persons of the Crédit Agricole Italia Banking Group, the "Regulation on Transactions with Associated Persons" lays down, in compliance with the principles established by the applicable legislation on related parties, the proceedings and rules aimed at ensuring transparency and substantial and procedural fairness of transactions with related parties and connected persons carried out by Crédit Agricole Italia, directly or through any of its subsidiaries. The Regulation also defines the cases, criteria and circumstances in which, without prejudice to full compliance with all obligations and requirements, full or partial application of the Regulation may be excluded. It also lays down prudential limits to risk assets with associated persons, sets the procedures to process and approve transactions with related parties, defines specific rules with regard to transactions with related parties made by the companies belonging to the Group and lays down procedures and timeframes for the provision of reporting and appropriate documentation on the transactions (i) to independent directors/Related Party Committee, as well as, where necessary, (ii) to the control bodies.

With regard to controls, the required activities are carried out by the various relevant corporate roles and structures, in different capacities and in the different phases of the process, in order to ensure constant compliance with the prudential limits and resolution-making procedures as provided for by the applicable legislation, also pursuing the objective to appropriately prevent and manage potential conflicts of interests that may result from transactions with associated persons.

The Internal Accounting Standards and International Financial Reporting Standards govern disclosure on transactions with related parties in IAS 24, which was endorsed by the European Union with Regulation (EU) no. 1126/2008 as amended.

Related parties

In accordance with the definition given in IAS 24, a related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity"). Specifically:

a) A person or close member of that person's family is related to a reporting entity if that person:
   i. Has control or joint control over the reporting entity (bank or supervised intermediary);
   ii. Has significant influence over the reporting entity; or
   iii. Is a member of the key management personnel of the reporting entity, i.e. the Bank and the supervised intermediary of the Banking Group, or of a parent of the reporting entity;

b) An entity is related to a reporting entity if any of the following conditions applies:
   i. The entity and the reporting entity are members of the Crédit Agricole Group;
   ii. The entity is an associate or joint venture of the Bank and/or of the supervised intermediary (or an associate or joint venture of a member of the Crédit Agricole Group);
   iii. Both entities are a joint venture of the same third party;
   iv. It is a joint venture of a third entity that is an associate of bank and of the supervised intermediary;
   v. It is a post-employment defined benefit plan for the benefit of employees of either the bank and/or supervised intermediary or of an entity that is related to them;
   vi. It is controlled or jointly controlled by a person identified in (a);
   vii. A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture.

Close member of a person's family are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity, and include:

a) that person's children and spouse or domestic partner;
b) children of that person's spouse or domestic partner; and
c) dependents of that person or that person's spouse or domestic partner.

Those persons are reported in column "Other related parties" of the table in point 2. Information on transactions with related parties.

Information on remuneration of managers vested with strategic responsibilities (aka key management personnel) and information on transactions with related parties is given below in compliance with Circular no. 262 "Banks' financial statements: layouts and preparation" of 22 December 2005, issued by the Bank of Italy as updated, in accordance with IAS 24.

1. Information on remuneration of managers vested with strategic responsibilities

"Managers vested with strategic responsibilities" or "Key management personnel" includes individuals having direct and indirect power and responsibility over the planning, management and control of the operations of Crédit Agricole Italia, including Directors, both executive and non-executive, and the members of control bodies.

The remuneration of Directors and Auditors is established with specific resolutions passed by the General Meeting of Shareholders.

The table below reports the amounts of the man benefits awarded to Directors, Auditors and Managers tasked with strategic responsibilities.

	31 Dec. 2022
Short-term benefits	11,792
Benefits subsequent to severance from employment	283
Other long-term benefits	-
Employee severance benefits	-
Share-based payments	-

2. Information on transactions with related parties

These are transaction with associated persons (related parties and their connected persons),entailing the assumption of risk assets, transfer of resources, services or obligations, regardless of whether a price is paid, including mergers and demergers.

TYPE OF RELATED PARTIES	Cash and cash equivalents	Financial assets held for trading	Financial assets through other comprehensive income	Financial assets measured at amortized cost: due to customers	Financial assets measured at amortized cost: due to banks	Financial liabilities measured at amortized cost: due to customers	Financial liabilities measured at amortized cost: due to banks	Guarantees given
Controlling Company	225,381	-	-	-	1,503,413	-	1,152,181	15,391
Entities exercising significant influence on the Company	-	-	-	-	-	11,177	-	-
Subsidiaries	-	-	-	2,549,120	-	117,034	-	41,127
Associates	-	-	-	41,168	-	8,509	-	1,618
Directors and Managers with strategic responsibilities	-	-	-	2,843	-	3,231	-	-
Other related parties	6,483	312,472	101	4,974,209	3,189,731	505,147	21,996	107,286
Total	**231,864**	**312,472**	**101**	**7,567,340**	**4,693,144**	**645,098**	**1,174,177**	**165,422**

Main income transactions with related parties

Amounts in thousands of Euro	Net interest income	Dividends and similar income	Net fee and commission income	Personnel expenses
Controlling Company	-43,739	-	-2,532	-159
Entities exercising significant influence on the Company	-72	-	57	-
Subsidiaries	18,796	-	3,380	30,375
Associates	732	2,352	73	-
Directors and Managers with strategic responsibilities	106	-	202	-12,075
Other related parties	68,743	-	527,945	579
Total	**44,566**	**2,352**	**529,125**	**18,720**

PART I – SHARE-BASED PAYMENTS

QUALITATIVE DISCLOSURES

1. Description of share-based payments

Crédit Agricole Italia has no agreements in place for payments based on its shares.

The share capital increase by the French Parent Company Crédit Agricole S.A., in favour of all Employees of the Crédit Agricole. Group was completed in August 2022 with the allotment of shares to Employees.

The Employees were given the opportunities to invest in shares of Crédit Agricole S.A. with a 20% discount vs. market value. These shares will be tied for the following five years (until 31 May 2027), at the end of which time each employee may freely dispose of them.

In 2022, this financial transaction entailed a cost equal to the discount applied to the shares subscribed, which had – as a balancing item in accordance with IFRS 2 – an identical increase in equity through a specific reserve.

Having regard to multi-year incentive systems, their countervalue has an increase in liabilities as its balancing item.

For more details, please see the "Remuneration Policies" document, which can be consulted on the website of the Crédit Agricole Italia banking Group https://gruppo.credit-agricole.it/politiche-di-remunerazione.

QUANTITATIVE DISCLOSURES

The specific reserve recognized in equity as the balancing item of personnel expenses and equal to the discount applied to the shares in Crédit Agricole S.A. subscribed by Crédit Agricole Italia employees, as reported in the previous paragraph, amounts to Euro 115 thousand.

PART L – SEGMENT REPORTING

In accordance with IFRS 8, for segment reporting please see Part L of the Note to the Consolidated Financial Statements.

PART M – DISCLOSURE OF LEASES

Section 1 – Lessee

Qualitative disclosures

The additional information on leases required by IFRS16 is given below.

Quantitative disclosures

RIGHT OF USE

Lease type	Right of Use value as at 31 Dec. 2021	No. of contracts as at 31 Dec. 2022	Depreciation for the FY
Buildings used in operations	291,527	972	49,309
Buildings used for investment	3,387	157	2,332
Other property, plant and equipment assets: vehicles	2,002	228	1,201
Other property, plant and equipment: IT structures	143	1	1,009
Total	**297,059**	**1,358**	**53,851**

Rights of Use are recognized in the Balance Sheet under item 80. “Property, Plant and Equipment”.

LEASE LIABILITY

Lease type	Remaining liability as at 31 Dec. 2022	Remaining liability - breakdown by term to maturity				interest expenses for the FY
		Term to maturity < 1 year	Term to maturity between 1 and 3 year	Term to maturity between 3 and 6 year	Term to maturity of over 6 years	
Buildings and land used in operations	338,946	50,327	91,568	105,241	91,810	7,663
Buildings used for investment	3,417	1,578	1,638	146	56	27
Other property, plant and equipment assets: vehicles	2,011	893	1,030	88	-	14
Other property, plant and equipment: IT structures	136	136	-	-	-	6
Total	**344,510**	**52,934**	**94,236**	**105,475**	**91,866**	**7,710**

All contractual cash flows are included in the calculation of lease liabilities.

Lease liabilities are recognized under item 10 of Liabilities in the Balance Sheet, as Financial Liabilities measured at amortized cost.

OTHER DATA

Breakdown of real estate operating lease contracts by geographical area and by annual lease payment bracket

Region	Lease payments up to 5 thousand	Lease payments from 5 to 50 thousand	Lease payments from 50 to 100 thousand	Lease payments above 100 thousand	Total
Emilia Romagna	8	204	27	4	243
Lombardy	22	128	54	32	236
Veneto	1	72	25	8	106
Tuscany	5	53	24	11	93
Sicily	9	68	10	4	91
Piedmont	5	41	27	10	83
Lazio	2	25	12	31	70
Campania	-	32	20	12	64
Liguria	8	35	10	4	57
Other	7	62	14	3	86
Total	**67**	**720**	**223**	**119**	**1,129**

Frequency of payment instalment by lease type

Lease type	Instalment frequency	Number of contracts
Properties used in operations	Monthly	71
	Quarterly	799
	Half-yearly	74
	other	28
	Total	**972**
Property used for investment	Quarterly	156
	other	1
	Total	**157**
Vehicles	Monthly	228
	Total	**228**
Other property, plant and equipment: IT structures	Monthly	1
	Total	**1**
Total		**1,358**

All property lease contracts are linked to the cost-of-living index published by ISTAT (the Italian National Institute of Statistics).

Lease contracts out of the IFRS 16 scope of application (recognition exemptions par . 5 IFRS 16)

Crédit Agricole Italia has applied paragraph 6 of IFRS16 to short-term leases and to leases with the underlying asset having low value.

The table reports the information required under paragraph 53 letter d) of IFRS 16.

Lease type	Short term lease - 2022 rents	Low value lease - 2022 rents
Real Estate properties	164	-
Vehicles	303	-
POS	-	5,000
Other	-	366
Total (net of VAT)	**467**	**5,366**

Section 2 – Lessor

Qualitative disclosures

The disclosure required by paragraph 97 of IFRS 16 is given below.

Quantitative disclosures

1. Balance Sheet and Income Statement information

Crédit Agricole Italia has operating lease contracts in force. Leased properties have been recognized in the Balance Sheet under item 80 “Property, plant and equipment”; Lease payment income is recognized on an accrual basis under item “200. Other operating expenses/income”.

As at 31 December 2022 there were 5 finance sublease contracts in force on portions of properties, in which, therefore, the Bank is an intermediate lessor: under those contracts, the right of use of the head lease regarding the portion leased out, recognized in item “80 Property, plant and equipment”, is zeroed and an account receivable is recognized representing the present value of the rents to be received, under item “40. Financial assets at amortized costs b) Loans to Customers The financial income consisting of the sublease payments to be received is recognized in the Income Statement under item “10. Interest income”.

2. Finance Leases

As at the reporting date, finance lease sublease contracts were recognized for an amount of Euro 7.3 million.

3. Operating leases

3.1 CLASSIFICATION OF PAYMENTS TO BE RECEIVED BY TIME BAND

TIME BANDS	Lease payments to be received Total 31 Dec. 2022	Lease payments to be received Total 31 Dec. 2021
Up to 1 year	5,462	3,711
From over 1 year to 2 years	5,382	3,658
From over 2 year to 3 years	4,959	3,597
From over 3 year to 4 years	4,668	3,349
From over 4 year to 5 years	3,742	3,274
From over 5 years	6,297	5,427
Total	**30,510**	**23,016**

The payments to be received reported in the table refer to property lease contracts.

There are no variable payments not included in the reported amounts and there are no purchase options on the leased asset.

The reported amounts include Euro 11.4 million regarding lease contracts with subsidiaries.

FINANCIAL STATEMENT OF THE CONTROLLING COMPANY CRÉDIT AGRICOLE S.A.

The financial highlights of the French Parent Company Crédit Agricole S.A. presented in the summary statement required under Article 2497-bis of the Italian Civil Code have been taken from its Financial Statements as at 31 December 2021. For appropriate and full understanding of the financial and cash flow situation of Crédit Agricole S.A. as at 31 December 2021, and of the profit or loss made by the Company in the financial year closed as at that date, please see its full annual report and financial statements and the related Independent Auditors' Report, which are made available in accordance with the Law.
The data are expressed in millions of Euro.

ACTIF

	31 Dec. 2021	31 Dec. 2020
Opérations interbancaires et assimilées	249,554	211,641
Caisse. banques centrales	77,727	54,426
Effets publics et valeurs assimilées	15,503	15,567
Créances sur les établissements de crédit	156,324	141,648
Opérations internes au Crédit Agricole	403,616	372,327
Opérations avec la clientèle	5,256	4,473
Opérations sur titres	41,701	46,898
Obligations et autres titres à revenu fixe	41,658	46,859
Actions et autres titres à revenu variable	43	39
Valeurs immobilisées	65,497	63,875
Participations et autres titres détenus à long terme	1,094	1,023
Parts dans les entreprises liées	64,256	62,721
Immobilisations incorporelles	35	19
Immobilisations corporelles	112	112
Capital souscrit non versé	-	-
Actions propres	1,068	11
Comptes de régularisation et actifs divers	16,295	17,464
Autres actifs	5,212	5,628
Comptes de régularisation	11,083	11,836
Total actif	**782,987**	**716,689**

PASSIF

	31 Dec. 2021	31 Dec. 2020
Opérations interbancaires et assimilées	245,761	218,200
Banques centrales	49	24
Dettes envers les établissements de crédit	245,712	218,176
Opérations internes au Crédit Agricole	92,992	64,624
Comptes créditeurs de la clientèle	234,976	225,851
Dettes représentées par un titre	105,023	103,865
Comptes de régularisation et passifs divers	20,393	25,917
Autres passifs	7,475	12,758
Comptes de régularisation	12,918	13,159
Provisions et dettes subordonnées	27,482	26,245
Provisions	1,236	1,242
Dettes subordonnées	26,246	25,003
Fonds pour risques bancaires généraux	1,287	1,239
Capitaux propres hors FRBG	55,073	50,748
Capital souscrit	9,341	8,750
Primes d'émission	14,127	12,536
Réserves	14,622	14,612
Écart de réévaluation	-	-
Provisions réglementées et subventions d'investissement	13	8
Report à nouveau	12,509	14,597
Résultat de l'exercice	4,461	245
Total passif	**782,987**	**716,689**

HORS-BILAN DE CRÉDIT AGRICOLE S.A.

	31 Dec. 2021	31 Dec. 2020
Engagements donnés	24,172	26,357
Engagements de financement	7,512	8,267
Engagements de garantie	16,652	18,081
Engagements sur titres	8	9

	31 Dec. 2021	31 Dec. 2020
Engagements reçus	124,335	137,758
Engagements de financement	122,437	129,170
Engagements de garantie	1,898	8,588
Engagements sur titres	-	-

COMPTE DE RESULTAT DE CRÉDIT AGRICOLE S.A.

	31 Dec. 2021	31 Dec. 2020
Intérêts et produits assimilés	9,874	9,620
Intérêts et charges assimilées	(10,999)	(10,856)
Revenus des titres à revenu variable	3,947	1,952
Commissions (produits)	1,486	1,177
Commissions (charges)	(565)	(563)
Gains ou pertes sur opérations des portefeuilles de négociation	(30)	139
Gains ou pertes sur opérations des portefeuilles de placement et assimilés	121	61
Autres produits d'exploitation bancaire	67	27
Autres charges d'exploitation bancaire	(105)	(61)
Produit net bancaire	3,796	1,496
Charges générales d'exploitation	(669)	(770)
Dotations aux amortissements et aux dépréciations sur immobilisations incorporelles et corporelles	(6)	(7)
Résultat brut d'exploitation	3,121	719
Coût du risque	-	(4)
Résultat d'exploitation	3,121	715
Résultat net sur actifs immobilisés	1,118	(715)
Résultat courant avant impôt	4,239	-
Résultat exceptionnel	-	-
Impôt sur les bénéfices	275	286
Dotations/reprises de FRBG et provisions réglementées	(53)	(41)
Résultat net de l'exercice	4,461	245

DISCLOSURE OF PUBLIC FUNDING

Public funding transparency requirements are laid down in Article 1, paragraphs 125-129, of Italian Law no. 124/2017 but the wording gave rise to several doubts in terms of interpretation and application. The worries expressed by trade associations (including Assonime, the Italian Association of Joint-stock Companies) were for the most part solve by Article 35 of Italian Decree Law no. 34/2019 (Growth Decree), which, in many cases, clarifies important matters, in order to streamline and rationalize the aforementioned requirements.

The Law establishes the obligation to disclose, in the note to the financial statements as at 31 December 2019 – and, where applicable, in the note to the consolidated financial statements – the amounts of and other information on "grants, subsidies, advantages, contributions or aids, in money of in kind, not given in general and other than considerations, remuneration or compensations, received from public administration bodies and other identified entities" (hereinafter for short "public funding").

Noncompliance with these obligations is punished with a civil fine equal to 1% of the received amounts, with a minimum fine of Euro 2,000 and the ancillary penalty of complying with the disclosure obligation. If the offender does not comply with the set disclosure obligation and does not pay the fine within 90 days of its imposition, it shall be required to return the all the amounts received to the entities that granted them.

In order to prevent accumulation of non-relevant information, the Euro 10,000 threshold has been kept, below which the recipient is not required to disclose any information on the received public funding.

Furthermore, in August 2017 the Italian national State Aid Registry was set up at the Directorate-general for business incentive at the Italian Ministry of Economic Development, where all State aids and small amount aids to businesses shall be entered by those that give or manage such aids.

For the aids to Crédit Agricole Italia, please refer to the "Registry Transparency" section, which is publicly available.

DISCLOSURE OF THE FEES FOR THE AUDIT OF THE ACCOUNTS AND OTHER SERVICES PURSUANT TO ARTICLE 149-DUODECIES OF THE ISSUER REGULATION

FEES DUE FOR	31 Dec. 2022
Statutory audit of annual accounts	1,360
Certification services	324
Other services	129
Total	**1,813**

ANNEXES

TAX INFORMATION ON RESERVES

Tax information on equity reserves

	Reserves and provisions that do not form part of Shareholders' income in case of distribution	Reserves and provisions that form part of the Company's taxable income in case of distribution	Reserves and provisions that form part of the Company's taxable income in case of distribution	Undistributable valuation reserves
Share premium reserve	3,453,629	42,444	-	-
Reserve pursuant to It. Leg. D. 124/93 - Art. 13	-	334	-	-
Legal reserve	-	-	195,847	-
Extraordinary reserve	-	-	297,022	-
Reserve under a tax suspension Realignment under Article 110 D.L. 104/2020(*)	-	712,136	-	-
Reserve from first time adoption of IAS/IFRS	-	-	-97,651	-
Reserve from tax adjustment from first time adoption of IAS/IFRS for realignment of carrying amounts and tax bases	-	-	12,318	-
Valuation reserve for other corridor elimination	-	-	-5,076	-
Reserve from measurement of OCIRE securities	-	-	-	-9,228
Reserve from measurement of OCINR securities	-	-	-	-6,712
Reserve from actuarial valuation - employee severance benefits and defined-benefit pension plan	-	-	-	-38,643
Undistributable extraordinary reserve gains on securities at FV	-	-	-	177
Reserve for share-based payments	1	-	1,940	-
Reserve for free assignation of shares	-	-	1,240	-
Reserve from adjustment of Transfer Purchase Price	-	-	605	-
Reserve for interest on Additional Tier 1 Instruments	-	-	-253,485	-
2019 retained earnings reserve	-	-	233,686	-
Reserve for disposal of business units	-	-	-	-
Reserve from OCINR category securities for sale	-	-	-4,098	-
Extraordinary reserve of undistributable dividends on treasury shares	-	-	5	-
IFRS 9FTA reserve	-	-	-347,953	-
Reserve for Carim FTA IAS 19 revised	-	-	-305	-
Reserve from OCINR category securities for sale	-	-	-	384
Contributions for share capital increase	-	-	-	-
Merger surplus	-	1,023,135	-	-
TOTAL	**3,453,630**	**1,778,049**	**34,095**	**-54,022**
Reserve subject to tax deferral arrangements Law 266/2005 included in capital	-	139,349	-	-

(*) Reserve under tax suspension for realignment under Article 110 of Italian Decree Law104/2020. In case of any use other than coverage of losses, the amounts assigned to shareholders, plus the related substitute tax, in accordance with the distributed amount, form part to the taxable income of the Company and of its shareholders.

Shareholders' equity: possible use and distributability (pursuant to Article 2427 - paragraph 7-bis)

Liabilities	Amount		Possible uses(*)	Distributable portion	Summary of uses in last three years	
					to cover losses	Other uses
Capital	-	1,102,071		-	-	-
o/w for reserve subject to tax deferral arrangements Law 266/2005	139,349	-		-	-	-
Equity instruments	-	815,000		-	-	-
Share premium reserve	-	3,453,629	A, B , C (4)	3,453,629	-	-
Share premium reserve taxable pursuant to Law 266/2005	-	42,444	A, B (2), C (3)	42,444	-	-
Reserves	-	1,770,262		-	-	-
Legal reserve	195,847	-	A(1), B	-	-	-
Extraordinary reserve	297,022	-	A, B, C	297,022	71,836	166,000
Tax-suspended reserve for Realignment under Art. 10 DL 104/2020	712,136	-	A, B (6), C	712,136	-	-
Reserve pursuant to It. Leg. D. 124/93 - Art. 13	334	-	A, B, C	334	-	-
2019 retained earnings reserve	233,686	-	A, B, C	233,686	-	-
Reserve for share-based payments	1,940	-	A, B, C	1,940	-	-
Reserve for free assignation of shares	1,241	-	A, B, C	1,241	-	-
Reserve from adjustment of Transfer Purchase Price	605	-	A, B, C	605	-	-
Reserve for disposal of business units	-	-	A, B, C	-	-	-
Reserve from OCINR category securities for sale	-4,098	-	A, B, C	-4,098	-	-
Reserve for interest on Additional Tier 1 Instruments	-253,485	-	A, B, C	-253,485	-	-
Reserve for contributions for share capital increase	-	-	A	-	-	-
Reserve from first time adoption of IAS/IFRS	-97,651	-		-	-	-
Reserve from tax adjustment from first time adoption of IAS/IFRS for realignment of carrying amounts and tax bases	12,318	-		-	-	-
IFRS 9FTA reserve	-347,953	-		-	-	-
Valuation reserve for other corridor elimination	-5,076	-		-	-	-
Reserve for Carim FTA IAS 19 revised	-305	-		-	-	-
Undistributable extraordinary reserve gains on securities at FV	177	-	(5)	-	-	-
Extraordinary reserve of undistributable dividends on treasury shares	5	-		-	-	-
Merger surplus	1,023,135	-	A, B, C	1,023,135	-	-
Other reserve from OCINR category	384	-	A, B, C	384	-	-
Valuation reserves	-	-54,583		-	-	-
Reserve from measurement of OCIRE securities	-9,228	-		-	-	-
Reserve from measurement of OCINR securities	-6,712	-		-	-	-
Reserve from actuarial valuation - employee severance benefits and FINITE-benefit pension plan	-38,643	-		-	-	-
Profit for the FY	-	552,879		-	-	-
TOTAL		**7,681,702**		**5,508,973**	**71,836**	**166,000**

(*) A= For capital increase B= To cover losses C= For distribution to Shareholders.
(1) Usable for share capital increase (A) for the portion exceeding one fifth of the share capital.
(2) If the reserve is used to cover losses, no profits may be distributed until such reserve is restored or reduced by the same amount. The reduction must be approved by the Extraordinary Shareholders' Meeting without applying the provisions of the second and third paragraphs of Article 2445 of the Italian Civil Code.
(3) Unless the reserve is transferred to share capital, it may only be reduced with the application of the provisions of Article 2445 paragraphs 2 and 3 of the Italian Civil Code. If distributed, it shall form part of the Company's taxable income.
(4) Distributable when the legal reserve has reached one fifth of the share capital.
(5) Undistributable reserve pursuant to Article 6 d. of Italian Legislative Decree 38/2005.
(6) The reserve may be reduced only if in compliance with paragraphs 2 and 3 of Article 2445 of the Italian Civil Code, i.e. with resolution of the extraordinary General Meeting of Shareholders. Where the reserve is used to cover losses, the formal procedures set out in paragraphs 2 and 3 of Article 2445 of the Italian Civil Code, but no earnings may be distributed until the reserve is fully restored or reduce by the amount used with resolution passed by the extraordinary General Meeting of Shareholders.

OWNED PROPERTY SUBJECT TO REVALUATION PURSUANT TO SPECIAL LAWS

List of owned property items that have been revaluated and are still recognized by Crédit Agricole Italia, setting forth the revaluation amount pursuant to Article 10 of Italian Law No. 72 of 19 March 1983.

Description	Book value net of revaluations	L.11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L.29.12.90 n. 4 08	L.30.12.91 n. 4 13	Merger '94	L.185/08	Deemid cost	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
FURNITURE AND FURNISHINGS	40,581	-	3,225	18,450	-	-	-	-	-	-	-	62,256	62,256	-
MACHINERY	21,962,160	-	1,584	10,554	-	-	-	-	-	-	-	21,974,299	148,432	21,825,867
Total Assets revalued	**22,002,742**	**-**	**4,809**	**29,005**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,036,555**	**210,688**	**21,825,867**

Description	Book value net of revaluations	L. 11.2.62 n. 74	L. 19.2.73 n. 823	L. 2.12.75 n. 576	L. 19.3.83 n. 72	L. 30.7.90 n. 218	L. 29.12.90 n. 408	L. 30.12.91 n. 413	Merger '94	L.185/08	Deemid cost	L. 147/2013	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
APRICA	1,057,546	-	-	-	-	-	-	-	-	-	-	-	1,057,546	401,358	656,188
ACIREALE	996,377	-	-	-	-	-	-	-	-	-	-	-	996,377	472,019	524,358
ACIREALE SCLAFANI	19,782,380	-	-	-	-	-	-	-	-	-	-	-	19,782,380	14,130,077	5,652,303
ACIREALE SEDE	7,850,565	-	-	-	-	-	-	-	-	-	-	-	7,850,565	2,648,844	5,201,721
AGRATE BRIANZA	1,336,950	-	-	-	-	-	-	-	-	-	-	-	1,336,950	678,591	658,359
ARDENNO	508,009	-	-	-	-	-	-	-	-	-	-	-	508,009	251,493	256,515
BERBENNO DI VALTELLINA	494,540	-	-	-	-	-	-	-	-	-	-	-	494,540	272,840	221,700
BIRONE DI GIUSSANO	847,853	-	-	-	-	-	-	-	-	-	-	-	847,853	487,195	360,657
BOMPENSIERE	66,607	-	-	-	-	-	-	-	-	-	-	-	66,607	58,826	7,781
BORMIO	4,750,505	-	-	-	-	-	-	-	-	-	-	-	4,750,505	1,397,751	3,352,754
BORMIO	882,363	-	-	-	-	-	-	-	-	-	-	-	882,363	144,663	737,700
BRESCIA	2,181,620	-	-	-	-	-	-	-	-	-	-	-	2,181,620	994,273	1,187,347
BULCIAGO	598,303	-	-	-	-	-	-	-	-	-	-	-	598,303	415,751	182,551
CALATAFIMI	901,789	-	-	-	-	-	-	-	-	-	-	-	901,789	717,215	184,573
CALTAGIRONE	3,437,479	-	-	-	-	-	-	-	-	-	-	-	3,437,479	2,282,872	1,154,607
CALTANISSETTA	1,033,751	-	-	-	-	-	-	-	-	-	-	-	1,033,751	484,252	549,500
CAMPODOLCINO	817,060	-	-	-	-	-	-	-	-	-	-	-	817,060	319,557	497,503
CANNIZZARO	1,239,891	-	-	-	-	-	-	-	-	-	-	-	1,239,891	602,892	637,000
CASPOGGIO	1,097,030	-	-	-	-	-	-	-	-	-	-	-	1,097,030	510,694	586,335
CATANIA	488,097	-	-	-	-	-	-	-	-	-	-	-	488,097	260,421	227,677
CATANIA	5,526,483	-	-	-	-	-	-	-	-	-	-	-	5,526,483	2,056,847	3,469,637
CHIAVENNA	3,153,164	-	-	-	-	-	-	-	-	-	-	-	3,153,164	1,510,659	1,642,504
CHIURO	866,299	-	-	-	-	-	-	-	-	-	-	-	866,299	422,169	444,131
COLOGNO MONZESE	1,703,690	-	-	-	-	-	-	-	-	-	-	-	1,703,690	719,471	984,219
COLOGNO MONZESE	1,160,042	-	-	-	-	-	-	-	-	-	-	-	1,160,042	513,208	646,834
COMO SEDE	3,903,874	-	-	-	-	-	-	-	-	-	-	-	3,903,874	1,975,928	1,927,946
COMO	147,360	-	-	-	-	-	-	-	-	-	-	-	147,360	45,744	101,616
COSIO VALTELLINO	615,684	-	-	-	-	-	-	-	-	-	-	-	615,684	307,444	308,239
DELEBIO	1,358,994	-	-	-	-	-	-	-	-	-	-	-	1,358,994	630,786	728,208
DUBINO	75,311	-	-	-	-	-	-	-	-	-	-	-	75,311	47,677	27,634
ENNA	871,725	-	-	-	-	-	-	-	-	-	-	-	871,725	635,805	235,920
ERBA	2,105,316	-	-	-	-	-	-	-	-	-	-	-	2,105,316	1,327,903	777,413
FICARAZZI	558,661	-	-	-	-	-	-	-	-	-	-	-	558,661	323,044	235,617
FIUMEFREDDO	528,926	-	-	-	-	-	-	-	-	-	-	-	528,926	269,447	259,479
FLORESTA	19,960	-	-	-	-	-	-	-	-	-	-	-	19,960	12,176	7,785
FONTANA LIRI	113,450	-	-	-	-	-	-	-	-	-	-	-	113,450	66,833	46,616
FROSINONE	2,476,863	-	-	-	-	-	-	-	-	-	-	-	2,476,863	1,517,732	959,131
GIARRE	1,419,832	-	-	-	-	-	-	-	-	-	-	-	1,419,832	631,445	788,387
GROSIO AGENZIA	1,032,264	-	-	-	-	-	-	-	-	-	-	-	1,032,264	492,074	540,190
GROSOTTO	300,072	-	-	-	-	-	-	-	-	-	-	-	300,072	127,872	172,200
GUARDIA	741,747	-	-	-	-	-	-	-	-	-	-	-	741,747	346,985	394,762
LANZADA	521,017	-	-	-	-	-	-	-	-	-	-	-	521,017	283,225	237,792

Description	Book value net of revaluations	L. 11.2.62 n. 74	L. 19.2.73 n. 823	L. 2.12.75 n. 576	L. 19.3.83 n. 72	L. 30.7.90 n. 218	L. 29.12.90 n. 408	L. 30.12.91 n. 413	Merger '94	L.185/08	Deemid cost	L. 147/2013	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
LECCO	10,654,001	-	-	-	-	-	-	-	-	-	-	-	10,654,001	7,619,129	3,034,872
LISSONE	484,176	-	-	-	-	-	-	-	-	-	-	-	484,176	269,595	214,580
LIVIGNO	7,244,321	-	-	-	-	-	-	-	-	-	-	-	7,244,321	1,701,037	5,543,284
MADESIMO	376,142	-	-	-	-	-	-	-	-	-	-	-	376,142	236,558	139,584
MILANO	1,688,066	-	-	-	-	-	-	-	-	-	-	-	1,688,066	778,691	909,375
MILANO FELTRE	36,597,947	-	-	-	-	-	-	-	-	-	-	-	36,597,947	10,213,356	26,384,590
MILANO	5,858,948	-	-	-	-	-	-	-	-	-	-	-	5,858,948	5,858,948	-
MILANO	791,752	-	-	-	-	-	-	-	-	-	-	-	791,752	461,612	330,139
MONTEFIASCONE	3,138,877	-	-	-	-	-	-	-	-	-	-	-	3,138,877	2,058,877	1,080,000
MONTEFIASCONE	1,469,215	-	-	-	-	-	-	-	-	-	-	-	1,469,215	1,145,584	323,631
MONZA	1,159,264	-	-	-	-	-	-	-	-	-	-	-	1,159,264	730,362	428,902
MONZA	7,068,608	-	-	-	-	-	-	-	-	-	-	-	7,068,608	3,721,763	3,346,845
MORBEGNO	2,665,303	-	-	-	-	-	-	-	-	-	-	-	2,665,303	1,711,194	954,108
MUSSOMELI	252,536	-	-	-	-	-	-	-	-	-	-	-	252,536	145,979	106,558
NOVALUCE	1,236,073	-	-	-	-	-	-	-	-	-	-	-	1,236,073	550,196	685,877
NUOVA OLONIO	1,322,523	-	-	-	-	-	-	-	-	-	-	-	1,322,523	687,763	634,759
OSNAGO	522,230	-	-	-	-	-	-	-	-	-	-	-	522,230	318,665	203,565
PALERMO	1,899,314	-	-	-	-	-	-	-	-	-	-	-	1,899,314	540,636	1,358,677
PALERMO	215,167	-	-	-	-	-	-	-	-	-	-	-	215,167	129,071	86,095
PALERMO	3,768,555	-	-	-	-	-	-	-	-	-	-	-	3,768,555	1,229,103	2,539,452
PALERMO	5,984,032	-	-	-	-	-	-	-	-	-	-	-	5,984,032	2,045,745	3,938,287
PASTURO	543,647	-	-	-	-	-	-	-	-	-	-	-	543,647	211,782	331,866
PIEDIMONTE ETNEO	265,975	-	-	-	-	-	-	-	-	-	-	-	265,975	160,623	105,352
PIEDIMONTE SAN GERMANO	423,818	-	-	-	-	-	-	-	-	-	-	-	423,818	280,119	143,699
RHO	2,140,743	-	-	-	-	-	-	-	-	-	-	-	2,140,743	1,251,238	889,505
ROMA	1,304,747	-	-	-	-	-	-	-	-	-	-	-	1,304,747	670,643	634,105
ROMA	5,756,150	-	-	-	-	-	-	-	-	-	-	-	5,756,150	2,067,966	3,688,184
SAN CATALDO	331,440	-	-	-	-	-	-	-	-	-	-	-	331,440	219,642	111,798
SAN GIACOMO DI TEGLIO	195,946	-	-	-	-	-	-	-	-	-	-	-	195,946	107,484	88,462
SAN NICOLO VALFURVA	1,486,491	-	-	-	-	-	-	-	-	-	-	-	1,486,491	477,627	1,008,864
SANTA CATERINA VALFURVA	195,377	-	-	-	-	-	-	-	-	-	-	-	195,377	117,468	77,909
SEGRATE	34,772	-	-	-	-	-	-	-	-	-	-	-	34,772	21,210	13,561
SIRACUSA POLIBIO	498,034	-	-	-	-	-	-	-	-	-	-	-	498,034	300,798	197,236
SIRACUSA	1,127,243	-	-	-	-	-	-	-	-	-	-	-	1,127,243	653,315	473,929
SIRONE	311,511	-	-	-	-	-	-	-	-	-	-	-	311,511	209,539	101,972
SONDALO	739,887	-	-	-	-	-	-	-	-	-	-	-	739,887	284,021	455,866
SONDRIO	1,417,717	-	-	-	-	-	-	-	-	-	-	-	1,417,717	748,953	668,764
SONDRIO	7,566,562	-	-	-	-	-	-	-	-	-	-	-	7,566,562	3,213,111	4,353,451
SONDRIO	4,358,131	-	-	-	-	-	-	-	-	-	-	-	4,358,131	2,212,121	2,146,010
SONDRIO	2,326,951	-	-	-	-	-	-	-	-	-	-	3,099	2,330,050	900,582	1,429,468
SONDRIO	1,410,502	-	-	-	-	-	-	-	-	-	-	-	1,410,502	391,958	1,018,543
SONDRIO	8,922,251	-	-	-	-	-	-	-	-	-	-	-	8,922,251	5,439,772	3,482,478
SONDRIO	185,184	-	-	-	-	-	-	-	-	-	-	-	185,184	56,610	128,573
SONDRIO	867,518	-	-	-	-	-	-	-	-	-	-	-	867,518	260,645	606,873
SONDRIO	13,595,557	-	-	-	-	-	-	-	-	-	-	-	13,595,557	4,119,012	9,476,545
SONDRIO	9,833,847	-	-	-	-	-	-	-	-	-	-	83,098	9,916,945	3,369,054	6,547,892
SONDRIO	3,379,266	-	-	-	-	-	-	-	-	-	-	-	3,379,266	2,575,212	804,055
SONDRIO	1,716,349	-	-	-	-	-	-	-	-	-	-	-	1,716,349	721,963	994,385
SONDRIO	5,508,368	-	-	-	-	-	-	-	-	-	-	-	5,508,368	2,676,261	2,832,107
SORA	875,765	-	-	-	-	-	-	-	-	-	-	-	875,765	602,050	273,715
TALAMONA	387,453	-	-	-	-	-	-	-	-	-	-	-	387,453	236,290	151,162
TERME	289,323	-	-	-	-	-	-	-	-	-	-	-	289,323	177,627	111,696
TERMINI	458,524	-	-	-	-	-	-	-	-	-	-	-	458,524	251,411	207,113
TIRANO	2,832,944	-	-	-	-	-	-	-	-	-	-	-	2,832,944	1,214,436	1,618,508
TRAPANI	1,914,631	-	-	-	-	-	-	-	-	-	-	-	1,914,631	1,188,347	726,284
TRESIVIO	1,582,537	-	-	-	-	-	-	-	-	-	-	-	1,582,537	738,030	844,507

Description	Book value net of revaluations	L. 11.2.62 n. 74	L. 19.2.73 n. 823	L. 2.12.75 n. 576	L. 19.3.83 n. 72	L. 30.7.90 n. 218	L. 29.12.90 n. 408	L. 30.12.91 n. 413	Merger '94	L.185/08	Deemid cost	L. 147/2013	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
VARESE	3,239,424	-	-	-	-	-	-	-	-	-	-	-	3,239,424	1,487,033	1,752,391
VIGNATE	525,933	-	-	-	-	-	-	-	-	-	-	-	525,933	262,127	263,806
VILLA DI TIRANO	189,866	-	-	-	-	-	-	-	-	-	-	-	189,866	104,566	85,300
VIMODRONE	869,855	-	-	-	-	-	-	-	-	-	-	-	869,855	449,687	420,169
VITERBO	532,808	-	-	-	-	-	-	-	-	-	-	-	532,808	433,971	98,837
VITERBO	469,590	-	-	-	-	-	-	-	-	-	-	-	469,590	238,280	231,310
XITTA	8,899	-	-	-	-	-	-	-	-	-	-	-	8,899	4,393	4,506
CASSINO	1,551,293	-	-	-	-	-	-	-	-	-	-	-	1,551,293	964,249	587,044
POSTA FIBRENO	86,740	-	-	-	-	-	-	-	-	-	-	-	86,740	42,207	44,533
AGLIENTU	58,896	-	-	-	-	-	-	-	-	-	-	-	58,896	-	58,896
FROSINONE	2,966	-	-	-	-	-	-	-	-	-	-	-	2,966	-	2,966
ACI CASTELLO	1,033,947	-	-	-	-	-	-	-	-	-	-	-	1,033,947	588,264	445,684
ACI CATENA	716,896	-	-	-	-	-	-	-	-	-	-	-	716,896	361,609	355,287
PARMA	2,616,123	-	510,263	195,089	2,039,910	6,708,770	-	428,631	-	-	-	-	12,498,787	2,974,176	9,524,610
GORIZIA	1,313,898	-	114,021	21,545	729,728	-	-	299,383	-	-	-	-	2,478,576	1,725,470	753,105
LA SPEZIA	15,840,521	-	-	401,545	1,603,647	3,118,336	-	1,164,756	-	-	-	-	22,128,805	10,437,648	11,691,157
PARMA	2,527,454	-	385,900	-	1,501,229	3,609,776	-	389,474	-	-	-	-	8,413,834	3,119,367	5,294,467
PALMANOVA	859,591	-	46,915	8,263	142,129	-	-	106,241	-	-	-	-	1,163,140	868,111	295,029
LA SPEZIA	1,588,511	-	-	-	203,259	141,229	-	104,793	-	-	-	-	2,037,791	1,535,772	502,019
PONTEBBA	343,969	-	18,718	3,099	-	-	-	77,744	-	-	-	-	443,529	301,603	141,926
LA SPEZIA	2,660,446	-	-	-	-	248,904	-	68,478	-	-	-	-	2,977,828	2,129,906	847,922
PARMA	836,413	-	99,914	-	249,070	983,272	-	378,832	-	-	-	-	2,547,500	1,597,533	949,967
S. DANIELE DEL FRIULI	468,494	-	17,123	11,842	236,666	-	-	-	-	-	-	-	734,125	420,756	313,369
LA SPEZIA	1,851,516	-	-	-	159,356	264,582	-	94,216	-	-	-	-	2,369,671	1,855,980	513,690
PARMA	1,572,561	-	56,793	3,788	285,627	807,691	-	189,474	-	-	-	-	2,915,934	1,814,670	1,101,264
TRICESIMO	801,279	-	79,725	13,695	241,142	-	-	-	-	-	-	-	1,135,841	722,326	413,515
LA SPEZIA	1,545,164	-	-	-	231,608	215,178	-	106,104	-	-	-	-	2,098,053	1,539,582	558,470
PARMA	1,069,304	-	2,406	25,203	112,926	159,997	-	166,015	-	-	-	-	1,535,850	1,035,679	500,172
FIUME VENETO	421,423	-	11,413	3,099	-	-	-	93,784	-	-	-	-	529,719	328,780	200,940
SARZANA	570,274	-	-	-	-	75,313	-	20,107	-	-	-	-	665,694	544,754	120,940
MANIAGO	870,889	-	26,831	5,676	242,001	-	-	110,197	-	-	-	-	1,255,594	1,127,233	128,360
LEVANTO	2,517,533	-	-	-	-	7,353	-	117,929	-	-	-	-	2,642,814	2,016,977	625,837
PARMA	1,050,093	-	37	-	382,861	887,578	-	319,388	-	-	-	-	2,639,957	1,582,171	1,057,787
CLAUT	448,711	-	5,419	-	-	-	-	32,797	-	-	-	-	486,927	341,519	145,408
BRUGNATO	594,422	-	-	-	-	127,067	-	43,974	-	-	-	-	765,462	607,215	158,247
PARMA	653,861	-	15,987	-	186,612	319,851	-	149,334	-	-	-	-	1,325,646	804,847	520,799
TRIESTE	1,109,101	-	8,005	9,813	-	-	-	247,656	-	-	-	-	1,374,575	890,646	483,928
FIVIZZANO	1,062,086	-	-	-	-	61,448	7,445	70,857	-	-	-	-	1,201,837	888,327	313,510
MUZZANA DEL TURGANO	384,256	-	-	-	40,705	-	-	-	-	-	-	-	424,961	235,207	189,753
LA SPEZIA	1,399,721	-	-	-	-	328,874	-	45,497	-	-	-	-	1,774,092	1,302,527	471,565
PRATA DI PORDENONE	639,221	-	-	-	91,330	-	-	187,120	-	-	-	-	917,671	545,401	372,270
LA SPEZIA	962,898	-	-	-	-	331,678	-	9,447	-	-	-	-	1,304,023	742,198	561,825
PARMA	3,840,176	-	-	-	-	1,954,872	-	607,415	-	-	-	-	6,402,462	4,501,618	1,900,844
CASARSA DELLA DELIZIA	856,447	-	-	-	159,952	-	-	480,375	-	-	-	-	1,496,774	1,040,415	456,359
FOLLO	665,545	-	-	-	-	49,667	-	879	-	-	-	-	716,091	577,891	138,200
PARMA	1,020,555	-	-	-	-	670,397	-	78,007	-	-	-	-	1,768,959	974,756	794,204
GEMONA	910,472	-	-	-	-	-	-	130,029	-	-	-	-	1,040,501	808,803	231,698
LERICI	2,482,716	-	-	-	-	286,365	-	81,078	-	-	-	-	2,850,159	1,993,203	856,956
PARMA	-524,979	-	-	-	-	1,710,026	289,767	-	-	-	-	-	1,474,814	628,013	846,800
VILLA SANTINA	191,749	-	-	-	-	-	-	32,681	-	-	-	-	224,430	119,263	105,167
LERICI	1,035,906	-	-	-	-	120,382	-	7,718	-	-	-	-	1,164,007	688,777	475,230
CA GREEN LIFE	80,602,413	-	-	-	-	22,803,265	42,608	3,941,633	-	-	-	-	107,389,918	44,374,820	63,015,098
CORNO DI ROSAZZO	516,794	-	-	-	-	-	-	69,636	-	-	-	-	586,430	464,639	121,791
MONTEROSSO	523,633	-	-	-	-	126,073	-	3,263	-	-	-	-	652,968	478,086	174,882
PARMA	3,847,950	-	-	-	-	42,090	-	-	-	-	-	-	3,890,039	-	3,890,039
ZOPPOLA	400,767	-	-	-	26,296	-	-	43,108	-	-	-	-	470,171	344,601	125,570

Description	Book value net of revaluations	L. 11.2.62 n. 74	L. 19.2.73 n. 823	L. 2.12.75 n. 576	L. 19.3.83 n. 72	L. 30.7.90 n. 218	L. 29.12.90 n. 408	L. 30.12.91 n. 413	Merger '94	L.185/08	Deemid cost	L. 147/2013	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
SARZANA	3,477,023	-	-	-	336,412	151,630	-	224,815	-	-	-	-	4,189,879	3,241,646	948,233
ALBARETO	205,005	-	-	-	-	64,005	-	22,958	-	-	-	-	291,967	207,568	84,400
UDINE	1,209,760	-	-	-	-	-	-	134,755	-	-	-	-	1,344,515	947,657	396,858
LA SPEZIA	1,451,543	-	-	-	172,169	127,874	-	85,263	-	-	-	-	1,836,848	1,425,655	411,193
RONCHIS	376,460	-	-	-	-	-	-	20,998	-	-	-	-	397,457	268,646	128,812
LICCIANA NARDI	65,192	-	-	-	-	26,585	-	12,575	-	-	-	-	104,352	32,737	71,615
BASILICANOVA	312,598	-	-	-	57,102	167,520	13,316	147,621	-	-	-	-	698,157	422,418	275,739
BUIA	405,156	-	-	-	-	-	-	90,508	-	-	-	-	495,664	342,285	153,379
SANTO STEFANO DI MAGRA	378,366	-	-	-	-	150,836	-	6,091	-	-	-	-	535,293	439,782	95,511
BSB-SAGRADO	485,745	-	-	-	-	-	-	105,770	-	-	-	-	591,516	531,490	60,025
ORTONOVO	850,515	-	-	-	-	19,306	-	25,241	-	-	-	-	895,062	628,233	266,829
BEDONIA	680,117	-	-	-	-	182,435	-	112,306	-	-	-	-	974,858	632,553	342,306
LA SPEZIA	150,149	-	-	-	-	41,382	-	9,764	-	-	-	-	201,295	54,848	146,447
BERCETO	153,751	-	2,161	11,500	61,274	87,586	-	55,926	-	-	-	-	372,197	239,220	132,977
TREVISO	3,485,224	-	-	-	-	-	-	1,345,907	-	-	-	-	4,831,131	3,443,681	1,387,450
CALICE AL CORNOVIGLIO	146,464	-	-	-	-	17,175	-	1,980	-	-	-	-	165,618	125,164	40,454
BORGOTARO	483,002	-	11,389	18,401	95,615	128,117	-	16,994	-	-	-	-	753,519	501,804	251,715
BOLANO	1,533,990	-	-	-	-	366,774	-	131,993	-	-	-	-	2,032,757	1,701,109	331,648
BUSSETO	729,508	-	22,360	-	-	468,356	-	100,485	-	-	-	-	1,320,709	850,979	469,730
NIMIS	626,917	-	-	-	-	-	-	72,854	-	-	-	-	699,771	405,162	294,609
LA SPEZIA	5,005,277	-	-	-	-	371,132	-	253,378	-	-	-	-	5,629,787	3,641,393	1,988,393
LA SPEZIA	4,437,537	-	-	-	-	443,693	-	262,165	-	-	-	-	5,143,396	4,090,977	1,052,419
CALESTANO	67,333	-	9,321	1,911	47,801	94,609	-	17,398	-	-	-	-	238,373	148,071	90,302
CASSACCO	610,627	-	-	-	-	-	-	65,673	-	-	-	-	676,300	308,908	367,392
SAN TERENZO DI LERICI	20,249,025	-	-	-	-	3,287,968	-	1,580,071	-	-	-	-	25,117,063	9,349,216	15,767,848
COENZO	371,668	-	1,808	-	-	138,121	-	9,465	-	-	-	-	521,062	328,028	193,034
LIGNANO SABBIADORO	2,966,004	-	-	-	-	-	-	71,312	-	-	-	-	3,037,316	1,734,484	1,302,832
LICCIANA NARDI	1,024,900	-	-	-	-	97,505	-	-	-	-	-	-	1,122,406	890,797	231,608
COLLECCHIO	2,161,546	-	-	-	-	288,117	-	191,196	-	-	-	-	2,640,859	1,480,643	1,160,216
COLLE UMBERTO	277,985	-	-	-	-	-	-	34,706	-	-	-	-	312,691	294,951	17,740
BEVERINO	378,948	-	-	-	-	41,624	-	18,300	-	-	-	-	438,871	346,301	92,570
COLORNO	1,062,310	-	-	-	-	786,454	-	108,667	-	-	-	-	1,957,431	1,217,845	739,586
VILLAFRANCA IN LUNIGIANA	1,213,856	-	-	-	-	218,682	-	58,845	-	-	-	-	1,491,383	1,144,586	346,797
CORNIGLIO	151,514	-	26,353	928	48,146	194,040	-	35,078	-	-	-	-	456,059	253,273	202,786
BARBARASCO DI TRESANA	803,417	-	-	-	-	80,186	-	47,582	-	-	-	-	931,185	774,201	156,984
FIDENZA	2,108,296	-	83,677	29,665	215,527	307,531	-	-	-	-	-	-	2,744,696	1,333,675	1,411,021
LA SPEZIA	1,919,486	-	-	-	-	105,729	-	1,512,010	-	-	-	-	3,537,225	1,840,070	1,697,156
FIDENZA	655,014	-	-	-	28,659	345,710	-	48,093	-	-	-	-	1,077,476	643,550	433,926
LA SPEZIA	1,115,398	-	-	-	-	65,547	-	145,997	-	-	-	-	1,326,942	896,047	430,895
FONTANELLATO	760,617	-	29,897	-	111,655	379,247	-	15,582	-	-	-	-	1,296,998	798,051	498,947
SESTA GODANO	708,922	-	-	-	-	13,364	-	41,276	-	-	-	-	763,562	632,696	130,866
FORNOVO TARO	1,211,968	-	8,156	19,437	-	198,065	-	14,142	-	-	-	-	1,451,768	914,600	537,168
PORTOVENERE	2,105,641	-	-	-	-	81,023	-	89,171	-	-	-	-	2,275,835	1,767,887	507,948
LANGHIRANO	1,041,516	-	42,532	12,128	90,543	562,140	-	50,672	-	-	-	-	1,799,531	797,504	1,002,027
SANTO STEFANO DI MAGRA	7,900	-	-	-	-	900	-	-	-	-	-	-	8,800	4,148	4,652
MEDESANO	250,004	-	18,132	9,531	108,953	219,782	-	40,468	-	-	-	-	646,870	364,901	281,969
SARZANA - PALLODOLA	586,705	-	-	-	-	15,897	-	25,821	-	-	-	-	628,424	483,049	145,375
MILANO	2,399,793	-	-	-	-	1,547,429	-	157,597	-	-	-	-	4,104,819	2,870,069	1,234,750
CARRARA	3,242,532	-	-	-	-	43,972	-	112,869	-	-	-	-	3,399,372	1,737,634	1,661,738
MONCHIO	58,818	-	1,143	5,726	59,171	90,515	-	10,666	-	-	-	-	226,039	142,899	83,140
VEZZANO LIGURE	1,440,119	-	-	-	-	13,110	-	36,687	-	-	-	-	1,489,916	1,199,538	290,378
NEVIANO ARDUINI	72,829	-	3,954	2,574	46,044	88,290	-	11,935	-	-	-	-	225,627	145,773	79,854
LA SPEZIA	740,690	-	-	-	-	-	-	-	-	-	-	-	740,690	281,962	458,727
NOCETO	814,172	-	14,143	10,558	76,036	108,038	-	28,103	-	-	-	-	1,051,049	675,743	375,306
ARCOLA	381,369	-	-	-	-	-	-	-	-	-	-	-	381,369	195,030	186,338
LERICI	129,783	-	-	-	-	-	-	-	-	-	-	-	129,783	-	129,783

Description	Book value net of revaluations	L. 11.2.62 n. 74	L. 19.2.73 n. 823	L. 2.12.75 n. 576	L. 19.3.83 n. 72	L. 30.7.90 n. 218	L. 29.12.90 n. 408	L. 30.12.91 n. 413	Merger '94	L.185/08	Deemid cost	L. 147/2013	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
PALANZANO	76,040	-	974	8,767	46,594	122,582	-	13,092	-	-	-	-	268,049	175,685	92,365
LA SPEZIA	1,424,629	-	-	-	-	-	-	-	-	-	-	-	1,424,629	278,682	1,145,947
SEDEGLIANO	153,284	-	13,618	2,637	-	-	-	55,494	-	-	-	-	225,033	101,331	123,702
LA SPEZIA	681,598	-	-	-	-	-	-	-	-	-	-	-	681,598	268,142	413,457
PELLEGRINO	254,342	-	15,431	2,998	49,259	182,482	-	19,224	-	-	-	-	523,736	302,090	221,646
TARCENTO	658,092	-	-	24,478	349,685	-	-	741,279	-	-	-	-	2,361,481	1,980,155	381,326
CASTELNUOVO MAGRA	512,001	-	-	-	-	-	-	-	-	-	-	-	512,001	219,674	292,327
PIEVEOTTOVILLE	44,007	-	342	-	45,249	73,623	-	8,525	-	-	-	-	171,744	113,103	58,641
COMEGLIANS	328,050	-	20,658	4,390	-	-	-	55,105	-	-	-	-	408,203	278,057	130,147
LA SPEZIA	221,625	-	-	-	-	-	-	-	-	-	-	-	221,625	88,275	133,351
POLESINE	492,863	-	-	-	-	150,460	-	70,135	-	-	-	-	713,458	493,229	220,228
POCENIA	336,280	-	-	-	-	-	-	6,541	-	-	-	-	342,821	221,847	120,974
AULLA	857,274	-	-	-	-	-	114,140	273,656	-	-	-	-	1,245,070	984,846	260,224
PONTETARO	800,580	-	19,513	3,367	66,243	93,310	26,289	116,981	-	-	-	-	1,126,282	680,621	445,660
BAGNONE	100,784	-	10,329	-	-	-	54,274	69,779	-	-	-	-	235,166	170,175	64,991
ROCCABIANCA	800,352	-	-	-	-	241,824	-	17,912	-	-	-	-	1,060,088	563,454	496,634
TREPPO GRANDE	82,913	-	-	20,644	41,285	-	-	90,595	-	-	-	-	261,792	162,638	99,154
CARRARA	114,959	-	-	-	-	-	64,806	385,522	-	-	-	-	565,287	440,240	125,047
SALA BAGANZA	173,823	-	46,459	6,907	72,054	323,203	-	59,315	-	-	-	-	681,760	280,402	401,359
LATISANA	1,621,753	-	-	-	750,006	-	-	226,281	-	-	-	-	2,598,041	751,453	1,846,588
CARRARA	2,874,341	-	-	-	-	-	905,346	222,095	-	-	-	-	4,001,782	2,610,525	1,391,257
SALSOMAGGIORE	1,667,929	-	60,047	41,818	338,509	424,119	-	16,718	-	-	-	-	2,549,141	1,613,379	935,761
UDINE	5,897,230	-	426,387	72,397	2,353,017	-	-	2,304,320	-	-	-	-	11,053,351	5,875,069	5,178,282
S. MARIA DEL TARO	64,698	-	3,146	-	58,320	100,472	-	10,200	-	-	-	-	236,836	160,420	76,416
PORDENONE	4,040,924	-	-	58,503	444,601	-	-	4,647,383	-	-	-	-	9,329,303	2,046,135	7,283,168
MASSA	688,277	-	17,556	-	-	-	105,023	557,251	-	-	-	-	1,368,107	991,534	376,573
S.SECONDO	453,251	-	145	-	105,674	392,743	-	71,430	-	-	-	-	1,023,242	585,314	437,929
PORDENONE	2,263,982	-	-	231,457	1,261,465	-	-	1,932,060	-	-	-	-	5,907,262	2,340,431	3,566,831
PONTREMOLI	299,245	-	-	-	-	-	20,266	155,726	-	-	-	-	475,237	411,960	63,277
S.ANDREA BAGNI	223,532	-	1,859	-	-	129,517	-	5,253	-	-	-	-	360,161	251,615	108,546
VILLAFRANCA IN LUNIGIANA	106,886	-	-	-	-	-	-	-	-	-	-	-	106,886	50,705	56,181
SISSA	555,176	-	3,353	7,578	-	159,671	-	27,414	-	-	-	-	753,193	429,953	323,240
SOLIGNANO	55,268	-	4,209	5,424	51,082	97,942	-	9,218	-	-	-	-	223,143	141,106	82,038
PASIANO	407,472	-	-	-	231,314	-	-	376,445	-	-	-	-	1,015,231	839,363	175,868
SORAGNA	247,913	-	18,533	17,254	67,759	177,224	-	39,340	-	-	-	-	568,023	343,813	224,210
PORDENONE	2,957,555	-	-	-	601,219	-	-	2,386,151	-	-	-	-	5,960,419	2,437,583	3,522,836
SORBOLO	1,384,554	-	-	-	-	651,020	-	62,444	-	-	-	-	2,098,017	1,515,544	582,474
AZZANO X	1,881,303	-	-	-	33,164	-	-	848,193	-	-	-	-	2,762,660	1,613,437	1,149,224
SUZZARA	1,046,690	-	-	-	-	539,476	-	18,414	-	-	-	-	1,604,580	1,173,999	430,580
AVIANO	1,808,758	-	-	-	-	-	-	154,547	-	-	-	-	1,963,305	1,087,642	875,663
TABIANO TERME	68,799	-	757	19,119	85,501	132,004	-	16,618	-	-	-	-	322,800	228,358	94,442
VALVASONE	385,021	-	-	-	-	-	-	382,815	-	-	-	-	767,836	536,600	231,236
TRAVERSETOLO	1,298,683	-	23,043	8,221	72,176	259,432	-	84,935	-	-	-	-	1,746,489	981,666	764,823
SACILE	1,253,453	-	-	8,805	219,518	-	-	342,276	-	-	-	-	1,869,864	747,892	1,121,972
SARZANA	183,389	-	-	-	-	1,528	-	-	-	-	-	-	184,917	144,258	40,658
BRUGNERA	2,176,623	-	-	-	-	-	-	170,054	-	-	-	-	2,346,678	1,374,993	971,685
LA SPEZIA	503,389	-	-	-	-	-	-	-	-	-	-	-	503,389	354,498	148,891
ZIBELLO	205,556	-	136	-	98,960	278,852	-	6,056	-	-	-	-	589,560	388,690	200,870
ROVEREDO IN PIANO	946,713	-	-	-	-	-	-	514,791	-	-	-	-	1,461,504	858,504	603,000
PARMA	527,548	-	-	-	-	131,803	-	54,888	-	-	-	-	714,239	714,239	-
S. VITO AL TAGLIAMENTO	756,325	-	-	-	20,168	-	-	167,669	-	-	-	-	944,162	475,831	468,331
ODERZO	2,601,863	-	-	-	-	-	-	266,981	-	-	-	-	2,868,844	826,544	2,042,300
CONCORDIA SAGITTARIA	1,584,463	-	-	-	-	-	-	12,472	-	-	-	-	1,596,935	830,822	766,113
SPORTELLO AREA S.P.I.P.	935,911	-	-	-	-	14,843	-	9,560	-	-	-	-	960,314	540,192	420,122
LIGNANO PINETA	620,092	-	-	27,338	96,175	-	-	38,104	-	-	-	-	781,709	277,665	504,044
TRIESTE	3,539,920	-	124,859	36,152	909,997	-	-	887,662	-	-	-	-	6,169,984	1,196,554	4,973,430

Description	Book value net of revaluations	L. 11.2.62 n. 74	L. 19.2.73 n. 823	L. 2.12.75 n. 576	L. 19.3.83 n. 72	L. 30.7.90 n. 218	L. 29.12.90 n. 408	L. 30.12.91 n. 413	Merger '94	L.185/08	Deemid cost	L. 147/2013	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
BASILIANO	123,341	-	14,254	2,582	-	-	-	77,082	-	-	-	-	217,274	114,408	102,866
CERVIGNANO	215,598	-	82,225	12,395	473,591	-	-	154,057	-	-	-	-	937,866	574,863	363,003
MANZANO	924,818	-	14,977	5,165	121,108	-	-	134,959	-	-	-	-	1,201,027	818,961	382,067
PALUZZA	333,843	-	16,010	4,648	-	-	-	93,911	-	-	-	-	448,412	279,606	168,806
TARVISIO	685,589	-	14,966	2,582	-	-	-	34,165	-	-	-	-	737,303	306,698	430,605
PORDENONE	1,971,082	-	-	-	-	-	-	495,322	-	-	-	-	2,466,404	1,061,587	1,404,817
PORDENONE	247,209	-	-	18,592	121,597	-	-	311,156	-	-	-	-	698,554	286,379	412,175
AGENZIA DI CITTÀ N. 5	4,208,279	-	-	-	-	2,518	-	-	-	-	-	-	4,210,797	2,662,719	1,548,078
LANGHIRANO	414,265	-	-	-	-	138	-	-	-	-	-	-	414,402	294,303	120,099
VIA MISTRALI - PARMA	4,887,269	-	369,753	377,014	1,508,925	-	897,799	2,460,915	-	-	-	-	10,501,675	4,716,244	5,785,431
PARMA	1,703,080	-	-	-	140,699	-	1,050,126	295,927	-	-	-	-	3,189,833	1,770,307	1,419,526
PARMA	1,155,565	-	-	-	179,927	-	498,958	177,237	-	-	-	-	2,011,687	1,361,931	649,756
LANGHIRANO	57,180	-	34,618	15,494	162,684	-	255,039	217,764	-	-	-	-	742,779	438,851	303,928
FELINO	817,375	-	35,969	10,329	87,798	-	301,908	220,281	-	-	-	-	1,473,660	845,574	628,086
SALA BAGANZA	588,872	-	15,749	-	235,765	-	670,239	14,659	-	-	-	-	1,525,285	894,391	630,895
FONTEVIVO	285,734	-	11,927	20,658	103,291	-	350,998	299,492	-	-	-	-	1,072,100	550,308	521,792
FONTANELLE	84,888	-	9,533	2,582	45,448	-	151,905	63,487	-	-	-	-	357,844	224,708	133,136
MEZZANI	32,302	-	5,127	5,210	38,218	-	65,506	53,984	-	-	-	-	200,348	147,287	53,061
COLLECCHIO	832,482	-	-	-	73,636	-	59,469	641,640	-	-	-	-	1,607,226	974,306	632,920
LAGRIMONE	181,491	-	-	-	-	-	99,980	-	-	-	-	-	281,472	244,213	37,259
S. POLO TORRILE	845,696	-	-	-	-	-	-	11,996	-	-	-	-	857,692	465,033	392,659
PARMA	564,991	-	-	-	-	-	436,369	70,280	-	-	-	-	1,071,641	694,829	376,812
AGAZZANO	156,226	-	-	-	72,046	53,139	-	27,352	-	-	-	-	308,763	127,524	181,239
ALSENO	379,022	-	-	-	51,646	108,998	-	47,211	-	-	-	-	586,877	337,490	249,387
BETTOLA	136,427	-	-	-	61,975	134,658	-	27,484	-	-	-	-	360,543	218,710	141,833
BOBBIO	308,111	-	-	-	43,608	112,497	-	20,969	-	-	-	-	485,185	296,852	188,333
BORGONOVO VAL TIDONE	461,737	-	-	-	56,810	87,567	-	31,598	-	-	-	-	637,713	371,027	266,686
CADEO	479,726	-	-	-	-	16,673	-	102,983	-	-	-	-	599,383	396,291	203,092
CALENDASCO	314,391	-	-	-	-	36,431	-	41,650	-	-	-	-	392,472	171,677	220,794
CAORSO	365,207	-	-	-	98,127	101,462	-	41,257	-	-	-	-	606,053	333,697	272,356
CASTEL S. GIOVANNI	828,643	-	-	-	171,844	413,391	-	88,751	-	-	-	-	1,502,629	860,652	641,977
CORTEMAGGIORE	314,934	-	-	-	77,469	87,409	-	35,055	-	-	-	-	514,866	275,841	239,025
FERRIERE	178,073	-	-	-	-	4,523	-	53,147	-	-	-	-	235,743	182,142	53,601
FIORENZUOLA D'ARDA	625,670	-	-	-	135,487	183,413	-	114,352	-	-	-	-	1,058,921	517,236	541,685
GRAGNANO TREBBIENSE	298,660	-	-	-	41,317	23,034	-	29,569	-	-	-	-	392,580	235,259	157,322
LUGAGNANO	756,011	-	-	-	65,107	28,660	-	26,297	-	-	-	-	876,076	464,518	411,558
MONTICELLI	494,752	-	-	-	-	-	-	69,145	-	-	-	-	563,897	366,187	197,711
MORFASSO	213,288	-	-	-	-	-	-	49,730	-	-	-	-	263,017	206,265	56,753
OTTONE	69,594	-	-	-	15,494	33,085	-	7,709	-	-	-	-	125,882	72,109	53,773
PIANELLO VAL TIDONE	476,186	-	-	-	-	60,751	-	9,449	-	-	-	-	546,385	308,936	237,449
PODENZANO	632,093	-	-	-	67,139	115,376	-	70,923	-	-	-	-	885,531	486,314	399,217
VIA VITTORIO VENETO 90	513,652	-	-	-	-	172,170	-	99,830	-	-	-	-	785,652	476,711	308,941
PONTENURE	777,790	-	-	-	-	-	-	68,083	-	-	-	-	845,873	548,607	297,266
ROTTOFRENO	47,391	-	-	-	56,810	61,128	-	24,581	-	-	-	-	189,910	129,171	60,739
TRAVO	294,061	-	-	-	-	1,640	-	38,548	-	-	-	-	334,249	191,160	143,088
VILLANOVA SULL'ARDA	461,731	-	-	-	-	57,044	-	71,327	-	-	-	-	590,101	272,558	317,544
VICOBARONE DI ZIANO	48,378	-	-	-	15,494	14,084	-	8,451	-	-	-	-	86,408	61,286	25,122
ZIANO PIACENTINO	90,120	-	-	-	20,658	45,381	-	8,838	-	-	-	-	164,998	95,362	69,636
VIA POGGIALI - PIACENZA	4,945,948	-	-	769,851	1,567,362	5,788,954	-	1,952,811	-	-	-	-	15,024,926	6,349,140	8,675,787
PIACENZA	1,265,827	-	-	-	-	195,554	-	196,597	-	-	-	-	1,657,979	1,016,900	641,079
PIACENZA	1,710,430	-	-	-	-	426,870	-	215,624	-	-	-	-	2,352,925	1,433,802	919,122
CODOGNO	1,335,309	-	-	-	-	171,309	-	217,624	-	-	-	-	1,724,242	1,234,783	489,460
VIGEVANO	321,399	-	-	7,230	-	163,008	-	17,382	-	-	-	-	509,020	282,860	226,160
VIGEVANO	354,174	-	-	15,494	-	270,714	-	11,718	-	-	-	-	652,100	337,440	314,660
VIGEVANO	1,888,870	-	-	129,114	1,077,258	1,004,817	-	417,537	-	-	-	-	4,517,596	1,299,300	3,218,296
CASSOLNOVO	501,228	-	-	10,329	-	91,583	-	21,130	-	-	-	-	624,270	288,466	335,804

Description	Book value net of revaluations	L. 11.2.62 n. 74	L. 19.2.73 n. 823	L. 2.12.75 n. 576	L. 19.3.83 n. 72	L. 30.7.90 n. 218	L. 29.12.90 n. 408	L. 30.12.91 n. 413	Merger '94	L.185/08	Deemid cost	L. 147/2013	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
GAMBOLO'	416,272	-	-	10,329	-	94,165	-	4,474	-	-	-	-	525,240	329,371	195,869
PARONA	145,005	-	-	-	-	75,689	-	12,941	-	-	-	-	233,635	131,780	101,855
TROMELLO	466,710	-	-	-	-	78,092	-	17,078	-	-	-	-	561,879	284,691	277,188
PAVIA	742,082	-	-	-	-	22,047	-	32,726	-	-	-	-	796,855	490,865	305,990
VALENZA	467,271	-	-	55,996	250,688	-	-	90,441	853,142	-	-	-	1,717,537	837,804	879,733
VINOVO	511,557	-	-	-	-	-	-	20,734	148,416	-	-	-	680,707	434,808	245,899
MILANO	2,749,633	-	-	-	-	-	-	932,758	278,224	-	-	-	3,960,615	3,249,586	711,029
MILANO	816,865	-	81,632	-	371,849	-	-	543,908	268,264	-	-	-	2,082,518	1,348,284	734,234
MILANO	569,916	-	92,969	-	291,282	-	-	439,674	275,121	-	-	-	1,668,962	1,159,773	509,188
MILANO	711,368	-	41,673	-	127,048	-	-	258,173	351,453	-	-	-	1,489,715	953,812	535,902
MILANO	581,284	-	103,421	-	335,697	-	-	381,513	161,503	-	-	-	1,563,418	1,117,464	445,953
MILANO	608,800	-	191,991	-	192,122	-	-	433,140	889,114	-	-	-	2,315,166	1,611,585	703,582
CASALMAGGIORE	278,021	2,359	22,273	-	-	-	-	36,030	292,244	-	-	-	630,927	380,647	250,280
CASTELVERDE	72,102	-	5,526	-	-	-	-	17,998	94,559	-	-	-	190,185	120,659	69,526
CINGIA DE' BOTTI	9,619	429	5,941	-	-	-	-	12,612	74,914	-	-	-	103,516	73,051	30,465
CORTE DE' CORTESI	138,546	-	713	-	-	-	-	7,370	47,582	-	-	-	194,210	112,206	82,004
GRUMELLO CREMONESE	156,931	59	2,644	-	-	-	-	9,162	66,174	-	-	-	234,970	119,437	115,533
GUSSOLA	60,206	-	7,753	-	-	-	-	58,355	51,318	-	-	-	177,631	133,110	44,521
PIEVE D'OLMI	28,668	-	12,488	-	-	-	-	21,534	48,712	-	-	-	111,402	73,924	37,478
PIZZIGHETTONE	496,857	-	-	-	178,694	-	-	99,878	20,092	-	-	-	795,520	508,420	287,100
RIVAROLO	394,579	-	1,600	-	-	-	-	90,021	14,886	-	-	-	501,086	399,564	101,521
ROBECCO	138,623	948	8,786	-	-	-	-	15,957	81,443	-	-	-	245,757	113,272	132,485
S.GIOVANNI IN CROCE	667,232	664	3,813	-	-	-	-	11,034	54,843	-	-	-	737,585	439,602	297,984
SESTO CREMONESE	245,616	508	3,370	-	-	-	-	12,890	76,972	-	-	-	339,357	143,125	196,232
VESCOVATO	76,855	48	12,183	-	-	-	-	17,887	100,177	-	-	-	207,149	114,777	92,372
LODI	688,355	4,127	113,691	-	-	-	-	259,762	1,051,150	-	-	-	2,117,086	1,403,273	713,813
CASALPUSTERLENGO	904,504	-	-	-	211,740	-	-	409,979	266,529	-	-	-	1,792,751	1,322,927	469,824
S.GIULIANO MILANESE	759,784	-	43,900	-	232,406	-	-	369,534	73,368	-	-	-	1,478,993	982,459	496,534
SANT'ANGELO LODIGIANO	991,652	1,411	13,012	-	-	-	-	66,702	8,769	-	-	-	1,081,545	518,484	563,061
MANTOVA	5,055,932	-	-	-	-	-	-	1,560,197	321,766	-	-	-	6,937,895	5,777,073	1,160,821
ASOLA	361,588	1,501	19,641	-	-	-	-	66,395	227,909	-	-	-	677,034	319,812	357,222
CASTELLUCCHIO	726,202	-	-	-	-	-	-	226,505	49,464	-	-	-	1,002,171	704,612	297,559
MARMIROLO	173,795	-	10,252	-	-	-	-	78,068	61,702	-	-	-	323,816	227,655	96,161
OSTIGLIA	119,895	-	-	-	-	-	-	54,938	77,867	-	-	-	252,701	167,401	85,300
ROVERBELLA	297,198	-	14,949	-	-	-	-	22,589	155,423	-	-	-	490,159	217,283	272,877
BELGIOIOSO	206,308	1,151	11,204	-	-	-	-	21,180	229,336	-	-	-	469,179	269,082	200,096
BRONI	979,441	-	-	-	328,983	-	-	300,316	50,149	-	-	-	1,658,888	1,132,470	526,419
CERTOSA DI PAVIA	496,776	-	4,692	-	120,851	-	-	82,275	28,618	-	-	-	733,212	411,997	321,216
CORTEOLONA	47,714	-	9,608	-	-	-	-	20,950	74,440	-	-	-	152,711	106,866	45,846
PIEVE PORTO MORONE	163,526	-	-	-	-	-	-	53,937	84,966	-	-	-	302,429	200,317	102,111
CREMA	790,451	4,822	56,297	-	298,140	-	-	628,944	257,319	-	-	-	2,035,973	1,358,055	677,919
ANNICCO	136,729	1,176	3,176	-	-	-	-	52,652	67,277	-	-	-	261,011	161,379	99,632
CASALBUTTANO	78,557	506	31,536	-	-	-	-	57,722	100,940	-	-	-	269,261	187,563	81,698
PADERNO PONCHIELLI	70,137	-	4,106	-	-	-	-	14,653	84,481	-	-	-	173,377	110,744	62,633
PANDINO	466,329	1,731	27,915	-	-	-	-	66,462	159,407	-	-	-	721,844	328,638	393,206
ROMANENGO	861,724	795	12,932	-	-	-	-	21,601	110,278	-	-	-	1,007,330	477,147	530,183
SORESINA	510,845	830	35,251	-	-	-	-	97,091	382,504	-	-	-	1,026,522	581,914	444,608
TRIGOLO	91,789	129	8,539	-	-	-	-	14,433	61,857	-	-	-	176,747	100,097	76,650
ASILO NIDO AZIENDALE	2,436,970	-	-	-	-	271,083	-	48,005	-	-	-	-	2,756,059	795,662	1,960,397
SAN MINIATO	5,522,257	-	-	-	-	-	-	-	-	-	2,349,773	-	7,872,030	5,178,198	2,693,832
SAN MINIATO	302,318	-	-	-	-	-	-	-	-	14,129	-	-	316,447	73,061	243,386
CASTELFRANCO DI SOTTO	22,817	-	-	-	-	-	-	-	-	1,984	-	-	24,801	5,257	19,544
PISA	379,040	-	-	-	-	-	-	-	-	32,960	-	-	412,000	87,324	324,676
SANTA CROCE SULL'ARNO	132,957	-	-	-	-	-	-	-	-	8,400	-	-	141,357	30,118	111,239
SAN MINIATO	1,697,150	-	-	-	-	-	-	-	-	180,242	-	-	1,877,392	344,826	1,532,566
SAN MINIATO	14,046	-	-	-	-	-	-	-	-	2,014	-	-	16,060	5,429	10,631

Description	Book value net of revaluations	L. 11.2.62 n. 74	L. 19.2.73 n. 823	L. 2.12.75 n. 576	L. 19.3.83 n. 72	L. 30.7.90 n. 218	L. 29.12.90 n. 408	L. 30.12.91 n. 413	Merger '94	L.185/08	Deemid cost	L. 147/2013	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
CAPANNOLI	3,887	-	-	-	-	-	-	-	-	2,118	-	-	6,006	662	5,343
FUCECCHIO	621,689	-	-	-	-	-	-	-	-	373,900	-	-	995,589	270,793	724,796
LIVORNO	259,633	-	-	-	-	-	-	-	-	2,006	-	-	261,639	97,503	164,136
CAPANNOLI	273,070	-	-	-	-	-	-	-	-	9,200	-	-	282,270	86,831	195,439
CASTELFRANCO DI SOTTO	1,069,015	-	-	-	-	-	-	-	-	6,973	-	-	1,075,988	309,483	766,505
EMPOLI	679,369	-	-	-	-	-	-	-	-	7,800	-	-	687,168	169,103	518,065
MONTOPOLI VALDARNO	234,828	-	-	-	-	-	-	-	-	3,959	-	-	238,786	76,407	162,379
MONTOPOLI VALDARNO	647,347	-	-	-	-	-	-	-	-	11,690	-	-	659,037	178,160	480,877
POGGIBONSI	1,120,752	-	-	-	-	-	-	-	-	16,527	-	-	1,137,280	348,798	788,481
PONTEDERA	803,313	-	-	-	-	-	-	-	-	47,170	-	-	850,483	280,736	569,747
PONTEDERA	168,581	-	-	-	-	-	-	-	-	6,677	-	-	175,258	54,692	120,566
SANTA CROCE SULL'ARNO	423,737	-	-	-	-	-	-	-	-	4,540	-	-	428,277	125,949	302,328
VINCI	470,184	-	-	-	-	-	-	-	-	6,758	-	-	476,942	151,111	325,831
MONTELUPO	543,877	-	-	-	-	-	-	-	-	16,061	-	-	559,938	152,110	407,828
EMPOLI	1,693,231	-	-	-	-	-	-	-	-	87,894	-	-	1,781,125	562,369	1,218,756
SAN MINIATO	4,264,813	-	-	-	-	-	-	-	-	450,703	-	-	4,715,516	1,543,178	3,172,338
SAN MINIATO	893,143	-	-	-	-	-	-	-	-	3,741	-	-	896,885	273,516	623,369
SAN MINIATO	820,205	-	-	-	-	-	-	-	-	48,006	-	-	868,211	213,236	654,975
SANTA CROCE SULL'ARNO	2,069,883	-	-	-	-	-	-	-	-	109,129	-	-	2,179,012	628,783	1,550,229
PONSACCO	973,499	-	-	-	-	-	-	-	-	32,658	-	-	1,006,157	302,075	704,081
CASTELFIORENTINO	478,919	-	-	-	-	-	-	-	-	14,609	-	-	493,528	163,568	329,960
CERRETO GUIDI	303,737	-	-	-	-	-	-	-	-	4,601	-	-	308,338	100,680	207,659
VINCI	1,147,655	-	-	-	-	-	-	-	-	33,544	-	-	1,181,199	372,906	808,293
PISA	1,387,968	-	-	-	-	-	-	-	-	55,531	-	-	1,443,498	446,098	997,401
PALAIA	212,581	-	-	-	-	-	-	-	-	29,687	-	-	242,268	75,603	166,665
SANTA MARIA A MONTE	638,334	-	-	-	-	-	-	-	-	15,529	-	-	653,863	165,461	488,402
FIRENZE	7,149,970	-	-	-	-	-	-	-	-	1,738,055	-	-	8,888,025	2,785,504	6,102,521
SAN MINIATO	450,637	-	-	-	-	-	-	-	-	157,423	-	-	608,059	140,523	467,536
CAPANNOLI	11,968	-	-	-	-	-	-	-	-	602	-	-	12,570	2,837	9,733
CERRETO GUIDI	413,634	-	-	-	-	-	-	-	-	2,413	-	-	416,047	127,138	288,909
SANTA CROCE SULL'ARNO	519,050	-	-	-	-	-	-	-	-	7,336	-	-	526,386	160,793	365,593
SAN MINIATO	90,997	-	-	-	-	-	-	-	-	72,103	-	-	163,100	30,652	132,448
SAN MINIATO	114,428	-	-	-	-	-	-	-	-	9,950	-	-	124,378	20,730	103,648
SAN MINIATO	187,889	-	-	-	-	-	-	-	-	76,111	-	-	264,000	46,875	217,125
SAN MINIATO	14,401	-	-	-	-	-	-	-	-	25,599	-	-	40,000	7,366	32,634
SAN MINIATO	7,233	-	-	-	-	-	-	-	-	57,597	-	-	64,830	6,266	58,565
PONSACCO	499,784	-	-	-	-	-	-	-	-	81,113	-	-	580,897	112,660	468,238
SAN MINIATO	898,025	-	-	-	-	-	-	-	-	36,059	-	-	934,084	124,261	809,824
SAN MINIATO	195,010	-	-	-	-	-	-	-	-	74,990	-	-	270,000	36,478	233,522
BELLARIA IGEA MARINA	1,665,574	-	-	-	-	-	-	-	-	-	-	-	1,665,574	385,862	1,279,712
BELLARIA IGEA MARINA	1,936,811	-	-	-	-	-	-	-	-	-	-	-	1,936,811	303,222	1,633,590
BOLOGNA	492,214	-	-	-	-	-	-	-	-	-	-	-	492,214	89,717	402,497
BOLOGNA	723,809	-	-	-	-	-	-	-	-	-	-	-	723,809	215,637	508,172
CASTENASO	556,693	-	-	-	-	-	-	-	-	-	-	-	556,693	102,611	454,082
CATTOLICA	4,612,697	-	-	-	-	-	-	-	-	-	-	-	4,612,697	869,251	3,743,446
CORIANO	2,398,538	-	-	-	-	-	-	-	-	-	-	-	2,398,538	653,406	1,745,132
CESENA	592,107	-	-	-	-	-	-	-	-	-	-	-	592,107	121,586	470,522
CORIANO	672,587	-	-	-	-	-	-	-	-	-	-	-	672,587	127,598	544,989
ALCONARA MARITTIMA	328,583	-	-	-	-	-	-	-	-	-	-	-	328,583	96,455	232,127
GRADARA	209,631	-	-	-	-	-	-	-	-	-	-	-	209,631	61,045	148,587
RIMINI	829,300	-	-	-	-	-	-	-	-	-	-	-	829,300	202,051	627,248
MELDOLA	119,951	-	-	-	-	-	-	-	-	-	-	-	119,951	30,109	89,842
MISANO ADRIATICO	1,768,145	-	-	-	-	-	-	-	-	-	-	-	1,768,145	297,202	1,470,942
MISANO ADRIATICO	307,200	-	-	-	-	-	-	-	-	-	-	-	307,200	77,816	229,384
MONTESCUDO	381,256	-	-	-	-	-	-	-	-	-	-	-	381,256	91,218	290,038
MORCIANO DI ROMAGNA	1,164,800	-	-	-	-	-	-	-	-	-	-	-	1,164,800	160,619	1,004,181

Description	Book value net of revaluations	L. 11.2.62 n. 74	L. 19.2.73 n. 823	L. 2.12.75 n. 576	L. 19.3.83 n. 72	L. 30.7.90 n. 218	L. 29.12.90 n. 408	L. 30.12.91 n. 413	Merger '94	L.185/08	Deemid cost	L. 147/2013	Total cost	Accumulated depreciation as at 31 Dec. 2022	Net book value as at 31 Dec. 2022
OSIMO	302,944	-	-	-	-	-	-	-	-	-	-	-	302,944	61,986	240,959
RICCIONE	814,398	-	-	-	-	-	-	-	-	-	-	-	814,398	133,925	680,473
RICCIONE	760,989	-	-	-	-	-	-	-	-	-	-	-	760,989	168,094	592,895
RICCIONE	5,224,297	-	-	-	-	-	-	-	-	-	-	-	5,224,297	646,494	4,577,803
RICCIONE	6,293,651	-	-	-	-	-	-	-	-	-	-	-	6,293,651	810,214	5,483,438
RICCIONE	4,401,961	-	-	-	-	-	-	-	-	-	-	-	4,401,961	629,347	3,772,614
RIMINI	9,020,008	-	-	-	-	-	-	-	-	-	-	-	9,020,008	1,948,009	7,071,999
RIMINI	6,852,281	-	-	-	-	-	-	-	-	-	-	-	6,852,281	868,831	5,983,451
RIMINI	4,197,284	-	-	-	-	-	-	-	-	-	-	-	4,197,284	737,623	3,459,661
RIMINI	7,164,770	-	-	-	-	-	-	-	-	-	-	-	7,164,770	683,796	6,480,974
RIMINI	1,034,626	-	-	-	-	-	-	-	-	-	-	-	1,034,626	278,144	756,482
RIMINI	24,800,243	-	-	-	-	-	-	-	-	-	-	-	24,800,243	2,449,720	22,350,523
RIMINI	2,138,979	-	-	-	-	-	-	-	-	-	-	-	2,138,979	550,913	1,588,066
RIMINI	364,446	-	-	-	-	-	-	-	-	-	-	-	364,446	103,486	260,960
RIMINI	2,753,854	-	-	-	-	-	-	-	-	-	-	-	2,753,854	593,223	2,160,631
RIMINI	2,042,145	-	-	-	-	-	-	-	-	-	-	-	2,042,145	336,521	1,705,624
ROMA PRATI FISCALI	483,281	-	-	-	-	-	-	-	-	-	-	-	483,281	129,474	353,807
SAN COSTANZO	542,428	-	-	-	-	-	-	-	-	-	-	-	542,428	240,455	301,973
SAN GIOVANNI IN MARIGNANO	1,820,688	-	-	-	-	-	-	-	-	-	-	-	1,820,688	429,801	1,390,886
SANTARCANGELO DI ROMAGNA	3,055,822	-	-	-	-	-	-	-	-	-	-	-	3,055,822	393,299	2,662,523
VERUCCHIO	1,007,399	-	-	-	-	-	-	-	-	-	-	-	1,007,399	214,904	792,495
VERUCCHIO	1,999,239	-	-	-	-	-	-	-	-	-	-	-	1,999,239	357,608	1,641,631
VERUCCHIO	4,380,527	-	-	-	-	-	-	-	-	-	-	-	4,380,527	1,460,956	2,919,571
SAN MINIATO	77,495	-	-	-	-	-	-	-	-	3,912	-	-	81,407	21,675	59,732
Total Assets revalued	772,269,965	23,196	4,130,435	2,908,864	28,817,991	73,675,214	6,481,576	55,592,903	8,234,671	3,984,004	2,349,773	86,197	960,257,996	440,894,869	519,363,126

Equity investments, assets measured at fair value through equity and assets measured at fair value through profit or loss	Book value net of revaluations	L. 30.7.90 n. 218	Impairment	Measurement OCINR/ FVOBL	Total cost	Net book value as at 31 Dec. 2022
QUOTE RAJNA IMMOBILI	315,014	-	-	-	315,014	315,014
STELLINE REAL ESTATE	12,153,726	-	-	-	12,153,726	12,153,726
FIERE DI PARMA	20,483,198	- 416,050	-	-	20,067,148	20,483,198
GLOBAL BROKER	752,871	-	-	-	752,871	752,871
CA GROUP SOLUTIONS	39,132,000	-	-	-	39,132,000	39,132,000
NUOVA MADONNINA ORD	1	-	-	-	1	1
GENERALFINANCE-V MAG	10,245,900	-	-	-	10,245,900	10,245,900
CALIT SRL	160,300,000	-	- 47,133,000	-	113,167,000	113,167,000
SLIDERS SRL	1,382,001	-	- 1,382,000	-	1	1
CARIPARMA OBG SRL	6,000	-	-	-	6,000	6,000
SOC.AGRIC.LE CICOGNE	2,221,209	-	-	-	2,221,209	2,221,209
LE VILLAGE BY CA MIL	350,156	-	-	-	350,156	350,156
SAN GIORGIO IMMOBILI	2,491,238	-	- 2,491,237	-	1	1
SAN PIERO IMMOBILIAR	719,647	-	- 719,646	-	1	1
LE VILLAGE BY CA PR	800,000	-	-	-	800,000	800,000
LE VILLAGE BY CA TRI	816,000	-	-	-	816,000	816,000
VALTELLINA GOLF CLUB	1	-	-	-	1	1
GENERAL FIN ISCRIZ.	280,418	-	-	-	280,418	280,418
CAREI	300,000	-	-	-	300,000	300,000
QUOTE G.A.L. ELORO S	1,033	-	-	-	1,033	1,033
CONS.VIVI LE VALLI	4,581	-	-	-	4,581	4,581
GAL VALTELLINA SRL	3,600	-	-	- 1,755	3,600	1,845
SITA SPA	1	-	-	-	1	1

Equity investments, assets measured at fair value through equity and assets measured at fair value through profit or loss	Book value net of revaluations	L. 30.7.90 n. 218	Impairment	Measurement OCINR/ FVOBL	Total cost	Net book value as at 31 Dec. 2022
AVIOVALTELLINA SPA	201,589	-	-	-	201,589	201,589
FIDI TOSCANA	2,549,057	-	-	- 678,417	2,549,057	1,870,640
CEPIM	756,711	- 44,831	-	806,588	711,880	1,563,299
SOGEAP	78,124	- 38,911	-	- 53,115	39,213	25,009
SKIAREA VALCHIAVENNA	226,318	-	-	-	226,318	226,318
CENTRO TESSILE COTON	5,165	-	-	-	5,165	5,165
GRASSETTO SPA	1	-	-	-	1	1
CA RISP VOLTERRA	7,116,003	-	-	- 3,920,200	7,116,003	3,195,803
PENTAGONO S.P.A.	21,137	-	-	-	21,137	21,137
SOC INTERPORT. FROSI	2	-	-	- 1	2	1
CENTRO AGRO-ALIM RIM	405,002	-	-	8,852	405,002	413,854
SPOLETO CRED. SERV.	1	-	-	-	1	1
MTS SPA N	86,915	-	-	- 26,939	86,915	59,976
BORMIO TERME S.P.A.	146,884	-	-	- 9,352	146,884	137,531
RIMINI TERME SPA	18,077	-	-	- 18,076	18,077	1
CONFIDICOOP MARCHE S	54,222	-	-	-	54,222	54,222
NOMISMA S.P.A.	60,852	-	-	36,440	60,852	97,292
TERRE DELL'ETRURIA	349,902	-	-	- 347,452	349,902	2,450
S.I.C.I. SGR AOR 06	481,281	-	-	-	481,281	481,281
EDISON ORD	3,457	-	-	7,332	3,457	10,789
ITALIAN EXHIBITION G	357,399	-	-	- 197,897	357,399	159,502
RETE FIDI LIGURIA	51,646	-	-	- 26	51,646	51,620
COOPERARE	1,260,589	-	-	97,737	1,260,589	1,358,326
CENTROFIDI TERZIARIO	1,194,064	-	-	66,703	1,194,064	1,260,767
PIACENZA EXPO	703,083	94,063	-	190,191	797,146	893,275
SVILUPPO COMO	1,160,185	-	-	-	1,160,185	1,160,185
LINEAPIU'SPA PRIV	12,932	-	-	- 12,931	12,932	1
FAVENTIA SALES AOR	888,019	-	-	- 5,024	888,019	882,995
SPEDIA	275,445	-	-	14,975	275,445	290,420
CONSORZIO AGR ADRIAT	197,031	-	-	- 194,662	197,031	2,369
ISI	67,015	-	-	- 67,014	67,015	1
LUGO IMMOBILIARE AOR	1	-	-	-	1	1
BORMIO GOLF SPA	52,001	-	-	- 52,000	52,001	1
UNIPOLSAI ORD RA	15,445,574	-	-	- 342,308	15,445,574	15,103,266
SMIA S.P.A.	21,404	-	-	-	21,404	21,404
FIDIPERSONA SOC.COOP	62,857	-	-	-	62,857	62,857
BANCA D'ITALIA	211,271,250	-	-	-	211,271,250	211,271,250
ALBA LEASING SPA	27,418,403	-	-	-	27,418,403	27,418,403
SIR AOR	150,000	-	-	- 43,046	150,000	106,954
BANCOMAT-AZ ORD	1,771	-	-	52,018	1,771	53,789
CARLO COLOMBO SPA C	2	-	-	- 1	2	1
CARLO COLOMBO SPA A	2	-	-	- 1	2	1
CARBONCINI & C. SPA	1	-	-	2	1	3
CALFIN SPA SFP	1	-	-	5	1	6
CBI AZ ORD	-	-	-	203,154	-	203,154
ARAL SPA SFP	1	-	-	-	1	1
ASTALDI-SFP	6,546,300		-	- 2,403,919	6,546,300	4,142,381
SWIFT	88,645	678	-	195,940	89,323	284,585
CARRIER 1 INTL GER	1	-	-	-	1	1
CA INDOSUEZ FIDUCIAR	400,000	-	-	- 298,739	400,000	101,261
TERREMERSE SCRL	1,549	-	-	- 1,280	1,549	269

Equity investments, assets measured at fair value through equity and assets measured at fair value through profit or loss	Book value net of revaluations	L. 30.7.90 n. 218	Impairment	Measurement OCINR/ FVOBL	Total cost	Net book value as at 31 Dec. 2022
LUGO NEXT LAB SRL	1,001	-	-	- 1,000	1,001	1
ESCO CRE SRL QUOTE	2,841	-	-	- 2,840	2,841	1
FOND FURIO FARABEGOL	20,001	-	-	- 20,000	20,001	1
KAUP THING EHF ORD	1	-	-	-	1	1
MIC FOND MUSEO INTER	1	-	-	-	1	1
GRUPPO AZ. LOC. VALL	5,000	-	-	-	5,000	5,000
QUOTE NEW PALARICCIO	47,740	-	-	-	47,740	47,740
CONS KILOMETRO VERDE	5,000	-	-	-	5,000	5,000
CONS ROMAGNA INIZIAT	5,164	-	-	-	5,164	5,164
50N S.R.L.	200,000	-	-	-	200,000	200,000
RECALCATI MULTIMEDIA	1	-	-	-	1	1
MIR CINEMATOGRAFICA	1	-	-	-	1	1
INDIANA PRODUCTION S	-	-	-	1	-	1
REALHOUSE SRL	400,000	-	-	-	400,000	400,000
SAIRGROUP CHF	1	-	-	-	1	1
TELDAFAX AG EURO	1	-	-	-	1	1
GLITNIR CONCORDATO	16,743	-	-	- 16,742	16,743	1
VISA PRI	9,520	-	-	-	9,520	9,520
IMMOB.OASI NEL PARCO	1,315,657	-	-	- 207,937	1,315,657	1,107,720
AFFITTO FIRENZE SRL	1	-	-	-	1	1
CARICESE SRL	297,979	-	-	691,423	297,979	989,402
CONSORZIO CENTO PERC	1	-	-	-	1	1
NOVASIM SPA IN LIQ.	1	-	-	-	1	1
SUTOR MANTELLASSI HO	1	-	-	-	1	1
VISA PRI	23,655	-	-	-	23,655	23,655
AUTOVIE VENETE	9,523,465	-	-	-	9,523,465	9,523,465
FRIULIA	8,487,775	-	-	- 1	8,487,775	8,487,774
FRAER LEASING	5,211,314	-	-	-	5,211,314	5,211,314
C.A.P. PIACENZA	1	427	-	-	428	1
CAL CENTRO AGRO-ALIM	1	- 9,296	-	-	- 9,295	1
BCA POP PUGLIA B ORD	142,139	-	-	-	142,139	142,139
SOPRIP	1	1,033	-	-	1,034	1
CAP PAVIA	1	-	-	-	1	1
GAL LA SPEZIA	1	-	-	-	1	1
SCHEMA VOLONTARIO	1	-	-	-	1	1
CONSORZIO AGR.PARMA	1	487,535	-	-	487,536	1
FINAPP SRL	500,000	-	-	-	500,000	500,000
VISMARA SPA SFP 2021	1	-	-	-	1	1
SEDA BARCELONA ORD	1	-	-	-	1	1
GLITNIR CONCORDATO	1	-	-	-	1	1
MOONLIGHT CINEMA E T	1	-	-	-	1	1
TOTAL	**559,161,479**	**74,648**	**- 51,725,884**	**- 6,551,315**	**507,510,244**	**500,884,281**

CONSOLIDATED NON-FINANCIAL STATEMENT 2022

CRÉDIT AGRICOLE

Crédit Agricole Italia Banking Group

CONSOLIDATED NON-FINANCIAL STATEMENT 2022

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METHODOLOGICAL NOTE AND READING GUIDE

Drawing on its long-standing and firmly established sustainability reporting practice, **the Crédit Agricole Italia Banking Group has chosen to voluntarily prepared and present this document in compliance with Italian Legislative Decree no. 254 of 30 December 2016 (hereinafter "D. Lgs. 254/2016" or "Decree")** as done in the previous non-financial reporting exercises. For the Group the preparation of the Consolidated Non-Financial Statement (NFS) is voluntary as it is exempt from the obligation of presenting it under Article 6 of D.Lgs 254/2016, because its non-financial information, as defined in the Decree, is already collected and consolidated by its French Parent Company Crédit Agricole S.A. in its Non-Financial Statement.

The Consolidated Non-Financial Statement (NFS) is the tool whereby the Crédit Agricole Italia Banking Group voluntarily reports and communicates its non-financial activities in the reporting period. **This document publishes the information and data that best represent the Bank's activities from 1 January to 31 December 2022 in accordance with the environmental, social and employee-related matters, respect for human rights and the fight against active and passive corruption laid down by D.Lgs 254/2016.** As regards the reporting perimeter, it is pointed out that, in 2022, the Crédit Agricole Italia Banking Group completed the merger by absorption of Credito Valtellinese and, later on, of Crédit Agricole FriulAdria S.p.A. The data and information about former-Credito Valtellinese and former-Crédit Agricole FriulAdria have been integrated in the reporting except where not specified otherwise. Any omissions or changes to the reporting perimeter shall be expressly set out if they should occur. The NFS is a stand-alone document separated from the Management Report, but it is an integral part of the documents comprised in the Group's 2022 Annual Report and Financial Statements. The information contained in the NFS is screened and constructed in accordance with the operations and features of the Group's entities for full disclosure and reporting on them and on the resulting impacts1.

The **materiality assessment**, as referred to in the applicable legislation and exhaustively explained in the specific section, is the principle inspiring the Decree, which constructs it focusing on the business dynamics and on the risks and opportunities associated therewith.

The 2021 update to the GRI Universal Standard requires the materiality assessment to be based on the context and on the impacts that the organization's activities have on the economy, on the environment and on society, as the key inputs for their sustainability strategy and reporting.

Structured listening to its stakeholders, which is already a systemic arrangement able to strengthen the Bank's sustainability strategy, becomes, in the materiality assessment, the key tool to detect the impacts generated by the Group's operations.

To that end, the Group proved again its commitment to developing its annual **stakeholder engagement** path, once again informed by the methodological standards of the AA1000** guidelines. That process led to the identification of the **material impacts**, in order to reach their conceptual and semantic definition, with a connecting approach, as material topics for the Group. The topics that were found material have then been connected to the contents of D.Lgs 254/2016 and **each one has been reported along with the risks, policies and commitments undertaken by the Group and with the management performance achieved in the reporting year.**

1 See Article 3, paragraph 1

* In compliance with Article 6 of D. Lgs. 254/2016.

** Standard AA1000 on Stakeholder Engagement is a reference framework for the design of paths for engaging and listening to key players, able to ensure the implementation, quality verification and the degree of communication to stakeholders. As it has been designed to be used as a self-standing standard or to complete other tools, frameworks and guidelines, for example it can be used as a tool to enhance transparency and reporting.

Aspects referred to in D. Lgs 254/2016	Specific application to the Banking Group consistently with the material topics	Minimum content requirements under D.Lgs 254/2016
Social aspects	Creation of sustainable and long-lasting value (this topic is not directly material) Innovative and accessible model Role of credit in sustainable development Bank and regions Entrepreneurship and agri-food supply chain	Not specified by D.Lgs 254/2016
Fight against active and passive corruption	Integrity in governance processes and in business management. (this topic is not directly material)	Fight against active and passive corruption, setting forth the tools used for this purpose
Respect for Human Rights	This topic is not directly material for the Crédit Agricole Italia Banking Group but it has been dealt with as regards lending to the defence sector	Measures implemented to prevent any violation of human rights, as well as the actions undertaken to prevent any discriminatory attitudes and conducts
Human Resources Management	Centrality of people	Social aspects regarding staff management, measures aimed at implementing international conventions and remuneration policies
Environmental aspects	Climate change and environmental heritage	The use of energy resources distinguishing between those from renewable and non-renewable sources, and the use of water resources; emissions of greenhouse gases and polluting emissions in the atmosphere; impact on the environment and on health and safety, where possible based on realistic assumptions or scenarios, also medium-term ones, or other environmental and health risk material factors

As done in the previous years, In order to disclose sustainability information in an accurate, transparent and comparable manner, performances are reported in accordance with the Global Reporting Initiative[2], International Standards.
In preparing the 2022 Non-Financial Statement, the latest updates to the GRI - Universal Standards have been adopted and, along with them, also the materiality assessment new approach.
Indeed, the materiality assessment is no longer based on topic materiality as the outcome of crossing the internal perspective (assessment by the management) and the external one (assessment by the stakeholders) but it now focused on the **identification of the impacts (positive, negative, actual and potential) of organizations on the economy, the environment and people, including the impacts on human rights, and the measurement of their weight, including their stakeholders' perspective in a wide and continuous assessment process.**
In order to ensure full-range representation, data are stated on a three-year basis.

Furthermore, alongside the GRI Standards, **the Group has also followed the GRI-G4 "G4-Financial Services** Sector Disclosures", i.e. the industry-specific supplement that gives specific indicators to monitor information of financial operations. Following the new update to the GRI Universal Standards, the Crédit Agricole Banking Group has decided to report **"with reference to the GRI Standards"**, as provided for by the Standards themselves.

2 See Article 3 paragraph 5 of D. Lgs. 254/201. The GRI Standards are the most widely used global standards for sustainability reporting.

Albeit changing its approach, **the Bank's main goal in this process has remained that of ensuring full, transparent and relevant information in all impact scopes that have been assessed as material**, as well as on additional topics that are deemed material for the Group, including integrity and transparency in its governance processes, respect for human rights and creation of sustainable and long-lasting value.

The list of the indicators used for non-financial reporting is published at the end of this Statement. The scope of consolidation of the NFS reporting is the same one as in the Consolidated Financial Statements[3], given in the Note to the Consolidated Financial Statements. The information and data reported in this document are the result of annual collection and consolidation performed by the relevant structures of the Bank, which extracted said data from the Group's information systems, invoicing and from internal and external reporting, given in the GRI Content Index. The data collection work was coordinated and arranged in its final structure by the **Social Responsibility Service**.

The document also contains references[4] to the Management Report, to the Report on the Corporate Governance and Ownership Structure and to the Company's website (www.credit-agricole.it).

Having regard to electrical energy consumption, with specific regard to the "GHG Emissions" table (GRI 305-1 and 305-2), it is pointed out that the method to calculate the figures on vehicles powered with energy from renewable sources has been fine-tuned. For more information, please see chapter "Environmental aspects".

This document was subject to limited review by PricewaterhouseCoopers SpA. The results of the review made pursuant to Article 3 paragraph 10 of D.Lgs 254/2016 and to CONSOB Regulation no. 20267 are set forth in the report of the Audit Firm, which is given at the end of this document. As represented in the "Independent Auditors' Report", contained herein, the review has been performed in accordance with the procedures for "limited assurance engagement" in compliance with ISAE 3000 Revised.

The Board of Directors of the Parent Company approved the Consolidated Non-Financial Statement on 23 March 2023. The NFS is published every year and can be read in its latest available version in the **"Corporate Social Responsibility"** section of the Group's website.

EU Taxonomy - Disclosure pursuant to Article 8 of Regulation (EU) no. 2020/852

The Crédit Agricole Italia Banking Group is not subject to the obligation to include in its Consolidated Non-financial Statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable. That obligation lies with any undertaking which is subject to an obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU, in accordance with Article 8 - Transparency of undertakings in non-financial statements - of Regulation (EU) 2020/852 (EU Taxonomy Regulation). The Group is also not subject to the obligation to present its NFS, but it chose to voluntarily present it.

The information required under Article 10 of Delegated Regulation (EU) 2021/2178 regarding the Crédit Agricole Italia Group are consolidated in the performance indicators reported in the Consolidated Non-Financial Statement presented by the Parent Company Crédit Agricole S.A..**

3 Cfr. art 4, comma 1.

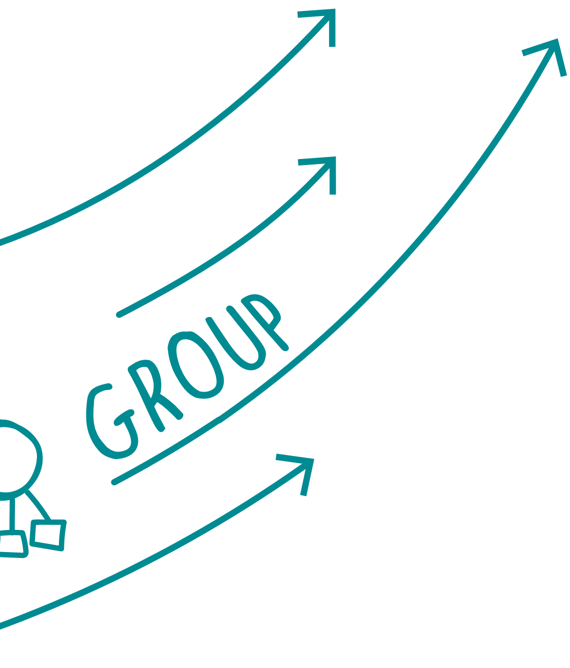
4 Cfr. art 5, comma 4.

** REGOLAMENTO DELEGATO (UE) 2021/2178 DELLA COMMISSIONE del 6 luglio 2021 che integra il regolamento (UE) 2020/852 del Parlamento europeo e del Consiglio precisando il contenuto e la presentazione delle informazioni che le imprese soggette all'articolo 19 bis o all'articolo 29 bis della direttiva 2013/34/UE devono comunicare in merito alle attività economiche ecosostenibili e specificando la metodologia per conformarsi a tale obbligo di informativa.


SUSTAINABILITY
ESG
H_2O
TERRITORY
CLIENTS
RAISON D'ÊTRE
community
environment
PEOPLE
FUTURE


RAISON D'ÊTRE
COLLEAGUES
02

THE CRÉDIT AGRICOLE ITALIA BANKING GROUP



THE CRÉDIT AGRICOLE GROUP

1°
- Retail Bank in Europe
- European Asset Manager in Europe
- Bancassurer in France
- Provider of financing to the European economy

KEY FIGURES

53
million Customers

47
Countries

147,000
personnel members

7.9 mld€
underlying net income

167.3%
Liquidity Coverage Ratio

17.6%
CET 1 ratio

RATING

A+	Aa3	A+	AA(low)
S&P Global Ratings	Moody's	Fitch Ratings	DBRS

THE CRÉDIT AGRICOLE GROUP IN ITALY

Top 3
Player in the Italian consumer finance market

3°
Asset Manager in Italy

2°
CRI in Italy*

KEY FIGURES

5.5
million active Customers

98.5 bln€
loans

Approx. 17,000
personnel members

1,097 mln€
net income

317.5 bln€
total funding

4,365 mln€
revenues

* Strategic Customer Recommendation Index - among universal banks.

THE PRODUCTS AND SERVICES OF THE CRÉDIT AGRICOLE GROUP IN ITALY

THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

The **Crédit Agricole Italia Banking Group** is a proximity banking player that covers all market segments, thanks to its distinctive positioning based on Customer centrality.

Over 2.7
million Customers

Over 12,600
personnel members

433 mln€*
net income - Group share

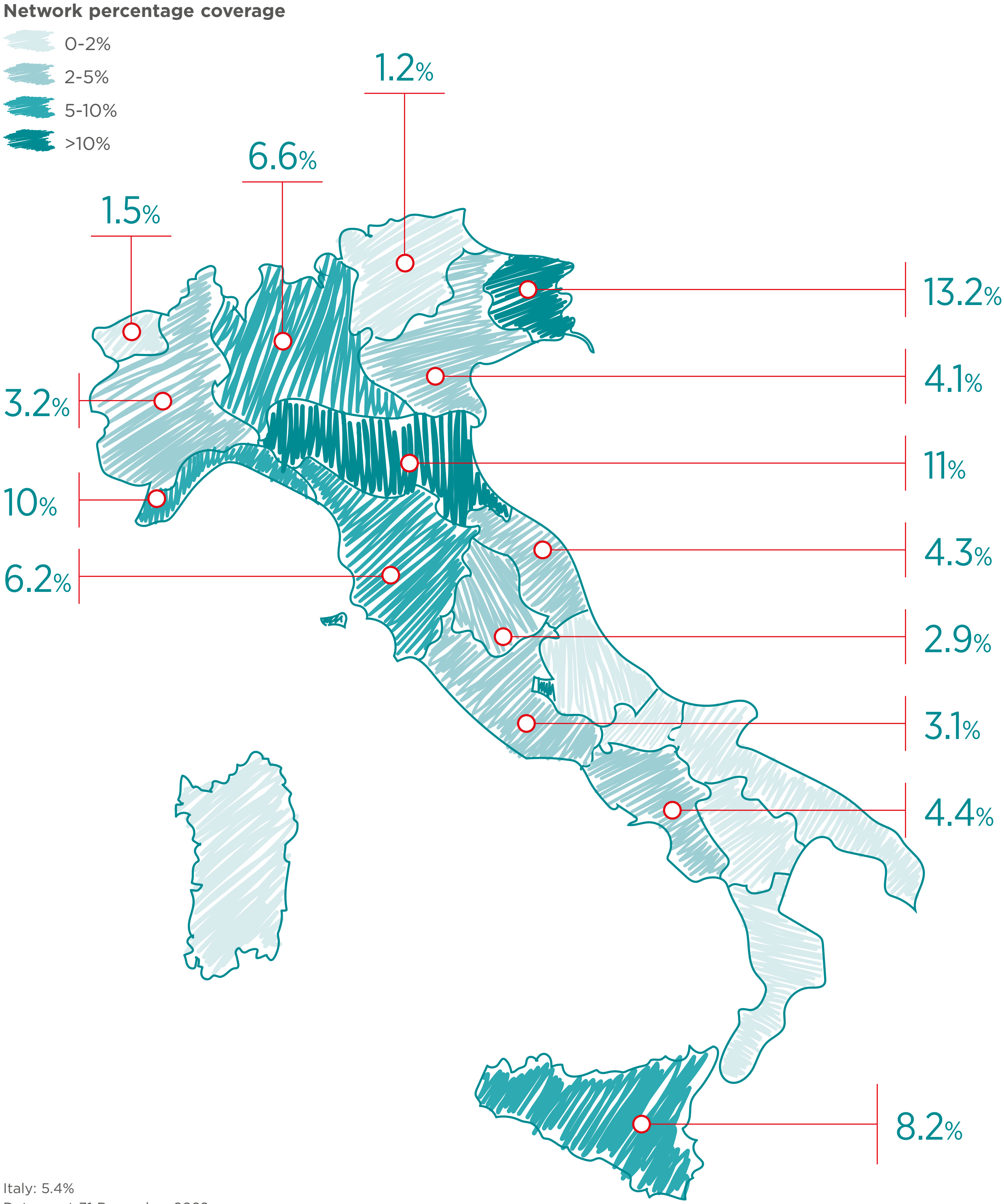
2.6 bln€
net operating revenues

Over 1,300
points of sale

64.3 bln€**
total loans

* Excluding non-recurring effects; 559 Mln€ including non-recurring effects.
** Excluding government securities at amortized cost.

BRANCH NETWORK PERCENTAGE COVERAGE BY REGION



Italy: 5.4%
Data as at 31 December 2022
Crédit Agricole Italia branches as at 31 December 2022 vs the Italian Banking System as at 31 December /2022

CRÉDIT AGRICOLE

The Parent Company of the Crédit Agricole Italia Banking Group, it is one of the leading Italian banks, is strongly rooted in Italy and originated from local banks.

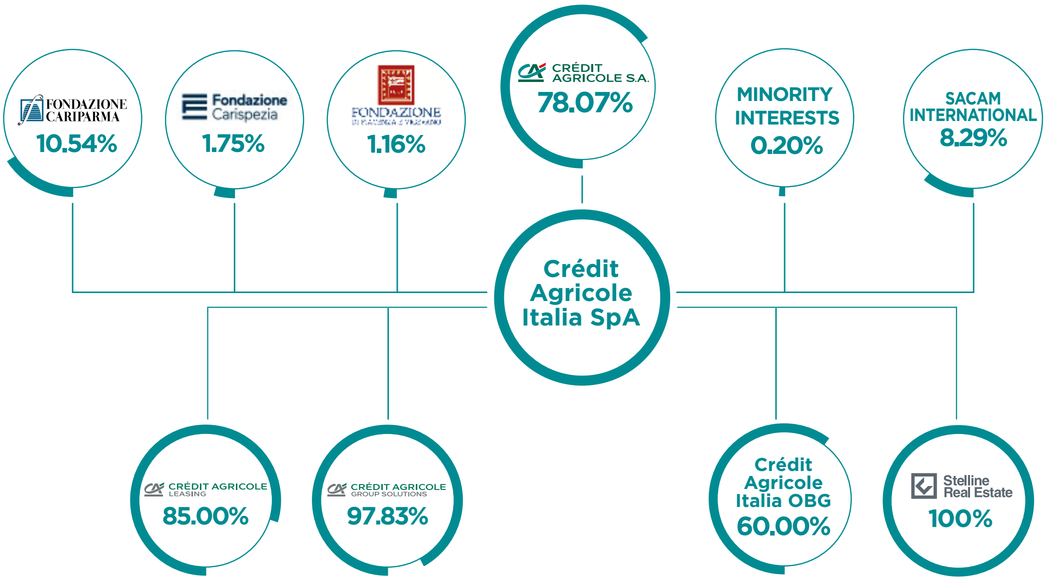
CRÉDIT AGRICOLE
LEASING

The Crédit Agricole Italia Banking Group's leasing entity. Crédit Agricole Leasing Italia **operates in the equipment, vehicle, real estate, seacraft and aircraft and renewable energy** financial leasing segments. **At the end of 2022, the loan portfolio amounted to Euro 2,769 billion.**

CRÉDIT AGRICOLE
GROUP SOLUTIONS

CAGS is the consortium company of the **Crédit Agricole Italia Banking Group** in charge of all activities relating to **Operational Processes, Information Systems, Technical Logistics, Safety and Security, Business Continuity, Purchases and Real Estate Management, as well as Human Resources Administration.**

DESCRIPTION OF BUSINESS ACTIVITIES



ACTING FOR TOMORROW

In 2022 the geopolitical, economic and social scenario was extremely complex: the crisis resulting from the pandemic and from the Russia-Ukraine war still underway generated, in its turn, uncertainty and instability as regards life and business models that had long been held as firmly established and unchangeable.

In this scenario, banks, which traditionally have a social role in the communities where they operate, have also been called on to give their contribution to sustainable finance, steering their investments towards low-impact activities and projects, which, at the same time, also create added value for the local communities.

The Crédit Agricole Italia Group has long been addressing topics such as climate change, protection of the environment, social equality, the new work standards, and it has been doing so thanks to the awareness and sensitivity of the international Group it belongs to, which, for over ten years now, has embraced these principles and applied them in its daily activities.

Despite the adverse economic situation experienced in 2022, the Crédit Agricole Italia Banking Group completed important corporate projects, such as the merger by absorption of Credito Valtellinese and Crédit Agricole FriulAdria S.p.A., in order to realize its "Universal Proximity Bank" vision.

Continuing with the process for the Bank's transformation and strengthening, the Group approved its new 2022-2025 Medium Term Business Plan, which was designed in full consistency with Crédit Agricole S.A. «Ambitions 2025» Medium Term Plan, which, in its turn, lays down the imperatives given below as some if the founding pillars of its strategy:

- Helping and assisting its Customers and the regions where the Group operates;
- Taking on and performing the role of facilitators and accelerators of social transitions;
- Acting for tomorrow.

THE PEOPLE PROJECT

Project for the promotion of individual responsibility and the Group's responsibility, of our culture of respect and enhancement of all diversities, focusing on proximity, in order to provide our Customers with permanent access to a trained and autonomous point of contact, guided by trust and by the mutual commitment of the employees and of the Firm.

THE CUSTOMER PROJECT

Project aimed at relational excellence with Customers through innovation and digitalization, it is based on the universal retail banking model (meaning a Bank for all and for all regions) and on diversity in skills, in order to support its Customers in the long term and to meet their needs and expectations in the best possible way.

THE SOCIAL PROJECT

Project that aims to promote the Country's sustainable development and to create shared value for the regions and communities. It is based on the Group's will to be a responsible economic player in the regions where it operates and to make sustainable finance one of its drives of growth.

Corporate Social Responsibility as a strategic choice: We support the future

For the Crédit Agricole Italia Group, **Corporate Social Responsibility** is one of the pillars in its Business Plan and contributes to the development of its business strategy, fostering the creation of value for all its stakeholders via tangible actions. This identity aspect is formalized in its growth projects, which are based on the Group's relational model, and expresses its purpose or raison d'etre:

> "WORKING EVERY DAY IN THE INTEREST OF OUR CUSTOMERS AND SOCIETY"

Social responsibility and Sustainability are an integral part of our Group's culture and way of working and are core to our relationship with Customers and to the enhancement of our People. **Our Raison d'Être**, outlines **our approach to doing banking business, being fully aware** of our role of **"partners in change"** for customers, households and for the community. In terms of **economic, social and environmental sustainability**, businesses, customers, suppliers, institutions and third sector players **can rely on a partner of choice.**

Proud of its cooperative and mutualistic identity, the Crédit Agricole Group supports the economy, entrepreneurship and innovation in regions where it operates and is:

- Deliberately engaged in the sectors of society and of the environment, a partner providing assistance in progress and transformation;
- At the service of all: of households, sole traders and small local entrepreneurs and large international companies.

The success of ecological transition depends on economic development, which, in its turn, promotes social and regional cohesion. Its strong bond with the communities it operates in, the attention and care it has for people, respect and enhancement of diversities are the bearing axes of the Group's universe of values. It is precisely by integrating those values in its daily activities that the Group has built over time a strong and transparent relationship, based on proximity to its customers and regions, as an enabler of development in the local entrepreneurial fabric, as a responsible player able to support the Country's growth.

The **Corporate Social Responsibility** unit, which is part of the Internal Communication and CSR Division, has the task of managing the corporate social responsibility activities of the Crédit Agricole Italia Banking Group. Its mission comprises the prevention of reputational risks, the implementation of projects that support the Group's ethical and value-driven nature connected with its strategic vision, development of social and environmental impact initiatives, the coordination of the process for the management and reporting of the Group's non-financial performances.

In this regard, **FReD**, the international meta-project for all the Group's entities, is becoming more and more important in the Group's corporate culture, as a shared framework for **Social Responsibility** initiatives and projects having measurable results.

Within 'FReD, the individual entities undertake to carry out six projects in the areas given:

Trust
It comprises projects aimed at fostering and strengthening trust and its relationships with Customers, ensuring that ethics informs all business relations and transactions.

Demetra
Comprises projects for the protection of the environment, by fighting climate change and, supporting green innovation and monitoring energy.

Respect
Comprises projects dedicated to respect for people, the Group's personnel, local communities and regions.

Within the FReD, framework, continuing projects and initiatives that can give evidence of the concreteness and commitment of the Crédit Agricole Italia Banking Group, such as:

- **CrowdForLife:** it is the Crédit Agricole Italia Banking Group's donation crowdfunding platform and went live in 2019. It is a way of supporting and strengthening third sector players by holding fundraising campaigns, with direct involvement of donors, employees, customers and non-customers, and of meeting the needs expressed by local communities and regions. The platform is a crosswise tool for the promotion of the Group's **Social Responsibility** activities.
- **New Life: a circular economy project** that started in 2019 in line with the group's MTP in cooperation with some national associations, namely Caritas, Legambiente and other local associations including Reware, Quid, pursuing the goal of proactively involving institutions, citizens, customers and employees to accompany them on a path towards responsibility-taking by the regions and communities, in order for them to be the leading players initiatives informed by the 3 *R principles*: ***Reduction of waste, Re-use and urban Regeneration***.
- **Volontari di valore (Worthy Volunteers): corporate volunteering** initiatives that are implemented in cooperation with several third sector players and stimulate the Group's personnel members to engage in activities having environmental and social purposes in the regions. The ultimate goal is fostering our personnel's active participation in local communities.

"CrowdForLife", "New Life" and "Volontari di Valore" are crosswise tools to implement the Group's **Social Responsibility** initiatives and to increase the awareness of all those that are involved in sustainable development actions. In this way, businesses, customers, suppliers, institutions and third sector players can count on a **realisable partner in the economic, social and environmental sustainability scope.**

Within that commitment framework, Crédit Agricole Italia's Medium Term Plan hinges on six strategic aspects:

1 Technological transformation

2 Omnichannel digital service model

3 A business model based on Universal Proximity Banking

4 Sustainability

5 New lending Model People's

6 Centrality

The Sustainability Plan

In a scenario of **development in the applicable legislation** in ESG terms such the current one, the European Union intends to channel capital flows towards activities associated with the **green revolution** and **transition**, such as Italy's Recovery and Resilience Plan. In this scenario, the Bank's commitment to sustainability is promoted pursuing ambitious environmental and social goals in order to create a new development and value model for all its stakeholders.

Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

Within the Group's Social Project, one of the three pillars of its Medium-Term Plan, three matters for collective mobilization of the Crédit Agricole Group have been identified: 10 measurable indicators have been associated with the 3 topics, with specific action directions and concrete examples for each entity of the Group.

1 ACTING FOR THE CLIMATE AND THE TRANSITION TO A LOW-CARBON ECONOMY

1 Reduce the net carbon emissions for the Group and our investment and loan portfolios by 2050.
2 Provide 100% of our Customers (Individuals and enterprises) with advice and support in their ecological transition and on climate change.
3 Improve our support to out entrepreneurial customers, incorporating extra-financial performance criteria in 100% of our financing to businesses and farmers.

2 STRENGTHEN SOCIAL COHESION AND INCLUSION

4 Besides a range of services that excludes no one, promote social and digital inclusion and adapt to economic and societal changes.
5 Contribute to the revitalisation of the most fragile regions and reduce social inequalities.
6 Promote the integration of young people through employment and training.
7 Amplify gender equality and diversity in all Crédit Agricole entities and within its governance.

3 SUCCEEDING IN AGRICULTURAL AND AGRI-FOOD TRANSITIONS

8 Support the development of techniques for a competitive and sustainable agri-food system.
9 Enable agriculture to actively contribute to the fight against climate change.
10 Help to strengthen food sovereignty.

CRÉDIT AGRICOLE ITALIA'S COMMITMENT

In line with the above-reported facts, **Crédit Agricole Italia is continuing on its path to Sustainability with three macro-ambitions** in this scope:

1. **Developing its strategic vision** and concrete commitments to Sustainability in close connection and synergy with the Group, especially in building its 2022-2025 Medium/long-term Business Plan and having regard to the commitments that the Group has taken with the signing of the **Net Zero Banking Alliance** by Crédit Agricole S.A.

2. **Adopting a clear commercial** vision with special focus on the following scopes:
   - **a.** Products, tools and advisory model in the Wealth Management world, thanks also to the synergies with the product companies of the Crédit Agricole Group, especially Amundi;
   - **b.** Inclusive range of products and services, with special attention to some specific targets, such as young people;
   - **c.** Support and guidance in their transition to Individuals with green mortgage loans and to Corporate Banking Customers with the "Sustainable Evolution" bespoke range of products and services;
   - **d.** Enhancement of the tailor-made service model and products for the agri-food sector.

3. **Constant and strong attention on physical and transition risks.**

In 2021 the Crédit Agricole group joined the Net Zero Banking Alliance (NZBA), the industry-led, UN-convened alliance that brings together a global group of banks that are committed to aligning their lending and investment portfolios with net-zero emissions by 2050.

STRATEGY

The strategy was implemented in the Sustainability Plan through some focal activities carried out in 2022. Said activities, broken down by scope and reported in more detail in the next sections, are:

Lending and Risks:

ESG criteria have been included in the loan application processing and loan origination phases in the Lending Process in order to ensure complete assessment of the Customer enterprises, also in terms of sustainability through the four elements listed below:

- The lending policies applying to "environmentally-sensitive" sectors have been adjusted consistently with the CSR Policies (Sector Policy) of Crédit Agricole S.A., laying down limitations to loans intended for extraction activities (Coal, Asbestos, Oil and Gas from oil shales and in the Arctic) and, in general, limitations to lending to enterprises significantly involved in the steam coal supply chain;
- A quantitative approach has been adopted in the loan assessment and origination processes, with the inclusion of ESG requirements and physical and climate-related risks;
- A questionnaire is now used whereby qualitative information can be obtained on the ESG features of the corporate counterparties;
- On some specific Customer targets, the «ESG Customer File», has been implemented, which is a tool containing the ESG information wealth of the corporate counterparties.

Having regard to risks, the monitoring and follow-up continued on the Action Plans that had been defined back in 2021, associated with the 13 expectations on climate-related and environmental risks stated in the ECB "Guide on climate-related and environmental risks;". For more details, please see the next section, in paragraph "The management of social and environmental risks".

Furthermore, a climate stress test exercise was carried out, regulated by the ECB, in which Crédit Agricole Italia took part as in was included in the consolidated calculation of the parent Company Crédit Agricole S.A., in order to assess the physical and transition risks in the adopted climate scenarios.

Direct carbon footprint and sustainable procurement:

- The initiatives aimed at reducing the carbon footprint of our direct (Scope 1) and indirect (Scope 2) impacts associated with energy consumption, carbon emissions and the use of natural resources have been strengthened, thanks also to systematic actions to increase the energy efficiency of our technological plants and systems.
- ESG parameters have been included among the assessment criteria in calls for tenders and procurement competitive procedures, and ESG awareness increasing campaigns have been carried out in order to assist and support the Group's suppliers on a path to sustainability.
- An assessment of our purchasing procedures and processes has been implemented in order to obtain the UNI ISO 20400 "Sustainable Procurement" certification.

Commercial Offer:

An ESG-specific service model has been implemented within our Corporate Banking channel, setting up a PNRR Team and an ESG Desk structure staffed with specialists and a range of innovative products and services went live, which can be activated in accordance with ESG needs and goals identified in agreement with the customer enterprises.

The range of ESG products and services for Individuals has been enriched with several specific products and initiatives, broken down into 5 streams. Specifically::

1) Home: the "Energia leggera Green" mortgage loan, with a discount on the cost of gas and electrical energy that is100% green, thanks to the partnership with an important player in the energy supply sector (Edison Energia) and continuing with the offer for Young People under 36 years old; the "CA Home" portal to receive some home-related non-banking services and the go-live of the Green Bees Simulator for advisory services on the energy transition;

2) Young people: new offer of online accounts designed for young people (discounts reserved to Customers under 36 on the Home insurance policy combined with the "mutuo giovani" mortgage loan for young people);

3) Social inclusion: possibilità di accesso al risparmio a partire da piccole somme, grazie a CA Smart Advisory; iniziative straordinarie a sostegno delle famiglie in relazione al caro energia possibility to access savings products starting with small amounts, thanks to CA Smart Advisory; extraordinary initiatives to support households coping with high energy prices;

4) Digitalization: fully digitalized debit card; underwriting non-life insurance policies also via the App; digitalization of the process to take out Agos loans at branches;

5) Sustainable mobility: "Green Car loans" at special conditions for the purchase of hybrid or electric cars/ motorcycles and green mobility supplemental coverage included in the MV insurance policy.

Furthermore, some business partnerships have been established with startups operating in ESG scopes.

An organizational and service model designed for a specialist approach to supply chains has been implemented, in order to provide our Customers in the agri-food segment with more and more specialist advice, fit to meet their requirements associated with the specific supply chain and to improve the service level. The goal is to strengthen the market shares and the positioning of Crédit Agricole Italia in the Italian agri-food sector. The evolution of the organizational and service model comprised:

- For the Retail Channel, the setting up of the Agri-Food Business Unit and the new roles of Supply Chain Expert and Agri Developer;
- For the Corporate Banking Channel, the setting up of the Agri-Food Service, the role of Advisor Banker and of Food Sector Specialist.

Wealth Management:

Its attention to the ESG world has led the Group to include sustainability factors also in its adequacy and advisory service model. Specifically, since August 2022, an "ESG Rating" has been implemented in Crédit Agricole Italia protection model; the ESG Rating is assigned by an external provider and can assign a sustainability score to each product/financial instrument supplied to Customers.

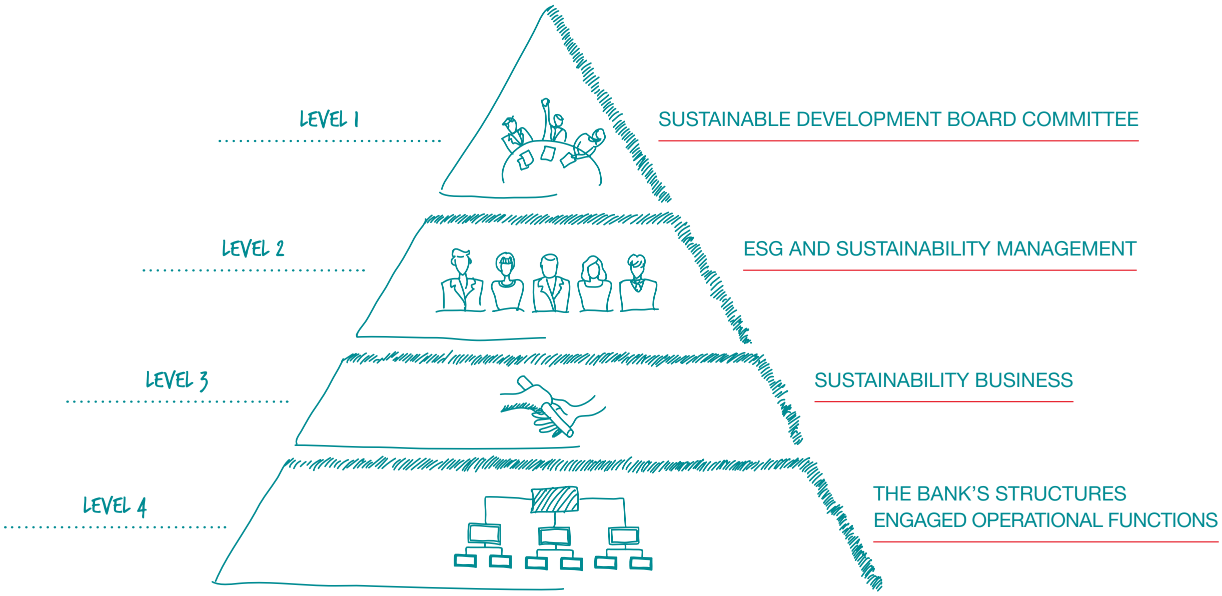
Within investment services, during the provision of advisory services, a new control has been implemented on portfolio sustainability, which verifies the consistency between the ESG preferences expressed by the Customer in the MiFID questionnaire and the average ESG rating of the portfolio (in compliance with the main applicable legislation and regulations on sustainable finance). Specifically, that control is applied to all

Customers that have subscribed to the advisory service model (adequacy regime) and that have expressed sustainability preferences in the MiFID questionnaire.

Furthermore, the reporting to Customers has been supplemented with the figures and graphic evidence of the portfolio sustainability control and the ESG features of the products/instruments about which the Customer is being advised.

GOVERNANCE

An important step towards strategic management of sustainability was the development and strengthening of a specific Governance structure, the Sustainability Governance structured was approved by the Board of Directors in May 2021 and comprises 4 levels: the first level is the **Sustainable Development Board Committee**, which focuses on sustainability and consists of 3 members (the Chairman and two Directors) and is responsible for assessing the Group's sustainability policies, submitting them to the BoD and overseeing the NFS preparation.
The Committee interacts with the Sustainability Business Unit and with the other Committees.
The second level is the **ESG and Sustainability Managerial Committee**, chaired by the CEO and consisting of 8 members, with equal representation in terms of gender, who represent key functions in the ESG scope and is responsible for steering, promoting and overseeing sustainability-related plans and strategic initiative.
The **Sustainability Business Unit** is the third level and reports directly to the CEO; it liaises between the ESG and Sustainability Managerial Committee and the structures engaged in operational functions, performing coordination and guiding the development of the project streams and the implementation of actions.



In 2022 the ESG Governance structure was further strengthened updating the Bank's Service Regulations. The goal of that process is to assign specific responsibilities and activities in the ESG scope also to the organizational units especially in order to strengthen the involvement of the control functions, consistently with the "hybrid" model presented by the Bank of Italy in its "Expectations on climate-related and environmental risks", which provides for a pivotal structure, i.e. the aforementioned Sustainability Business Unit, in charge of coordinating and supporting the other organizational units.

Within the Bank's main functions, about **30 ESG Owners** have been identified and tasked with the mission of supporting the inclusion of ESG criteria - in an across-the-board and capillary manner - in the processes, procedures and in the products and services supplied. The ESG Owners are an integral part of the organization and Sustainability Governance of Crédit Agricole Italia and pursue the main goal of supporting the Sustainability Business Unit in achieving the regulatory targets of Crédit Agricole S.A. and of the Medium Term Plan for the different structures they belong to. Specifically, they oversee and monitor in a crosswise manner the ESG projects for their respective structures; overseeing the implementation of the MTP initiatives as regards the Sustainability pillar for their respective structures and disseminating and promoting the ESG regulation and culture, as well as supporting the Sustainability Business Unit in the reporting to the Regulators, Crédit Agricole SA and to the Committees and the BoD.

TRAINING AND ENGAGEMENT PLAN

In 2022, as done in the previous year, training activities on innovation and sustainability continued addressing all personnel.
Specifically, an ESG specialist training session for the Board was held on scenario topics, trends and technical contents on regulatory aspects. This information process has been planned also for the future and is going to continue in the next three years. Other training courses, intended for all employees, started in the year and have already been planned also for 2023.

Furthermore, the activity of the Sustainability Ambassadors continued as the roles that were set up in order to disseminate the ESG culture throughout the Firm, both the Commercial Network and Central Departments, and to foster behaviours that are sustainable and consistent with the Bank's commitment to the SDGs in the 2030 Agenda.

SDGs

The Sustainable Development Goals (SDGs) are the main reference framework worldwide for sustainable development. The Global Agenda for Sustainable Development was approved by the United Nations on 25 September 2015 and **consists of 17 Sustainable Development Goals broken down into 169 Targets** addressed to businesses, the public sector, civil society, philanthropic institutions, universities, research centers and information and culture operators.

Thanks to the SDG, many businesses have become aware of the relevance of their activities in the wider scenario of sustainable development and have integrated sustainability in their strategic development plans. T**he Goals set by the United Nations** are not only guidelines to measure the impact of every business on society, but indeed **they are also strategic drivers to identify new sustainable business models and opportunities for value creation by innovating products and services.**

The Crédit Agricole Italia Banking Group chose long ago to accept this challenge, identifying environmental, social and governance sustainability as a true competitive driver on which it has designed its business strategy and built its corporate culture, and contributing to the **achievement of 11 out of 17 Goals.**

The promotion of the 17 Sustainable Development Goals by the United National goes hand in hand with the Group's social commitment, as they have provided it with a **global yardstick and metrics that the Group can use to report on its projects,** as well as with a driver enhancing its values and the principles expressed in its Code of Ethics.

2022 PROFIT OR LOSS AND FINANCIAL RESULTS

The profit or loss and financial results for 2022 of the Crédit Agricole Italia Banking Group are summarized below in terms of the general added value that it generated and distributed, in accordance with the updates of Circular 262 of the Bank of Italy.

CONSOLIDATED STATEMENT OF ADDED VALUE (thousands of Euro) 201-1		2022	2021	2020
10.	Interest and similar income	1,383,343	1,086,187	899,083
20.	Interest and similar expense	-81,851	36,939	72,967
40.	Fee and commission income	1,271,420	1,203,433	920,631
50.	fee and commission expense (net of expenses for external networks)	-49,647	-58,603	-40,707
70.	Dividends and similar income	13,356	11,429	10,449
80.	Net profit (loss) on trading activities	27,838	30,096	21,304
90.	Net profit (loss) on hedging activities	-10,306	-6,979	-12,129
100.	Profit (Loss) on disposal or repurchase of:	44,750	-94,310	-9,055
	a) financial assets measured at amortized cost	20,949	-123,294	-7,834
	b) financial assets measured at fair value through other comprehensive income	14,744	28,946	-1,270
	c) financial liabilities	9,057	38	49
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	-11,116	-2,584	-527
	a) financial assets and liabilities designated at fair value	*0*	*0*	*0*
	b) other financial assets mandatorily measured at fair value	*-11,116*	*-2,584*	*-527*
130.	Net losses/recoveries for credit risk on:	*-288,982*	*-455,118*	*-390,015*
	a) financial assets measured at amortized cost	-285,280	-452,389	-388,943
	b) financial assets measured at fair value through other comprehensive income	-3,702	-2,729	-1,072
140.	Profits/Losses on contract modifications without derecognition	-694	-219	-1,367
230.	Other operating expenses/income	332,903	824,438	286,006
250.	Profits (Losses) on equity investments (as regards the portion of profit/losses on disposals)	4,578	0	9,761
280.	Profit (losses) on disposals of investments	1,931	1,138	66,080
320.	Profit (Loss) after tax from discontinued operations	0	0	0
	a) loans			
	b) financial assets available for sale			
	c) investments held to maturity			
	d) other financial activities			
140.	Profits/Losses on contract modifications without derecognition	-219	-1,367	-3,357
230.	Other operating expenses/income	824,438	286,006	283,784
250.	Profits (Losses) on equity investments (as regards the portion of profit/losses on disposals)	0	9,761	12,806
280.	Profit (losses) on disposals of investments	1,138	66,080	497
320.	Profit (Loss) after tax from discontinued operations	0	0	0
A. TOTAL ECONOMIC VALUE GENERATED		**2,637,523**	**2,575,847**	**1,832,481**
190.	b) other administrative expenses: net of indirect taxes and donations	605,855	576,185	470,487
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS		605,855	576,185	470,487
190.	a) personnel expenses (including the expenses for external networks)	965,600	1,079,914	710,810
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND OTHER STAFF		965,600	1,079,914	710,810
340.	Profit (loss) for the period attributable to minority interests	1,474	929	8,224

cont'd

CONSOLIDATED STATEMENT OF ADDED VALUE (thousands of Euro) 201-1		2022	2021	2020
ECONOMIC VALUE DISTRIBUTED TO MINORITY INTERESTS		1,474	929	8,224
	Earnings distributed to the shareholders *	299,984	0	90,119
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS		299,984	0	90,119
190.	b) other administrative expenses: direct and indirect taxes	150,903	144,558	113,547
190.	b) other administrative expenses (net of charity/donations and contributions to resolution and deposit guarantee schemes) (-)	95,873	114,962	58,027
300.	Income taxes for the year (current taxes, changes in taxes, decrease in taxes)	14,894	108,810	18,866
ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND PERIPHERAL ADMINISTRATION		261,670	368,330	190,440
190.	b) other administrative expenses: charity and donations			
	Profit allocated to the charity fund	2,200	0	1,200
ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND THE ENVIRONMENT		2,200	0	1,200
B. TOTAL ECONOMIC VALUE DISTRIBUTED		**2,136,783**	**2,025,358**	**1,471,280**
200.	Net provisions for risks and charges	29,290	79,001	6,699
	a) commitments and guarantees given	12,089	7,011	-1,274
	b) other net provisions	17,201	71,990	7,973
210.	Net adjustments of/recoveries on property, plant and equipment	112,978	118,139	85,463
220.	Net adjustments of/recoveries on intangible assets	99,867	122,467	97,784
250.	Profit (losses) on equity investments (writedowns/writebacks, adjustments/ recoveries, other expenses/income)	-4,524	-2,917	115
260.	Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	810	-178	0
270.	Goodwill impairment	0	0	259,611
300.	Income taxes for the period (change, deferred tax assets and liabilities)	5,909	-373,466	56,284
	Profit allocated to reserves	256,410	607,443	-144,756
C. TOTAL ECONOMIC VALUE RETAINED		**500,740**	**550,489**	**361,201**

* Referring to net income generate in the period. Any distribution of extraordinary reserves is not taken into account.

THE SUPPLY CHAIN

Being aware of its impact on the entire system in which it operates, the Crédit Agricole Italia Banking Group deploys its approach to sustainability along the entire value chain of its business operations. It means that the Group does not simply meet its Customers' needs with a range of innovative solutions supporting people and the local enterprise fabric, but it is also engaged in **promoting value for the communities and regions it operates in through its supply chain.**

Selection criteria

The Group has adopted a supply chain management model that takes both social and environmental variables into account, including ESG criteria in the procurement and selection processes. Moreover, if possible, the involvement of **local suppliers** is preferred, in order to **further strengthen the support provided to the local productive fabric.** The Group's forward-looking Sustainability Project provides also for stronger weight of ESG criteria in procurement processes, From an HSEQ, perspective, as regards the security of information connected to outsourced IT services, the Group has aligned its criteria for the selection of suppliers to the instructions given by the Bank of Italy, as well as to the EBA Guidelines and has updated its outsourcing policy.

Furthermore, the Crédit Agricole Italia Banking Group ensures constant and close monitoring of all suppliers on its register of suppliers: they are required to submit the **anti-mafia certificate** and a specific **statement pursuant** to Italian Legislative Decree 231/01.
Furthermore, the Group verifies on a yearly basis that its suppliers are not on the lists of targets of international sanctions, that they are not based in Countries under embargoes or under surveillance and that the revenue from their contracts with the Group does not exceed 25% of their total revenue.

Procurement policy

The **Procurement Policy** governs the activities of the Crédit Agricole Italia Banking Group with its suppliers, also in accordance with the Code of Ethics and with the applicable legislation and internal regulations in force at the relevant time. To access the Group's Procurement Portal, every supplier must that it has read and accepts the privacy policy and the Code of Ethics of the Crédit Agricole Italia Banking Group.

In order to get closer to its suppliers, the Purchasing Division set up a contract streamlining process, accompanied by higher general flexibility in contract drafting, while always ensuring full defence of the applicable legislation and of the Group's policies in force.

Withholdings and offsetting

In the reporting year, the process that started in 2020 regarding the **"New regulation on withholdings and offsetting within Contracts and Subcontracts"** (Italian Legislative Decree 241/1997) became fully operational and provides for controls on withholdings and offsetting on Contractors and Subcontractors, this ensuring proper application of the aforementioned legislation. Further analyses of suppliers were also performed concerning any litigation, pending or completed, against them and on the notes to their financial statements, in order to strengthen the monitoring of the risk associated with them. Moreover, the Banking Group has adopted a specific Policy on prevention of bribery and corruption risk, aimed at harmonizing its internal rules and procedures to the French applicable legislation.

Environmental impacts

The Group is also focused on **limiting indirect impacts on the environment** generated by its suppliers' activities and, for this purpose, requests certifications during the qualification phase and implements actions to raise awareness aimed at the exclusion of polluting activities or products. As done in the previous years, automatic and continuous monitoring of suppliers was performed against the OFAC international list, with preventive freezing of business with any supplier found on the lists.

EcoVadis certification

In order to promote green policies in the supply chain and to strengthen the materiality of sustainability topics at a macro-level, the **project to increase suppliers' awareness continued, which aims at emphasizing the importance of ESG values** and at promoting the EcoVadis certification. In October 2022, the second campaign to raise the Group's partners' awareness started. About 160 suppliers were invited and the campaign ended in February 2023.
As at 31 December 2022, 75% of the Group's orders had been placed with EcoVadis-certified suppliers.

EcoVadis certification

A partner company of Crédit Agricole, which provides suppliers with a tool for objective measurement of Social Responsibility and continuous opportunities to improve processes through consultancy. Registration on the EcoVadis platform certifies transparent communication of sustainability performances and incentivizes continuous improvement in environmental and social matters. The Group takes said certification into account in its selection and qualification processes with points added to the score of the candidate suppler that has the certification when it is entered in the Group's Register of Vendors or participates in a call for tenders.

Knowledge and satisfaction survey

Complementing that activity, in November 2022 the fourth survey on suppliers was conducted, which, besides assessing the **level of their knowledge of the Group and of its values** and their **satisfaction**, had the purpose of investigating the position of the Group's partners on **Social Responsibility** through a section focusing on ESG/EcoVadis, in order to strengthen the Group's relationship with them and to assist them in their transition to a sustainable community.

The second campaign to survey carbon footprint was also carried out, as was the **investigation on the suppliers' approach to Diversity & Inclusion**, which involved 44 top suppliers with 89% participation.

To achieve the goals set by the sustainability strategy, in 2022 several activities were undertaken. Specifically:

- A specific training course was held by the Purchasing Division and the Human Resources Department for all expense owners aimed at **strengthening ESG knowledge and skills** of those in charge of selecting and managing suppliers.
- The Group started the procedure to achieve the **Sustainable Procurement UNI ISO 20400** certification with the accredited certifier Bureau Veritas and, at the end of 2022, it obtained the ISO 20400 Responsible Procurement certificate, whose guidelines aim at assessing the procurement process sustainability and the environmental, social and economic impact of procurement.
- In all procurement and purchase agreements, a specific **clause on environmental sustainability** has been included, whereby the suppliers represent that they operate in compliance with the principles laid down by Italian Legislative Decree no. 152 of 3 April 2006 as amended and supplemented (the "Code on the Environment").

As regards the "Giulia" project for the integration of Credito Valtellinese (Creval), which had started in 2021, the analysis of over 800 supply agreements continued, along with the management of contract termination/ renegotiation and the negotiation talks with suppliers.

Conversely, within the Tagliamento Project, which concerned the integration of Crédit Agricole FriulAdria into Crédit Agricole Italia, the database of supply agreements and contracts was fed into the Group's Procurement portal, in order to ensure harmonization and an even more effective management of suppliers.

Lastly, having regard to employees' **safety** in the COVID19 emergency, also in 2022 the Purchasing Division kept close control on the identification of qualified suppliers for the procurement of **Personal Protective Equipment** (face masks, disinfectant gel, etc.).

Procurement value and location (204-1)		2022	2021	2020
Total value of supplies	€	513,444,508	422,287,596	410,708,204
- of which foreign suppliers	€	55,143,888	42,220,027	45,800,263
	%	11%	10.00%	11.15%
- of which Italian suppliers	€	458,300,620	380,067,569	364,907,941
	%	89%	90.00%	88.85%
Lazio	€	85,229,008	60,745,344	51,527,058
Emilia-Romagna*	€	106,139,943	91,006,111	103,299,137
Lombardy	€	191,895,938	155,374,127	137,751,652
Friuli-Venezia Giulia**	€	7,678,779	21,052,348	8,188,236
Veneto	€	6,781,285	8,803,598	18,543,392
Tuscany	€	9,376,955	9,324,939	11,288,126
Liguria	€	17,737,300	12,594,553	14,474,503
Campania	€	3,000,921	3,187,414	4,376,284
Piedmont	€	15,161,933	10,165,902	7,972,431
Puglia	€	2,315,711	1,591,397	1,531,372
Marche	€	4,046,967	2,328,012	1,781,931
Abruzzo	€	2,916,005	2,714,785	2,855,535
Trentino-Alto Adige/Südtirol	€	399,027	86,676	233,273
Umbria	€	627,706	535,999	460,374
Other Regions	€	4,993,143	3,948,361	624,638

Data for 2022 net of former-Credito Valtellinese for the first 4 months.
* Of which € 3,585,000 intra-group.
** Of which € 102,000 intra-group.
The 2021 data have been adjusted subsequent to the fine-tuning of the calculation. The 2022 performance figures are not comparable to 2021 ones as, from the merger date, i.e. May 2022, the data for 2022 include the contribution of the merged entity Credito Valtellinese.

Assessment of and qualification of suppliers (414-1; 308-1)	2022	2021	2020
Suppliers on the register with at least one certified HSEQ system	26%	30%	24%
of which ISO 9001-certified	67%	78%	92%
of which ISO 14001-certified	26%	28%	29%
of which compliant with SA 8000***	10%	8%	8%
of which OHSAS 18001-certified***	14%	16%	22%
of which ECOVADIS-certified***	31%	22%	14%
Suppliers entered in the register in 2022 having at least a certified HSEQ system**	21%	2%	2%
of which ISO 9001-certified	81%	75%	90%
of which ISO 14001-certified	33%	26%	25%
of which compliant with SA 8000***	8%	3%	11%
of which OHSAS 18001-certified***	10%	11%	21%
of which ECOVADIS-certified***	21%	8%	13%

* Total number of suppliers on the register in 2022: 4223 of which 1105 (26%) with at least one certified HSEQ system. The "of which" sub-items of the % of certified suppliers refers to all the suppliers on the register with at least one certified HSEQ system.

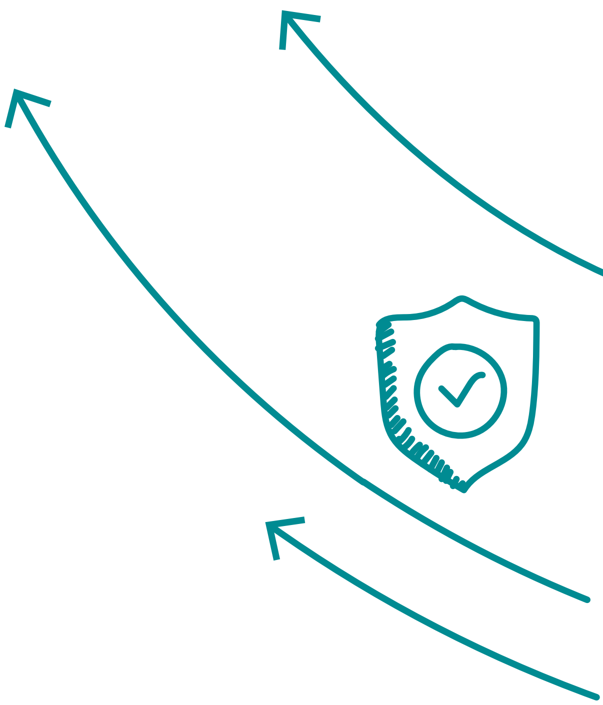
** Total number of new suppliers entered in the register in 2022: 492 of which 92 (21%) with at least one certified HSEQ system. The "of which" sub-items of the % of certified suppliers refers to all the suppliers on the register with at least one certified HSEQ system.

*** In 2021 this concerned areas not surveyed as regards the selection of Credito Valtellinese suppliers.

THE CORPORATE AND BUSINESS MANAGEMENT MODEL

Governance and organizational structure

Compliance, internal control and risk management




03
GOVERNANCE
CODE OF ETHICS
RISK

THE CORPORATE AND BUSINESS MANAGEMENT MODEL

GOVERNANCE AND ORGANIZATIONAL STRUCTURE

The Companies of the Crédit Agricole Italia Banking Group have chosen to adopt the traditional model, which provides for the general meeting of Shareholders and two Bodies, both appointed by the General Meeting: the Board of Directors and the Board of Auditors. The statutory audit of the accounts is assigned to an independent Audit Firm in compliance with the applicable legislation.

The corporate governance of the Group's Companies is entrusted, in accordance with their:

- respective scopes of responsibility, to:
- The General Meeting of Shareholders;
- The Board of Directors;
- the Executive Committee, where appointed;
- The Chief Executive Officer, where appointed; the Board of Auditors;
- The General Management.

Completing the corporate governance structure and at its head there is the Chairman of the Board of Directors.

As it is a large-size bank, pursuant to the Supervisory instructions, the Board of Directors of Crédit Agricole Italia approved a plan aimed at ensuring orderly succession in the top positions, such as the Chairman of the Board of Directors, the Chief Executive Officer and General Manager, in order to ensure smooth continuity of operations and to prevent any repercussions in terms of profit or loss and reputation upon the end of terms of office or early termination of office. The plan is intended to set out the criteria for managing succession of top officers, considering the rights and powers of the Parent Company Crédit Agricole S.A., the rules laid down in the Articles of Association and the constraints provided for by the Italian legislation on the requirements and features to be met by corporate officers.

In that corporate governance system:

- The **direction** and strategic oversight function is performed by the board of Directors, which resolves on strategic directions and continuously verifies their implementation;
- The **management function**, which consists in running business operations and in implementing the aforementioned strategies is performed by the Board of Directors, which exercises it through, where appointed, the Executive Committee, the Chief Executive Officer and the General Management staff;
- The **control function** is performed by the Board of Auditors, which supervises compliance with the law and with the Articles of Association, on compliance with proper management principles, on the adequacy of the organizational structure, of the internal control system and of the administration and accounting system, and verifies that there is appropriate coordination between all bodies, function holders and structures involved in the internal controls system.

Having specific regard to this role, the Chairman of the Parent Company promotes effective operation of the corporate governance system, ensuring the balance of powers vested in the Chief Executive Officer and the other Executive Directors; he or she is the reference officer for the internal control bodies and the Corporate Bodies of the Group's Companies and oversees external and institutional relations. To that end, the Chairman of the Board of Directors has a non-executive role, without prejudice to his or her power to adopt resolutions, in case of urgency, on any and all matters or transactions in the scope of responsibility of the Board of Directors (except of the matters the resolution on which is the exclusive responsibility of the Board of Directors), in accordance with paragraph 3 of Article 26 of Crédit Agricole Italia's Articles of Association in force.

The Boards of Directors of Crédit Agricole Italia and of the Group's Companies consist of Directors meeting the requirements laid down by the applicable legislation and regulations and are regulated by the law and by the respective Articles of Association.

Specifically, the members of the Board of Directors of Crédit Agricole Italia shall meet the fit and proper and independence requirements, the expertise and fairness criteria, comply with the limitations to multiple directorships and with the time commitment requirement, i.e. dedicating the appropriate time to the performance of their duties, in compliance with the applicable legislation, regulations and supervisory provisions in force. In the composition of the bodies vested with strategic oversight, management and control functions, worth mentioning is the expediency of having persons with extensive and wide-ranging competencies in the sector, diversified professional backgrounds and diverse features in terms of age, gender, cultural background and international projection.

At the Parent Company and in force throughout Italy, the **Policy on the fit and proper requirements to be met by corporate officers** has been adopted, which governs the requirements that those nominated for appointment to office as directors shall meet, in accordance with the applicable Italian and EU legislation in force at the relevant time. Specifically, that Policy sets out the fit and proper and independence requirements, the criteria of fairness and competence, independence of mind, the time commitment requirement and the methods to assess interlocking positions. As regards the Governance of the Sustainability Plan, please see the specific section on 23.

Without prejudice to the limitations to interlocking positions laid down by the applicable legislation, the directorships or positions held by each corporate officer in other companies or entities pursuing business objectives are published, in accordance with the Supervisory regulations, on the Group's website (public disclosure).

Having specific regard to **gender diversity**, the parent Company believes that the inclusion of members belonging to the less represented gender in the Board rests on social fairness, prevention of discrimination and especially on the need to improve decision-making mechanisms by acquiring new technical and managerial capabilities, which generate benefits in terms of discussion and exchange within the Board, preventing any cases of **"groupthinking".** Furthermore, the inclusion of members of the less represented gender may lead, over time, to the progressive recomposition of the Board as a whole, making it more diverse in terms of age, background and approach, also as regards its male members.

To that end, in December 2022, the Bank's Board of Directors adopted a **Policy to achieve actual gender inclusion** rolling out a Plan that comprises several actions having both organizational and cultural reach, short-term and medium-term ones, to be deployed in a harmonized manner under central coordination ensuring overall consistency and continuous monitoring.

Furthermore, the Board of Directors shall have an appropriate number of **Non-executive Directors,** who shall not be vested with any executive powers or responsibilities and who shall not be involved, not even in practice only, in the executive management of the Company. The Parent Company's Non-executive Directors take part in the procedures for the appointment and termination of office of the Holders of Control and Risk Management Functions.

In accordance with the Supervisory Provisions, at least one fourth of the members of the Bank's board of Directors shall consist of **Independent Directors**, meeting the requirements laid down by the applicable law. The independence of Directors is assessed upon their appointment and continuously thereafter by the Board of Directors.

Independent Directors supervise - with independence of mind - the company management ensuring that it is performed consistently with the sound and prudent management objectives and sit on the Related Party Committee, the Appointment Committee, the Remuneration Committee, the Internal Control Audit Committee and the Sustainable development Committee, where appointed. In order to fully perform their function, Independent Directors must find opportunities to independently exchange views on and discuss matters that are deemed of interest as regards proper operation of the Board of Directors of the management of the Company.

It is also specified that, in accordance with Article 23 of the Articles of Association, Crédit Agricole Italia's Board of Directors has delegated the company management function to an **Executive Committee**, determining its composition, responsibilities and powers and method of operation. The Executive Committee currently in office at the Parent Company consists of five **Executive Directors**, one of whom is the Chief Executive Officer, who is a member of the Executive Committee as of right.

In accordance with the Italian Civil Code, Directors may not be appointed for a term of office of more than three financial years and their term of office shall expire on the date on which the General Meeting is held for the approval of the Annual Report and Financial Statements of the last year in their term of office. Save where otherwise provided for by the Articles of Association, Directors may be re-elected.

It is also pointed out that the Supervisory Provisions issued by the Bank of Italy (Circular no. 285 of 17 December 2013) on Banks' organization and corporate governance, consistently with the evolution in the guiding principles and rules issued at an international and EU level, require Banks that, like Crédit Agricole Italia, are large in size or feature operational complexity, to set up, within the Body vested with strategic oversight functions, three specialist Committees on "risks", "appointments" and "remuneration", with powers to advise and to make proposals.

Said Committees shall consist of non-executive members and for the most part independent ones, and their respective work shall be coordinated by a Chairman chosen from among the independent members.

Furthermore, in compliance with the Bank of Italy provisions on "Risk assets and conflicts of interest with Associated Persons"* a Related Party Committee was set up.

Lastly, in compliance with the Guide on Climate-related and environmental risks issued by the European Central Bank, which recommends that banks take into account climate-related and environmental risks in designing and implementing their business strategies and their governance and risk management systems, consistently with the governance of the Parent Company Crédit Agricole S.A. on sustainability, a Sustainable Development Committee has also been set up.

All the aforementioned Committees shall be different in their composition by at least one member. Furthermore, at least one member of the aforementioned Committees belongs to the less represented gender.

→ **Internal Control Audit Committee**

The Internal Control Committee is responsible for giving advice and making proposals to the Board of Directors about risk management, the accounting information system and the internal controls system, in order to ensure that the control framework is efficient and effective.

→ **Related Party Committee**

In accordance with the applicable Supervisory Provisions, the Related Party Committee is responsible for verifying the transparency and substantial procedural fairness of the transactions carried out with Associated Persons, as well as for giving its prior and non-binding opinion on said transactions.

* (Bank of Italy Circular no. 285 of 17 December 2013 – Pa3, Chapter 11

→ **Appointments Committee**

The Appointments Committee's duties concern the appointment of corporate officers and the support it shall give to the Board of Directors in terms of advice and proposals.

→ **Remuneration Committee**

In accordance with the applicable legislation, the Remuneration Committee provides the Corporate Bodies with support in the matter of remuneration policies and definition of the remuneration schemes applied in the Crédit Agricole Italia Banking Group.

→ **Sustainable Development Committee**

The Sustainable Development Committee provides support to the Board of Directors in making strategic decisions on Environmental, Social and Governance (ESG) matters for the Group. It examines and assesses the proposals for the various projects as regards social, environmental and governance aspects to define and actually implement the Group's ESG policies.

As regards its organization and corporate governance, the Crédit Agricole Italia group complies with and implements the Bank of Italy Supervisory Provisions. The Bank of Italy Supervisory Provisions lay down specific principles and implementation directions on the composition of the Board of Directors, which give guidance in choosing the members of that Body, while also requiring that the Board of Directors identify beforehand its own optimal qualitative and quantitative composition.

Having specific regard to the quantitative and qualitative aspects that the composition of Crédit Agricole Italia Board of Directors shall meet, the **Document on the optimal qualitative and quantitative composition of the Board of Directors** was adopted and sets out in detail:

→ The quantitative aspects, which have confirmed, also in accordance with the Articles of Association,15 directors as the optimal number, considering:

- The size and geographical footprint of the Bank and of the Group, as well as of its Commercial Network;
- The considerable size and organizational complexity of the Bank and of the Group, based on which the Bank qualifies as having "large size and operational complexity" pursuant to the Supervisory Provisions;
- Non-recurring transactions for absorption of entities into the Bank;
- The integration into the Bank, in its capacity as the Parent Company, of centralized control functions, of management and coordination activities and of the direct conduction of operations as a commercial bank;
- The need to ensure effective operation of the Committees supporting the Board;
- The evidence emerged from the comparison with other Italian significant banks.

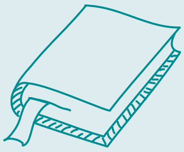
→ The qualitative aspects regarding the technical profiles of the candidate Directors are defined based on the following criteria:

- The appropriate ratio of executive directors to non-executive and independent ones;
- Extensive and wide-ranging and diverse competences in terms of management and professional capabilities
- Representativeness and knowledge of the target regions, as well as of their social, economic and market characteristics and knowledge of international markets.

Furthermore, in accordance with the new regulations on corporate governance, special attention shall be put on gender quotas. In this regard, considering that the number of members fit to ensure the Board's proper operation and effectiveness of action is15 Directors, the quota reserved to the less represented gender is at least 5 Directors.

It is represented that the Appointments Committee (which, in accordance with the applicable legislation, is responsible for providing advice on the identification of the optimal qualitative and quantitative composition of the Board) examines the Document on the optimal qualitative and quantitative composition of the Board of Directors, expressing its opinion on that matter.

CODE OF ETHICS AND CODE OF CONDUCT



The internal reference document for directing operations is the Code of Ethics. It is regularly reviewed and expresses the Group's values, its commitments to stakeholders, the responsibilities for business management and ethics culture. The Code of Ethics is also an integral part also of the Organization, Management and Control Model of the Group's Companies pursuant to Italian Legislative Decree 231/2001, which was updated to the new developments in the applicable legislation and in accordance with the organizational changes occurred. On its part, the Code of Conduct of the Crédit Agricole Italia Banking Group lays down the conduct guidelines and standards of ethics, confidentiality and professionalism, consistently with the values and principles at the basis of the Code of Ethics.

Risk policies

The Company's Board of Directors approves the **Risk Policies** validated by the Boards of Directors of the individual entities. In order to prevent conflicts of interest, the subsidiaries' Boards of Directors delegate responsibilities and assign scopes and roles to the relevant corporate structures. A central structure coordinates the operations of the banks of the Group: the structures engaged in business functions and in separate control functions report directly to it and it is engaged in operational functions with centralized governance.

APPROACH TO TAXATION

The Crédit Agricole Italia Banking Group's approach to taxation is based on full compliance with the applicable tax legislation, both as regards its own taxes and its role as a withholding agent, in compliance with the core principles of its Code of Ethics and with supervisory provisions for banks and consistently with the extension or the risk control model under D. Lgsl. n. 231/2001 to some tax offences. The Group has and has always had an approach ensuring the utmost cooperation with the Italian Tax Authorities. The Banking Group does not operate through subsidiaries in tax systems other than the Italian one.

The Crédit Agricole Italia Banking Group attaches strategic importance to control of the risk of noncompliance with the applicable tax legislation.

Two specialist units are in charge of overseeing the applicable tax legislation, which are responsible for **direct and indirect taxes applying to the Bank and to Customers, respectively, as well as for employment withholdings.**

The model for the management of compliance with the applicable tax legislation sets out the roles and responsibilities assigned to all the units engaged in those activities.

As regards the management of the risk of noncompliance with the applicable tax legislation, the specialist units, each one in its scope, identify the applicable rules and monitor any developments therein sending targeted alerts to the Bank's structures that may be concerned, so that said structures can timely start the appropriate considerations and assessments. They provide the Bank's corporate structures with advice and assistance, while also assessing the impact of the applicable rules on the Group processes. Said units are involved in assessing compliance with the tax legislation applying to new products/services, innovative projects, new transactions, also as regards the start of new operations.

Where necessary, the specialist units may propose organizational and procedural changes aimed at ensuring appropriate control of tax-related risks, in cooperation with other structures as deemed relevant.

COMPLIANCE, INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Compliance Department is responsible for controlling the integrity of the corporate processes and procedures and for managing non-compliance risk. In pursuing its objectives, the Department follows the directions given in the applicable **national and international legislation**, along with the guidelines given by the Parent Company and with the industry best practices.

The Function scope of control comprises:

- Prevention of **money-laundering** and **terrorist financing** risks in accordance with the applicable legislation;
- Compliance with **international sanctions;**
- Prevention of **risks of fraud, corruption, conflicts of interest, market abuse and other offences** pursuant to D. Lgs 231/01;
- Prevention of **conduct risks;**
- Compliance with the applicable legislation **governing banking and intermediation activities;**
- **Personal data protection;**
- Compliance with the **legislation on ICT.**

Regulatory reporting and reporting to the top management on the matters in its scope to the supervisory authorities and to corporate bodies engaged in strategic oversight and Management and Control of the Group's companies, as well as to Crédit Agricole S.A.

In case no specialist control tools are in place ensuring compliance with the applicable legislation, the Department provides **advisory services and assistance to protect the Companies of the Group, their employees and the top management from risks of penalties, financial losses and reputational damage and to ensure centrality of Customers' interests.** In the areas where specialist controls are in place, it cooperates with the relevant structures in setting risk assessment methods and the related procedures to verify the effectiveness of noncompliance risk prevention.

The Risk and Internal Control Committee coordinates and oversees the structures engaged in control functions, namely **Internal Audit**, **Compliance, Risk Management and Permanent Controls**, and the **internal control systems**, in accordance with the guidelines given by the Parent Company. The Committee is also responsible for examining and approving **risk management practices** and for expressing a judgement on the **Risk Policies** to be submitted to the Board of Directors for approval. Lastly, it analyzes the **applicable legislation** in force and decides on the proposals made by the operational teams in charge of risk management and prevention. The Risk and Internal Control Committee reports to the Internal Control Audit Committee of the Parent Company Crédit Agricole Italia.

The Internal Audit Department is responsible for constant control on the activities and processes of the **organizational units of all the Group's Companies** and regarding the most important outsourced Operational Functions; it also responds to any irregular behaviours or situations. The performed activities are reported to the Top Management, to the Corporate Bodies and to the Parent Company. It verifies that the internal controls system is adequate to ensure the effectiveness and **efficiency of the corporate processes as implemented, protection from losses, the value of assets, the quality of accounting and management information and compliance of operations** with both the policies set by the corporate governance bodies and with all applicable internal and external regulations. The Internal Audit Department is independent from all executive and decision-making structures or roles that entail risk-taking.

Interfunctional Committees

The Group Interfunctional Committees, namely the New Activities and New Products Committee (NAP), the Investment Committee, the Loan Committee, the Group Non-Performing Exposures (NPE) Committee and the Loan Monitoring Committee, are provided with assistance by the structures engaged in control functions for the matters they are respectively responsible for, participate in and report to the Internal Control Audit Committee of the Parent Company.

In the implementation of the urgent relief measures issued by the Italian Government for the suspension of loan repayments and access to credit by sole traders and businesses, the Compliance Department also cooperated in setting the related procedures and in the Group's relations with Institutions. As the emergency situation entailed higher exposure to the risk of fraud, internal communication was also strengthened, with training, information dissemination and support using new modes and formats, as well as external communication to Customers with information given on the Group's website, on the Crédit Agricole Italia APP and specific e-mails and SMS texts. Controls on processes, especially credit transfers and online transactions, were also strengthened.

The approach to risk management

The responsibility for risk control and governance regarding all the Companies of the Group, except for the Compliance-specific ones mentioned above, lies with the **Risk Management and Permanent Controls Department.** Risk management and control are based on the following principles:

- Clear identification of responsibilities for risk taking, risk transfer and risk mitigation;
- Measurement and control systems that are compliant with the Supervisory guidelines and consistent with the solutions more frequently adopted at an international level;
- Organizational separation between operating and control functions.

2022 was also the year in which Credito Valtellinese and Crédit Agricole FriulAdria were merged by absorption into Crédit Agricole Italia. In view of the entry into force of the Basel IV framework, the IT migration of Credito Valtellinese was managed with the treatment, in the Loss Data Collection application of CAI, of all operational losses recognized by the absorbed bank from 1 January 2015 to 24 April 2022 (the migration day). Conversely, in FriulAdria migration, all its operational losses were redistributed to CAI organizational units and the accounting balances that changes subsequent to the production of accounting entries in FriulAdria environment were migrated.

In 2022, close attention was placed on the non-recurring transactions consisting in the merger by absorption of Credito Valtellinese and Crédit Agricole FriulAdria in CAI Italia's perimeter, as well as on the migration of the departmental Data Center. Special attention was put on the management of risks associated with outsourced activities and IT services provided by third parties in a scenario of wider and wider use of those services.

As regards the Group's approach to risk identification, every year the Risk Management and Permanent Controls Department, together with the risk owners and based on qualitative and quantitative considerations **maps material risks**. The risk mapping process is carried out in accordance with the RAC and with the ICAAP and ILAAP reports.

Risk Appetite Framework

The Risk Appetite Framework (RAF) sets the risk capacity, i.e. the maximum levels of risk that may be taken for each type of risk. The risk appetite depends on the strategic directions that the Group wants to pursue and on the related risk management policies. It is expressed via: a selective and responsible funding policy, structured within a conservative lending policy set down in the Risk Strategy, in the Corporate Social responsibility Policy and in the system of decision-making powers in force:

- Orientation towards a low risk profile on all main financial risks, with **specific focus on limiting the exposure to market risk**;
- **Strict oversight** on exposure to operational risk;
- Orientation towards **integrated management of ICT risks** pursuing general resilience;
- A system of controls aimed at **mitigating noncompliance risk** (identified and monitored); accurate **measurement of risk-weighted assets**;
- **Integrated management of the Group's assets and liabilities**;
- **Careful mapping of all material or emerging risks** that may impact, in various ways, on the Group.

Along with the use of the RAF, in order to ensure the best possible control on risks, the Group regularly updates its risk measurement through **frequent monitoring and control activities**, which are the same for all subsidiaries, each one of which is responsible for sharing and implementing, with their respective corporate bodies, risk management policies and procedures that are proportional to the risks taken. The Governance reference framework is closely related to the RAF: the business model and the strategic plan, the risk appetite, tolerance thresholds, risk limits, risk management policies and the related processes to define and implement them are determined in accordance with the maximum acceptable risk level.
In 2022, the Group carried out several activities aimed at including ESG criteria in the RAF, in accordance with the overall schedule of the Sustainability Plan.

The use of the Framework is accompanied and supported by the Policies on the RAF and on the Most Relevant Transactions (Operazioni di Maggior Rilievo MRT or with the Italian acronym OMR) and by the Risk Appetite Statement (RAS), which sets out the risk management governance process and identifies the roles of the management and control structures within the Group for **appropriate control of risks and proper definition of the RAF**. Furthermore, for each and every qualitative and quantitative risk mapped, the related risk ratios/indicators and alert thresholds are set, which, if breached, trigger a specific Recovery Plan process.

As at 31 December 2022, the Group's primary ratios/indicators were found satisfactory and consistent with the Risk Appetite Framework set by the Group. The internal controls system implemented by the Crédit Agricole Italia Banking Group has been structured in compliance with the applicable Supervisory provisions (Bank of Italy Circular 285/2013) and with the model of the Controlling Company Crédit Agricole S.A.; it uses a system for monitoring constant control of risks and the adequacy of control activities to the organizational structure of the Group, as well as the reliability, accuracy and promptness of the relevant reporting.

The management of social and environmental risks

The system of controls that the Crédit Agricole Italia Banking Group implements on social and environmental risks is by now fully established and deeply rooted in its organization: it has adopted a structured prevention model that aims at ensuring the Group's strength by identifying, mapping, assessing and managing risks. The importance attached to ethics in business and to corporate social responsibility, as per the analysis of the social and market scenario, results in close attention paid to reputational risk.

The risk analysis methods used by the Crédit Agricole Italia Banking Group are constantly updated in order to always have advanced and innovative solutions that optimize customer analysis, increase the efficiency of processes and implement monitoring systems.

Reputational risk is at the core of the wider risk management system and is controlled in all corporate processes through a model for the prevention and management of possible operational risks, in order to prevent and mitigate any negative impacts on the brand identity, which has been designed to protect the Group' s reputation with its stakeholders. The Crédit Agricole Italia Banking Group has tools designed to manage and control non-financial risks. Among them, worth mentioning are the **Ethics Charter and the Code of Ethics**, which are the general reference framework, the Code of Conduct and the OMC model, which sets out the structures involved in monitoring reputational risks on the activities they are respectively responsible for.

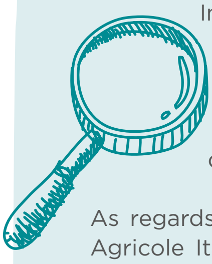
To manage risks, including non-financial ones, the Bank relies on its Risk Strategy. It sets the credit, financial, market and operational risk levels that are consistent with the Group's development plan and global limits, i.e. alert thresholds, and operational limits, which are approved by the Boards of Directors of the Parent Company and of each entity, which shall implement them. The **Risk Strategy is updated on a yearly basis** and is submitted for approval to the Risk Committee of Crédit Agricole S.A.

It includes the Lending Policies, which describe the way credit risk is taken and managed by the entities of the Group through expressly identified requirements and through the directions that the Commercial Network and the Bodies in charge of Lending and Loan Management adopt to define lending proposals and decisions. The Lending Policies set the directions to **pursue a development strategy leading to balanced growth in loans to the worthiest customers** while controlling and recovering exposures to the riskiest ones. This can be done thanks also to a transparent definition of the sectors that are considered strategic and attractive in terms of business for the growth of the regions and, on the other hand, of those that are reckoned as risky in social-economic terms, in which, therefore, business is to be downsized or discontinued. Each new product or service is developed after analyzing social and environmental risks, starting from conception and design. The New Activities and New Products (NAP) Committee approves all new products and services and validates the new solutions to be proposed to the market.
The **product approval** process was monitored as regards the structure of loans having **ESG characteristics** and, more in general, **sustainability characteristics**, in order to ensure their proper treatment in external communications.

In accordance with the lending policies, no loan, of any type, is authorized to counterparties that are involved in the manufacturing, storage or sale of **anti-personnel mines and cluster bombs** and no credit facility is authorized intended for the financing of international trade of **nuclear, biological or chemical weapons or other weapons of mass destruction**. Some sectors under surveillance, i.e. associated with higher risk, require the assessment and prior authorization by the decision-making bodies at the Central Department.

The Parent Company has structured its programme for protection against **the risk associated with international sanctions**, which, upon completion of the strict operational framework, is based on the **Enterprise Wide Risk Assessment** process, and considers all risk indicators regarding the specific activities potentially relevant for international sanctions carried out within the Group.

Medium-term climate-related and environmental impacts



In synergy with the strategy and objectives set by the Parent Company Crédit Agricole S.A., Crédit Agricole Italia is involved in Group projects pursuing progressive improvement and environmental goals to be achieved, on the one hand, designing an approach **to assist customers in going towards climate transition** thus reducing indirect emissions and, on the other hand, enhancing energy efficiency to reduce direct emissions.

As regards the exposure to climate-related impacts on the portfolio, in H1 2022 the Crédit Agricole Italia Banking Group took part in the first climate stress test exercise of the ECB contributing to the consolidated calculation of the Parent Company Crédit Agricole S.A. The stress test was carried out as a joint learning exercise, to the benefit both of banks and of the Regulator, aimed at assessing vulnerabilities, the best practices and the challenges that banks face in managing climate-related risks.

After completing the exercise, the ECB published its results, which, on the one hand, gave evidence of progress achieved by credit institutions in managing climate-related risks; however, on the other hand the results gave evidence that banks need to put in place robust reference frameworks for the management of climate risks and also need to make further effort in collecting and managing climate-related data. The ECB will continue to monitor the progress made by banks in the definition of Climate Stress Testing Frameworks and expects considerable improvement in the coming years.

The Crédit Agricole Italia Banking Group is progressively implementing its forward-looking action plans in compliance with the ECB Guide on climate-related and environmental risks - Supervisory expectations relating to risk management and disclosure” and in accordance with the instructions given by the parent Company with the goal of progressively integrating the climate and environmental change factors in its business model and strategy, in its governance and organization in its risk management system and disclosure to the market.

The Crédit Agricole Italia Banking Group’s governance is structured on four levels, namely a specific Board Committee, a Managerial Committee, a Unit in charge of coordinating the various project activities and a network of sustainability owners belonging to operational structures and – in an independent position – to control structures. The structures engaged in control functions have extended their scope of activity also to ESG matters applying the model based on three lines of defence. The actions deployed in 2022 concerned the training of the Board and of personnel, the remuneration policies, the lending policies and processes, the development and marketing of products and services, the provision of investment advisory services, the monitoring of exposures and management reporting, data collection and management, the development of IT applications, disclosure to the public and reporting to the Supervisory Authorities. **Furthermore, the Crédit Agricole Italia Banking Group and shares, with its French Parent Company, the Net-Zero Banking Alliance commitments in order to align the emissions of the various portfolios with the achievement of climate neutrality by 2050 and, to this end, supporting its Customers in their transition process.**

Risk mapping

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Social	Innovation and accessibility in the service model	Risk of failing to protect personal data and privacy	Risk of economic and reputational losses caused by noncompliance with the applicable legislation on personal data protection.	• Privacy - Policy of the Crédit Agricole Italia Banking Group • Personal data protection consolidated act • Circulars, Regulations and manuals on personal data protection and privacy • Domain policy (IT and privacy risk analysis method) • Implementation of Privacy By Design controls • Actions for awareness enhancement and internal communication • Continuous update of the privacy sections of the websites, apps and Intranet • Advisory services to structures engaged in business functions • Management of personal data protection matters • Data consultation monitoring • Monitoring of key IT privileges (so-called System Administrators) • Monitoring IT authoriations assigned to employees • Monitoring information flows outgoing from the perimeter (data loss prevention) • Projects of the Data Protection Service and support to the projects of other structures • Process for breach management and related controls • Periodic updating of the Record of processing and analysis of the related risks
		Rischio ICT e di Sicurezza • ICT security risk • ICT availability and continuity risk • ICT change risk • ICT data integrity risk • ICT outsourcing risk	Risk of losses due to confidentiality breach, poor integrity of systems and data or unavailability of the systems and data or inability to replace Information Technology (IT) within reasonable time limes and costs in case of modification of the requirements of the external context or activity (agility), as well as security risks resulting from inadequate or wrong internal processes or to external events, including cyberattacks or inadequate level of physical security.	• ICT Risk Framework Policy • Policy governing the "Manager des Risques Systèmes d'Information" function • Domain policy (IT and privacy risk analysis method) • Risk Strategy • Risk control dashboard • Permanent Controls Framework • Communication and training also on cybersecurity • Periodic review of the security settings of the IT infrastructure • Continuous search for new cybersecurity technologies to strengthen defence • Enhancement of monitoring and incident detection ability • Enhanced control on providers of IT services
		Fraud Risk	Risk resulting from an intentional action aimed at obtaining tangible or intangible advantages to the prejudice of a person or organization, perpetrated in breach of legislation, regulations, internal normative instruments and rules.	• The Crédit Agricole Italia Banking Group's policy for combating fraud • Regulation on the management of fight against frauds • Code of Ethics • Code of Conduct • Mandatory training • 24X7 Fraud Prevention Control within Internet Banking and E-money • Actions to raise internal and external customers' awareness

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Social	Innovation and accessibility in the service model	Non-compliance risks	Risk of judicial or administrative penalties, material financial losses.	• Compliance Policy of the Crédit Agricole Italia Banking Group
	Role of credit in sustainable development	Credit risk	Credit risk in financing activities featuring Social issues resulting from failure to assess material social aspects for the specific sector in measuring creditworthiness.	• Risk Strategy • Lending policies • ESG file with diagnostic assessment of potential sectoral risk of a social nature (SASB matrix) • "ESG Performance" Report resulting from inside-out questionnaire with focus on the Social scope (S)
	Entrepreneurship and agri-food supply chain	Credit risk	Credit risk in financing activities featuring Social issues resulting from failure to assess material social aspects for the specific sector in measuring creditworthiness.	• Risk Strategy • Lending policies • ESG file with diagnostic assessment of potential sectoral risk of a social nature (SASB matrix) • "ESG Performance" Report resulting from inside-out questionnaire with focus on the Social scope (S)
	Bank and regions	Reputational risk	The present or forward-looking risk of decrease in profits or capital subsequent to any negative perception of the Bank's image by customers, counterparties, shareholders, investors and authorities.	• Brand positioning and Corporate Social Responsibility initiatives (philanthropic activities carried out by the Group) • Code of Ethics • Code of Conduct
		Credit risk	Credit risk in financing activities featuring Social issues resulting from failure to assess material social aspects for the specific sector in measuring creditworthiness.	• Risk Strategy • Lending policies • ESG file with diagnostic assessment of potential sectoral risk of a social nature (SASB matrix) • "ESG Performance" Report resulting from inside-out questionnaire with focus on the Social scope (S)
Fight against active and passive corruption	Integrity in governance processes and in business management	Bribery and corruption risk	Risk associated with abusive conducts adopted within ordinary performance of a function, which aim at soliciting, offering, giving or accepting - directly or indirectly – unlawful assets or advantages or the promise of undue advantages.	• Policy on prevention of bribery and corruption risk • Whistleblowing Policy • Code of Conduct • Code of Ethics • Model 231 – MOG • Assessment of internal processes to prevent bribery and corruption risk • Specific internal Regulation on the assessment and selection of suppliers • Modular training in accordance with roles and responsibilities

continues

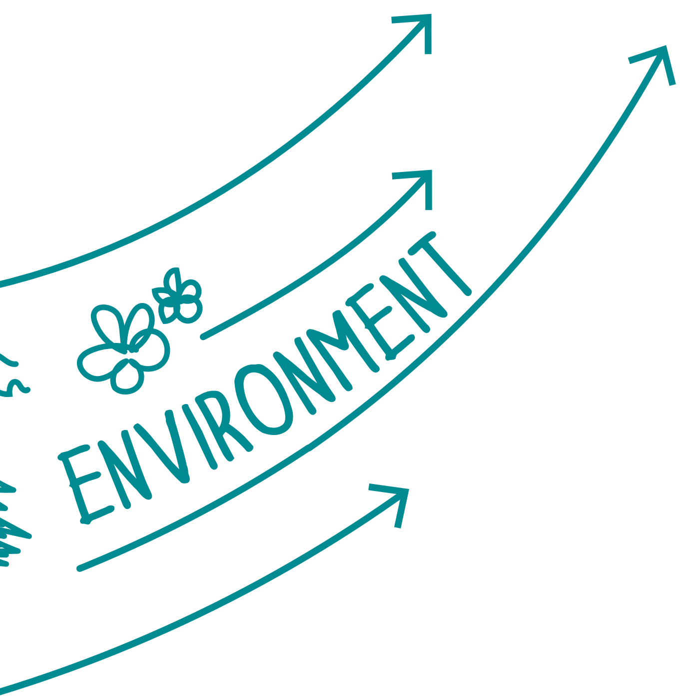
Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Human Resources management	Centrality of people	Risk associated with Occupational Health and Safety	Risk of incurring losses subsequent to accidents and potential legal disputes for accidents at work regarding the activities performed, the workplace and work equipment.	• Code of Ethics and Code of Conduct • Mandatory training courses for all personnel • Risk Assessment Document and mitigation plan
		Non-compliance risk	Risk of judicial or administrative penalties, material financial losses or reputational damage resulting from violation of mandatory requirements (laws, regulations) or self-regulation (articles of association, code of conduct, self-governance codes), e.g. for violation of welfare and equal opportunity requirements.	• Ethics Charter of the Crédit Agricole Group • Code of Ethics • Code of Conduct • Charter of Respect • Agreement with the Trade Unions on gender violence • Women in Banking Chart • Training on the Code of Ethics, the Code of Conduct and the Charter of Respect; • Training and decision-making powers system • Remuneration Policies • Compliance with obligations to hire • Italian Law 68/99 • ABI Protocol providing for easy loan repayment terms to women that are victims of gender-based violence
		Risk of non-retention of skilled resources	Risk of uncontrolled increase in turnover with the subsequent risk of losing skilled resources and consequent impact on productivity and competitiveness.	• Remuneration Policies and Incentive System of the Group • Career paths • Development paths
Human Rights		Non-compliance risk	Risk of judicial or administrative penalties, material financial losses or reputational damage resulting from violation of mandatory requirements (laws, regulations) or self-regulation (articles of association, code of conduct, self-governance codes), e.g. discriminatory remarks, attitude or behaviours.	• Code of Ethics • Code of Conduct
		Credit risk	Credit risk in financing activities featuring Social issues resulting from failure to assess material social aspects for the specific sector in measuring creditworthiness.	• Lending policies • ESG file with diagnostic assessment of potential sectoral risk of a social nature • "ESG Performance" Report resulting from inside-out questionnaire with focus on the Social scope (S)
		Reputational risk	The present or forward-looking risk of decrease in profits or capital subsequent to any negative perception of the Bank's image by customers, counterparties, shareholders, investors and authorities	• Brand positioning and Corporate Social Responsibility initiatives • Code of Ethics • Code of Conduct

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Environmental	Climate change and environmental heritage	Non-compliance risk	Risk of judicial or administrative penalties, material financial losses or reputational damage resulting from violation of mandatory requirements (laws, regulations) or self-regulation (articles of association, code of conduct, self-governance codes) due to non-compliance with the legislation on environmental protection	• Strategy for upgrading the oldest and most polluting plants • FRED project (Reduction in CO_2 in emissions) • Energy policy • Environmental Management System (EMS) In accordance with the ISO 14001:2015 standard currently being adopted on a voluntary basis
		Climate Risk (Physical risk and transition risk)	Climate risks (physical and transition) are risk factors for the existing categories, with specific regard to credit, operational, market and liquidity risks. Physical risk: risk of losses resulting from negative financial effects for the entity due to the present or future impact of the physical effects of environmental factors on counterparties, or the entity's invested assets Transition risk the financial loss that may be incurred, directly or indirectly, subsequent to the adjusting process within the shifting to an economy with low carbon emission and more environmentally sustainable. That situation may be caused, for example, by the relatively sudden adoption of climate and environmental policies, by technological progress or by any change in markets' confidence and preferences.	• Code of Ethics • Model 231 • Sustainability Governance structuring • Multi-year action plans to ensure compliance with the ECB's 13 expectations • Participation in the ECB stress test exercise on climate risk; • Mapping of physical and transition risks • Lending policies • Definition of decarbonization goals and trajectories in accordance with the Net Zero Banking Alliance commitments • Enrichment of the information wealth • ESG principles in remuneration policies • Energy policy • Strategy for upgrading the oldest and most polluting plants • ESG training • Development of management tools on ESG topics • FRED project (Reduction in CO_2 in emissions) • Environmental Management System (EMS) In accordance with the ISO 14001:2015 standard currently being adopted on a voluntary basis
		Reputational risk	The present or forward-looking risk of decrease in profits or capital subsequent to any negative perception of the Bank's image by customers, counterparties, shareholders, investors and authorities, for example associated with possible environmental impacts.	• Energy policy • Policy for control on plants with renewable sources • Development of products and services with environmental purposes • Environmental Management System (EMS) In accordance with the ISO 14001:2015 standard currently being adopted on a voluntary basis
		Credit risk	Credit risk in financing activities that feature environmental issues resulting from failure to assess material environmental aspects for the specific sector in measuring creditworthiness.	• Lending policies • Risk Strategy • Code of Ethics • ESG file with diagnostic assessment of potential sectoral risk of a social nature • "ESG Performance" Report resulting from inside-out questionnaire with focus on control of physical/chemical/ environmental risk


MATERIALITY
matrix
SDG
04
ESG

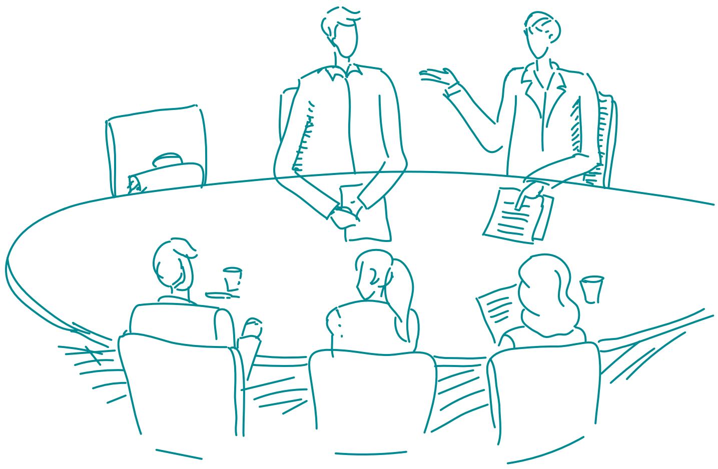
MATERIAL TOPICS RELEVANT TO BUSINESS OPERATIONS



MATERIAL TOPICS RELEVANT TO BUSINESS OPERATIONS

In order to identify the sustainability aspects that must be clearly and transparently reported on in the interest of its stakeholders and to set specific direction in its business strategies, every year the Crédit Agricole Italia Banking Group updates its **materiality assessment**. Thanks to the analysis process, the Bank identifies the **material topics**, that is to say the matters that are **deemed the most significant and their impact on the environment, on the economy and on society** both by the Group itself and by its stakeholders, and that better represent the Group's business activities. This is how the Bank identifies the material topics, considering the undertaking's activities and characteristics in accordance with Italian Legislative Decree 254/2016, associating the aspects detected through the analysis to the scopes of application set out in the decree.

"Engagement of the most significant stakeholders in every local community where the Group operates"



The **materiality assessment** is also an opportunity for involvement and sharing thoughts on the sustainability topics that concern the Bank and its stakeholders, resulting in a framework of ESG risks and opportunities, which are integrated in the business and thus complete the Group's sustainability profile. Therefore, the materiality assessment is the main tool whereby the topics that are material in social, environmental and governance terms are defined in order to focus the non-financial reporting exercise of them.

With the entry into force of the GRI 2021 Revised Universal Standards, the process for the definition of material topics has been revised, strengthened and oriented towards the reading of the impacts that the organization has or may have on the economy, on the environment or on people, including human rights, as a result of its business activities or relations.

For the 2022 Non-Financial Statement, the application of the new materiality assessment approach has been developed through a **mainly qualitative process**. The topics have been updated by identifying the main impacts resulting from the Bank's activities and by assessing their materiality, collected within a **process designed to listen** to some key stakeholders, including industry experts and parties belonging to the different regions where the Bank operates. Concomitantly, an internal listening process was also conducted, which involved the Group's Top Management. The process outcomes have been supplemented with the results of the analysis of industry documents, which contributed to the definition of the impacts and their consequent prioritization. The detected impacts have then been grouped within the 2022 material topics.

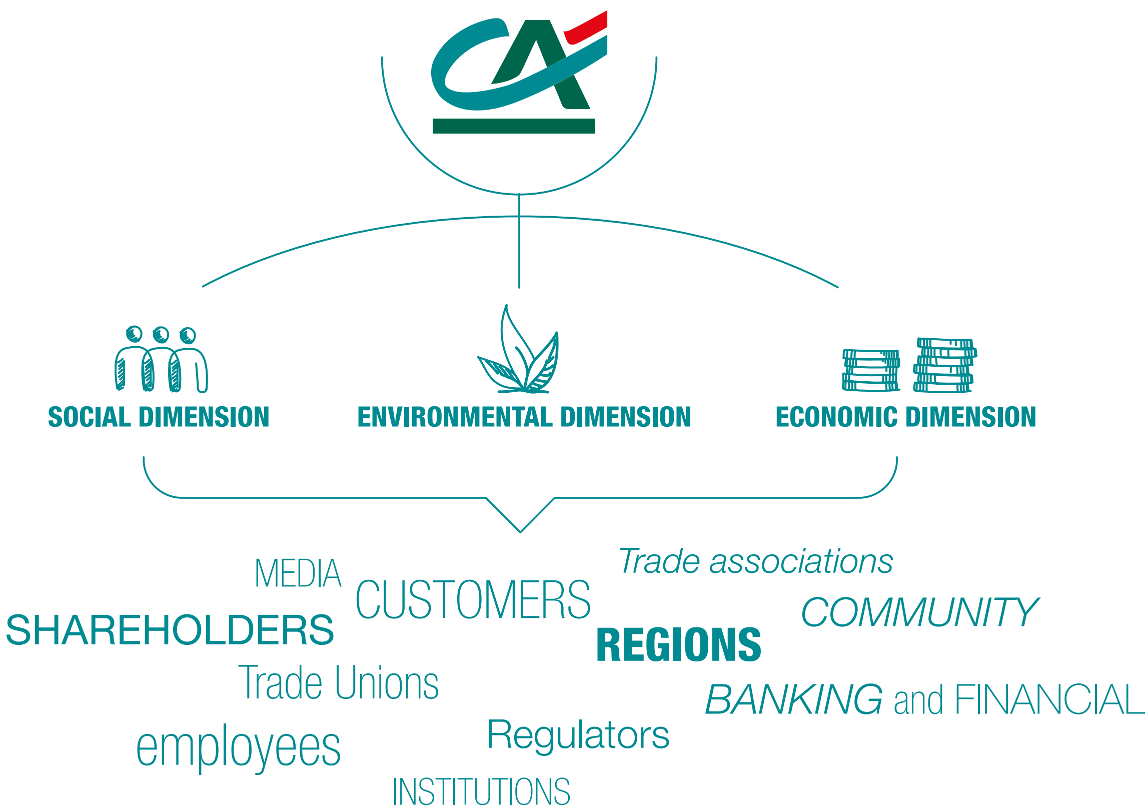
As a consequence of this new process approach, unlike in the previous years, the material topics are no longer represented using a matrix but rather giving a **list of topics** with which the impacts generated by the organization are associated, in accordance with the revised reporting standards.

This evolution in the standards and methods proved a thrust to innovation and improvement in the reading of the Bank's activities, leaving plenty of room and further strengthening the already firmly established practices of continuous exchange, interaction and value creation with the stakeholders. Furthermore, **stakeholder engagement is an important tool for the Group to strengthen its relationships with its stakeholders and obtain from them insight on local needs**. Besides being a reporting tool, the 2022 materiality assessment was also a fundamental listening opportunity and food for thought, able to make the impacts of the Group's operations emerge. The materiality assessment remains a continuous process, able to provide a reading of the organization and of the evolution in the scenario where it operates.

As regards the engagement process, the Bank involved - through **one-to-one** interviews - several stakeholders belonging to different regions, together with some Top Managers. From an internal standpoint, the interviews were also an opportunity to increase awareness and to exchange views, which, starting from the materiality assessment exercise, enabled dialogue between personnel members on the materiality of sustainability topics for the Bank and the banking industry as a whole, fit to enhance internal engagement and culture.

The 2022 assessment activity was based on: Industry:

- impacts and phenomena described in documents:
  - The Role of Social Impact Banking in Society, Boston Consulting Group (2022);
  - Reintegrating the banking sector into society: earning and re-establishing trust, ECB(2017);
  - 2023 banking and capital markets outlook– Deloitte (2022)
  - Impact of banking sector development and environment on population health (EU), Journal Of Economic Research (2022);
  - UN Impact Protocol - Banking sector (2017);
  - The influence of the World Bank on policy formation, policy implementation, and private education, UNESCO (2022).
- The opinions of **nine external stakeholders**, who were interviewed in the stakeholder engagement activity and who included **Industry experts** and parties belonging to the regions in various capacities (Customers, Suppliers, Regional Committees);
- The opinions of **eight Top Managers** of the Crédit Agricole Italia Banking Group, having high expertise in their respective scopes of responsibility, as well as in sustainability.



Therefore, the material topics resulted from associating the impacts detected in the engagement activity, read also in the light of background elements and phenomena and prioritized in accordance with a **materiality index** representing the total strength of the impact, based on the assessment of 4 dimensions:

- **Impact extent, impact**
- **dimension, probability of its**
- **occurrence**
- **remediability (in case of negative impacts).**

IN addition to these dimensions, any impacts that may have direct repercussions on Human Rights were assessed, as deemed material for the assessment purposes.

In order to be exhaustive, the interpretation of the topics cannot disregard the reading of the impacts related to them. The following items are reported below:

i. The impacts found and their bearing on the Bank;

ii. The list of the new material topics for 2022 along with the impacts associated therewith.

Impacts	Type of impact	Explanation	MATERIALITY/ SEVERITY scale 1 -5: no materiality (1) - highest materiality (5)
1. Enhancing the efficiency of real estate properties in Italy	Positive / Actual	The development of specific products, services and initiatives fit to support the renovation and upgrading of real estate properties in Italy, which are often old, is a very material scope that can have a positive effect on the achievement of higher efficiency and therefore on the environment.	4.3
2. Growth and development of specific skills	Positive / Actual	The materiality of employees and other staff members and the commitment to developing their skills in order to ensure the utmost enhancement of each one of them, and therefore, better and better service to customers, are fundamental assets for the strategy.	4.3
3. Customer security (cybersecurity)	Negative / Potential	The digitalization of services and the increase in new forms of bank and financial fraud entail higher risk of loss of data and security breaches affecting customers and require constant control and monitoring in order to mitigate potential negative impacts.	4.0
4. Decarbonization of the economy	Positive / Potential	The implementation of specific products, services and initiatives gives tangible support to the decarbonization of the economic fabric. The promotion of awareness-increasing initiatives on this topic is yet another vehicle to generate positive impacts.	4.0
5. Wellbeing and inclusion of employees	Positive / Actual	Acknowledging the role and materiality of employees and other staff is essential to implement processes for the development of their skills and of projects and initiatives aimed at ensuring the inclusion and enhancement of each one of them. The attention scopes whereby an inclusive work environment is strengthened are diverse and wide-ranging: among them, acknowledging skills, enhancing diversities, the corporate climate and psychophysical wellbeing. Care for these aspects enables to generate positive impacts on health and sense of inclusion, enhancement and acknowledgement of employees.	4.0

continues

Impacts	Type of impact	Explanation	MATERIALITY/ SEVERITY scale 1 -5: no materiality (1) - highest materiality (5)
6. Development of new enterprise and innovation models	Positive / Actual	Thanks to partnerships and to the implementation of specific products, services and initiatives, proactive cooperation can be ensure contributing to the promotion and generation of new entrepreneurial ideas and of processes aimed at social, economic and environmental innovation in the regions.	4.0
7. Lower than the engagement and involvement of local stakeholders	Negative / Potential	The pandemic and the changes in physical arrangements sharpen the need to oversee the relationship with the local social players, especially the third sector and nonprofit entities. Reasoning from a perspective of stronger dialogue with the local players, agents of social development and innovation, is an important key to the interpretation of the regional dynamics, useful to prevent and possibly mend the distance between the bank and the local communities.	3.8
8. Selective accessibility to the services	Negative / Potential	Although digitalization has increased the opportunities of and easy access to services, it is a process able to generate also exclusion. Combined with the reorganization of physical premises and the potential reduction in proximity services in the regions, it is an element to be closely monitored. Specifically, close attention must be kept on involuntary exclusion of segments of the population (diverse cognitive abilities, vulnerable persons without any suitable means, no capital and no digital skills, elderly people) from the use of the services.	3.5
9. Regional exclusion	Negative / Potential	The reorganization of the regional assets is a result of the strong boost to digitalization. Those developments must be kept under close control, in order to mitigate any potential perception of regional exclusion and the consequent loss of stakeholders' trust, which may well be a consequence.	3.5
10. Financial inclusion	Positive / Potential	By implementing specific products, services and initiatives, credit support is extended also to non-bankable vulnerable people and to third sector nonprofit players that are generally more excluded. This will be able to generate wider financial inclusion	3.3
11. Exclusion from credit for sustainable development	Negative / Potential	The application of ESG, assessment metrics, which is necessary in order to identify deserving persons and entities, must go along with close attention by account managers in order to mitigate possible methodological issues that may arise in said assessment processes. Keeping close control on those processes enables to mitigate any negative outcomes, including the potential exclusion of smaller entrepreneurial projects for sustainable development.	3.3
12. Local development	Positive / Actual	By implementing specific products, services and initiatives, support can be provided to SMEs and small local businesses, while also ensuring support (through sponsorships, charity and the promotion of CSR activities) in generating local development and driving a positive change in the regions.	3.0

2022 material topics	Relevance	Positive impacts	Negative impacts
Innovation and accessibility of the (service) model	In this period tin our history we are at a crossroads: on the one hand, we have the need to evolve keeping pace with digital innovation and, on the other hand, we have the responsibility to ensure the right of access to the services. Innovation (digital innovation) is a key driver for the banks of today and of tomorrow, but brings along the risks associated with digital divide and security.	• Financial inclusion • Development of new enterprise and innovation models	• Customer security (cybersecurity) • Selective accessibility to the services
Bank and regions	Crédit Agricole Italia is a bank with strong regional vocation. The «proximity bank» definition comes from a tradition based on a well-established and long-standing model and able to read the regions and local communities. Its evolution that has brought it to be part of a large international Banking Group and the rationalization of branches have raised fears in the local communities concerning the relationship and inclusion dimensions in the sustainable development process	• Local development	• Regional exclusion • Selective accessibility to the services • Lower than the engagement and involvement of local stakeholders
Entrepreneurship and agri-food supply chain	Providing support to enterprises, especially to the agri-food sector, is core to the range of products and services developed by the Bank. In order to seize the opportunities for growth in enterprises, the dialogue with them must be strengthened and their reality and needs must be known in order to prevent the exclusion of any of them from the development path, also as regards lending for innovation and sustainability.	• Decarbonization of the economy • Development of new enterprise and innovation models	• Exclusion from credit for sustainable development
Role of credit in sustainable development	The banking system has the responsibility to steer sustainable development through lending and, in doing this, to meet local needs. Credit becomes a vehicle to enable economic and social development, but it cannot be effective if it does not rest on solid networks.	• Decarbonization of the economy • Enhancing the efficiency of real estate properties in Italy • Local development • Financial inclusion	• Exclusion from credit for sustainable development

continues

2022 material topics	Relevance	Positive impacts	Negative impacts
Climate change and environmental heritage	The economy decarbonization depends on the possibility to invest in the innovation of production models. Assessment metrics and standardization generate the risk of failing to understand specific potential and intentions and, consequently, of excluding possibilities of sustainable development, especially for enterprises and the third sector.	• Enhancing the efficiency of real estate properties in Italy • Decarbonization of the economy	
Centrality of people	People are the bank's success engine. Their knowledge, skills and the possibility to express themselves in a healthy and inclusive work environment are essential factors for model innovation and service quality. Specifically, inclusion and systematic implementation of schemes for the enhancement of the diversities at the Bank (diversities of background, social and cultural capital, of gender, of abilities, of skills and expertise, ...) are must-have elements.	• Wellbeing and inclusion of employees • Growth and development of specific skills	

Conversely, having regard to the material topics in the 2021 assessment **«creation of sustainable and long-lasting value» and «integrity and transparency in governance processes and business management»**, the interaction with the stakeholders did not detect any significant impacts on the environment, society and the economy.
Nonetheless, the Bank has deemed it appropriate to keep the reporting on these matters in the document in order to ensure higher transparency of the performances and commitments in the year.

Stakeholders engagement

The Crédit Agricole Italia Banking Group holds the engagement of its stakeholders as a valuable activity that enables to keep systemic control able to consolidate its relationships with the persons it comes into contact with in its activities while also strengthening its sustainability strategy. The engagement activities promoted by the Group are part of a structured and continuous listening path, which, over the years, has embraced - in a comprehensive and representative manner - the universe of the stakeholders in the Bank's sphere. In 2022, in order to make the occasions for stakeholder engagement more and more structured and acknowledged, the Bank held the **NFS Summit 22 event**, namely an event at which the stakeholders involved in engagement activities are gathered to share the progress made in sustainability strategies and reporting, as well as to **spark dialogue and exchange of views generating a shared benefit for sustainable growth. The Summit is intended to become a periodic meeting held on a half-yearly basis, thanks to which a heterogeneous group of stakeholders, belonging to different categories, sectors and geographies can share the challenges and commitments about sustainability, creating a network that disseminates good practices that generate impacts on the community and on the regions.**

The first event was attended by over 50 customers, suppliers and employees of the Group.

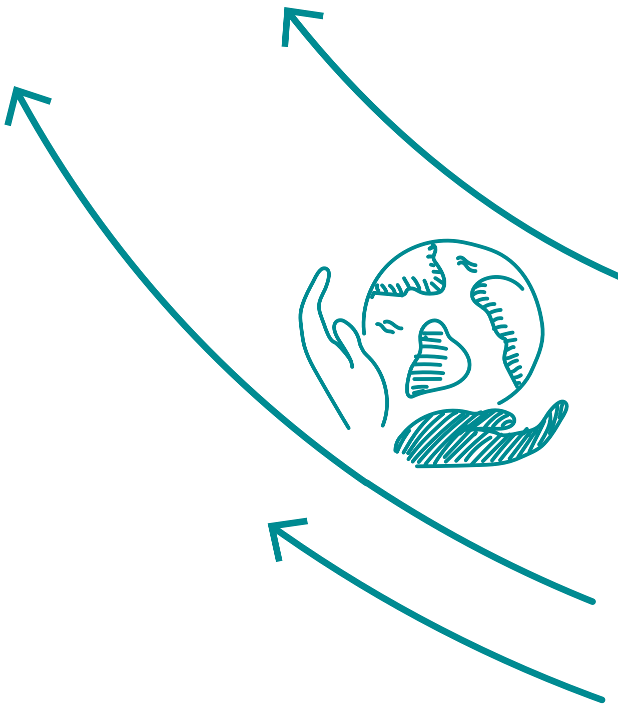
SOCIAL ASPECTS

Materiality for the business operations of the Crédit Agricole Italia Banking Group

Policies on these topics

Activities and performance of operations

- INNOVATIVE AND ACCESSIBLE MODEL
- CUSTOMER SATISFACTION
- 10 CONCRETE COMMITMENTS SUBSTANTIATING OUR FOCUS ON CUSTOMERS
- RESPONSIBLE LENDING FOR SUSTAINABLE DEVELOPMENT
- ENTREPRENEURSHIP AND AGRI-FOOD SUPPLY CHAIN
- BANK AND REGIONS




05
community
innovation
FUTURE

SOCIAL ASPECTS

MATERIALITY FOR THE BUSINESS OPERATIONS OF THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

In 2022 the Crédit Agricole Italia Banking Group **confirmed and reasserted its commitment that has over time defined its bank model**. Appropriate measures were deployed to timely and tangibly respond to the needs of people and of the communities. The Group reasserted that its mission is to promote the development of local communities and of Italy as a whole, as a proactive and responsible player, but especially as a proximity player, able to give new inputs to the economic system and to trigger processes leading to the creation of shared value. In this regard, **the Group is constantly committed to providing a more and more innovative service that is born of listening to people and aims at meeting the needs of all its stakeholders, thus proving to be a creator of value and relationships.**

This is why the dimension comprising social aspects covers a large and diverse range of processes. Because of this and of the type of organization that the Crédit Agricole Italia Banking Group is, the social aspects are not limited only to Corporate Social Responsibility strictly speaking, but rather extend to the entire range of activities that can generate material impacts for all its stakeholders.

In line with its commitments, promoted activities and chosen directions, the Bank has identified the following material topics:

- **Service innovation and accessibility**
- **Role of credit in sustainable development**
- **Entrepreneurship and agri-food supply chain**
- **Bank and regions**
- **Climate change and environmental heritage**

POLICIES ON THESE TOPICS

The various policies that the Crédit Agricole Italia Banking Group has in force to control the different topics in the social scope are presented below.

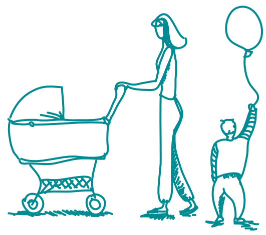
Besides **Social Responsibility** initiatives, lending is indeed the main tool whereby the bank continues to generate a significant social and economic impact, both directly through financial inclusion and support to development and to virtuous entrepreneurial undertakings, and indirectly contributing to supporting a fair and sustainable transition of the Country's social and economic fabric.

The process to define and update its lending policies is carried out every year and involves the **Credit Department, the Risk Management and Permanent Controls Department, the Commercial Banking Departments and the Compliance Department**. Specifically, the Credit Department is responsible for monitoring the yearly update and regularly reports to the Board of Directors and to the Executive Committee. After completing the process, the policies are submitted for examination and approval to the Boards of Directors of the Bank. On the other hand, the Commercial Banking Departments are responsible for segmenting customers into the classes defined in the Lending Policy and for applying the respective strategy

The Group lending policies identify the sectors that are classified as featuring high social-economic risk, for which specific caution strategies are set, and the sectors offering significant development opportunities for both the Bank and the communities, which are addressed following specific expansionary policies. In the sectors that market surveys indicate as featuring "attractive" economic activity, the Group implements specific policies supplementing lending ones and aimed at governing business operations in given scopes and at setting directions on compliance with the applicable legislation.

A distinctive feature of the Crédit Agricole Italia Banking Group has always been its strong commitment to supporting the growth and development of **agri-food businesses**. This is why, within the wider scope of lending policies in general, specific lending policies are in force on the procedures for and provision of services. The lending policies for the agri-food sector govern financeable operations in the sector, in accordance with the **"Agriculture Project"**, which sets out the duration, intended uses and financeability of investment and the main types of loans.

Sector-specific policies also include the lending policy for the export/international business, which promotes **internationalization of enterprises** featuring strong focused on exports and a significant portion of their revenues from international business, as a sign of better ability to compete on the market.
Yet another section of lending policies governs "sectors under surveillance", i.e. the sectors in which the Group operations are subject to specific assessment of the social impacts caused and managed in accordance with specific guidelines.
The lending policies set out also "risky" sectors, featuring high consumption of landscape and not regulated, which include the real estate, hotel and construction sectors.
The lending policies applied by the Crédit Agricole Italia Banking Group to these sectors are very restrictive and must comply with the limits that are set every year by the risk strategy. New operations are assessed and authorized based not only on customers' creditworthiness, but also on environmental protection.



Loans for the **purchase** or **renovation of homes** are also regulated in compliance with environmental sustainability criteria, as laid down in the specific policy for the origination of mortgage loans to individuals. The **risk strategy** also sets out specific directions regarding the origination of mortgage loans to Customers belonging to the weakest groups in socio-economic terms, including young couples, single parents and people with atypical work contracts, secured by the Guarantee Funds set up by the Italian Ministry for the Economy and Finance.

In **investment services**, on the provision of **advice**, a new control has been implemented concerning portfolio sustainability. Specifically, that control is applied to all Customers that have subscribed to the advisory service model (adequacy regime) and that have expressed sustainability preferences in the MiFID questionnaire. Concomitantly, an **"ESG rating"** was implemented, which is given by an external Provider that assigns a sustainability score to the products on the catalogue.

The **"Policy on the management of conflicts of interest and inducements in relations with Customers"** was also updated and revised to align it to the developments in the new ESG regulatory framework. In that scope, potential conflicts of interests may arise in the design and distribution of products with sustainability-related features, which must be assessed in accordance with pre-determined and objective criteria, along with ESG ratings.

Believing that banks play a fundamental role in promoting sustainable development, the Crédit Agricole Banking Group has, over time, designed a model able to incentivize sustainability in its broadest sense, also downstream its value chain. **This is why, in the wider scope of its forward-looking sustainability plan, the Bank has included ESG criteria in its lending processes.**

The processes for developing and changing products, both already on the market and new ones, follow an authorization procedure set out in the Policy for approval of new activities and new products, which complies both with the IDD, MIFID II, Product Oversight Governance (POG), Fight against Corruption and with the Bank of Italy Provisions on Transparency. The changes to be made to products already on the market result from assessments based on the target Customers, the go-live of new channels, the distribution methods and "new risk profiles". The policy ensures that all banking, insurance and financial products offered are consistent with the objectives of the provided service and with the characteristics of the target Customers.

ACTIVITIES AND PERFORMANCE OF OPERATIONS

Innovation and accessibility of the model

8 DECENT WORK AND ECONOMIC GROWTH

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour intensive sectors.

Digital innovation

The business model digital innovation was implemented in all the Group's business lines, enhancing the technological innovations implemented in the previous years and reasserting the approach aimed at continuous updating of the business processes and interaction with customers.

Given the constantly increasingly pervasiveness of digital, in 2022 the work continued to implement cybersecurity mechanisms with the **Security Transformation three-year programme,** which had started in 2021. That commitment resulted in specific initiatives aimed at evolving and strengthening cybersecurity to mitigate emerging risks, which cover an extremely wide risk perimeter in terms of impacts, types of potential damage, both economic and reputational, and of parties involved.

The continuous and fast evolution in the digitalization scenario, along with the exceptional situation, caused a considerable increase in cyber risk, especially with an increase in more and more sophisticated cyberattacks, Social Engineering on employees and customers and on Supply Chains, exploiting vulnerabilities and wrong configurations in information systems.

In order **to mitigate Cyber risk** a parallel and complementary action strategy had to be deployed on three different levels:

1. Evolution of **technological and organizational solutions**
2. A strong campaign to **increase the awareness** of and educate the users of the information systems (customers and personnel), in order for them to make proper and informed use of work and personal devices.
3. **Strengthening knowledge and skills** on the methods to access and use the applications.

Activities within the Security Transformation programme

Of the most activities in this programme, worth mentioning are the ones given below:

- The implementation of a new advanced **Endpoint Detection & Response** solution on the Bank's systems;
- The implementation of an intelligence control;
- Stronger monitoring by enhancing especially the capacity of detection of any potential security incidents;
- The enhancement of the ability to detect fraudulent activities and the related organizational controls.

Despite the complexity of the digitalization scenario and associated risks, also in 2022 the **digital** channel proved again a strategic driver of the improvement in the Group performances, ensuring constant updating of business processes and stronger interaction with customers. From this perspective, measures were deployed to digitalize and streamline processes for the provision of banking and financial services. Thanks to these latest implementations, customer managers can:

- Supply Customers with the products governed by the Italian Consolidated Law on Banking (e.g. C/A, Debit and Credit cards) and perform the related after-sake activities;
- Promote and place assets under administration (Government securities, Stocks, Bonds, ETF, Certificates,..), assets under management (Funds, SICAV, portfolio management products, Life and Non-life insurance policies;
- Open accounts (e.g. current accounts, securities accounts, administering regulatory questionnaires, ..) for new customers in a fully digital mode;

Specifically, the main projects concern three specific areas:

1. Customer acquisition and development

Thanks to the investments made in **digital advertising** the visibility of the Group's online products and services could be maximized with the portion of **online new current** accounts hitting 26%. Likewise, thanks to co-marketing initiatives and partnerships, the Bank strengthened its footprint in the online market and, at the same time, could reach out to and acquire a new customer target with a current account designed for young people, which is free of charge for people under 36 years old.
In the digital business, the improved user experience resulted in the time to account opening decreasing by 33%. With the go-live of "Crédit Agricole Home", the website section dedicated to the products and services of Crédit Agricole Italia and its partners relating to the purchase of property, the Group pursued the goal of being the banking partner of choice for users on an a continuous basis, also for assistance and support, after the property purchase.

26%

The weight of new current accounts opened online

33%

Shorter time to online current account opening

Thanks to the Group's focus on the implementation of digital tools and services, the acquisition of new customers was driven by the digital business. For example, one of the main initiatives has been the **invite a friend** campaign, encouraging customers to invite their friends to open online accounts via the App.
Besides the increase in acquired customers, the benefit generated by this initiative continues to be higher flows on the App with the consequent increase in digitally active users, thanks also to a simple and intuitive user experience.

"INVITE A FRIEND TO CRÉDIT AGRICOLE"

This initiative went live in 2022, as an opportunity to increase the use of the App and to involved already active customers as Ambassadors in order to acquire new worthy customers. By sharing their **promo code** with a friend, after the opening of a new account, both the ambassador and the friend are rewarded with **Amazon gift cards** for variable amounts in accordance with the initiative period and where some basic requirements are met.

2. Development of Digital products and services

In 2022, the Group continued to focus on the development of digital products and services. The implementations concerned the **Mobile and Home Banking Apps** and operating updates and User Experience upgrades were released up to be best solutions in the market, also non-banking ones.

The work to innovate the Small Business service model also continued with the first release of **Digital lending**, whereby a customer target can apply for and receive short-term credit facilities in a full-self and 100% online mode.

Yet another commitment of the Group is to facilitate the **enterprise digitalization** process, by developing specific platforms enabling access to a wide range of product and services:

1. A digital platform enabling access to the **Supply Chain Finance** range, which supports the Supply Chain Lead and the Suppliers and comprises working capital optimization services and solutions for process streamlining, thanks to the integration with the businesses' enterprise management systems.
2. The **foreign exchange platform**, a new digital solution whereby spot trading needs cane be met 24 hours a day.
3. A **digital signature** process for exchanging collection and payment flows via specific transmission channels (SFTP-Secure File Transfer Protocol) in order to streamline processes from a sustainability perspective.

As regards **persona data** processing, specific technological solutions have been implemented in order to minimize and terminate the processing of structured digital personal data and to manage data retention.

Digital Ambassador

An important **change management** action started aiming at **transforming the commercial processes towards wider digitalization**. One of the mechanisms to develop this process is the identification of a group of Digital Ambassadors having the task of supporting and strengthening the skills on the platform revision process and of reaching out to end customers in order to support them in the digital transformation.

To improve customer experience, operational processes have also been strengthened, giving preference to **remote provision of advisory services** in order to foster a more and more complete and omnichannel experience. Through the 'Apply now' section of the App and to the product showcase on the Home Banking app, customers can sign the contracts for insurance products, debit and credit cards in a full-self mode. This process was streamlined thanks also to the new type of **signature via OTP** which reduces the time needed to sign a contract.

The entire process has strengthened the Bank's commitment to sustainability in terms of **reducing the amount of printed paper** and the impacts on the environment generated by customers going to physical places to sign contracts.

Subsequent to the above-reported actions and thanks to the intra-group synergies that were enhanced in 2022, Crédit Agricole Italia posted a 6% increase in the use of digital services, hitting **80% of its customer base**. Thanks to the capillary work to improve the range of products and services and to with joint action with the commercial network, now 56% of the Bank's customers are active on the digital channel and, at the same time, the number of transactions made online also increased.

Today, the digital service of the Crédit Agricole Italia Banking Group enables customers and prospects to activate:

- **Non-life insurance policies** through an advanced omnichannel experience, with the concrete opportunity for the customer to request and accept insurance quotations interacting with his or her account manager, through a process that is integrated in Crédit Agricole VITA's systems.
- **Online Securities deposits,** a feature reserved to Customers that already have a current account held in the name of one person and intended to foster the enablement of investing and trading services via Home banking. The deposit is assigned in real-time so the Customer can start right away to make transactions.
- **Agos personal loans** in an easy and intuitive manner. It takes the Customer but a few minutes to enter the application and receive the outcome. If the application is accepted, the Customer is contacted directly by Agos.
- **Credit cards** in a Full-Self mode directly from the App and to have the card sent to the delivery address given by the Customer with no need to contact the branch. The contract is signed digitally and can be consulted at any time on the App.

3. Proactive listening to extend the range of products and services

One of the Group's core activities continues to be proactive and constant listening to Customers, in order to ensure that its electronic processes are revised in a customer-oriented way as much as possible.

In order to meet Customers' requirements and to increase their satisfaction, the possibility has been given of **making appointments in seconds** and receive advice remotely

This approach, which aims at more accurately targeting of products and services, enabled to identify Customers' needs in a more immediate manner and to make the campaigns addressed to them more effective. Proactive listening to Customers is possible thanks also to the implementation on the App of the **"Momenti di Vita"** feature, which, with a questionnaire, leads the Customers to **identifying the needs** that they expect the Bank to meet with bespoke products.

All the developments were carried out and made possible based on thorough analysis of the feedback received from Customers through innovative tools, such as instant feedback, survey, and reviews on the App stores, whereby, for specific transactions, the Customer's opinion on the service delivery method can be obtained.

CA SMART ADVISORY

The Group has continued to substantiate its commitment to providing affordable investment solutions, in which worth noting is the will to implement the opening in a full-self mode of CA Smart Advisory, an innovative portfolio management service that gives an easy solution to'**invest liquidity**, combining the strength and the best digital technologies of the Crédit Agricole Group with the asset management expertise of Amundi, the leading asset manager in Europe offering also ESG/SRI (Socially Responsible Investment) lines.

AGRI AGRO

The Agri-Food sector has been identified in the Medium-Term Plan 2022-2025 as one of the strategic priorities for business development.
Therefore, several initiatives have been implemented and brought up to full operation aimed at increasing Crédit Agricole Italia's market share ans positioning in that sector.

Specifically, in 2022, pursuing specialization and a supply-chain approach, a project went live for the evolution of the service model in order to provide Customers in this business segment with more and more specialized advisory services that are also tailor-made for the specific requirements on the agriculture and agri-sector. To this end, the **new Agri-Food Business Unit** was set up in order to ensure higher coordination and new roles as «Supply Chain Experts» and «Developers» to ensure high specialization and to achieve development in the new regions.
In order to increase specialist skills in the Network, **140** Agri Account Managers have been appointed in the Retail Banking channel and **25** Food Account Managers have been appointed in the Corporate Banking channel, who, together with the decision makers on agri-food loans who are on staff at all Regional Departments, are responsible for the business development and growth. Furthermore, **25** «Agri» Small Business Centers have been identified, which work mainly in the agricultural and agri-food sector, thus increasing specialization and advice in the Network.

140	25	25
New Retail Bnkg Agri Account Managers	Corporate Bnkg Food Account Managers	«Agri» Small Business Centers

PRIVATE BANKING

In 2022, the **Private Banking** channel of the Crédit Agricole Italia Group proved again a key partner standing by its Customers in protecting and effectively managing personal and company assets, thanks to constant investments on fundamental drivers, such as Customer satisfaction and the professional development of its personnel.
In order to define an innovative and customer-centric, the Private Banking channel of Crédit Agricole Italia has developed **four strategic directions** of action:

1. **Evolution in the organizational model,** setting up specific specialist roles supporting the Bankers in order to ensure the best possible oversight on Customers:

- **Private Banking Commercial Coordinators,** in charge of coordination between Private Banking Markets and the Private Banking Central Department of Crédit Agricole Italia, supporting the development of specific geographical areas and the achievement of the set business objectives.
- **Private Banking Financial Advisors,** specialists working alongside Private Bankers at the meetings with Customers, assist them in preparing proposals for investment, financial instruments, insurance products and "Model Portfolios" that are tailor-made on Customers' expectations and needs and in the analysis of existing portfolios.
- **Wealth Planners,** specialists in tax, legal and succession matters, crosswise skills enabling them to support the Private Bankers and Customers in the analysis of overall wealth in order to identify the solutions and tools that are useful to protect Customers' wealth in all stages of their life. In accordance with tailor-made logics, our Wealth Planners provide Customers with advisory services for managing generational turnovers and, more in general, for managing tax issues concerning Customers' wealth.
- The Group's specialist services have been supplemented with the **Crédit Advisor role**. Credit Advisors are lending specialists with expertise in the types of credit services and lending products provided.

2 **Synergies between Private Bankers and teams of experts** aimed at diversifying skills and expertise and to strengthen the mechanism to listen to Customers.

Cross-channel synergies, especially with the **Corporate Banking channel,** continue to be a key driver of the development of the Private Banking channel. In 2022 team work between the two structure was intensified, in order to give Customers a single partner able to meet their needs in a full-range manner. In 2022 the cooperation with **CA Indosuez Wealth Management Italia (Aliante Project)** proved once again a stronghold. The project, aimed at optimizing the synergies within the Crédit Agricole Group, pursues the goal of achieving better positioning in the Italian wealth management market.

3 The third pillar in the Private Banking strategy consists in **strengthening the commercial network** with more new hires, thanks to intense recruiting, by both reassigning in-house resources and hiring on the market. To strengthen the commercial network training is a must-have in order to enhance the bankers' technical and relational skills, which have always been a priority for the Private Banking channel. In this complex macroeconomic scenario the skills required of Private Bankers must also be constantly evolving and require specialization and diversification for the development of the Private Banker that is increasingly becoming the points of reference and of contract for Customers' requirements, needs and projects, and no longer financial ones only. IN close cooperation with the Personnel Training Service, training course were designed and provided in order to strengthen the technical and soft skills of all the bankers, with the ultimate goals of conveying effective approaches to develop relationships that are stable, long-lasting and inclusive.

4 **Stronger range of Private Banking products and services.** The Private Banking channel can rely on a complete range of products and services, built with an open architecture approach. The approach to wealth management is based on understanding the needs, objectives, risk appetite and behavioural profile of each Customer, in order to propose bespoke and consistent solutions, constantly monitoring the overall portfolio risk.

Crédit Agricole Private Banking channel received a prize for the second year in a row within the Private Banking Awards (BFC Media). In 2022 it was awarded the **Innovative & Sustainable Strategies Prize** for its constantly renewed range of products and services, providing customers with the quality of services of a big international Group thus enabling them to reach their financial goals thanks also to sustainable investing opportunities in cooperation with CA Vita.

The **two main drivers** that boosted **digital innovation** in the Crédit Agricole Group's Private Banking Channel were:

- The **improvement in the Customer Journey and User Experience** streamlining interaction with Private Bankers for advisory services and making it more user-friendly;
- The **enhanced efficiency of Private Bankers' activities**, in order for them to dedicate more time to advisory services and commercial development.

CUSTOMER SATISFACTION

The good work done in the scope of strategic corporate transactions has been confirmed by the benchmarking analysis carried out by BVA–Doxa, a leading player in market surveys, on the recommendation of our Bank's Customers in the Italian banking market. Indeed, in 2022, the Crédit Agricole Italia Banking Group ranked again second among Italian traditional banking players. It is an important achievement, which encourages us to continue on the path we had already taken oriented towards guidance to new Customers and the utmost attention to the needs of our long-standing Customers.

In the Crédit Agricole Italia Banking Group, customer satisfaction continues to be measured thanks to an extensive listening programme, which involves a sample of Customers belonging to the Retail Banking market segment and to the Corporate Banking, Private banking and Financial Advisors specialist channels). The surveys are carried out by BVA-Doxa, which regularly reports the scores of customer satisfaction with the Group.

In 2022, the activities under the **"Listening Programme"** continued, which aim at improving the satisfaction with the Bank of its internal and external Customers.

Nel dettaglio:

- **Specific focus groups** started to be held and enabled to take prompt action on any detected room for improvement;
- The **new version of the Help Desk portal** was released and went live and new features were added (e.g.: chat bot; FAQ; instant feedback), which made the personnel's user experience easier ensuring higher efficiency and fast response;
- A **monitoring work group** was set up in order to ensure periodic control on the received feedback, identify the best practices and any problems and deploy actions aimed at ensuring continuous improvement in the services provided by the Banking Group.

The Customer Recommendation Index (CRI) surveys are structured in order to give a wide-ranging view on the Customer satisfaction levels, investigating different aspects of their relationship with the Bank. The Group uses the Customer satisfaction scores obtained to design programmes for the improvement of processes, products, services and, in general, its relationship with Customers.

The campaign to contact all the least satisfied Customers, identified via the CRI surveys, also continued. It was an important opportunity to listen to Customers within a wider project for continuous improvement of customer experience.

Customer Satisfaction - Service Satisfaction Index*		2022	2021	2020
Retail Banking	IRC (0-100)	75.4	76.9	75.4
Private Banking	IRC (0-100)	79.6	80.3	79.6
Financial Advisors	IRC (0-100)	83.1	84.0	83.1
Corporate Banking	IRC (0-100)	77.6	78.7	77.6

*The data do not include the information regarding Credito Valtellinese and report the results on the Customers in the Crédit Agricole Italia Group's old perimeter. The 2022 data do not include the new Customers that migrated from Creval to Crédit Agricole Italia in April 2022.

The interviews were conducted with two methods, both by phone and with questionnaires administered via e-mail, for a total of **over 50,000 contacts with Customers in the various commercial channels**, in order to ensure significant and high-quality coverage of the survey.

As regards the image sphere, the trust in the Bank is widely acknowledged (81,1) as is its innovative nature (80,2), higher scores have been obtained for the Bank's ability to stand out (+1.4 vs. 2021) and for the value of the services it provides (+1.6 vs. 2021). The relationship with account managers has proved once again the Group's strongest point, with customer satisfaction hitting 83 pints in 2022 (+0.6 vs. 2021).

The collected results show the importance that Customers attach to the possibility of having a relationship with their bank as a partner able to meet their expectations in scenarios featuring changes and difficulties, such as the ones experienced in 2022.

These results were due to several targeted initiatives pursuing continuous increase in Customer satisfaction, from the setting up of the Customer Satisfaction Business Unit in October 2019 on, up to the integration of the Complaints Service in February 2020 and to the setting up a team in charge of detecting, managing and constantly monitoring and controlling irritants (the problems that highly impact on Customer Satisfaction).

Along its path to continuous improvement in its service levels, to stand by its Customers in a period in which balances and habits are changing, the Crédit Agricole Italia Banking Group has developed additional opportunities to listen to its Customers. It is more and more important for the Group to keep a full view and to detect in real time any room for improvement concerning processes, products and services.

In that direction the Bank also manages its online reputation; constant web monitoring has proved fundamental also to ensure assistance to its Customers at any time in their interaction with the Bank.

The **work on operational excellence and mitigation of irritants** also continued and enabled to take action on some operational issues, among which:

- Availability and proper operation of **ATMs;**
- Reduction of missed calls at **Branches;**
- The management of the entire procedure for **succession;**
- Assistance to Customers in using the **digital channels;**
- The activity of raising Customers' awareness of **Internet frauds.**

Within the relational excellence scope, in 2022 the Customer Satisfaction Business Unit continued to work in order to disseminate the **"Relational Model"**. Achieving excellence in its relationships with its Customers sand its Personnel is one of the core pillars of the Group's "raison d'être", along with the ambition to build a homogeneous international Crédit Agricole brand.

Initiatives to disseminate topics in the customer satisfaction scope have continued to be held, along with initiatives to listen to the bank's personnel, also through an important synergy with the structures in charge of monitoring the quality of processes and internal customer care.

10 CONCRETE COMMITMENTS SUBSTANTIATING OUR FOCUS ON CUSTOMERS

The Customer is always welcome
I welcome Customers at the Branch, irrespective of my role and the activities I perform

Synergies in service to Customers
I work, together with all my colleagues of the Crédit Agricole Group towards one and the same objective: providing our Customers with the best possible service.

Taking charge
I promptly deal with all requests from Customers and keep them informed up to the activity completion.

Security
I protect my Customers' personal data and information.

Proactivity
I contact each one of my Customers at least once a year to discuss his or her priorities and to propose our services/products.

Across business lines
I provide the best possible service to my Customers drawing upon all skills we have in the Bank.

Promotion of digital tools and innovation
I use and promote the digital tools and the innovative solutions developed, both for Customers and for my colleagues.

Continuous improvement
Contribute to the Company's continuous improvement by identifying and solving any poor service instances.

In the interest of Customers
I always offer my Customer solutions that are fit to meet his or her needs.

Global bank
Every Customers of the Crédit Agricole Group is a Customer of mine.
I respond to his or her requests wherever the Customer may be.

COMPLAINT MANAGEMENT

In order to develop high-quality relationships with Customers, the Group attaches fundamental importance to complaint management.

The complaints lodged by Customers give the Bank the opportunity to **review and improve its operational processes**, procedures and systems, as well as to maintain and improve the trust relationship it has with its Customers.
Customers must be appropriately and proactively informed of their rights in terms of complaints. To that end, through its Network and on its website, the Bank makes the following information available:

- Reporting on complaints
- Banking and Financial Ombudsman (Italian Arbitro Bancario e Finanziario - ABF) - Practical Guide
- Arbitrator for Financial Disputes – Practical Guide.

In terms of governance, complaints are managed **centrally** in accordance with pre-defined processes and internal normative instruments to ensure effective mitigation of the risks associated therewith.

To ensure appropriate control on the relationship with Customers, the Complaints Service reports directly to the **Customer Satisfaction Division**, which is part of the Customer and Commercial Communication Department.

CUSTOMERS AT THE CENTRE

In accordance with this organizational model, the activities of the Complaints Service extended from their original scope to the verification of compliance with the applicable legislation, to customer orientation, as a point of reference in the Bank's activity. Complaint management has indeed become a material topic, which must be handled with a wider perspective to arrive at an approach fit to grasp and optimize the large amount of information conveyed by customers on the quality of processes, on the perception of the personnel's behaviour and on satisfaction with the services. Such a management reflects the Group's raison d'être within the **"customers at the centre"** project, which is a common and shared objective at all levels within the Bank, to reach excellence in the market via thorough qualitative and quantitative analysis of grievances and pain points reported by customers to be shared with Sales and Channels.

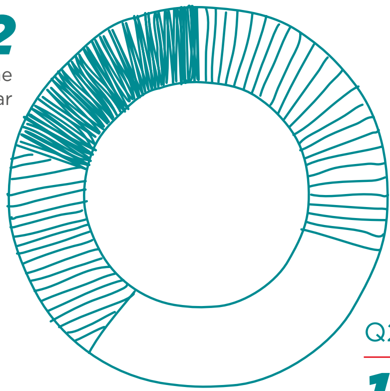
The main benefits achieved with the new complaint management include **prompt response to Customers** (2022 average response time of 12 days) and the effectiveness in deploying **corrective actions to preserve the relationship**, as substantiated by the number of withdrawn complaints (526 complaints withdrawn, accounting for 14% of total complaints).

526

complaints withdrawn

Complaints

In 2022 the Complaints Service of Crédit Agricole Italia received a total of **3,779 complaints** (+36% YoY). The breakdown of received complaints by quarter is given below:



The increase in complaints resulted from the wider perimeter being reported subsequent to the increase in the bank's size with the absorption of Credito Valtellinese into Crédit Agricole Italia, which took place on 24 April 2022. That absorption triggered several complaints (228) concerning the new organizational and process-related matters concerning former Credito Valtellinese Customers.
The received complaints hit their peak in the months after the migration and underwent constant diagnostic assessment and monitoring by the Complaints Service in order to accurately report the data to the project owners and to identify the appropriate corrective actions.

The time to complaint processing completion was shorter than the maximum time laid down by the applicable legislation. As regards the outcome of the 3,779 complaints received in 2022,in 29% of the cases the outcome was in favour of the customer, in 15% of the cases partially in favour of the customer, in 14% of the cases the complaint was withdrawn and in 42% of the cases the customer's reasons were not upheld.

Having regard to the figures in the chart, it is pointed out:

→ The improvement in the time to response, in 2022 the percentage of withdrawn complaints was unchanged in percentage terms (14%).

→ The thorough analysis of complaints comprising four key actions:
- Survey and understanding the reasons for complaints lodging;
- Assigning a priority level to the requests made by customers;
- Analysis of the customer sentiment;
- Mapping of the "irritants" in order to optimize products and services.

Claims & Petitions

If Crédit Agricole Italian gives no reply or if the reply is deemed not exhaustive, Customers may file a petition with the **Banking and Financial Ombudsman (Italian acronym: ABF)** or with the **Financial Dispute Arbitrator (Italian acronym A.C.F.)**. Furthermore, Customers may lodge a petition with the competent **Supervisory Authority (Bank of Italy, CONSOB or IVASS)** to report any conduct of the intermediary deemed not compliant.

The Complaints Service is also responsible for managing those claims and petitions. In 2022, 135 claims were lodged with the Banking and Financial Ombudsman, 24 claims were filed with the Financial Dispute Arbitrator and 263 petitions to the Bank of Italy and to IVASS.

The table below reports **complaints** broken down by type and reason.

Complaints* (417-2)		2022	2021	2020**
By type				
Credit/debit cards	No	113	88	47
	%	2.99	2.64	1
Securities	No	174	116	165
	%	4.60	3.48	4
Loans	No	196	285	166
	%	5.19	8.55	4
Mortgage loans	No	263	250	226
	%	6.96	7.50	6
Current accounts/Deposits	No	284	569	202
	%	7.52	17.08	5
Insured products	No	114	181	181
	%	3.02	5.43	5
Salaries/Pensions	No	0	17	7
	%	0	0.51	0
Privacy (GRI 418-1)	No	15	8	14
	%	0.40	0.24	0
of which filed by third parties	No	15	3	14
of which regulators	No	0	0	0
Other	No	2,620	1,818	2,995
	%	69.33%	54.56	79
Total complaints	**No**	**3,779**	**3,332**	**3,777**
By reason				
Processing of transactions	No	882	183	1,344
	%	23.34	5.49	36
Communications and information to Customers	No	203	21	913
	%	5.37	0.63	24
Terms and conditions applied	No	317	54	82
	%	8.39	1.62	2
Frauds and misplacement	No	190	24	160
	%	5.03	0.72	4
Other	No	2,187	1,460	1,288
	%	57.87	43.82	34
Total	**No**	**3,779**	**3,332**	**3,777**
Complaints that resulted in a fine or monetary penalty	No	0	0	0
Complaints that resulted in an admonition	No	0	0	0
Complaints for non-compliance with voluntary codes	No	0	0	0
Total substantiated complaints concerning breaches of customer privacy and losses of customer data (GRI 418-1)	**No**	**0**	**0**	**3**

* The number of complaints does not include disputes started by customers and by bankruptcy procedure bodies managed by the Bad Loans Service as they are not indicative of the quality of the service provided.

** The deviation from the figure published in the 2020 NFS resulted from the fine-tuning of the extraction method applied.

Incidents of non-compliance complained against the organization through national and international litigation settlement systems (GRI 2-27)		2022	2021	2020
Total incidents	No	62	55	65
of which negotiation	No	4	7	3
of which mediation	No	56	45	62
of which arbitration	No	2	3	0

Litigation with Customers (GRI 2-27)		2022	2021	2020
Litigation with Customers	No	1,133	1,382	1,291
Monetary value of litigation with Customers	€	256,668,608.71	312,484,825	227,687,183
Bankruptcy litigation	No	31	50	32
Monetary value of bankruptcy litigation	€	22,269,891.92	34,971,307	24,601,452

Role of credit in sustainable development

ESG factors in credit rating

In 2022 the Crédit Agricole Italia Banking Group started on a multi-year path towards the **inclusion of ESG factors in its credit rating processes.** The first step in that direction was completed with the updating of the 2022 Lending Policies, which were supplemented with a new section on ESG criteria as complementary elements in assessing counterparties. Besides setting out the operational guidelines and being compliant with the Guidelines of the European Banking Authority (EBA/GL/2020/06 o Loan Origination and Monitoring or LOM), the updated policies are also aligned with the industry policies and with the Corporate Social Responsibility (CSR) Sector Policy of the French Parent Company Crédit Agricole SA. Specifically, these policies regulate the necessary assessments in lending to counterparties operating in the mining and iron and steel sectors, in the sector of energy produced from steam coal and in the non-conventional hydrocarbons sector. The next step, led by the same update, consisted in the evolution of the lending process implementing the core principle in accordance with which any and all actions in the ESG scope shall consider the unbreakable link between three elements:

- The data (technical element)
- The Lending Policies (strategic element)
- The product (commercial element)

In terms of technical assessment, the Crédit Agricole Italia Banking Group opted for a **"hybrid" approach**, adopting specific ESG information sources from external providers, integrating all those elements in proprietary quantitative methods and logics. The **external regulatory sources**, for which a thorough assessment of provision from well-established external partners, concern:

- ESG risks by sector
- ESG performance of the counterparty
- Physical and climate risks

In operational terms, the Bank has implemented an **information file that contains the main ESG risks** that are potentially material on its enterprise counterparties, both internal and external, in order to ensure capillary access to the information by the different players in the lending chain (structures proposing the loan and those deciding on its authorization). That **information** is then **integrated, with a proprietary quantitative method**, in the algorithm that identifies the most appropriate decision-making body based on the riskiness of the counterparty and of the lending transaction. Furthermore, in the year **specific products** were developed for Corporate and SMEs Customers, based on the criteria set out above. This update links the pricing of the products to the ESG performances of the Customers, with the borrowing cost varying in accordance with the Customer's responsible business operations.

Customers by channel (1) (G4 - FS6)		2022	2021	2020
Corporate Bnkg	Loans (mln €)	5,880	5,477	3,707
	Funding (mln €)	4,187	4,025	4,087
	Indirect funding (mln €)	928	2,030	1,620
SMEs	Loans (mln €)	23,097	23,655	15,937
	Funding (mln €)	18,189	19,678	11,577
	Indirect funding (mln €)	2,990	3,358	1,619
Individuals	Loan (mln €)	29,350	28,346	22,113
	Funding (mln €)	39,085	38,682	28,528
	Indirect funding (mln €)	59,593	61,946	47,724
Big Dossier (2)	Loans (mln €)	7,648	7,532	7,824
	Funding (mln €)	766	741	813
	Indirect funding (mln €)	23,663	26,121	24,463
Total	**Loans (mln €)**	**65,975**	**65,010**	**49,582**
	Funding (mln €)	**62,227**	**63,128**	**45,004**
	Indirect funding (mln €)	**87,174**	**93,455**	**75,425**

(1) The volume figures regarding direct and indirect funding are not consistent with the same figures in the Financial Statements for the year of the Crédit Agricole Italia Banking Group because of the different classification methods used by the Group for management and accounting purposes respectively.

(2) The Big Dossier channel represents the volumes of counterparties that cannot be included in ordinary customers; specifically it reports counterparties such as come Agos, Crédit Agricole Leasing Italia, Amundi, CA Vita, Leasys.

Public Sector Bodies		2022	2021	2020
Municipalities	No	421	416	219
Regions and Provinces	No	4	4	2
NHS agencies	No	1	3	3
Schools	No	1,264	1,198	599
Universities	No	5	5	3
Consortia	No	70	60	44
Association of mountain communities	No	6	10	5
A.S.P. / IPAB	No	63	70	43
Various public bodies	No	206	232	120
Total	**No**	**2,040**	**1,998**	**1,038**

Individuals (G4 - FS6)		2022	2021	2020
By segment				
Households	Number	1,816,776	1,746,378	1,365,367
	Loans (mln €)	25,509	24,655	19,541
	Funding (mln €)	14,614	13,865	9,535
	Indirect funding (mln €)	3,112	3,807	2,486
Affluent	Number	532,296	543,818	434,765
	Loans (mln €)	3,301	2,540	2,069
	Funding (mln €)	18,924	20,189	15,610
	Indirect funding (mln €)	33,314	37,725	30,539
Private Banking	Number	34,791	38,815	30,527
	Loans (mln €)	540	1,151	503
	Funding (mln €)	5,547	4,628	3,383
	Indirect funding (mln €)	23,167	20,414	14,700
Total	**Number**	**2,383,863**	**2,329,011**	**1,830,659**
	Loans (mln €)	**29,350**	**28,346**	**22,113**
	Funding (mln €)	**39,085**	**38,682**	**28,528**
	Indirect funding (mln €)	**59,593**	**61,946**	**47,724**

Corporate Customers (SMEs + Corporate) (G4 - FS6)		2022	2021	2020
By segment				
Large Corporate	Number	4,135	2,302	1,747
	Loans (mln €)	5,880	5,477	3,707
	Funding (mln €)	4,187	4,025	4,087
	Indirect funding (mln €)	928	2,030	1,620
SMEs and Mid-Corporate	Number	17,936	37,856	14,479
	Loans (mln €)	14,053	14,618	8,885
	Funding (mln €)	7,098	8,422	4,684
	Indirect funding (mln €)	1,127	1,590	584
Small Business	Number	321,913	308,051	223,597
	Loans (mln €)	9,045	9,037	7,052
	Funding (mln €)	11,091	11,256	6,893
	Indirect funding (mln €)	1,862	1,768	1,034
Total	**Number**	**343,984**	**348,209**	**239,823**
	Loans (mln €)	**28,977**	**29,132**	**19,644**
	Funding (mln €)	**22,376**	**23,704**	**15,663**
	Indirect funding (mln €)	**3,917**	**5,388**	**3,238**

Individuals by geographical area (G4 - FS6)		2022	2021	2020
Emilia-Romagna	No of Customers	532,946	536,058	528,469
	Loans (mln €)	4,586	4,303	3,989
	Funding (mln €)	8,522	8,803	8,712
	Indirect funding (mln €)	14,494	16,022	14,738
Lombardy	No of Customers	584,946	557,743	333,595
	Loans (mln €)	8,672	8,342	5,452
	Funding (mln €)	11,999	11,333	5,955
	Indirect funding (mln €)	22,075	20,288	12,435
Veneto	No of Customers	169,292	161,168	152,904
	Loans (mln €)	2,726	2,583	2,346
	Funding (mln €)	2,298	2,215	1,932
	Indirect funding (mln €)	2,977	3,266	2,918
Campania	No of Customers	132,056	131,756	130,858
	Loans (mln €)	1,508	1,494	1,445
	Funding (mln €)	2,367	2,286	2,196
	Indirect funding (mln €)	2,356	2,449	2,263
Friuli-Venezia Giulia	No of Customers	158,471	159,578	156,778
	Loans (mln €)	1,369	1,368	1,298
	Funding (mln €)	2,485	2,630	2,486
	Indirect funding (mln €)	3,843	4,714	4,329
Lazio	No of Customers	116,204	113,478	71,525
	Loans (mln €)	2,072	2,116	1,515
	Funding (mln €)	2,155	2,139	1,358
	Indirect funding (mln €)	1,891	2,063	1,294
Liguria	No of Customers	138,337	141,978	141,132
	Loans (mln €)	1,433	1,407	1,374
	Funding (mln €)	1,948	1,872	1,825
	Indirect funding (mln €)	3,285	3,438	3,300
Piedmont	No of Customers	144,287	141,143	116,922
	Loans (mln €)	2,730	2,649	2,339
	Funding (mln €)	1,920	1,934	1,526
	Indirect funding (mln €)	3,162	3,857	3,065
Tuscany	No of Customers	183,270	185,192	178,114
	Loans (mln €)	2,530	2,381	2,125
	Funding (mln €)	2,512	2,539	2,303
	Indirect funding (mln €)	3,176	3,543	3,168
Umbria	No of Customers	13,522	13,485	11,037
	Loans (mln €)	176	173	129
	Funding (mln €)	179	190	148
	Indirect funding (mln €)	168	194	147

continues

Individuals by geographical area (G4 - FS6)		2022	2021	2020
Valle d'Aosta	No of Customers	374	278	-
	Loans (mln €)	5	2	-
	Funding (mln €)	6	5	-
	Indirect funding (mln €)	6	6	-
Marche	No of Customers	53,856	49,550	-
	Loans (mln €)	512	488	-
	Funding (mln €)	898	926	-
	Indirect funding (mln €)	926	833	-
Trentino Alto Adige	No of Customers	6,193	5,052	-
	Loans (mln €)	72	69	-
	Funding (mln €)	78	81	-
	Indirect funding (mln €)	81	92	-
Sicily	No of Customers	150,109	132,552	-
	Loans (mln €)	959	972	-
	Funding (mln €)	1,718	1,728	-
	Indirect funding (mln €)	1,154	1,183	-
Total	**No of Customers**	**2,383,863**	**2,329,011**	**1,830,659**
	Loans (mln €)	**29,350**	**28,346**	**22,113**
	Funding (mln €)	**39,085**	**38,682**	**28,528**
	Indirect funding (mln €)	**59,593**	**61,946**	**47,724**

Individuals (Households, Affluent, Private banking) (G4 - FS6)		2022	2021	2020
By age group				
0-20 years	No	95,283	93,479	74,022
21-30 years	No	197,859	187,387	146,618
31-40 years	No	298,555	290,803	231,015
41-55 years	No	618,033	621,902	500,989
56-65 years	No	422,524	414,062	316,956
>65 years	No	649,914	646,066	507,108
Customers in the Individuals segment who are not natural persons	No	59,162	54,024	40,092
Total	**No**	**2,341,330**	**2,307,723**	**1,816,800**
By relationship duration				
<1 year	No	110,734	117,290	85,195
1-3 years	No	332,042	301,478	263,922
4-5 years	No	194,686	180,552	148,773
6-10 years	No	410,130	371,275	270,101
11-20 years	No	504,375	456,695	355,033
>20 years	No	789,362	879,945	693,776
N.a.	No	1	0	488
Total	**No**	**2,341,330**	**2,307,723**	**1,816,800**

Corporate Customers by geographical area (G4 – FS6)		2022	2021	2020
Emilia-Romagna	No of Customers	65,684	73,129	72,529
	Loans (mln €)	7,040	6,277	5,859
	Funding (mln €)	4,144	3,968	3,406
	Indirect funding (mln €)	888	775	571
Lombardy	No of Customers	85,552	83,159	37,734
	Loans (mln €)	11,649	10,518	5,850
	Funding (mln €)	9,584	9,436	5,525
	Indirect funding (mln €)	1,658	2,841	1,703
Veneto	No of Customers	20,540	21,150	18,357
	Loans (mln €)	2,294	2,252	1,772
	Funding (mln €)	1,312	1,522	982
	Indirect funding (mln €)	157	160	124
Campania	No of Customers	23,373	21,913	21,994
	Loans (mln €)	846	782	739
	Funding (mln €)	889	813	776
	Indirect funding (mln €)	89	71	44
Friuli-Venezia Giulia	No of Customers	15,534	17,773	17,865
	Loans (mln €)	1,119	2,121	2,044
	Funding (mln €)	1,052	1,770	1,984
	Indirect funding (mln €)	128	388	411
Lazio	No of Customers	18,502	18,828	9,635
	Loans (mln €)	782	1,029	493
	Funding (mln €)	1,110	1,441	901
	Indirect funding (mln €)	126	184	32
Liguria	No of Customers	12,184	13,100	13,102
	Loans (mln €)	839	775	751
	Funding (mln €)	685	663	550
	Indirect funding (mln €)	193	184	125
Piedmont	No of Customers	18,259	18,564	14,656
	Loans (mln €)	1,127	1,469	768
	Funding (mln €)	597	648	445
	Indirect funding (mln €)	161	160	116
Tuscany	No of Customers	27,999	30,836	29,721
	Loans (mln €)	1,489	1,388	1,214
	Funding (mln €)	1,094	1,136	955
	Indirect funding (mln €)	254	251	103
Umbria	No of Customers	3,097	3,321	2,551
	Loans (mln €)	101	128	77
	Funding (mln €)	121	123	79
	Indirect funding (mln €)	10	13	7
Valle d'Aosta	No of Customers	75	86	-
	Loans (mln €)	1	12	-
	Funding (mln €)	2	5	-
	Indirect funding (mln €)	0	0	-

continues

Corporate Customers by geographical area (G4 – FS6)		2022	2021	2020
Marche	No of Customers	9,154	9,376	-
	Loans (mln €)	521	672	-
	Funding (mln €)	431	510	-
	Indirect funding (mln €)	42	67	-
Trentino Alto-Adige	No of Customers	1,091	1,357	-
	Loans (mln €)	14	202	-
	Funding (mln €)	98	165	-
	Indirect funding (mln €)	2	14	-
Sicily	No of Customers	42,938	34,865	-
	Loans (mln €)	1,153	1,504	-
	Funding (mln €)	1,256	1,504	-
	Indirect funding (mln €)	208	280	-
Total	**No of Customers**	**343,984**	**347,457**	**240,886**
	Loans (mln €)	**28,977**	**29,132**	**19,644**
	Funding (mln €)	**22,376**	**23,704**	**15,663**
	Indirect funding (mln €)	**3,917**	**5,388**	**3,238**

Leases (G4-FS6)		2022	2021	2020
Equipment leases				
Portfolio	K€	1,382,450	1,107,834	900,599
Amount financed	K€	847,073	656,959	423,384
Operating lease				
Portfolio	K€	750	783	467
Amount financed	K€	189	504	347
Motor-vehicle leases				
Portfolio	K€	279,699	194,130	164,735
Amount financed	K€	207,718	108,082	62,633
Real estate leases				
Portfolio	K€	909,454	758,872	780,735
Amount financed	K€	133,639	125,273	136,958
Boat leases				
Portfolio	K€	55,100	52,780	63,104
Amount financed	K€	39,075	6,191	40,238

Leasing Customers by geographical area (G4-FS6)		2022	2021	2020
Portfolio				
Lombardy	K€	848,576	628,358	607,073
Piedmont	K€	204,989	166,951	167,252
Valle D'Aosta	K€	7,334	8,518	8,399
Liguria	K€	73,264	62,712	66,088
Total Northwest Italy	**K€**	**1,134,163**	**866,539**	**848,811**
Veneto	K€	297,161	271,487	249,440
Trentino Alto Adige	K€	63,700	37,489	31,678
Friuli Venezia Giulia	K€	107,826	106,665	100,115
Emilia Romagna	K€	520,065	489,692	449,110
Total Northeast Italy	**K€**	**988,752**	**905,333**	**830,343**
Tuscany	K€	169,630	157,126	121,388
Umbria	K€	24,038	21,115	13,307
Marche	K€	46,906	29,650	15,536
Abruzzo	K€	19,387	14,303	8,279
Lazio	K€	179,388	119,864	111,348
Total Central Italy	**K€**	**439,349**	**342,058**	**269,858**
Molise	K€	7,214	6,315	4,949
Campania	K€	142,134	112,609	105,705
Calabria	K€	6,164	828	208
Basilicata	K€	5,635	3,674	4,874
Puglia	K€	21,036	8,688	4,525
Sicily	K€	53,067	5,320	5,114
Sardinia	K€	13,644	12,971	12,058
Total South and insular Italy	K€	248,894	150,405	137,433
Italy Total	K€	2,811,158	2,264,336	2,086,445
Abroad	K€	11,386	11,274	9,017
Total portfolio	**K€**	**2,822,544**	**2,275,609**	**2,095,462**
Amount financed				
Lombardy	K€	378,552	229,117	178,778
Piedmont	K€	70,169	56,719	42,303
Valle D'Aosta	K€	4,100	0	0
Liguria	K€	32,749	20,185	12,029
Total Northwest Italy	**K€**	**485,570**	**306,021**	**233,110**
Veneto	K€	123,550	118,257	88,921
Trentino Alto Adige	K€	19,407	11,726	908
Friuli Venezia Giulia	K€	40,030	45,999	29,645
Emilia Romagna	K€	225,486	202,918	158,903
Total Northeast Italy	**K€**	**408,473**	**378,900**	**286,650**

continues

Leasing Customers by geographical area (G4-FS6)		2022	2021	2020
Tuscany	K€	85,767	71,156	46,111
Umbria	K€	14,482	12,697	7,186
Marche	K€	31,608	28,897	15,162
Abruzzo	K€	7,639	10,264	4,826
Lazio	K€	65,756	48,461	37,521
Total Central Italy	**K€**	**205,252**	**171,474**	**110,804**
Molise	K€	2,560	384	17
Campania	K€	68,271	46,714	26,385
Calabria	K€	6,068	2,306	122
Basilicata	K€	4,610	1,586	885
Puglia	K€	18,532	7,895	1,872
Sicily	K€	49,909	6,398	996
Sardinia	K€	3,567	2,043	1,434
Total South and insular Italy	K€	153,517	67,325	37,192
Italy Total	K€	1,252,812	923,720	667,757
Abroad	K€	1,762	1,213	8,021
Total amount financed	**K€**	**1,254,574**	**924,933**	**675,778**

Entrepreneurship and agri-food supply chain

By constantly striving to achieve excellence in quality and in innovation, the Crédit Agricole Italia Banking Group is a reliable partner of businesses thanks to its distinctive products and services that comprise tailor-made solutions. In this way the Bank gives its contribution to the development of the Italian entrepreneurial fabric, and to the enhancement of virtuous enterprises.

The Sustainable Evolution Project

In the reporting year, within the wider Sustainability Plan of the Group, the **"Sustainable Evolution" project started**. Our ambition is to contribute to a change in the perspective from which enterprises turn to banks when they need support and access to credit for reasons linked to environmental, social and corporate matters. To that effect, in supporting enterprises, Crédit Agricole Italia wants to be not only a financial partner but also a contract pint and an entity that can enable enterprises by providing them with concrete and effective solutions in the ESG scope.

The key element to activate the sustainability range of products and services is the **ESG score** (provided by the Cerved Rating Agency), a tool expressing the assessed sustainability level of the undertaking. Once having identified the initial positioning of the enterprise, Crédit Agricole Italia gives the Customer the possibility of being assisted along a bespoke transformation path, aimed at improving its sustainability indicators, also with the support provided by partners specializing in the identification of competitive procedures or subsidies under Italy's Recovery and Resilience Plan (PNRR).

The commitment expressed in the Group's Sustainability Strategy is substantiated also in the wide range of tailor-made solutions, from **ESG Linked Loans to Green loans**. Yet another distinctive feature of the range of products and services consists in the **services regarding the Leveraged buy-out (LBO) market**, where the loans, structured ones, are given to enterprises that have ESG-oriented development plans, in terms of reduction in borrowing costs based on the achievement of the set objectives.

The Crédit Agricole Italia's bespoke range of products and service comprises:

- Medium - and long-term financing products, with pricing indexed to the borrower enterprise's ESG performances, using the ESG Scoring tool or linked to two ESG KPI agreed on between the enterprise and Crédit Agricole Italia;
- Supply chain finance services, whereby the supply chain lead enterprises can engaged their suppliers in the improvement of their sustainable positioning, with economic incentives within the supply chain programmes, dynamic discounting and confirming, in a sustainability-oriented form;
- Proposition of "value services", typically non-banking ones, to support Customers' transformation requirements and assist them towards climate and energy transition. The goal of these services (called "Servizi a Valore", value services) is to propose - to the Bank's Customers that are interested - cooperation arrangements with skilled partners that will provide solutions to their sustainability-related requirements and needs.

By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and nonfarm employment.

In 2022, Crédit Agricole Italia repositioned its range of products and services for the Agri-Food sector, setting up a dedicated Business Unit that works in strong synergy with the Retail and Corporate Banking channels. Throughout 2022 the supply of products and services was steady, supporting the agricultural and agri-food sector.

With the Temporary Framework measures already in force for 2020 and 2021 and put back into force for 2022 through the streams **Energy Decree** and **Ukraine Decree**, farms could be served and supported in a determined and timely manner. The activities mostly focused on restoring liquidity and on supporting investments for development and optimization of the production cycles, counteracting the shrinking market.

As to the commercial side, offers were prepared aimed at developing the customer target that is strategic for the agri-food system as a whole. Close attention was given to the most important supply chains in the regions, in order to develop a full range of products fit to strengthen the Italian entrepreneurial and agricultural fabric on the topics given below::

- **Young people and Italy's Recovery and Resilience Plan** to enhance and assist young farmers towards stability during generational turnovers, identifying also competitive procedures for aids associated with Italy's Recovery and Resilience Plan and with the energy transition,
- **Wine,** to enhance and assist producers in the Wine supply chain towards a product having higher added value and proving distinctive,
- **Regions,** to enhance local producers, proposing initiatives at reserved conditions in the various regions where the Bank operates.

To support the energy and sustainable transition of Agribusiness players, two new products were developed, **Agri Blu** and **Agri Energia**, pursuing the specific objective of leading the enterprises of our Customers on a path to sustainable growth and energy, not only as a financial partner but also as an enabler capable of providing concrete and effective solutions, generating a real benefit for the enterprise and for the community. Customers are thus supported on their way towards energy and sustainability transition not only with the aforementioned products, but also with advanced advisory services concerning all calls for tenders under Italy's Recovery and Resilience Plan, which is possible thanks also to specific cooperation arrangements and centralized monitoring of calls for tenders.

Agri Blu. A line of unsecured and mortgage loans dedicated to enterprises that have already started on path to sustainability and designed to support them in their continuous improvement in environmental, social and governance aspects. The loans may be used to finance renovation, purchases of machinery and facilities for business operations in the following scopes:

- Energy management;
- Irrigation and waste water management;
- Management of procurement, processing and product distribution cycles; workers';
- Health and safety.

Agri Energia. A line of unsecured and mortgage loans designed to assist Customers on their way to the energy transition. The product in intended to finance the construction, strengthen and upgrading of plants for the production of sustainable energy, such as the purchase of:

- Solar panels;
- Biogas and biomass plants;
- Wind farm and other renewable source plants;
- Renewables (e.g. hydroelectric power plants).

Crédit Agricole Leasing Italia also stands as a reference partner for Italian farmers, pursuing the goal of supporting an economic sector of excellence, which, despite the difficulties caused by the health emergency, has proved very resilient ensuring efficiency in the Country's food procurement.

In general, the Italian agri-food industry is increasingly showing its aptitude for change towards digitalization, which is by now essential in order to optimize resources and processes in the production chain. Therefore, we speak of **agriculture 4.0,** which uses different interconnected technologies to improve the yield or sustainability of crops and their production and processing quality.

Agri-Food Focus		2022	2021	2020
Agri-Food Customers*	Number	43,172	42,616	35,563
	Loans (mln €)	5,772	5,492	4,588
	Funding (mln €)	2,061	2,073	1,871
	Indirect funding (mln €)	373	374	83
New Agri-Food Customers**	Number	2,381	2,257	2,396
	Loans (mln €)	280	289	382
	Funding (mln €)	-12***	130	365

* Stock data as at December 2021 that take into account the former-Credito Valtellinese perimeter, which was reconstructed using rules and datasets of Crédit Agricole Italia.

** New Customers acquired in 2021 and growth in total assets in 2021 referring to the Crédit Agricole Italia perimeter net of former-Credito Valtellinese.

*** This figure expresses the difference between the funding stock as at December 2022 and December 2021. It si specified that funding from Agri-food Customers in 2022, with the perimeter remaining equal, remained essentially stable.

Again in 2022 the group substantiated its commitment to supporting enterprises' development and growth projects. The customer segment consisting of enterprises is served by the Corporate Banking channel and by the Retail banking channel (Small Business), by overseeing and listening to enterprises based in the regions where the Bank operates, and the two channels can provide targeted advice in accordance with the different needs, including the implementation of strategic projects, the structuring of transactions to ensure a stronger financial position and competitive evolution of the business. The group wants to be a reliable partner and reference entity for enterprises that want to build innovative and sustainable investment plans. For this reason, in 2022 several initiatives were started in cooperation with some local and national partners.

Support to enterprises continues to be proposed through:

- → **The origination of new loans** guaranteed by the Central Guarantee Fund and by SACE under the Garanzia Italia agreement;
- → The subscription to SACE SupportItalia Guarantee, an extraordinary measure provided for by the Aid Decree to support enterprises experiencing difficulties due to the economic effects caused by the war against Ukraine and by the increase in energy prices;
- → **Italy's Recovery and Resilience Plan,** through a business model with a differentiated approach and relying on a cross-channel commercial team able to assist and serve enterprises in the various mission provided for by the Plan;
- → **The activities supporting the Ecobonus tax credit scheme,** with a dedicated Team and an owner in each Corporate Banking Area monitoring the progress in the expression of interest signed and cooperating with account managers to provide support to enterprises;
- → **The use of tools and agreements with financial institutions** to develop products and to facilitate access to credit by SMEs, such as:
  - **Agreement with EIB** (the European Investment Bank), which makes available to enterprises that intended to make new investments and needed working capital;
  - **Capital equipment loans,** which increase the competitiveness of the productive system and facilitates access to credit by enterprises through the purchase of capital equipment and new investments.

With the goal of standing by its Customers in order to increase the competitiveness of the productive system of enterprises, also in 2022 **Crédit Agricole Leasing Italia** provided Capital Equipment leases to its Customers under the "Nuova Sabatini" measure. This measure, issued by the Italian Ministry of Economic Development is intended for small and medium enterprises in order to support them in their investments for the purchase, also with leases, of ordinary assets and to facilitate their digital transition.

Thank to these subsidies, in 2022, Crédit Agricole Leasing Italia signed new contracts for a total amount of Euro 407.5 million (up by +6% YOY), of which about Euro 338 Mln (+6% YoY) in financing to Industry 4.0. The total number of contracts signed in year was 2,757 (+11% YoY).

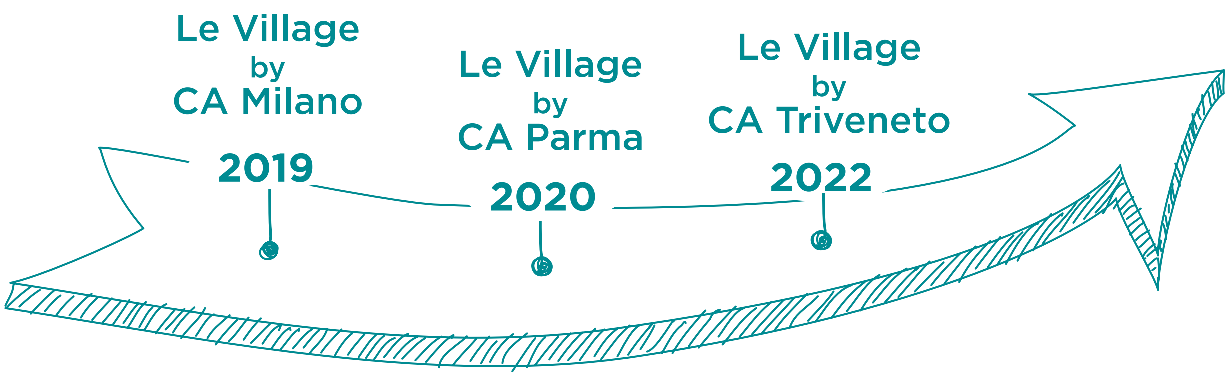
8 DECENT WORK AND ECONOMIC GROWTH

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

The Le Village project

A key role in promoting the development of innovative enterprises is played by the partnership with Le Village, the innovation Hub of the Crédit Agricole Italia Banking Group, which works to drive the growth of startups and of the network of local enterprises with strong focus on innovation.

The steps in the Crédit Agricole Italia Group's Le Villages



The Le Village project contributes to the search for **Startups** that offer innovative products or services and of **high technological value**, able to combine **sustainability, innovation and business growth**, cooperating with some of the most virtuous enterprises in the area.

In 2022, with this spirit, the idea of creating facilities to be made available to startups continued in order to facilitate their business and commercial development. After Les Villages in Milan and Parma, a new Le Village was opened in Padua.

Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all.

In a quite uncertain macroeconomic scenario, with international tensions and by the hikes in the costs of energy and commodities, Crédit Agricole Italia has extended its activity also to regions where it did not operate before and has even more firmly established its strategy to provide its Customers with support via a whole range of initiatives and activities, among which:

- **Increasing distribution capacity** in areas where the Group did not previously operate, benefiting from the integration of Credito Valtellinese (24 new Small Business Centers);
- **Support to enterprises** that stand out for their **Green and Circular Economy investments** with environmental sustainability-oriented projects and initiatives to cope with higher expenses, to drive growth and ensure the economic fabric continuity, also via allocated funds;
- **Support to enterprises** that were hit by the negative effects on liquidity **due to the increases in energy prices** offering instalment loans designed to spread over time the higher expense for energy consumption bills;
- **Consolidation and strengthening** of the relationships with Italian mutual loan-guarantee consortia (known as Confidi) to facilitate access to loans by enterprises, where the case taking advantage of the subsidized conditions under local competitive schemes (e.g. FO.MI.RI, Fondo Multiscopo, etc.) or entering into specific agreements with Confidi to support local economies;
- **Advisory services and assistance to businesses in the scope of Italy's Recovery and Resilience Plan;,** through a dedicated team and the partner- ship with Warrant Hub to assist Customers in processing the competitive procedure requirements;
- **Constant oversight of risk management,** thanks also to the Special Network activity;
- **Roll-out of several initiatives in favour of vulnerable regions** (e.g. "Earmarked funds for catastrophe events" and "Amount allocated for earthquake in Central Italy", Campania Development, "Etna Area Earthquake");
- **Initiatives** in favour of **self-entrepreneurship of young and older people** (e.g. "ON-Oltre Nuove Imprese a Tasso Zero", "Smart & Start" update);
- **Regional subsidized initiatives** supporting enterprises (e.g. financing from the Fondo Frie and Development Fund of the Friuli Venezia Giulia Region, Credito Adesso Evolution, an initiative of the Finlombarda Lombardy region financial institution).

Within the synergies of the Crédit Agricole Italia Group, the **ITACA** (ITA- lian Corporate Ambition) project - developed in synergy with CACIB - plays a strategic role. The goal is to provide **Mid-Corporate** Customers with more advanced products and to assist them in their path to growth, enhancing the potential of Customers through a combined offer. In this project, several possibilities are promoted:

- The **cooperation arrangement with Les Villages by Crédit Agricole Italia** and especially with the Innovation Hubs in Milan, Parma and Padua, enables startups to grow and operates as a reference point for the enterprises based in the area with strong orientation to innovation;
- The organization of specific **regional initiatives** (e.g. "Coffee with enterprises", webinars on Italy's Recovery and Resilience Plan, participation in local trade fairs attended by Customers, in order to share the new developments and solutions in different scopes, such as finance;
- **Support to exports also continued to be provided to enterprises that want to enter foreign markets** thanks to the advisory services provided by the International Desk, which, through its network, can analyze opportunities and advantages for foreign firms in Italy and for Italian firms abroad;
- The cooperation with Altios, a partner in assisting enterprises to develop abroad, makes a set of solutions available to all Customers which are designed to support **their international development**. Specifically, services will be developed to foster access to foreign markets and the development of operational solutions in those markets, the identification of possible acquirees or transactions to grow abroad and advisory services to obtain state grants or subsidies for internationalization.

The Group supported its customers, both individuals and businesses, financing works to improve energy efficiency (Eco-bonus), seismic upgrading of properties (Sisma-bonus) and building redevelopment under the "Relaunch Decree" and acquiring the resulting tax credits. In this regard, a service model was designed based on the support to be provided to customers by the personnel members assigned to this matter in the Network. Support continues to be provided with the use of instruments and agreement with financial institutions to develop products and to facilitate SMEs in accessing credit, such as the agreement with the EIB (European Investment Bank), the EIF (European Investment Fund) allocation, whereby the Group financed enterprises that, because of the health emergency, have implemented or intend to implement changes in their operations, and the earmarked funds for capital equipment, increasing the productive system competitiveness and fostering access to credit by enterprises through the purchase of capital equipment and new investments.

Therefore, the commitment to providing services under the Eco-bonus and Sisma-Bonus measures continued, which are measures granting tax benefits of up to 110% of the costs of works to improve energy efficiency (Eco-bonus), seismic upgrading of properties. Specifically, in 2022 on the "Energicamente Gran Prestito" and "Gran Prestito Ristrutturazione Casa" loans, intended to finance works to improve energy efficiency up to 50,000€ and the installation of plants producing energy from renewable sources, the bank continued to originate loans at subsidized rates without applying the irate hikes resolved by the Central bank in the year, with the possibility of purchase by the Bank of the tax credits under the Decree., For the Group this is matter for attention, as it can **combine care for the environment with care for its Customers.**

Loans to/Funding from Corporate Customers by sector (G4 - FS6)		2022	2021	2020
Agriculture, forestry and fishery	Loans (mln €)	2,924	2,961	2,570
	Funding (mln €)	1,117	1,020	755
	Indirect funding (mln €)	108	126	83
Trade	Loans (mln €)	4,092	4,142	2,589
	Funding (mln €)	3,076	3,438	2,116
	Indirect funding (mln €)	504	565	411
Construction and real estate	Loans (mln €)	3,613	3,612	2,049
	Funding (mln €)	2,005	2,313	1,204
	Indirect funding (mln €)	360	449	197
Manufacturing	Loans (mln €)	9,086	9,062	6,305
	Funding (mln €)	5,105	5,894	4,014
	Indirect funding (mln €)	972	1,370	690
Services	Loans (mln €)	7,523	7,670	4,705
	Funding (mln €)	7,423	7,295	4,442
	Indirect funding (mln €)	1,051	1,491	698
Other sectors	Loans (mln €)	1,739	1,685	1,427
	Funding (mln €)	3,650	3,744	3,132
	Indirect funding (mln €)	923	1,387	1,160
Total	**Loans (mln €)**	**28,977**	**29,132**	**19,644**
	Funding (mln €)	**22,376**	**23,704**	**15,663**
	Indirect funding (mln €)	**3,917**	**5,388**	**3,238**

By 2030,ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services including microfinance.

In order to **support Young People**, the Group has continued with dedicated offers to provide them with financing during their education until their first job. In 2022 that commitment was substantiated with:

- **School loan** at a subsidized rate intended to support students in purchasing IT equipment.
- **Financing Education:** student loans in cooperation with partner Universities dedicated to deserving university students to pay all their tuition fees. Special attention is due to foreign graduate and postgraduate students who need banking solutions at their arrival in Italy, in order to use the scholarships granted by Universities.

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

In 2022 the "IniziaConCalma"(take your time) flexibility initiative continued, which gives the possibility to **start to pay the mortgage loan instalments up to 12 months after the contract signing** (interest accrued during the initial suspension period are spread over the amortization instalments).

Furthermore, in the light of the opportunities given by the «Support Bis» Decree Law in favour of people under 36 years old, Crédit Agricole Italia decided to propose again the range of mortgage loans dedicated to young people that decide to invest in their future. As it believes that State subsidies respond to actual needs, the Group has decided to have a dedicated website on which a bespoke offer can be requested.

Mutuo Crédit Agricole (Crédit Agricole Mortgage Loan) has retained its modularity and customization features, with all the rate types available (fixed rate, floating rate and floating rate with maximum rate) and the other flexibility options at the Customers' choice (Skip an Instalment and an options to be chosen among Suspend Instalment, Suspend Portion or Settle Loan).

Yet another example of concrete support to students is the initiative, which started in 2021 and continued in 2022, with the **University of Parma** in cooperation with **TEP**, the local bus company. In the year, the project was extended, involving also the **University of Brescia**, again in cooperation with the local bus company Brescia Mobilità. The objective of this activity was incentivizing the reduction in the costs to access the University for students (250 € rebate on the TEP annual bus ticket and 50% rebate on Brescia Mobilità annual bus ticket) and fostering the use of public transport.

Retail Individuals products designed to deliver a specific social benefit (G4 - FS7)		2022
1) Home loans - use of the "IniziaConCalma" option	Number	2,903
	€	378,941,947
2) Mutuo Giovani (mortgage loans for people under 36 with LTV>80% and access to the First Residence Guarantee Fund)	Number	7,180
	€	918,877,950
3) Loans Earmarked funds for catastrophe events	Number	3
	€	58,478
4) Loans Amount allocated for earthquake in Central Italy	Number	41
	€	3,106,903
5) Liquidity Decree loans	Number	56
	€	3,414,427
Total RETAIL INDIVIDUALS products designed to a deliver a specific social benefit	**Number**	**10,183**
	€	**1,304,399,704**

1) The figures refer to the mortgage loans giving the "IniziaConCalma" flexibility option, exercising which the Customers start to pay the mortgage loan instalments up to 12 months after the contract signing.
2) The figures refer to mortgage loans reserved to people Under 36 years old backed Fondo Prima Casa guarantees and LTV>80%.
3) Loans with CDP funding repaid by the Customer transferring tx credits to the Bank, intended for reconstruction after calamities
4) Loans with CDP funding repaid by the Customer transferring tx credits to the Bank, intended for reconstruction after the 2016 earthquake in Central Italy
5) Loan with guarantee given by the SME fund under Italian Law 662/96 for damage caused by the COVID-19 epidemic.

13 CLIMATE ACTION

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

To provide concrete help to the Italian areas hit by natural disasters in 2022, Crédit Agricole Leasing Italia contributed, along with the Group, to several actions in favour of affected enterprises. The holders of property finance lease contracts with a self-certification of the damage suffered were given the possibility to obtain the suspension of payment of the full instalment or of the principal portion only.

The actions, with the relevant notices to Customers published on CALIT website, concerned:

- Bad weather in some areas in the Province of Brescia
- Bad weather on the island of Ischia
- Bad weather in the Provinces ofi Ancona and Pesaro-Urbino
- Bad weather in some areas in the Province of Perugia
- Bad weather in the Province of Alessandria
- Bad weather in the Provinces of Savona and Genoa

Corporate banking products designed to deliver a specific social benefit (G4 - FS7)		2022
1) SACE new markets	No	26
	€	81,350,000
2) SACE Garanzia Italia	No	65
	€	268,475,000
3) EIB	No	31
	€	106,900,000
4) Subsidized loans Lombardy Region Credito Adesso Evolution (bank portion: 60%)	No	10
	€	4,008,000
5) Liquidity Decree loans	No	937
	€	866,945,848
6) Anticovid 19 initiative - Emilia-Romagna	No	2
	€	300,000
Total CORPORATE BANKING products designed to a deliver a specific social benefit	**No**	**1,071**
	€	**1,327,978,848**

5) Loan with guarantee given by the SME fund under Italian Law 662/96 for damage caused by the COVID-19 epidemic.

Retail Small Business products designed to a deliver a specific social benefit (G4 - FS7)		2022
1) Account for volunteer work associations	Number	726
	Total loans (€)	3,512,429
	Total funding (€)	22,362,779
2) Account for volunteer work associations	Number	241
	Total loans (€)	457,022
	Total funding (€)	5,437,141
3) Account for Nonprofit associations	Number	910
	Total loans (€)	2,334,343
	Total funding (€)	16,587,403
4) Account for Startups	Number	49
	Total loans (€)	292,872
	Total funding (€)	747,019,37
5) Account for Le Village resident Startups	Number	11
	Total loans (€)	49,234
	Total funding (€)	1,122,721
6) Fo.Mi.Ri. - Emilia-Romagna Region	Number	32
	€	2,898,000
7) Anticovid 19 initiative - Emilia-Romagna	Number	60
	€	4,644,000
8) Emilia Romagna Region Multipurpose - Starter Fund	Number	19
	€	509,372
9) "Resto al Sud" loans	Number	15
	€	568,479
10) Liquidity Decree loans	Number	3,810
	€	302,800,863
11) Loans Earmarked funds for catastrophe events	Number	12
	€	397,517
12) Loans Amount allocated for earthquake in Central Italy	Number	4
	€	399,779

continues

Retail Small Business products designed to a deliver a specific social benefit (G4 - FS7)		2022
13) Subsidized loans Lombardy Region Credito Adesso Evolution (Bank portion 60%)	Number	15
	€	2,459,400
14) Subsidized loans under the FRIE, FpS andl FRG of the Friuli Venezia Giulia Region	Number	5
	€	1,335,000
15) Subsidized loans for female undertakings	Number	1
	€	80,000
16) Digital Lending	Number	961
	€	13,852,765
Total RETAIL SMALL BUSINESS products designed to deliver a specific social benefit*	**Number**	**4,934**
	€	**329,945,175**

8) Originated with Bank funding.
10) Loan with guarantee given by the SME fund under Italian Law 662/96 for damage caused by the COVID-19 epidemic.
11) Loans with CDP funding repaid by the Customer transferring tx credits to the Bank, intended for reconstruction after calamities.
12) Loan with CDP funding repaid by the Customer transferring tx credits to the Bank, intended for reconstruction after the 2016 earthquake in Central Italy.
* The total does not include funding and lending on accounts.

Total value of the products designed to deliver a specific social benefit (G4 - FS7)		
Retail products		
Total value of Retail products	€	6,738,226,343.89
Total value of Retail products designed to deliver a specific social benefit	€	1,634,344,880.66
% value of Retail products designed to deliver a specific social benefit over total Retail products*	**%**	**24.25%**
Corporate Banking products		
Total value of Corporate banking products	€	8,944,473,096.00
Total value of Corporate banking products designed to deliver a specific social benefit	€	1,327,978,848.00
% value of Corporate banking products designed to deliver a specific social benefit over total Corporate banking products**	**%**	**14.85%**

* The Total value of Retail products designed to deliver a specific social benefit comprises the products listed in tables: a) RETAIL SMALL BUSINESS products designed to deliver a specific social benefit and b) RETAIL INDIVIDUALS products designed to deliver a specific social benefit. Current accounts and deposit products only are excluded from the total value as only the value of originated loans is taken into account. The percentage of RETAIL products designed to deliver a specific social benefit is the ratio of the total value of products designed to deliver a specific social benefit and the total value of products originated in the year in the RETAIL channel.

** The total value of Corporate banking products designed to deliver a specific social benefit comprises the products listed in table: Total CORPORATE BANKING products designed to a deliver a specific social benefit. The percentage of CORPORATE BANKING products designed to deliver a specific social benefit is the ratio of the total value of products designed to deliver a specific social benefit and the total value of products originated in the year in the CORPORATE BANKING channel.

Bank and regions

The Crédit Agricole Italia Banking Group's model continues to evolve around the **proximity relationships established over the years with its Customers and Regions.** Being a proximity bank enables the Group to promote the creation of shared value in local communities and to be constantly up to date on its Customers' needs, in order to adjust its range of products and services every year.

Despite the difficulties caused by social distancing in the 2020-2021 two-year period, the Bank proved able to maintain its relationship with Customers and regions, thanks to its technological and digital evolution, ensuring all appropriate support and security.

In order to maintain a **proximity relationship with the communities** in which it operates, the Bank continued with the E**tica Project**, which sets out specific guidelines to foster and facilitate the applications for credit facilities by Customers operating in the **Third Sector**. It is a distinctive offer consisting of a range of **banking products dedicated to both organizations and to their employees, members and volunteers.** The latter can benefit from subsidized conditions on selected products if they pay an amount equal to or higher than the rebate obtained to the chosen Organization with a charity credit transfer. With this mechanism Crédit Agricole promotes a **culture of donation**. Crédit Agricole's commitment was substantiated by the agreements signed in 2022 with the **Italian Red Cross** and AIDO Lombardia, aimed at providing support to the ecosystem based on these two important Third Sector players.

As regards relations with the regions, the Regional Relations and Art Heritage Management Service, which is part of the Sustainability Business Unit, has the mission to **plan and organize the Regional Committees** as well as to manage the activities, work groups and development of the project streams originating within the Committees. In 2019 the **Liguria**, **Tuscany** and **Romagna Committees** were set up, while, on 20 December 2022, considering the good experience gained with the setting up of the aforementioned Committees and the completion of the "Single Bank" project, which was finalized with the merger of Creval in April 2022 and with the absorption of Crédit Agricole FriulAdria in November 2022, the Executive Committee resolved to set up the **Lombardy Highlands, Sicily and Northeast new Regional Committees.**

17 PARTNERSHIPS FOR THE GOALS

Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

Regional Committees

The objective that the Regional Committees pursue is **liaising with the regions and developing and strengthening the relationships with the local stakeholders**, through several initiatives and projects aimed at generating economic and social value in the communities. Therefore, the purpose of the Regional Committees, which have external members selected from among people that are representative of the single regions, is mainly the achievement of the following goals:

- To preserve, create and develop the **relationship between the Region and Crédit Agricole**;
- To maintain and strengthen the **relationships with local Stakeholders**, making proposals and liaising;
- To contribute to identifying, in order to design any proposals to be submitted to the relevant bodies of the Crédit Agricole Italia Group, for **action (also in terms of donations) or for projects aimed at supporting and fostering the sustainable development of the Regions.**

Local presence (G4-FS13) – Branches by Region	2022	2021	2020
Piedmont	55	66	50
Valle d'Aosta	1	1	-
Lombardy	269	314	154
Trentino Alto Adige	8	8	-
Veneto	87	92	80
Friuli-Venezia Giulia	77	80	80
Liguria	58	59	59
Emilia-Romagna	239	248	243
Tuscany	98	107	100
Umbria	10	10	8
Marche	29	34	8
Lazio	54	68	40
Campania	48	49	49
Sicily	90	92	-
Italy	**1,123**	**1,228**	**871**

Local presence* (G4-FS13)		2022	2021	2020
Number of points of access	No	1,123	1,228	871
Number of Small Business Centers	No	83	62	61
Number of Financial Advisors Markets	No	12	16	13
Number of Private Banking Markets	No	16	23	23
Private Banking Sub-centers	No	26	18	18
Number of Corporate Banking Markets	No	25	27	27
Corporate Banking sub-centers	No	34	9	9
Number of Large-Corp Banking Areas	No	15	1	1
Number of Corporate Banking Special Network areas	No	1	1	1
Number of Retail Banking Special Networks	No	12	0	0
Number of municipalities with <5000 inhabitants served	No	174	173	123
Number of branches in municipalities with <5000 inhabitants	No	184	128	180
	%	18	14,7	15
Number of closed branches in municipalities with <5000 inhabitants	No	2	0	2
Number of open branches in municipalities with <5000 inhabitants	No	0	0	0

* The deviation vs. the data published in the past years is due to the reclassification of Corporate Banking markets.

11 SUSTAINABLE CITIES AND COMMUNITIES

Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

Among the activities performed in 2022 in innovation and associated with Italy's Recovery and Resilience Plan by the various Regional Committees:

Regional Committees

The Liguria, Romagna and Tuscany Regional Committees regularly performed their activities, each holding formal meetings three times a year, as well as holding informal meetings and mixed work groups in which several representatives of the Bank participated and were involved. The Committees were always supported in their work with economic-statistical analyses of the Regions, prepared by external experts, thanks to which internal discussion was stimulated and fuelled and ideas were had for important projects. They started tangible project activities dealing with crosswise matters, such as sustainability, innovation and skills, besides finance and internationalization. In such very material scopes, the comprised projects had the purpose of setting up **temporary innovation hubs**, which are the implementations of an agile and participative innovation hub format, having partners from the region and being supported by sponsor firms and by the Le Village Network of Crédit Agricole Italia.

Liguria Committee

The **"Nowtilus-Sea Innovation Hub"**, the first maritime economy temporary incubator operating throughout the region and in La Spezia, thanks to the cooperation between Crédit Agricole, Fondazione Carispezia, Wylab and Le Village by Crédit Agricole Italia Milano. A value ecosystem was created consisting of various stakeholders, such as sponsor big companies, startups, Universities and Research Centers and regional institutions. In the two events that were held over 130 applications for participation were received and 35 potential startups were assisted with different training programmes. The partners, firms and Institutions that sponsored the initiative were over 30.

Tuscany Committee

It promoted a study with the SESA Group aimed at designing a set of **innovative digital services for the wine** growing and wine making supply chain, which will go alongside the credit support provided by the Bank to winegrowers and winemakers with its revolving pledge on wine. This preliminary pilot activity resulted in the start of a wider project on innovation for the Tuscan agri-food sector. Then, an agreement was reached between the Technology Hub of Navacchio and Le Village by Crédit Agricole Italia Parma to start an innovation path in the agrifood sector named **"Innesti"** (grafts in Italian) pursuing the mission of connecting the excellences of the Tuscan agri-food supply chain with the best startups and research centers in order to seize the opportunities generated by Open Innovation actions. The project with the Technology Hub is intended for all the players in the supply chain that are interested in meeting and creating partnerships with startups, innovative SMEs, Universities and Research Centers, in order to achieve the creation of a true hub in Tuscany as the leading driver of digital transformation in the agri-food sector.

Romagna Marche Committee

The project stream developed by the Romagna Committee led to start of a **new two-year university degree programme at the University Center of Forlì and Cesena in "Digital Management Transformation"**, supported by Crédit Agricole. That university programme is intended for students already holding a three-year university degree in economics or information technology in order to provide vocational training for specialists in the implementation and acceleration of businesses' digital transformation. The initiative obtained the approval of the University of Bologna and 240 applications for admission were received vs. 50 places available, giving evidence of the topicality of the subjects in the new university degree programme. Training and innovation have been identified BY THE Committee as decisive factors to meet the challenges of recovering after the pandemic.

Indeed, since 2022 a new crosswise stream has been added to the Regional Committees' responsibility, namely in-depth assessments of and opportunities from Italy's Recovery and Resilience Plan, and especially the energy and digital transition.

Sicily Committee

The Committee was set up in 2022 and its work streams were defined and will be developed in 2023:
- Italy's Recovery and Resilience Plan and Sicily's agri-food supply chain;
- Innovation, focus on the region and potential synergies with the network of Les Villages by Crédit Agricole Italia.

Lombardy Highlands Committee

After the kick-off meeting in December 2022, the Committee's members have identified some matters commanding high interest, which will be analyzed and developed:
- Italy's Recovery and Resilience Plan and SMEs;
- Energy transition – renewable energy, the water system;
- Tourism, mountain economy and Winter Olympics;
- Innovation – Le Village by Crédit Agricole Valtellina.

Two work sub-groups were created which will focus on two key matters: Le Village Valtellina/Innovations and Italy's Recovery and Resilience Plan and SMEs.

10 REDUCED INEQUALITIES

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

13 CLIMATE ACTION

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

CrowdForLife

crowdforlife
Sostieni piccoli e grandi progetti con un click

In 2022, activities in the social scope continued on **CrowdForLife**. Gone live in 2019, CrowdForLife is the **crowdfunding** donation platform of the Crédit Agricole Italia Banking Group, which serves the purpose of hosting **fundraising campaigns** to respond, involving a larger and larger number of donors and supports, to the needs expressed by the local communities, by the regions and by third sector entities. The Group's social commitment to contribute to the development of the regions and to support the population giving concrete and accessible help is substantiated by the many fundraising campaigns for social inclusion, education, healthcare, sports and culture: as at 31 December 2022 **over 2.3 mln had been raised, over 50 projects had been published and over 500 applications had been received.**

In October 2022 the Group launched the crowdfunding initiative **"Crédit Agricole for Dream"**, which was conceived as a tool to support **12 innovative projects throughout Italy in favour of environmental sustainability and social inclusion.**

The initiative has been held in cooperation with and supported by **4 shareholder Foundations: Fondazione Cariparma, Fondazione Carispezia, Fondazione Cassa di Risparmio di San Miniato, Fondazione Piacenza e Vigevano. With Crédit Agricole For Dream, Crédit Agricole Italia and the Partner Foundations have decided to contribute to goals 10 and 13 of the 2030 Agenda for sustainable development.**

Furthermore, the Group **provided support in the emergency in Ukraine with two fundraising campaigns:** one at a national level together with **Save the Children** to ensure protection and immediate help to the children and their families. The other, in cooperation with **Emporio della Solidarietà**, had the objective of providing necessities and school material, as well as psychological and medical assistance to Ukrainian families that fled and were received and accommodated in the Province of La Spezia and in Lunigiana.

SCHOOL PROJECT

DIGITAL CONNECTIONS

Crédit Agricole Italia resolved to give a contribution of Euro 300,000 for the 2021-2023 to the **"Digital Connections"** initiative of Save The Children Italia Onlus, a third sector international player that implements projects mostly to the benefit of children and teenagers experiencing social and economic difficulties. The project is supported also by other entities of the Crédit Agricole Group in Italy, for a total contribution of Euro 1 million. It is a three-year project **addressing digital educational poverty, which will involve, through 100 schools located in disadvantaged areas, 6,000 students between 12 and 14 years old attending lower secondary school, and about 250 teachers.** The children will be given the possibility to have their digital skills certified, learning how to use digital technologies in a competent and aware manner, while developing civic proactivity in order to be promoters of a positive change in the background they live in.
Furthermore, in most schools Newsroom will be held, which are cross-media creative workshops, places to acquire and strengthen digital skills opening up to virtual reality and to the community
In **Digital Connections** corporate volunteer work programmes will also be designed, for example remote volunteer work in a digital mode, with the contribution of the Group's personnel, with video pills and tutorials to be sent to the school children.

DIGITAL KINDNESS

"Digital kindness" is a project promoted in **cooperation with Fondazione Carolina and CASCO.** The activity consists in carrying out educational courses for upper secondary schools in Milan, Parma and Lucca, involving 18 classes, 394 students. The initiatives are conducted by experts in education, pedagogy, psychology, law and communication, with meetings, workshops with engaging activities, in order for the trainees to experiment group dynamics, sharing experiences, situation simulation and video-tales. The digital kindness topic is very important and innovative as it invites young people to **think about online communication approaches** which may entail danger, cyberbullying and body shaming ion the web with very serious consequences for adolescents.

This project aims at making young "creators" **play the leading role in contents and in the dissemination among their peers of the value of kindness in relations, especially digital ones, through social communication products.** The students will create messages on digital kindness, in the form of graphic images, podcasts, video-productions.
This is a way in which the Bank substantiates its position on **"Data Protection"** matters, which are connected also with the group strategic project with Crédit Agricole S.A.

VOLONTARI DI VALORE

In 2022 the **Volontari di Valore initiative was held again;** it is a corporate volunteer work project whereby the Group encourages its personnel to engage in activities for the protection of the environment and social purposes in the regions, in cooperation with third sector entities. The initiative pursues the objective of encouraging the Group's personnel to participate in community work or in activities for the protection of the environment and in the life of local communities.

The Volontari Valore, new initiative, which was held in cooperation with **Legambiente**, encouraged male and female personnel members to participate in the cleaning and regeneration of of the regions; the project was carried out in parks, public places, beaches and along bicycle track, also using bikes, in **12 cities**, such as **La Spezia, Milan, Piacenza, Parma, Turin, Sondrio, Pordenone, Padua, Cesena, Florence, Rome and Catania.** Thanks to the work of over 1,000 volunteers, the areas concerned could be cleaned and over 725 kg of waste could be removed, of which 422 kg of unsorted waste, 111.4 kg of plastic, 68.5 kg of glass, 107.5 kg of bulky waste 14 kg of paper and 3,715 kg cigarette butts.

+150
participants

12
cities involved

+725
Kg of waste collected

CHARITY

95% of the personnel of Crédit Agricole Italia and Crédit Agricole Leasing joined the **Payroll giving** initiative, donating a small part of their salaries; the Firm supplements the donation rounding it up to one Euro. **The beneficiary of the 2022 fundraising was the Bianca Ballabio Foundation.** The money was used to support the project **Effectiveness of the use of simulators for the development of surgical skills within the thoracic surgery and general surgery postgraduate programmes»**, consisting in the donation of a laparoscopic simulator and the related software licence to the Insubria University of Varese.

Support to research

As regards support to research, the Bank promoted cooperation to contribute to scholarships in the medical and pharmaceutical fields:

- **FIL Italian Lymphoma Foundation:** 12-month scholarship for pharmacovigilance activities within clinical trials;
- **Fondazione IEO-Monzino:** 12-month scholarship to investigate the role of gut flora (microbiota) in patients suffering from colorectal carcinoma.

Other charity activities

Thanks to the Extraordinary Fund totalling Euro 6 million for charity, together with the Shareholder Foundations, the following charity initiatives were supported:

- **Cascina Bilzi (Fondazione Cariparma)** – a project to reclaim a farm near Colorno, where zero-mile products will be grown and processed, thanks also to the involvement of disadvantaged persons and where the students of Alma the international school of Italian cuisine will be hosted and employed. The idea for the project originated from the partnership between Fondazione Cariparma, Cooperativa Sociale S. Lucia, Alma and Crédit Agricole Italia, which agreed on the proposal to regenerate the Cacina Bilzi farmhouse, a property that belongs to Fondazione Cariparma and currently not used and in need of renovation, with over 20 hectares of farmland. After its reclamation, with the appropriate renovation and building works, the Farmhouse will be reused as the accommodation and residence of about 80 students of Alma and will be used as a restaurant, for social agriculture, and as a venue for cultural and training events.
- **Competitive procedures under Italy's Recovery and Resilience Plan for Municipalities in the Province of Piacenza (Fondazione Piacenza e Vigevano)** – the support enabled 10 Municipalities to complete the preliminary assessments and final studies of projects that participated in competitive procedures under Italy's Recovery and Resilience Plan. The provided support (for a total amount of 32 million Euros) will be used for public libraries, schools, services for disabled people and temporary workers.
- **Self-reliance Fund competitive procedure (Fondazione Piacenza e Vigevano)** – project to finance public and private entities for the design and start-up phase of innovative services useful to develop self-reliance of vulnerable people or people at risk of social marginalization.
- **Caritas diocesana La Spezia (Fondazione Carispezia)** – thanks to the contribution Caritas of La Spezia purchased a property that will be used for people/families in need.
- **Comitato Maria Letizia Verga Monza** - The Association has developed a support project to accompany children/teenagers in the period in which their ill siblings are hospitalized, aware of the importance of actions to prevent maladjustment and to promote resources and wellbeing.
- **Fondazione Near onlus Milano** – the Near Foundation has the mission of developing social projects addressed to young people experiencing difficulties and of cooperating with businesses and schools for social entrepreneurship initiatives. Some young people, in cooperation with some journalists and graphic designers of Corriere della Sera, founded **"Il Bullone"** monthly magazine and, thanks to the knowledge acquired, they cooperated with the Bank's Internal Communication and CSR Division in writing and enhancing "Green Life" Magazine.
- **Energy Volley Parma** - "Amici del Volley" Project: addressed to adolescents and teenagers with intellectual disability and behavioural disorders and, to a lesser extent, to people with motor impairment. The project comprises several initiatives and activities involving these young people in different aspects.
- **Basket San Giorgio Mantova** – "Bimbi in comunità" Project to give the possibility to several children, who live at a group home, to join mini-basket teams free of charge.

MAIN SPONSORSHIPS

Actions for culture

1

FONDAZIONE TEATRO REGIO AND FONDAZIONE TOSCANINI

Cooperation continued between the two leading cultural Foundations based in Parma in the field of music, respectively for the **Festival Verdi** – Teatro Regio, and the Festival Toscanini and **Concert Season** - Fondazione Toscanini.

2

MUNICIPALITY OF REGGIO EMILIA

On the thirtieth anniversary of the death of photographer **Luigi Ghirri**, a central figure in the international photography scenario in the second half of the 20th century, a exhibition of his work was held at Palazzo dei Musei di Reggio Emilia with CAI support.

3

MAGNANI ROCCA FOUNDATION

The Bank's commitment to the Magnani Rocca Foundation continues, where two very successful art exhibition were held:

- **"Lucio Fontana – Autoritratto"** – from 12 March to 3 July;
- **"Moda e pubblicità in Italia dal 1850 al 1950"** – from 10 September to 11 December.

4

FRANCESCO SOMAINI FOUNDATION

The **"Somaini e Milano"** exhibition of the works of sculptor Francesco Somaini was held at 3 venues: Palazzo Reale, Museo del Novecento and Fondazione Somaini in his hometown Milan - from 1 July to 11 September.

5

FONDAZIONE OELLE MEDITERRANEO ANTICO

Crédit Agricole Italia supported the international photography exhibition, which was held at the Open Space of Castello Ursino in Catania, **"Catania mia, Storia di una passione milanese per il Sud"** by the famous architect, designer and photographer **Ettore Sottsass**, a protagonist in international culture and design. In cooperation with the Ettore Sottsass Archive and with the Municipality of Catania.

6

MUSEO DIOCESANO CARLO MARIA MARTINI

A large retrospective exhibition dedicated to US photographer **Elliot Erwitt** was sponsored and held **in Milan**, at the Museo Diocesano from 27 May to 16 October.

The Crédit Agricole Italia Banking Group continued to ensure its contribution to and to express its strong interest in enhancing culture, supporting several cultural initiatives with its sponsorships.

The Group gave its support to the art exhibitions in **partnership with the Magnani Rocca Foundation.** Thanks to the support given by Crédit Agricole Italia, the Fondazione organized the exhibition "Lucio Fontana. Autoritratto. Works 1931- 1967 and "Fashion and Advertising in Italy. 1850-1950".

In the year, CAI supported other exhibitions. Some of these are:

- **Luigi Ghirri photography exhibition in Reggio Emilia** – 30 after the death of photographer Luigi Ghirri, the Municipality of Reggio Emilia organized many evens and initiatives to tell about this master of vision and rediscover the continuing relevance of his thought.
- **Elliott Erwitt photography exhibition at the Museo Diocesano in Milano** – During the summer months, the Museo Diocesano proposed a large retrospective exhibition of the works of US photographer Elliott Erwitt; about 90 snapshots were on display telling about the photographer's rich production, his interests and passions, in an ironic and profound tale of contemporary society.
- **Sculptor Francesco Somaini exhibition at Palazzo Reale in Milan** – The Municipality of Milan, in cooperation with Fondazione Somaini, organized an exhibition of the works of the Master to celebrate his path in the art of sculpture with works coming from public and private collections. Besides sponsoring the exhibition, Crédit Agricole Italia also lent a sculpture by the Master, consisting of three patinated bronze elements.

Crédit Agricole Italia promoted other cultural initiatives, in cooperation with institutions based in the regions where it operates. Worth mentioning is its cooperation with:

- **Teatro Regio di Parma** – For years now the Bank has sponsored the Verdi Festival, a nationally and internationally renowned event organized in September and October by Teatro Regio di Parma.
- **Fondazione Arturo Toscanini** – Crédit Agricole Italia gave once again its support to the 47th concert season of Fondazione Arturo Toscanini.
- **Fondazione Nuovi Mecenati** – Crédit Agricole Italia supports Fondazione Nuovi Mecenati,a French-Italian institution under the patronage of the French Embassy in Italy, which organizes important initiatives in favour of young French artists that work in Italy. For eight years now the Bank has sat on the Foundation's Board of Trustees, represented by its Chairman Ariberto Fassati.

EVENTS AND INITIATIVES SUPPORTED

In 2022, also following the lifting of the restrictions caused by the pandemic, Crédit Agricole Italia supported several evens, initiatives, meetings and congresses.

A very important and prestigious one was the **"ASSIOM FOREX"** annual meeting, which was held at **Green Life**, our headquarters in Parma, and attended by the top roles in the banking, financial and economic arena.

Some of the by now recurring ones are:

"THANKSGIVING"

Oganized by the Parma section of the COLDIRETTI farmers trade association and the "CULA- TELLO & JAZZ" music event.

GREEN WEEK Sustainability Festival

Within which, Parma hosts many workshop, some of which at our venues, such as the Crédit Agricole C. Gabbi Audtorium and Le Village by Crédit Agricole Parma.

"MEET THE CHAMPION"

On-the-road meetings with the enterprises and entrepreneurs that rank among the best 1,000 Italian SMEs, bearing testimony of Italy that generates future. The initiative has contributed to making Italian players of excellence knowns and to stirring discussion on matters that are of national and economic interest.

After the merger with Credito Valtellinese, support continued to be given to some long-standing initiatives of the Bank, such as the **"Est Film Festival"** and **"Segesta Teatro Festival"**; but also the **"Autumn Festival"** in Valtellina and other local events.

In the regions where CAI has long been in operation, the **"Importance of Informing"** initiative organized by the Gazzetta di Parma local newspaper was supported; its purpose is promoting the local newspaper as a active party in informing and training at school and its is mainly addressed to the city's lower secondary schools.

The agri-food sector was also a point of interest for the Bank, which supported thematic workshops in the Trentino Region with con Bioverde, or **"SIEA Agriagro"** and **"Vino Vip 2022"**.
The partnership agreement with the the "Osservatorio Permanente Giovani Editori" organization of young publishes was renewed for the **"Newspaper at class"** initiative.

The Bank was also the sponsor of sports events, such as the **"Vernasca Silver Flag"** classic cars event, with parades and reliability contests along the Piacenza valleys and "Vele nello Stretto", an initiative aimed at promoting sailing, sea activities and boating, which reaches its peak with a big regatta in which most sailboats from the Sicilian Riviera around Stretto di Messina participate.

Furthermore, the cooperation with **Fiere di Parma** continued, with Fiere organizing nationwide and international events in the high-end agri-food supply chain, such as Cibus, as well as exhibitions such as Mercante in Fiera and Salone del Camper, alongside the partnership with Fiere di Cesena, the leading exhibition center with Macfrut.

SPORTS SPONSORSHIPS AND EVENTS

Crédit Agricole Italia entered the road bicycle racing world by sponsoring the **"Ride the Dreamland"** cycling event which comprises the following competition: Giro del Veneto; Serenissima Gravel; VenetoGO and Veneto Classic. The sponsorships of Lerici Sport and Tennis Club di Genova were also renewed. Some other small sponsorships of local associations focused specifically on sports activities for children and teenagers, such as ASD Centro Addestramento Pallacanestro basketball association in Nola or the ASD Montefiascone Calcio, FCD Alsenese and USD Lugagnanese. Football clubs

Other sports activities were supported, such as the participation of athlete **Davide Colgan**, from the ASD Libertas San Felice, in the 2022 Ironman World Championship, which was held in a Kona, Hawaii (USA); furthermore, the alpine **Ski World Cup competition in Bormio** was also supported.

Several running events were also sponsored, such as **Run for Inclusion**, the first ever running race that celebrates the uniqueness of each individual, as it held to share values, such as diversity, inclusion, sustainability and outdoor sports, driven by ESG principles; **Correndo per Aci**, a running race included in the historical Carnevale di Acireale; **Valtellina Wine Trail**, a race that combines sport, food and wine, with three paths, among vineyards and old villages of central Valtellina, and in the most famous wineries in Valtellina; the **65th Trofeo Ezio Vanoni**, an international relay race with 3 players and the **Run for Climate** with the University of Brescia, a non-competitive race held to create aggregation, to foster the sense of belonging and celebrate the value of sports for inclusive and sustainable development.

Furthermore, alongside the Group initiatives, each **Regional Department manages its own annual budget to be used for micro-charity donating to organizations active in the community for mainly social initiatives.**

Investments in the community (201-1)		2022	2021	2020
Sponsorships	%	54.80	40.83	50.1
	€	2,173,188,80	1,283,758	2,169,587
Donations from the charity fund	%	45.20	58.17	49.9
	€	1,792,517.82	1,785,578.93	2,161,847
Scopes of action (Sponsorships)				
Culture	%	5.68	9.86	5.7
	€	123,380,00	126,520,93	122,830
Other	%	2.30	15.76	1.4
	€	49,979,80	202,292	30,000
Sports	%	77.92	54.81	78.7
	€	1,693,389.00	703,650	1,706,777
Economic	%	14.10	19.58	14.3
	€	306,440.00	251,296	309,980
Scopes of action (Donations from the charity fund)**				
Culture	%	27.89	44.40	29.1
	€	499,880,00	792,850	629,750
Social	%	67.32	48.76	68.9
	€	1,206,637.82	870,728,93	1,489,097
Sports	%	0.00	0.00	0.00
	€	0.00	0.00	0.00
Other	%	4.80*	6.83	2
	€	86,000,00*	122,000	43,000

* In 2022 funds for green and circular economy were granted (CA FriulAdria).
** The charity activities do not include Credito Valtellinese.

Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

In 2022, before its integration into Crédit Agricole Italia (Tagliamento Project), which took place in autumn, **Crédit Agricole FriulAdria supported several social inclusion projects in its regions.**

The **partnership with Associazione Culturale Cinemazero** and the **Le Voci d'inchiesta Festival** continued, also with the Crédit Agricole FriulAdria Green Documentary Award won by the best documentary raising awareness on environmental protection topics.

The **partnership with the Euganea Film Festival**, also continued, for outdoor cinema with zero impact on the environment.

On the other hand, in partnership with ANBI Veneto, the Bank promoted a study on the protection of resurgent waters in the Veneto Region.

Furthermore, during TEDxPadova, at the branches located in the Province of Padua an awareness-raising initiative started against food waste and to promote responsible consumption in **partnership with the Banco Alimentare** food bank, preparing a leaflet with advice and good practices, which could be downloaded directly on mobile phones.

In 2022 two **Ein Prosit** events were held – one in July, in Tarvisio, and the other in October in Udine. It is a food and drink event aimed at the enhancement of the region an of its high-quality products.

Consorzio del Tarvisiano, Confartigianato Pordenone, Associazione Sviluppo e Territorio, Confindustria Verona and Coldiretti FVG are some of the **Trade Association** that were supported in 2022, once again substantiating proximity to enterprises and to the customers in the region.

Crédit Agricole FriulAdria also supported some important sports organizations based in the region, such as **Assindustria Sport and Universo Treviso Basket.**

Lastly, in 2022 many social initiatives started:

- The activities of the Sports, Culture and Solidarity Committee, to promote social inclusion of children and adults with disabilities, through meetings at schools, training activities fostering integration of the most vulnerable individuals in work environments, events addressed to their families;
- The **"Protection and Rights"** project, a set of webinars dedicated to the families of the children assisted by ABC Burlo of Trieste;
- Fundraising initiatives for the Advar Foundation of Treviso, Fondazione Bambini e Autismo, Panathlon Pordenone;
- Support to **Down DADI** to stage a show in which several actors with the Down syndrome acted on stage together with famous people in the show business;
- The Bank continued, also in 2020, its partnership with **Pordenonelegge, Premio Luchetta ed Euganea Film Festival**, the main cultural events that it supports in Friuli-Venezia Giulia and Veneto, thus ensuring that they could be held in full safety;
- Buying charity traditional Christmas puddings for all its employees, FriulAdria supported the projects of **Pasticceria Giotto**, a social cooperative operating inside the **Due Palazzi Penitentiary in Padova since 2005.** Thanks to training provided to inmates, the pastry shop offer them an opportunity for personal recovery and for social inclusion by teaching them a trade.


GOVERNANCE
06
ISO 37001

FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION

FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION

MATERIALITY FOR THE BUSINESS OPERATIONS OF THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

The Crédit Agricole Italia Banking Group uses a **governance model based on ethical principles and on the commitment to a fair and transparent way of doing business.** Said commitment aims at combating also the risk of corruption.

The Compliance Department applies a regime framework that is consistent with the guidelines given by DLgs 231/01 and by the applicable French legislation (known as Loi Sapin II) whereby it monitors and assesses proper application of the anti-corruption legislation, where the case having mitigation actions implemented or stronger actions plans for correction.

The Compliance Department is also responsible for designing **prevention and control policies, as well as for controlling the effectiveness of operational practices in order to mitigate corruption risk.** The Department keeps always up to date with the evolution both in the organizational structure (e.g. proper segregation of roles, well-structured organization of decision-making power), and in the applicable legislation, laws, regulations, self-regulation codes, ethical guidelines; all at a national and international level having regard to the Crédit Agricole Group, as it responsible for overseeing compliance with the internal normative instruments on the ex-ante validation of the regulatory frameworks and operational processes of the Group.

POLICIES ON THIS TOPIC

The Crédit Agricole Italia Banking Group has implemented a model for governance, prevention, mitigation and management of frisks of active and passive corruption. With specific regard to anti-corruption, implementing the provisions and guidelines laid down in D. Lgs 231/01 and by the Parent Company Crédit Agricole S.A. in accordance with the French, **"Loi Sapin II"**, the Crédit Agricole Italia Banking Group has strengthened its system for prevention and management of corruption risks adopting a specific framework on fight against corruption, which also sets the objective of **establishing a culture of prevention and fight against said risks, asserting a "zero tolerance" policy as regards any behaviour breaching that is unethical in general and heralding corruption risk; specifically.**

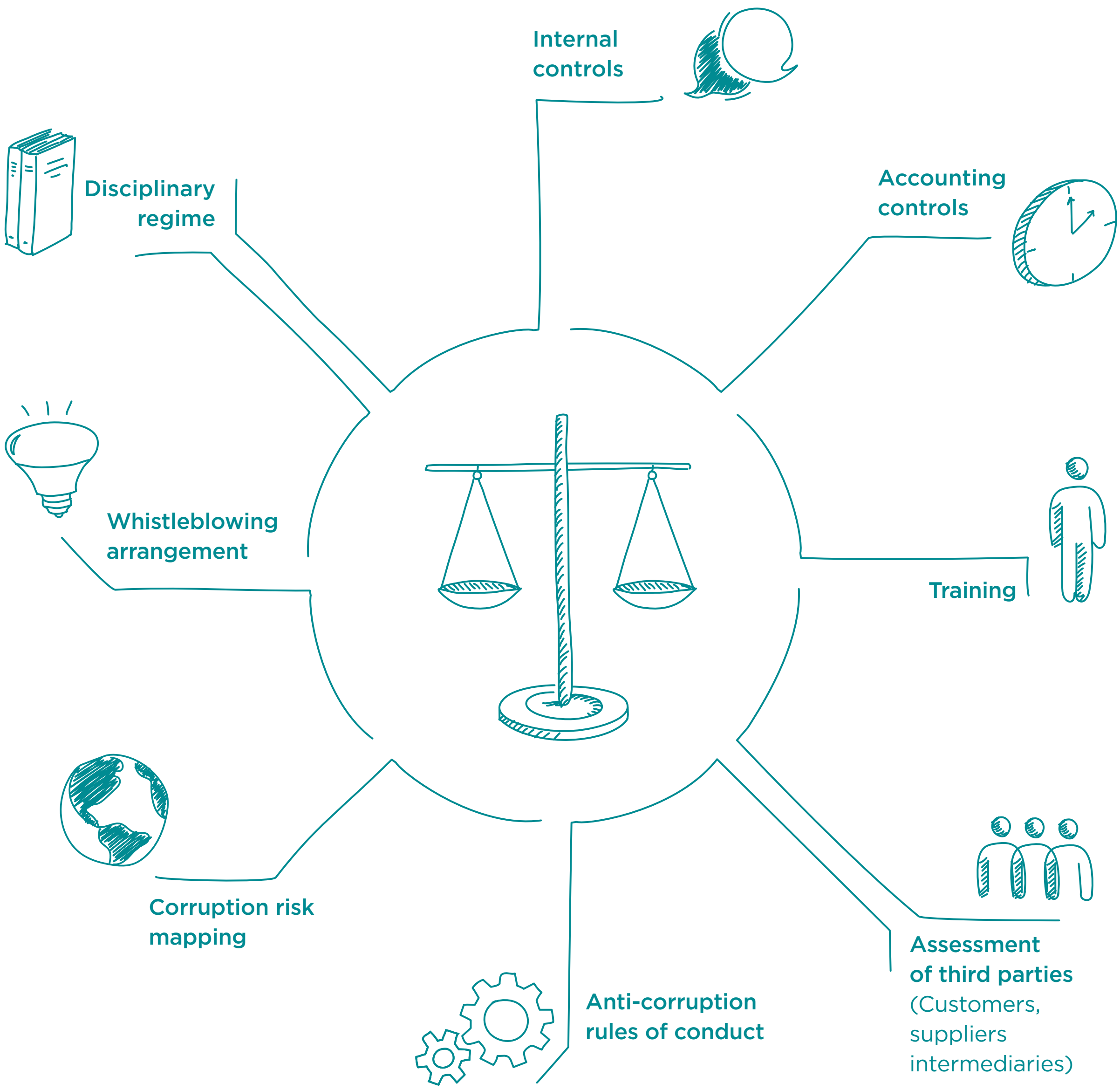
The Policy on prevention of bribery and corruption risk, in force since 2019, sets out the guidelines, roles and responsibilities involved in the Anti-Bribery and Anti-Corruption Programme governance and in the organization of the arrangement for prevention of bribery and corruption risks. The Policy, which was reviewed and updated in order to ensure its alignment with the external regulatory framework and with the guidelines of Crédit Agricole S.A. and its consistency with the organizational and operational context of the Group, was approved by the Board of Directors in January 2022.

The **Fight against Corruption framework** provides especially for:

- The definition of specific governance with the **recently set up Anti-corruption Officer role**, who is responsible for coordinating the implementation of the framework and for its periodic updating and application, for disseminating to all personnel members appropriate information through internal regulations, mandatory training and specific rules of behaviour as regards anti-corruption;
- **Mandatory training** (for all Employees and for those holding exposed roles) and for specific anti-corruption rules of conduct;

→ The implementation of a specific **assessment of the exposure to corruption risks**, to be updated yearly and submitted to the Board of Directors for approval;

→ The evolution of the framework structuring into 8 specific pillars, which are its primary architecture:
- Code of conduct,
- Training,
- Assessment of third parties,
- Whistleblowing arrangement,
- Accounting controls,
- Internal controls,
- Corrective actions,
- Disciplinary regime.



As regards the **management of suppliers**, in terms of fight against corruption, the Banking Group had adopted a Policy aimed at harmonizing the provisions and procedures laid down by the French law.

In 2022 the annual update of the risk mapping was undertaken in order to take into account the evolution in the main corporate and business processes classified as the most sensitive, also in the light of the organizational revision actions carried out in 2022.

The due diligence of the suppliers of the Group (KYS) was found compliant also with the guidelines given by the French Parent Company on corruption prevention (Loi Sapin II).

The progress in the Anti-corruption Programme is periodically reported to the Risk and Internal Control Committee, in its capacity as the body in charge of strategic oversight and monitoring, as well as to the Parent Company Crédit Agricole S.A. As regards the whistleblowing mechanism, the Group has a specific **Whistleblowing Policy** providing for an internal system to report deeds or facts that may be in violation of the legislation and regulations applying to the banking business or power abuse, ensuring that the whistleblower' s name remain confidential i This policy lays down the procedures to receive, analyze and manage any reporting of suspected offences, malpractices or violations (whistleblowing) committed by employees, corporate officers or third parties.

The Lending Policies provide for the responsibility of the Central Decision-Making Bodies, in accordance with their specific decision-making powers, for the decisions on the each single loan application and drawn amount by politically exposed persons, Countries subject to embargo or surveillance measures and activities in the "sectors under surveillance", with the prior favourable opinion of the Anti-Money-Laundering/International Sanctions structure.

The Anti-money-laundering Unit expresses its prior opinion on loan applications submitted by customers who participate in or receive public funding. The Anti-money-laundering Policy sets out the practices to prevent any involvement, also unaware, in money-laundering and terrorist financing instances.

ACTIVITIES AND PERFORMANCE OF OPERATIONS

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Substantially reduce corruption and bribery in all their forms.

As regards Anti-Bribery and Anti-Corruption, the Group obtained the certification of its Anti-Bribery and Anti-Corruption Management System with the issue of the ISO 37001 international standard certificate, after an assessment performed in 2019 by an external certifier Firm on anti-bribery and anti-corruption.

In July 2022, after a new assessment performed by the external firm EuroCompliance engaged directly by Crédit Agricole S.A., the renewal of the ISO37001 certification on the anti-corruption system was obtained, giving evidence that corruption risks have been correctly identified, analyzed and mitigated by the system in force and fully operational.

Implementing also the rules and guidelines issued by Crédit Agricole S.A. on management and mitigation of corruption risk in accordance with the applicable French legislation (Loi Sapin II), in 2022 the **actions continued to raise awareness and to disseminate a specific culture for preventing and combating corruption risks.**

In December, concomitantly with the International Anti-corruption Day, an awareness -raising message was sent by the Deputy General Manager in charge of Risk Management and Compliance and by the Chief Compliance Officer to all personnel members. The message, which was sent by e-mail and published on the Company Intranet, reasserted the Group's commitment to the fight against corruption, consistently also with the values of Crédit Agricole, to protect both the Bank and its Customers.

Training is considered important and essential to achieve the objective of establishing a prevention culture.

Moreover, the "zero tolerance" approach adopted by the Group on bribery and corruption is communicated to each employee through the Code of Ethics and the Code of Conduct. Fight to bribery and corruption is intended also as a distinctive element and as a transparency message to its Customers.

In 2022, there were no events giving reason to suspect corruption. Therefore, no specific action had to be deployed, as reported in the table below.

Actions taken to respond to corruption incidents (205-3)		2022	2021	2020
Disciplinary measures for corruption incidents taken against employees	No	0	0	0
Dismissal for corruption	No	0	0	0
Total number of confirmed incidents of corruption	No	0	0	0
Total number of confirmed incidents of corruption in which contracts with business partners were terminated or not renewed due to violations related to corruption	No	0	0	0
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	No	0	0	0

Training on anti-bribery and anti-corruption policies and procedures (205-2)		2022	2021	2020
Scope				
MiFID training	Hours	226,692	218,485	166,565
Anti-money-laundering (AML)	Hours	12,570	8,786	2,757
Training on 231	Hours	5,312	8,179	12,259
Category				
Senior managers	Number of attended sessions	217	622	114
Junior Managers	Number of attended sessions	11,294	100,827	6,902
Professional area (job level)	Number of attended sessions	14,065	110,027	7,472
Senior managers	No*	105	62	74
	%	72	40	69
Junior Managers	No	5,248	4,536	3,444
	%	96	78	79
Professional area (job level)	No	6,318	5,516	3,576
	%	92	77	70
By geographical area by total employees				
Northwest Italy	No**	16,964	5,055	3,565
Northeast Italy	No	2,598	2,032	1,967
Central Italy	No	3,595	1,600	1,101
Southern Italy and Islands	No	2,408	1,019	461

* The number refers to trained people.
** The number refers to participants.

Anti-competitive behavior, including anti-trust and monopoly practices (206-1)		2022	2021	2020
Legal actions pending during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.	No	0	1	0
Legal actions completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.	No	2*	0	0

* Measures of the Italian Competition Authority (instant credit transfers + transfer of tax credits):the former closed with a penalty, the latter closed with no further actions.

Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations (2-27)***		2022	2021	2020
Of which for bank transparency	€	0	0	0
	No	0	0	0
Of which for administrative delay	€	1,210	3,343.32	11,706.64
	No	2	2*	5**
Of which tax penalties	€	82,521.37	67,452.75	87,896
	No	89	148	46

* Penalties imposed by the Italian Ministry of the Economy and Finance for late submission of reports regarding banknotes suspected to be forged.

** Of which 1 penalty imposed on Crédit Agricole Italia by the Italian Ministry of the Economy and Finance (MEF) for violating Article 27 of Italian Law 185/1990 for late notification to the MEF of a financial transaction, of an amount of Euro 5,020.00, and 4 penalties imposed on CA Italia by the MEF for late sending of reports on suspected counterfeit banknotes, of a total amount of Euro 6,686.64.

*** The perimeter of tax penalties was extended to include also tax penalties regarding personnel management.

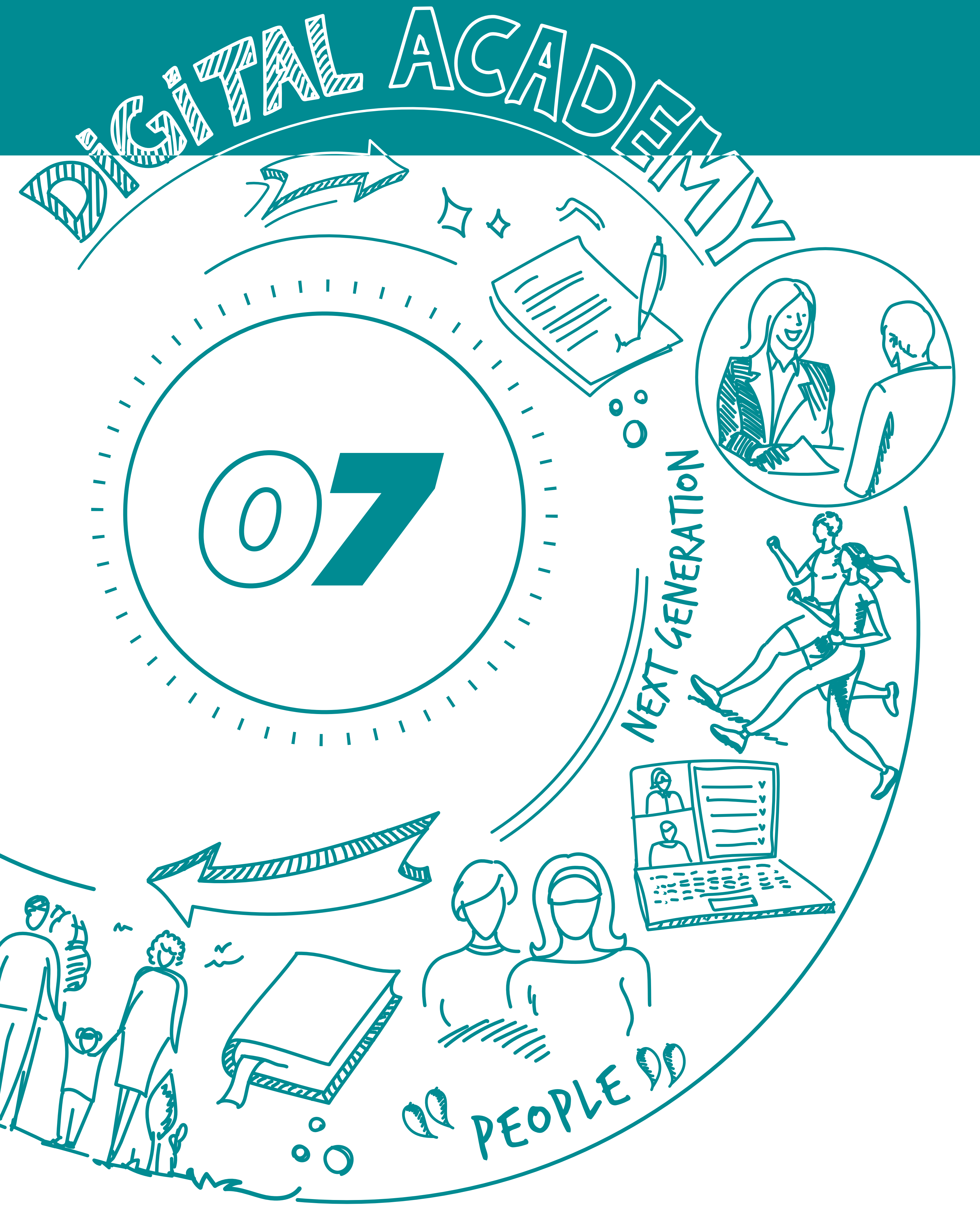
Operations assessed for risks related to corruption (205-1)		2022	2021	2020
Operations assessed	No	0	0	0
% on total risks	%	0	0	0

HUMAN RESOURCES MANAGEMENT

Materiality for the business operations of the Crédit Agricole Italia Banking Group

Policies on this topic

Activities and performance of operations


DIGITAL ACADEMY
07
NEXT GENERATION
PEOPLE

HUMAN RESOURCES MANAGEMENT

MATERIALITY FOR THE BUSINESS OPERATIONS OF THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

People are a **fundamental asset for the Crédit Agricole Banking Group.** They are at the core of the human relationship that is typical of the Group's way of doing banking business, with priority focus on Customers' needs and on proximity to communities and regions. Its personnel's professional skills, readiness to help, closeness and ability to generate trust are the basis the Group relies on to establish strong relationships with its regions and aim at development and innovation of the services it provides. As **people are the driver of growth and evolution**, the Group has the strategic priority of ensuring their wellbeing and promoting their professional growth. The topics that, in the materiality assessment, represent the Group's people are Development of Human Resources, enhancement of diversity and centrality of people.

POLICIES ON THIS TOPIC

In the Group, every person is given incentive and support in his or her individual path to growth with **training programmes designed to enhance skills and crosswise paths and career plans** ensuring professional growth also internationally. In this regard, **intra-group synergies, thanks to the** possibility of **working in Italy and abroad**, are a key development factor for the Bank and an important opportunity to promote cultural diversity and culture dissemination and cross-fertilization between the Crédit Agricole entities worldwide.

Training ranges from **Change Management**, to **Digital Culture**, to relational approaches with Customers, to Business Methods. Besides training, the Group protects the high quality of its human capital selecting the best talents on the market with growth prospects proportional to the Group development.

The management of people is governed by a structured procedure that comprises listening, development and assessment and that ensures that a professional growth path can be built in a shared and transparent way, allowing people to play the leading role in their professional development.

In compliance with the requirements laid down by Directive 2014/65/EU (MiFID II), with the Guidelines issued by the European Securities and Markets Authority (ESMA/2015/1886) and with the Resolution on Intermediaries adopted by CONSOB with resolution no. 20307 of 15 February 2018, the Group has adopted its Policy on fit requirements in terms of knowledge and expertise of its Personnel engaged in investment services, which provides for verification, through specific formal processes, the knowledge and expertise of the personnel members engaged in advisory services, provision of information on financial instruments, investment services or ancillary services and that operates within corporate processes concerning investment services or provision of information.

Furthermore, the Code of Ethics and the Code of Conduct govern the aspects regarding **welfare, inclusion and enhancement of diversity** with specific directions for the management of people and their professional growth and for the assessment of wellbeing in the work environment. Lastly, the **Charter of Respect** sets out the Group's principles of ethics on the protection of gender diversity and respect for individuals; it also promotes a work environment based on human relationships, sharing, exchange of views and cooperation.

The Group has chosen to fully pursue its strategies for female talent enhancement and equal opportunity signing also the ABI-promoted **Charter of women in banking**, which promotes inclusion and gender diversity values at all stages and levels of the work relationship.

ACTIVITIES AND PERFORMANCE OF OPERATIONS

The people represent the Group in all regions in which it operates and are the bearers of the values, the mission and the culture that are the Group's distinctive features This is why the Crédit Agricole Italia Banking Group is committed and dedicates resources to professional training, to crosswise paths, career plans and to the initiatives for its employees' wellbeing, in order to create a welcoming and comfortable work environment able to fruitfully stimulate everyone's potential.

Breakdown of staff		2022	2021	2020
Employees as at 1 Jan.	**No**	**13,096**	**9,740**	**9,751**
New recruits	No	697	363	311
Incoming personnel subsequent to Credito Valtellinese transaction	No	3,400	3,451	0
New recruits subsequent to the FriulAdria Combination	No	1,325	0	0
New recruits for intra-group acquisition	No	3	13	9
Incoming personnel for extra-group acquisition (company not belonging to the Crédit Agricole Italia Banking Group)	No	11	-	-
Dismissals	No	1,118	460	325
Outgoing personnel subsequent to Credito Valtellinese transaction	No	3,412	0	0
Outgoing personnel subsequent to the FriulAdria Combination	No	1,325	0	0
Terminations (intra-group)	No	3	11	6
Outgoing personnel for extra-group termination (company not belonging to the Crédit Agricole Italia Banking Group)	No	3	0	0
Employees as at 31 Dec.		**12,671**	**13,096**	**9,740**
Breakdown of staff (2-7)		**2022**	**2021**	**2020**
By gender				
Men	No	6,519	6,841	4,850
Women	No	6,152	6,255	4,890
By geographical area				
Italy	No	12,667	13,092	9,736
NORTHERN ITALY	No	9,623	9,972	7,823
Veneto	No	688	716	604
Friuli Venezia Giulia	No	750	825	865
Emilia-Romagna Region	No	3,782	3,844	3,823
Lombardy	No	3,274	3,430	1,524
Liguria	No	537	559	576
Trentino Alto-Adige	No	37	37	0
Valle d'Aosta	No	3	3	0
Piedmont	No	552	558	431
CENTRAL ITALY	No	1,862	1,928	1,382
Tuscany	No	891	924	881
Lazio	No	631	656	384
Umbria	No	72	71	58
Marche	No	268	277	59
SOUTHERN ITALY	No	1,182	1,192	531

continues

Breakdown of staff		2022	2021	2020
Campania	No	531	527	531
Sicily	No	650	663	-
Puglia	No	0	1	-
Sardinia	No	1	1	-
Abroad	No	4	4	4
Total	**No**	**12,671**	**13,096**	**9,740**
Employees by qualification				
Graduate and post-graduate	No	6,826	6,490	4,307
High school diploma	No	5,585	6,259	5,117
Other	No	260	347	316

Employees by position, age group and gender (405-1)		2022	2021	2020
Senior managers	No	151	156	114
<30 years	No	0	0	0
of which women	%	0	0	0
30 - 50 years	No	33	37	34
of which women	%	42.4	35.0	43.2
> 50 years	No	118	119	80
of which women	%	18.6	11.3	12.6
Junior Managers	No	5,507	5,802	4,385
<30 years	No	0	0	0
of which women	%	0	0	0
30 - 50 years	No	2,312	1,976	2,029
of which women	%	37.2	37.1	39.6
> 50 years	No	3,195	2,409	2,303
of which women	%	37.0	36.8	39.4
Professional area (job level)	No	7,013	5,241	5,299
<30 years	No	917	459	417
of which women	%	56.6	51.7	52.9
30 - 50 years	No	3,926	2,917	3,022
of which women	%	60.3	60.0	64.4
> 50 years	No	2,170	1,865	1,860
of which women	%	54.7	53.7	54.5
Protected groups/disabled (in the annual statement)	**No**	**780**	**595**	**614**

Diversity of governance bodies and employees (405-1)		2022	2021	2020
Senior managers	No	36	31	21
Junior Managers	No	2,043	2,142	1,732
Professional area (job level)	No	4,073	4,082	3,137
Total	**No**	**6,152**	**6,255**	**4,890**
Seniority				
<= 5 years	No	2,008	1,652	1,255
6 - 20 years	No	5,652	5,812	4,331
21 - 30 years	No	2,252	2,469	1,652
> 30 years	No	2,759	3,163	2,502
Employees by contract type (GRI 2-7)				
Permanent contract	No	12,171	12,860	9,566
- of which women	No	5,851	6,135	4,800
Fixed term contract	No	500	236	174
- of which women	No	301	120	90

Training-work (GRI 2-7; 2-8)		2022	2021	2020
Apprentices (of which permanent contracts)	No	1	1	1
Atypical contracts	No	3	0	17
Internship	No	4	43	25
Apprentices (of which permanent contracts)	No	1	1	1
Total	**No**	**9**	**45**	**44**
Part-time (GRI 2-7)				
Employees with part-time contracts	No	1,609	1,721	1,269
- of which women	No	1,531	1,638	1,216
Average age (years, months)	No	46.10	47.08	47.04

Composition of governance (management and control) bodies of the companies of the Group (405-1)*		2022	2021	2020
By age group and gender				
< 30 years of age	No	0	0	0
- of which women	%	0	0	0
30 - 50 years	No	9	11	9
- of which women	%	67	73	44
> 50 years	No	44	65	49
- of which women	%	16	14	10

* In 2022 the composition by role of the governance (management and control bodies of the companies of the Group breaks down as follows: 16 members of the Board of Auditors (of which 4 women) and 37 members of the BoD (of which 9women).

Members of internal governance bodies by geographical origin		2022	2021	2020
Italy	No	39	56	41
	%	73.58	74	71
France	No	14	20	17
	%	26.42	26	29
Other Countries	No	0	0	0
	%	0	0	0

Collective bargaining and trade unions representation (GRI 2-30)		2022	2021	2020
Employees under national collective bargaining agreements	No	12,671	13,096	9,740
	%	100	100	100
Employees that are members of a trade union	No	10,836	11,337	8,416

The minimum notice periods regarding operational changes (402-1) is the one provided for by the applicable national collective bargaining agreement. No prior notice applies in case of transfer within the same municipality of if the transfer has been requested by the personnel member.

New hires (401-1) hires + contracts taken over)		2022	2021	2020
Hire rate*	%	42.90	3.19	2.90
Hire rate from the market	%	5.59	3.19	2.80
By age				
<30 years	No	591	226	180
30 - 50 years	No	107	141	135
> 50 years	No	10	11	5
By gender				
Women	No	392	178	137
Men	No	316	200	183
By position				
Senior managers	No	4	1	2
Junior Managers	No	58	59	80
Professional area (job level)	No	646	318	238
By geographical area (place of work)				
Sicily	No	3	-	-
Campania	No	19	18	9
Emilia-Romagna Region	No	296	164	136
Friuli Venezia Giulia	No	30	25	6
Lazio	No	9	13	19
Liguria	No	35	22	12
Lombardy	No	205	68	95
Marche	No	2	0	1
Piedmont	No	61	24	12
Tuscany	No	13	10	8
Umbria	No	0	0	0
Veneto	No	34	32	22
Trentino Alto Adige	No	1	2	0

* As regards the hire rate/turnover rate, the increase in the rate vs. the previous year resulted from the absorption of Credito Valtellinese and FriulAdria into CAI in 2022.

Terminations (401-1)		2022	2021	2020
Termination rate*	%	46.23	3.40	3.99
Termination rate with no intra-group transfers	%	9	3.34	3.90
By reason				
Resignation	No	251	143	76
Resignation for extra-group move	No	3	11	6
Solidarity Fund	No	555	0	2
Expiry of fixed-term contracts	No	35	28	30
Retirement	No	248	309	187
Dismissals	No	5	0	0
Voluntary redundancy	No	9	0	0
Other	No	15	31	30
By age			**0**	**0**
< 30 years	No	86	49	43
30 - 50 years	No	182	111	68
> 50 years	No	853	362	220
By gender			111	68
Women	No	490	202	131
Men	No	631	320	200
By occupational category				
Senior Managers	No	18	3	8
Junior Managers	No	479	217	134
Professional area (job level)	No	624	302	189
By geographical area				
Campania	No	29	23	17
Emilia Romagna	No	319	170	122
Friuli Venezia Giulia	No	106	63	28
Lazio	No	34	11	6
Liguria	No	48	35	35
Lombardy	No	364	116	65
Marche	No	13	1	0
Piedmont	No	59	31	20
Tuscany	No	52	23	14
Umbria	No	4	4	0
Veneto	No	57	37	23
Trentino Alto-Adige	No	1	2	0
Valle d'Aosta	No	0	6	0
Sicily	No	35	6	0
Other	No	0	0	1

* As regards the hire rate/turnover rate, the increase in the rate vs. the previous year resulted from the absorption of Credito Valtellinese and FriulAdria into CAI in 2022.

People and skills

Training and Development

4 QUALITY EDUCATION

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

The people management policy substantiates in a model that places people at the center of the corporate strategy, listening to them, enhancing their skills, the experience they have gained, their potential and their personal ambitions. In 2022 the process to certify skills continued through innovative artificial intelligence tools **("Audrey"** project), which enable to develop bespoke growth path, pursuing the utmost consistency between the proposed contents and strengths and weaknesses detected.

INCLUSION OF ESG AND D&I FACTORS IN THE ASSESSMENT SYSTEM

Work continued on a professional assessment model for the Group's personnel, relying on a harmonized set of behavioural values, including a **"behaviour" linked to ESG and D&I matters**. The addresses of the MbO process are subject to assessment based on the same behavioural values used for the other personnel members, and the process provides for a proposal to be made by the Manager and for the organization of an "extended" discussion group, coordinated by HR, to discuss and certify the final result before the feedback meeting.
Furthermore, the discussion group also includes a **controller for diversity and inclusion** principles.
The managerial assessment outcome is a non-economic indicator that is taken into account in the MbO process on the relevant sheet and contributes to the determination of the remuneration variable component for the accrual year. Furthermore, also for 2022, on a voluntary basis and anonymized, a 180 degree feedback or bottom-up assessment system was applied to the same behavioural values for a small but relevant target sample of the Group's managers and a 360° assessment system was applied for a small perimeter of managers.

In order to foster further **development of the managerial skills of the Crédit Agricole Italia Banking Group's Managers**, also in 2020 an important **coaching programme** was organized, which, in cooperation with some external companies, involved Managers in individual and group experiences. This scheme allows one's potential to be maximized and the expression of a leadership that is more and more consistent with the Company's values. To help the resources to be fully aware of and take responsibility for the direction that they want to give to their professional and personal growth, as well as to develop the appropriate skills to realize their potential, in-company and inter-company **mentoring programmes**, which, thanks to experienced mentors, are a key tool for the development of our resources.

Furthermore, the **activity supporting the appointment of future Branch Managers**, with tools to assess their potential, technical skills and managerial characteristics, along with experiential opportunities for development.

At the same time, a project started for strong **enhancement of female talent**, which involves all the Group's female employees that have been identified as high-potential, in order to provide them with the most suitable tool to develop their career path and to realize their professional ambitions.

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision- making in political, economic and public life.

Since last year, substantiating its committed to ensure gender equality and enhancement of female talent, the Bank has deployed actions for women empowerment. The Group has set inclusion as one of its strategic objectives, giving evidence of its commitment to these matters and, in 2022 provided once again support to several initiatives in this scope:

- **Inclusive leadership:** a cycle of dialogues on women's role in society and at work, in order to strengthen a distinctive leadership style for women, being fully aware of and addressing gender biases;
- **Female leadership:** path to the enhancement of female talent to give food for thought and stimulate virtuous practices in terms of inclusion and female leadership (approx. 200 high-potential women have been trained in the last few years);
- **Initiatives promoted by Valore D:** an association that, for over ten years, has been working to promote gender balance and inclusive culture in organizations.

In general, in 2022, Crédit Agricole Italia adopted an approach to training and dissemination of the economic, financial and behavioural increasingly **phygital**, that is to say aimed at combining the immediateness and usability of digital with physical interaction, where it could be done, in order to offer an integrated and innovative experience. Thanks to this approach, in the year, the Bank could provide close to120,000 hours of classroom training featuring high interaction and emotional/relational impact.

The training engagement aimed at the evolution of Crédit Agricole's managerial model was also considerable and was put in place through **managerial and leadership training**, which involved about **370** managers of the Group. This training programme aims at developing leadership, entrepreneurship and delegating. To foster the spreading of managerial behaviours and practices, the offer of training pills on **soft skills** was enriched with new ones strictly relating to this scope and over 4000 resources attended at least one course.

Furthermore, in order to assist the resources engaged in the ambitious ESG programme, training courses were developed both to disseminate a sustainability culture throughout the company and to provide the necessary skills to address challenges in the best possible way.

The initiatives involved a total of **2,653** resources (of which 1,263 on staff at the Commercial Network) and enabled over **1,375** resources to achieve an official ESG certification.

ESG contents are being more and more included in the training programmes dedicated to the Group's employees. Specifically, work continued in order to maintain the **EFPA ESG Advisor certification** for the Account Managers serving Customers in the Affluent segment, who had achieved it in the previous year. This is an important step to consolidate the knowledge in the environment, social and governance field, which has proved more and more necessary to provide advisory services aimed at meeting the needs and requirements of our Customers.

A path to the evolution of advisory services was also developed and is focused on the **CA VIP** new bespoke advisory service, whereby our Customers in the Private Banking channel cane be provided with a distinctive service. The Advisory central structure was also strengthened, in order to provide the bankers with further support in responding to the needs of this customer segment.

Its attention to the **ESG** world has led the Group to include sustainability factors also in its service model. Specifically, since August 2022, CAI protection model has been supplemented with a new **control on portfolio sustainability**, which verifies the consistency between the ESG preferences expressed by the Customer via the MiFID questionnaire and the portfolio average ESG rating. In November, the **ESG Target Market control** was also implemented. Thanks to these implementations, our Customers' portfolios can be analyzed in terms of sustainability, with the possibility of serving Customers that want to invest in products with high ESG ratings to their satisfaction. The evidence of the sustainability control has also been included in the reporting to Customers.

Training on customer satisfaction

Customer satisfaction remained central in the training activities performed last year, with specific classrooms and workshops to identify and strengthen the practices aimed at achieving excellence in customer satisfaction. The relational aspect remains a fundamental and distinctive element in banking operations, it affects customer satisfaction and the Bank's reputation and business performance. Dialogue with its Customers is a constant commitment for the Group, and this is the reason why it serves its Customers with a well-established and long-standing relational model based on **quality, reliability and trust**.

To that effect, in 2022 several initiatives were proposed:

- **Up-Re/skilling programme:** especially for resources having commercial functions; to support resources that are interested to take on a different role, specific programmes were organized focusing on the technical knowledge and skills required for the future role. In 2022, approximately 600 upskilling and reskilling actions were conducted, with specific focus on the Retail banking channel.
- **Training skills:** training contents provided through "Digital Academy", the Company's e-learning platform that is enabled for all the people working at Crédit Agricole in Italia.
- **Relational approach of excellence:** programme designed in synergy with the Customer Satisfaction also remotely. Over 900 hours of training in physical classrooms were provided.

Furthermore, a new specific **programme dedicated to new Branch Managers** started and aims at ensuring more specific training on investment instruments or loans, and focuses also on anti-money-laundering and transparency.

Of the main results achieved in 2022, worth mentioning is the **completion of the onboarding of the former-Credito Valtellinese** people, with training aimed at ensuring clear orientation and at supporting fast and full integration. To date, 98% of that perimeter has been involved in training activities (213,495 hours of training provided).

Employer branding activities also continued, with initiatives aimed at **engaging and attracting young talents** and at promoting the company's image. Furthermore, the onboarding programmes dedicated to young people were strengthened, with training and development initiatives, in order to facilitate their becoming part of the structure and to foster dialogue, besides enriching and supplementing knowledge and skills.

Training (404-1)		2022	2021	2020*
Hours of training provided	**Hours**	**602,010**	**522,601**	**555,823**
- of which to women	Hours	286,848	249,863	285,655
Average hours of training per employee	Hours	48.32	39.91	57.1
By position				
Senior managers	Hours	3,898	3,751	2,022
Junior Managers	Hours	272,546	241,215	265,589
Professional area (job level)	Hours	325,500	277,635	288,212
Average hours of training by position**				
Senior managers	Hours	26.9	24	17.7
Junior Managers	Hours	49.9	42	60.6
Professional area (job level)	Hours	47.6	39	55.0
Average hours of training by gender**				
Men	Hours	49.1	40	55.7
Women	Hours	47.5	40	58.4
By training method				
Classroom	Hours	38,305	3,239	21,916
Online	Hours	483,842	109,714	102,182
Virtual classroom	Hours	79,863	174,457	28,151
Remote training	Hours	0**	235,081	403,575
Mentorship/Internship	Hours	66	111	0
By type				
Mandatory training	Hours	456,340	359,709	499,413
Funded training	Hours	5,358	74,415	12,761
Training to apprentices	Hours	0	0	0

* Starting from 2020 the Group's employees that have been posted to foreign entities are not included in the reporting scope.

** In 2022 the remote training field was no longer on record in the Group's systems. Therefore, remote training is part of the "on line" and "virtual classroom categories".

Training costs		2022	2021	2020
Amount of financed training	€	755,554	480,000	755,000
Training abroad				
Senior managers	Hours	0	0	0
Junior Managers	Hours	0	0	0
Professional area (job level)	Hours	0	0	0
Breakdown of training by topic area				
Commercial	Hours	221,526	138,156	28,353
Insurance	Hours	65,199	41,698	233,973
Credit	Hours	22,343	27,323	9,323
Abroad	Hours	0	92	14
Finance	Hours	44,175	107,090	7,967
Legislation	Hours	178,340	124,212	256,294
Operational	Hours	28,782	38,011	8,163
IT /Foreign languages	Hours	35,932	26,150	7,746
Managerial	Hours	5,713	19,869	4,004
Managerial for seniors (over 65)*	Hours	16.51	0	0

* The figure on managerial training for seniors (over 65) is a breakdown component of the overall managerial training, based on the age of the resources that received it. There is no area dedicated to managerial training for seniors.

Performance measurement (404-3)*	Assessed population via assessment of 2022 performances	Assessed population via Managerial assessment of MBO in 2022**	Assessable personnel in the year 2022
	no.	no.	no.
Senior managers	**0**	**107**	**107**
Senior Managers - Women	0	28	28
Senior Managers - Men	0	79	79
Junior Managers	**5,199**	**76**	**5,335**
Junior Managers - Women	1,938	9	1,996
Junior Managers - Men	3,261	67	3,339
Professional area (job level)	**5,941**	**0**	**6,230**
Professional area (job level) - Women	3,421	0	3,595
Professional area (job level) - Men	2,520	0	2,635
Total	**11,140**	**183**	**11,565**

* The figures do not include apprentices that are assessed with a specific measurement process. The percentages are calculated based on total people that can be assessed.
** Senior Managers and some Managers of the Group - by position held - are assessed through the Managerial/MBO assessment process.

Performance measurement (404-3)	Percentage of personnel assessed in 2022**	Percentage of personnel assessed in 2021*	Percentage of personnel assessed in 2020
	%	%	%
Senior managers	**100.0**	**100.0**	**100.0**
Senior Managers - Women	100.0	100.0	100.0
Senior Managers - Men	100.0	100.0	100.0
Junior Managers	**98.9**	**99.0**	**98.4**
Junior Managers - Women	97.5	98.5	98.1
Junior Managers - Men	99.7	99.3	98.6
Professional area (job level)	**95.4**	**97.4**	**97.0**
Professional area (job level) - Women	95.2	97.2	98.1
Professional area (job level) - Men	95.6	97.6	97.4
Grand total	**98.0**	**98.2**	**98.1**

* The data do not include Creval perimeter, as the performance measurement method is different between the banks.
** The figures do not include apprentices that are assessed with a specific measurement process.

Promotion by position		2022	2021	2020
Senior managers	**No**	**9**	**12**	**0**
- of which women	No	5	6	0
Junior Managers	**No**	**288**	**475**	**205**
- of which women	No	121	198	80
Professional area (job level)	**No**	**472**	**885**	**415**
- of which women	No	260	505	263

People at the centre

Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.

In 2022, we gradually returned to ordinary management of agile working, alternating days of work at the Bank's premises and days of work from home; the Firm has **maintained the possibility for all its employees of agile working.**

Specifically, for the commercial network, within the experimentations stated in the Acte II del **Projet Humain 2022-2025**, Crédit Agricole Italia has continued the trial of the **"Vince la Squadra...SMART!"** Agile project, which was developed to help the people and teams on staff at all branches in Italy to find new work methods, through specific training, in order **to increase the added value provided to Customers.** At the same time, the project also enables to **increase work flexibility**, contributing to the conciliation of work and family commitments. To support the IT transformation and strengthening data lake skills, a training programme started which comprises both the administration of pills to all the Firm population and, in parallel, also activities focusing in specific targets of employees.

In 2022 the Crédit Agricole Italia Banking Group continued with its strategic programme for generational turnover, which started in 2021. The Group started a voluntary redundancy scheme offering incentives for up to a total of **1,000 resources**, with concomitant hiring of 500 recent graduates in the 2021-2023 period. In order for the turnover to be appropriately gradual, four timeslots in 2022 and 2023 have been set for the resources who have taken the voluntary redundancy scheme to leave. In 2022 **620 young people under 35 years** of age were hired. With the **Next Generation** Plan, a strategic initiative for generational turnover, the work to diversify profiles and skills continues with the entry of young people with university backgrounds in humanities, digital/IT and quantitative majors, as well as in economics and law.

Furthermore, the process of **Onboarding, training and development** of new hires was revised, with the target resources involved in initiatives designed to enable them to fit in with the other generations on staff, to develop their personal characteristics and talent, with strong focus on soft skills and with the participation in events and projects aimed at increasing their sense of belonging and bringing innovation into the Group.

Lastly, again in 2022, the Crédit Agricole Italia Banking Group took part in the **climate survey** of the Crédit Agricole Group. 87% of the Crédit Agricole Italia Banking Group's personnel took part in the 2022 survey. The evidence found with the survey is being analyzed in order to clearly identify strengths and weaknesses and to design a specific action plan addressing weaknesses.

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

The Group's commitment to Diversity and Inclusion

For several yeas now, the Group has been engaged in enhancing diversities in order to **generate shared value**, in a long-term sustainability trajectory, consistency also with the commitment of the Parent Company Crédit Agricole S.A. Pursuing these objectives, Crédit Agricole Italia aims not only at better and better understanding Customers' needs, but also at ensuring that every person in the Group be able to **express his or her potential in the best** possible way, feeling free safe, welcomed and supported in performing his or her job.

To that effect, in 2022 the development of **different projects**, which have been going on for several years, continued aimed at the inclusion of the full range of diversity.

- Partnership with **Valore D**, an association that promotes gender balance and an inclusive culture in organizations. Valore D supports the Group in creating new inclusive organizational models through training sessions held on a yearly basis and cross-company mentorship programmes and D&I events. Specifically, in 2022, the Group cooperated in the "Labour of care and parenthood" project of Valore D, an initiative that intends to promote a **cultural change** towards higher gender equality
- Partnership with **Lifeed**, whereby the Group has continued on its path of enhancement of care work and of raising awareness about it. Specifically, with the go-live at the beginning of the year of the **"Lifeed CARE"** platform, the Group's resources that are also **Caregivers** were provided with a tool that they could use to to think about their life experiences and recognize that the skills gained from "Labour of Care" may be useful also at work, becoming a true opportunity for growth
- Partnership with **Parks - liberi e uguali**, a nonprofit organization that promotes the value of diversity, within its member companies, with specific focus on sexual orientation and gender identity (LGBT)
- The **"Lavanderia Solidale"** projects, which originated from the partnership with some social cooperatives that promote the employment of people with severe disabilities, involving them in employment orientation initiatives. The project, now operating in Parma, Piacenza and Milan, is a social inclusion initiative that promotes support to people with severe disabilities, their employment in the community and circular and local economy through the collection of used clothes and accessories.
- The **"Accessibility Project"** dedicated to men and women of the Group having sensory disabilities, by setting up an interfunctional work group and by defining specific objectives.
- Consistently with Crédit Agricole S.A., intergenerational exchanges have been promoted, through internal programmes. Within the cooperation with Le Village by CA Milano, the Le **Village Experience** project was also held, which gave the opportunity to a group of CA Italia personnel members with high experience and seniority at the company of working with a startup for a short period of time in order to promote a culture of innovation via bilateral exchange of competences. In 2022, the Bank cooperated with Le Village by CA Milano, and with Le Village by CA Parma.
- As to Wellbeing, the **"Good Life"** project also continued, the programme - dedicated to all Men and Women of the Group - that focuses on personal wellbeing through initiatives focusing on the concept of «being well» inside and outside the Company The pillars on which it rests: Sports; Nutrition; Prevention; Psychological Wellbeing; Work Life Balance. In 2022 the project focused on Sports at the HQ in Milan and in Parma
- As regards welfare, the cooperation with the **Numero Verde Benessere service** continued, which consists in psychological support provided by phone reserved to all the personnel of the Group and their families and it can be called 24/. The service is provided fully anonymously by a firm with a staff of trained and experienced psychologists, who are ready to address both personal and work-related matters. This initiative is a tangible way to express the value of listening and closeness to all the people of the Group.
- At "Green Life" the Group Headquarters, **CARIBIMBI**, the Company Day Care, continues in operation providing concrete response to one of the most delicate and important needs of families, such as children's education.

*Since 2022, in Milan, the second "Lavanderia Solidale center opened".

DIVERSITY & INCLUSION: 2022 HIGHLIGHTS

1. Partnership with Elis for the **School Project** - which involved over 1900 students in 14 Italian cities (where the Group operates) in order to increase their awareness about future matters with special focus on sustainability and D&I and to provide them with guidance in their training and occupational orientation.

2. The extension of **parental leave for fathers pursuant to the law**, thanks to the fruitful dialogue with all the Trade Unions. This measure is one of the new initiatives that enhance the importance of shared parenthood for all, facilitating work-life balance.

3. Partnership with **"Run 4 Inclusion"**, the first non-competitive run to support the values of uniqueness, inclusion and sustainability. The Run For Inclusion was held just before our **Month of Diversities**: five days of initiatives and events that, as every year, involved all the People of the Group to provide food for thought on inclusion topics The Month was structured on 4 main streams: inspiring by means of virtuous examples, accompanying by means of external points of view, inspiring to be a driver of change and increasing awareness to reflect and generate culture.

4. The update of the **"Charter of Respect"** involving in house approximately 70 People of the Group as **Influencers of Respect** in order to make the Charter more tangible.

5. The go-live of the "Lifeed CARE" programme, a master's programme dedicated to Caregivers; Crédit Agricole Italia participated in "4 weeks 4 inclusion", for the first year, together with the entities of the Crédit Agricole Group in Italy, with an event on Care Work.

6. Crédit Agricole Italia was awarded a prize by **Lifeed** as a **Caring company®**, which acknowledges firms that enhance the work-life synergy, have a caring leadership model in force and can continuously put people with their diversities at center stage.

7. The Group was awarded a prize also at the 2022 **"Disability Matters Europe"**. Award to our Group within the "Disability Matters Europe" 2022 event for its activity in the **"Diversity & Inclusion"** scope and for its social commitment substantiated with initiatives involving the communities and the empowerment of people with disabilities, such as our **"Lavanderia Solidale"** project.

Return to work and job retention rate after parental leave (401-3)		2022	2021	2020
Number of employees that are entitled to parental leave number	No	4,294	4,079	3,327
- of which women	No	2,240	2,090	1,785
Number of employees that applied for parental leave number	No	726	795	492
- of which women	No	550	595	375
Number of employees that returned to work after parental leave	No	682	755	479
- of which women	No	516	561	366
Number of employees that returned to work after parental leave	No	570	487	606
- of which women	No	437	370	501
Rate of return to work of employees after parental leave	%	99,3	100	100
of which women	%	100	100	100
Retention rate of employees that were on parental leave	%	98.62	98.98	99.18
of which women	%	99.77	98.67	99.21

* The data do not include the information on the Credito Valtellinese bank for the period before the migration.

Average hours of overtime per capita (professional area)		2022	2021	2020
Professional area (job level) personnel	No	7,013	7,138	5,241
Hours of overtime (for CAGS including those accrued at CRP/BPFA)	Hours	287,067	221,222	238,917
Average hours of overtime per capita (professional area)	No	40.93	30.99	45.59

Absences by type (403-9)		2022	2021	2020
Disease	dd	103,199	73,197	74,317
Accidents	dd	2,555	2,379	2,426
Trade union leaves (excluding special scheme leaves)	dd	11,672	11,582	10,160
Law 104	dd	18,422	17,947	23,925
Strike	dd	57	212	1
Other (paid and unpaid leaves)	dd	556	838	717
Total	**dd**	**136,461**	**106,154**	**111,545**

The Gender Inclusion project

The Group's commitment to gender inclusion was put in practice in an even more organic manner by designing a **"Gender Inclusion"** three-year plan comprising concrete activities and organized on 3 project streams concerning **Change Management** to promote diverse behavioural and leadership styles, Work-life Balance, to foster respect for **work-life balance**; **Equity&Pay Gap**, to ensure that all jobs within the firm are on the same level based on merit, role and remuneration irrespective of gender.

The main initiatives under the Project

Work Life Balance

- Update of the Charter of Respect, which lays down principles and rules aimed at ensuring an inclusive corporate environment, also through proper management of meetings, e-mails, working hours;
- Adoption of solutions to support parenthood (e.g. parental leave for fathers and updating of the process to support and guide new parents);
- Work-life balance tools (e,g. Progressive extension of the smart working mode to the Commercial Network);
- Support to caregivers: the Lifeed platform went live to enhance the care work and the abilities of caregivers.

Change Management

- Training initiatives on change management and D&I, to build a new more inclusive leadership style, going beyond the traditional managerial model;
- Targeted training for the empowerment of young women and female leadership:
- Mentoring with female role models for professional development and coaching programmes; campaign to increase the awareness of the importance of language for an inclusive approach.

Equity & Pay Gap

- Update of the professional assessment system supplementing it with diversity-related items and values;
- Populating nurseries for the preparation of specific development plans to enhance high-potential women;
- Appointment systems to increase the number of women in managerial roles (with the goals of reaching 40% of high responsibility positions held by women by 2025);
- Adoption of rules ensuring gender balance of the members of corporate Committees and Project Teams;
- Analysis of the gender pay gap, applying the equal pay for equal work principle.

40%

Target of women holding high responsibility positions by 2025

In the activities for gender equality, also in the light of the applicable legislation, in 2022 the Group started the "Gender Pay Gap" project stream, in order to analyze gender pay equality and to plan, implement and monitor the corrective measures deemed appropriate.

In this scope and in compliance with the regulatory obligations on this matter, the Board of Directors, with the support of the Remuneration Committee, assesses the gender neutrality of the remuneration policy and any gender pay gap.

In compliance with the GRI standards and as done in the previous non-financial reporting exercises, the pay aggregates broken down by job category and gender are given below.

Total average annual gross base pay (fixed + variable) (FTE) (405-2)		2022	2021	2020
Senior managers				
- men	€	211,116	216,237	204,519
- women	€	144,689	145,548	140,893
- women/men pay ratio	%	68.54	67.31	68.89
Junior Managers				
- men	€	69,697	67,523	67,019
- women	€	62,146	60,523	59,239
- women/men pay ratio	%	89.17	89.63	88.39
Professional area (job level)				
- men	€	41,857	41,664	41,367
- women	€	41,597	41,515	41,133
- women/men pay ratio	%	99.38	99.64	99.43
Average annual gross base pay (FTE) (405-2)		**2022**	**2021**	**2020**
Senior managers				
- men	€	154,785	157,804	155,422
- women	€	113,383	113,564	109,648
- women/men pay ratio	%	73.25	71.97	70.55
Junior Managers				
- men	€	61,978	61,603	60,352
- women	€	55,994	55,920	54,617
- women/men pay ratio	%	90.35	90.77	90.50
Professional area (job level)				
- men	€	39,566	39,867	39,491
- women	€	39,418	39,759	39,223
- women/men pay ratio	%	99.62	99.73	99.32

The table shows essential gender equality in the ratio of remuneration average value of women employees and men employees as regard professional areas (job level)i. The pay gap is slightly wider for Junior Managers, whereas the lower number of women that are senior or top managers and recent taking of the role by women in positions entailing higher responsibility determines a wider spread in the remuneration ratio as regards Senior Managers.

If the gender pay gap is surveyed not by category but by job positions, therefore considering the complexity of the role held, along with the related individual seniority, the results prove less significant, with appreciable improvements year-over-year.

Considering that Banks are allowed to identify further approaches for gender pay gap analysis, since 2022 the Group has implemented an internal model based on the "Equal Pay for Equal Work" principle, which enables to measure the gender pay gap by homogeneous clusters and, therefore, comparable, which are defined as having equal complexity ("grade"), role and seniority.

Overall, with the application of the aforementioned approach, the analyses as at 31 December 2022 detected a pay gap for an amount rather modest and limited to a small panel of roles, accounting for approximately 1% of the women in the Group (62 women), markedly improving vs. 2021 (115 women, accounting for 2% of women), thanks also to the activities carried out in 2022. Furthermore, the analyses showed essential equality between the average remuneration of the two genders as regards positions having lower organizational complexity, essentially consisting of clerical jobs. The gap was found slightly wider, although still modest and decreasing vs. 2021, in the positions with high complexity and responsibility (especially in the senior management category) in which the smaller number of women and recent taking of the role determine a larger gap.

In 2022, based on the outcomes of the survey on the data as at 31 December 2021, the Group implemented some of the actions provided for by the forward-looking plan submitted to the Board of Directors:

- Management Policies: the Group continued to be true to its commitment to ensuring equal opportunities to men and women in the processes for human resources. New initiatives were carried out aimed at increasing the number of women in senior manager positions and in jobs with high responsibilities. Furthermore, all executives have been assigned a specific “key performance indicator” in the 2022 MBO system, in line with the Firm’s goals.
- Remuneration Policies: in the reporting year, the positions of women showing gaps at the end of 2021 were assessed. Based on the gap significance, and along with considerations on merit, seniority in the role and performance, for some of them the pay was revised closing the gap or reducing it, in view of progressive and gradual pay alignment. Furthermore, from 2023, the decision-making criteria doe remuneration review will include the gender pay gap.

In 2022i **76 meetings with the Trade Unions** were held, which led to the signing Agreement valid for the Banking Group as a whole. The most important ones concerned: the integration of Creval and Crédit Agricole FriulAdria, besides measures to support parenthood. The completion of the legal and contractual procedures relating to the merger, integration and reorganization of Creval and Crédit Agricole FriulAdria, which were signed in April and November respectively, in a scenario with no management repercussions, provided for the extension of the main regulatory treatments for the management of employment relationships, thus achieving progressive streamlining of treatments based on unitary identity of the Group' resources. The integration of Creval and Crédit Agricole FriulAdria completed the "Single Bank", project, contributing to sustainable growth, creating added value for businesses, households and stakeholders, thanks to the Bank's belonging to a big international Group with strong regional roots, which ensures proximity to Customers.

As regards supplementary pension schemes, thanks to the agreements signed with the Trade Unions, as of 1 January 2023 Crédit Agricole Italia Pension Plan will be the sole pension scheme of the Group, able to offer its members a wide range of pension and investment solutions. The agreements signed to that end provide for the company contributions to be maintained at the same level and to be allocated in the future to Crédit Agricole Italia Pension Plan.

Furthermore, in 2022 the agreement on employee bonuses was signed pursuing continuous enhancement of the welfare solution, enriched with the possibility to purchase **"grocery vouchers" and "fuel vouchers"** besides the known welfare services, which include for example supplementary pension schemes, refund of school and university fees and the purchase of leisure and wellbeing services. The agreement was also supplemented with specific provisions aimed at further maximizing welfare, also upon any future shareholding plans.

Lastly, to support parenthood, an important agreement was signed with the Trade Unions concerning parental leave. Indeed, effective as of 2023, besides the ten days of mandatory leave provided for by law, fathers will have the option of taking another ten days of 100% paid parental leave (which will be increased by another eight days as of 2024), to be used within 24 months of the child birth or arrival in the family of an adopted or foster child. The agreement falls within the Group's "People Project", which intends to enhance social solidarity initiatives promoting concrete policies and actions for welfare enhancement.

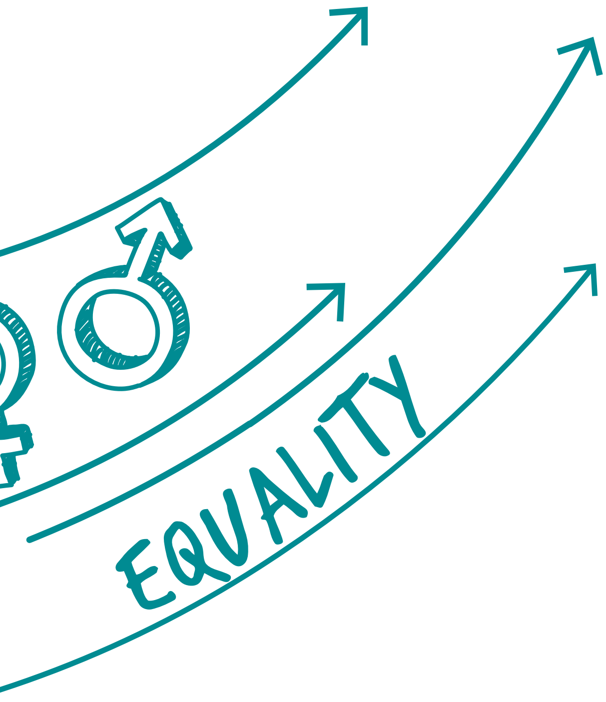

people
COLLEAGUES
08

RESPECT FOR HUMAN RIGHTS

Materiality for the business operations of the Crédit Agricole Italia Banking Group

Policies on this topic

Activities and performance of operations



RESPECT FOR HUMAN RIGHTS

MATERIALITY FOR THE BUSINESS OPERATIONS OF THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

Protection of Human Rights is ensured by the applicable legislation and is part, of the Group's ethical values, is a material aspect motivating the Bank to commit to having human rights fully recognized and respected in any form and aspect within his activities.

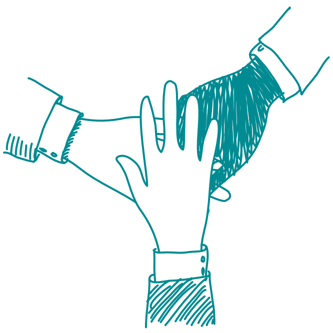
Indeed, the Crédit Agricole Italia Banking Group respects the fundamental rights of the people that work on its behalf, enhancing and protecting their moral integrity and ensuring equal opportunities.

The Centrality of People topic expressed the Bank's commitment to ensuring that every person can enjoy a place where diversity is enhanced and the management of human capital is driven by the principles of equal opportunity and sense of belonging to the Group.

The Crédit Agricole Italia Banking Group considers lending to the defence sector as an area within the macro-topic of Human Rights and is constantly committed to controlling this topic. Specifically, every single lending transaction is assessed examining its object, the type of counterparty and the political risk of the Country of destination.

POLICIES ON THIS TOPIC

The Code of Ethics of the Crédit Agricole Italia Banking Group expresses the fundamental principles and values governing the Bank's operations in terms of Human Rights. These principles and values are adopted and embraced by all the subsidiaries and are binding for all staff members, irrespective of the type of employment contract or work relationship. The Group subscribes to the Global Compact principles, which are referred to and implemented in its Code of Ethics. The Group is a member of the Italian Banking Association (ABI).



Having regard to loans, investments and provision of services in favour of customers belonging to the arms industry or to the defence sector, the Group has a specific policy in force setting out the guidelines for the Bank's operations and describing the processes for identification, and fulfilment of any requirements, as well as the responsibilities of the single function holders. Specifically, the Crédit Agricole Group's Policy on lending, investments and provision of services to customers belonging to the arms industry and to the defence sector **governs the management of any ministerial authorizations ensuring that said transactions are compliant with the foreign policy and with the defence policy of the Italian State and respect the Constitutional principles.** The Policy rules out any and all loans, of any type, to counterparties that are involved in the manufacturing, storage or sale of anti-personnel mines and cluster bombs, as well as any and all credit facilities intended for the financing of international trade of nuclear, biological or chemical weapons or other weapons of mass destruction. Furthermore, the Crédit Agricole Italia Banking Group implements the applicable legislation, both international and domestic, and it is compliant with the stated social and environmental responsibility principles.

The Policy also describes the processes for the identification and fulfilment of any requirements, as well as the responsibilities of the single function holder. Having regard to this type of risk, **the Compliance Department assesses every single lending transaction, analyzing the object of the transaction, the counterparty and the political risk of the country of destination of the loan.** The Lending Policies for Enterprises identify the countries/territories targeted by international sanctions. The Policies also define the so-called "Sectors under Surveillance", which require specific attention in lending and in-depth assessments, also in terms of social impacts, as they are considered potentially in conflict with respect for Human Rights. The Compliance Department may also express operational assessment that are more restrictive, in case compliance of transactions is not fully ensured or it has globally assessed an exposure to potential risks albeit in a situation of full compliance with the applicable legislation.

The central decision-making bodies, with the prior consent of the Anti-Money-Laundering Unit, are responsible for deciding whether to originate loans to certain economic sectors, the so-called **"Under surveillance"** ones, as more exposed to the risk of violating the principles and values that form the Group's identity.

The International Sanctions Service is responsible for overseeing and controlling compliance under the Policy on International Sanctions.
Specifically, the Service performs control on counterparties that operate in the identified sectors and in Countries under embargo or surveillance measures, territories under global/partial international sanctions and monitors the associated potential risk of "International Sanctions" (International Sanctions being measures adopted by the UNO, EU and OFAC) in terms of Governance, Information Systems, Staffing, Training and Permanent Controls.

In terms of new sanction packages, worth mentioning are the ones imposed by the European Union on Russia.

The EU imposed sanctions on Russia as a response to its invasion of Ukraine on 24 February 2022. The sanctions have progressively been extended to Belarus.

The adopted programmes are essentially the same as the measures deployed by the United States, namely: i) territorial embargo; ii) individual sanctions (prohibition from travelling, asset freeze); iii) sectoral sanctions (restrictions to exports, imports, and transportation systems); iv) financial sanctions.

The financial security control and organizational l framework have been aligned providing for the centralization at the International Sanctions Service of the authorizations and opening of accounts and transactions with Russian/Belarus counterparties; furthermore, Trade Finance transactions with Russian and Belarus counterparties have been suspended and monitoring has been implemented on transactions and reporting flows, as well as on specific asset freeze measures.

ACTIVITIES AND PERFORMANCE OF OPERATIONS

The commitment of the Crédit Agricole Italia Banking Group to enhancing its people is substantiated by protection of all rights and in the creation of a work environment that promotes wellbeing. And equal opportunity. **The principles of equality, equal opportunity and respect for individual diversity are at the core of human capital management and are an important value creation driver.**

To disseminate these principles and to keep people informed on the policies and procedures on respect for Human Rights, the Bank provides structured and constant training on the Code of Ethics and Code of Conduct topics.

Training provided to employees on the policies and procedures regarding all aspects of human rights Code of (Ethics)		2022	2021	2020
Trained employees	No	4,281	4,323	6,408
Hours of training provided	Hours	3,788	2,728	6,570

Total number of incidents of discrimination and corrective actions taken (406-1)		2022	2021	2020
Number of discrimination-related complaints/disputes	No	0	0	0
Number of employees involved	No	0	0	0
Incidents of discrimination (406-1)				
Incidents of gender-related discrimination involving employees	No	0	0	0
Incidents of age-related discrimination involving employees	No	0	0	0
Employees involved in incidents of gender-related discrimination	No	0	0	0
Employees involved in incidents of age-related discrimination	No	0	0	0
Labour disputes				
Reporting entity as defendant	No	22	29	22
Reporting entity as plaintiff	No	7	11	9
No of employees involved	No	51	64	31
Disciplinary measures				
Reprimands	No	29	49	48
Dismissals	No	4	11	7
Information and awareness increase	No	13	45	33

The Group's employees that have been posted to foreign entities are not included in the reporting scope.

Operations in the defence sector

By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.

The Crédit Agricole Italia Banking Group rules out the authorization and disbursing of any type of loan to counterparties that are involved in the manufacturing, storage or sale of anti-personnel mines and cluster bombs, as it rules out any credit facility intended for the financing of international trade of nuclear, biological or chemical weapons or other weapons of mass destruction. In 2022 400 applications were received, of which 383 regarding transactions to be reported to the Italian Ministry of the Economy and Finance and 17 not falling in that perimeter (out of scope transactions). 377 had a positive outcome; while 6 had a negative outcome. Based on the applications assessed, 394 were reported to the Ministry– SIGMA (Information System for the management of armament material).

Number of applications (GRI 2-6)		2022	2021	2020
Favourable	No	377	329	368
Not favourable	No	6	8	7
Out-of-scope	No	17	0	0
Value of favourable transactions	(mln €)	78.51	122.25	81.5
Area (favourable only)				
Europe	%	60.38	63	66
Asia and Oceania	%	16.91	24.54	19
Africa	%	17.46	9.89	3
North America	%	5.25	2.37	12
South America	%	0.00	0.20	0

To determine transaction values, the opinions on payments and collection or guarantees were taken into account, in full compliance with the criteria for reporting to the competent Ministry.

ENVIRONMENTAL ASPECTS

Materiality for the business operations of the Crédit Agricole Italia Banking Group

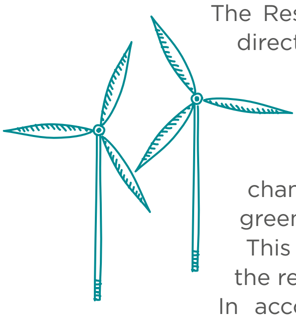
Policies on this topic

Activities and performance of operations


SUSTAINABILITY
eco
09
Customers
CO_2
COMMUNITIES

ENVIRONMENTAL ASPECTS

MATERIALITY FOR THE BUSINESS OPERATIONS OF THE CRÉDIT AGRICOLE ITALIA BANKING GROUP



The Responsibility of the Crédit Agricole Banking Group for environmental aspects is directly expressed by the material topic **"Climate change and environmental heritage"**.

The Group is constantly committed to reducing the footprint of its activities through continuous monitoring of performances and upgrading the energy efficiency of its buildings.

Nonetheless, the biggest contribution given by the Group to combating climate change depends on its ability to involve people and businesses in disseminating a green economy.

This is why the Group proposes products and services with the objective of promoting the reduction in greenhouse gas emission and the adoption of energy saving solutions.

In accordance with Italian Legislative Decree 254/2016, along with environmental performances, information on health and safety at work of the Group's people and the mitigation of "robbery" and "break-in" risks is also reported.

POLICIES ON THIS TOPIC

In 2022 the Lending Policies were revised significantly extending the section dedicated to ESG factors. In operational terms, the Group wanted to go beyond any ESG assessment based on qualitative logics only, implementing quantitative elements that can better described the ESG characteristics and risks, in terms of both sector and counterparty.

To this end, the new ESG Lending Policies rest on a structure that comprises four elements:

1. The implementation of the CSR Sector Policy of Crédit Agricole S.A. 'Policies on **Environmentally-Sensitive** Sectors;
2. The adoption of a specific proprietary quantitative approach regarding ESG risk, which includes the **"correction"** of the weights used for authorized amount weighted by ESG sectoral and counterparty risks and the definition of minimum decision-making bodies for physical, climate-related, industrial, seismic and volcanic risks;
3. The confirmation of a qualitative assessment via a **"base" questionnaire** applicable to the largest possible number of customer enterprises;
4. The **"ESG Customer File"** was implemented, a new information tool that ensures the most capillary spreading of ESG information to all the levels in the lending process, starting from the proposing structures all the way up to the top decision-making body.

In 2022, the Crédit Agricole Banking Group continued to abide by its Energy Policy with a no-waste approach and pursuing reduction in polluting emissions, responsible consumption of paper, water and energy and waste management aimed at pursuing the highest possible rate of waste sorting and of recycle, reuse and recovery disposed materials.

Likewise, the increase in the owned properties perimeter resulting from the merger of Credito Valtellinese is also to be reported, with the necessary harmonisation of management and operational methods and tools on the new real estate perimeter. 2022 was certainly affected by the energy crisis, both in terms of scarcity of commodities and in terms of the strong increase in purchase prices.

To that effect, the Group had to handle new constraints and new legislation and regulatory requirements (especially Italian Ministerial Decree no. 383 of 6 October 2022, which lays down new rules on the time heating systems may be turned on and new temperature ceilings for indoor premises) trying, by means of new specific communications and the Policy, to continue to raise the Group's personnel's awareness and with the promotion of rules for optimal management of its buildings in terms of:

Air conditioning and air treatment

Partial closure of some headquarters for some days a month

Sanitary water heating

Internal and external lights

Management of Self-Areas

Fortunately, in 2022 things went partially ad progressively back to normal operations (in terms of room occupancy and crowding), as the Covid-19 infection is no longer a health emergency.

In general, as regards occupational health and safety, every Company of the Group refers to the **Risk Assessment Document approved by the Employer** and prepared with the help of the Head of the Prevention and Protection Service and of the Competent Physician. This document is updated in case the production process or the work organization undergoes significant changes that are relevant for the workers' health and safety. It is a strategic direction document implementing the Company's health and safety policy. This policy is based on the main **principles given below:**

- Continuing to protect workers' health and physical integrity, by providing them with high **quality work spaces, and high quality equipment and processes;**
- Continuing in the direction laid down by Article 28 of Italian Legislative Decree 106/09, **the assessment of both "risk factors" and "risk conditions;**
- Pursuing a **"precautionary principle"** pursuant to Article 15 of Italian Legislative Decree 81/08, and to Article 2087 of the Italian Civil Code.

ACTIVITIES AND PERFORMANCE OF OPERATIONS

11 SUSTAINABLE CITIES AND COMMUNITIES

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Its range of home loans has substantiated the support that the Crédit Agricole Italia Banking Group gives to energy transition and to sustainability in general, as, in 2021, it proposed again the "Crédit Agricole Mortgage Loan", which provides favourable conditions to Customers that purchase properties in high energy classes specifically, the offer for the renovation-energy upgrading option was renewed, giving a rebate on the spread not only for borrowers that renovate their property with its upgrading to class A/B, but also for all customers that renovate their property improving its energy performance by 2 classes or at least by 30%. In 2022, thanks to its characteristics, the Mutuo Crédit Agricole mortgage loan range obtained again the Energy Efficient Mortgage Label, the EU certification for green mortgage loans, assigned by EEMI - Energy Efficient Mortgages Initiative.

Furthermore, the Bank reasserted its commitment to sustainability with the launch, in May 2022, of the **"Energia Leggera Green"** new promotion: initiative giving **"Mutuo Crédit Agricole"** subscribers the chance to win prizes consisting in rebates on the energy bills offered by our Group in cooperation with Edison Energia, of up to 600 Euros for the supply of 100% green energy (gas and/o electricity).
A tangible support, all the more important in a period like the present one in which energy costs and high consumption bills are matters for strong concern for households.

RETAIL INDIVIDUALS products designed to deliver a specific environmental benefit (G4-FS8)		
1) Loans to Individuals - Energicamente Gran Prestito	No	51
	€	3,213,600.00
2) Loans to individuals - Gran Prestito Ristrutturazione (renovation)	No	26
	€	1,076,400.00
3) Loans for renovation with energy efficiency upgrading (Superbonus Famiglia and Creval Bonus Casa)	No	19
	€	1,647,140.00
4) Construction works tax credits	No	3,414
	€	197,844,722.00
5) Crédit Agricole Mortgage Loan*	No	1,882
	€	297,461,785
Total RETAIL INDIVIDUALS products designed to a deliver a specific environmental benefit	**No**	**5,392**
	€	**501,243,646.84**

* The reported numbers refer to mortgage loans secured by class A/B properties.

By 2030, double the global rate of improvement in energy efficiency.

In 2022, despite the energy crisis, the activities for the upgrading of the old plants and systems intensified, giving priority to the most energy consuming ones and to the oldest ones.

With the support given by the Energy Manager, the assessments continued, in order both to replace those plants with more efficient ones and to implement a system for their tele-monitoring; all activities aimed at energy savings, waste reduction and reduction in polluting emissions. Indeed, about **35 revamping projects** were started and completed, thanks to which approximately 120MWh of electrical energy and 35.000 cubic meters of natural gas could be saved, thus preventing emissions of about 70 tons of CO_2.

In 2022, sites were identified as equipped with outdated lighting features that were energy-consuming. At said premises the light fixtures were **replaced with led light fixtures** with consequent energy savings. Indeed, within the “FRED” project, about **15 relamping projects** were started and completed, generating electrical energy savings for about 80MWh.

By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and nonfarm employment.

In 2022, the Agri-Food Business Unit promoted the creation of two specific products (Agri Blu e Agri Energia - see page 87) to support the agri-food system in the energy transition and in managing resources responsibly. Those products meet Italy’s the guidelines set out in Italy’s Recovery and Resilience Plan, and with them the Customer also receives continuous advisory services.

RETAIL SMALL BUSINESS products designed to deliver a specific environmental benefit (G4 - FS8)		
1) Construction works tax credits	No	6,447
	€	725,067,306.00
2) Loans originated to businesses with environmental sustainability-related purposes	No	159
	€	15.137.368,60
Total RETAIL SMALL BUSINESS products designed to a deliver a specific environmental benefit	**No**	**6,606**
	€	**740,204,674.6**

2) The figure includes also the transactions regarding the Energicamente Business product, distributed by the Corporate Banking channel for the Retail Banking Small Business segment.

CORPORATE BANKING products designed to deliver a specific environmental benefit (G4 - FS8)		
1) Construction works tax credits	No	2,094
	€	364,962,415.00
2) Loans for energy efficiency and renewable energy	No	3
	€	8,000,000.00
Total CORPORATE BANKING products designed to a deliver a specific environmental benefit	**No**	**2,097**
	€	**372,962,415.00**

Total value of the products designed to deliver a specific environmental benefit (G4 - FS8)		
Retail products		
Total value of retail products	€	6,738,226,343.89
Total value of retail products designed to deliver a specific environmental benefit	€	1.241.448.321,44
% value of retail products designed to deliver a specific environmental benefit over total retail products*	**%**	**18.42%**
Corporate banking products		
Total value of Corporate Banking products	€	8,944,473,096.00
Total value of Corporate Banking products designed to deliver a specific environmental benefit	€	372,962,415.00
% value of Corporate banking products designed to deliver a specific environmental benefit over total Corporate banking products**	**%**	**4.17%**

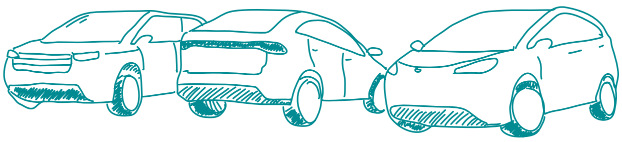
* The Total Value of Retail Banking Products designed to deliver a specific environmental benefit includes the products listed in tables: a9 RETAIL SMALL BUSINESS products designed to deliver a specific environmental benefit and b) RETAIL INDIVIDUALS products designed to deliver a specific environmental benefit
The percentage of RETAIL products designed to deliver a specific environmental benefit is the ratio of the total value of products designed to deliver a specific environmental benefit to the total value of the products originated in the year in RETAIL banking.

** The Total Value of Corporate Banking products designed to deliver a specific environmental benefit includes the products listed in table CORPORATE BANKING products designed to deliver a specific environmental benefit.
The percentage of CORPORATE BANKING products designed to deliver a specific environmental benefit is the ratio of the total value of the products designed to deliver a specific environmental benefit to the total value of the products originated in CORPORATE BANKING.

By 2030, increase substantially the share of renewable energy in the global energy mix.

CA GREENLEASE PROJECT

Crédit Agricole Leasing Italia continued with its CA GreenLease project, which has the goals of proving Customers with a concrete service and of creating more value thanks to it sustainability. In this regard, several initiatives were rolled out, from green mobility to clean energy, to stand by its Customers on a virtuous and sustainable path to growth.
Thanks to its concrete commitment, as at 31 December 2022 Crédit Agricole Leasing Italia was awarded, for the third year in a row, as the no. 1 Italian leasing company by financed amount of renewable energy plants (source Assilea). A performance that gives evidence of its closeness to Customers and to the environment, with green products and solutions fostering energy transition and supporting the real economy, such as photovoltaic plants, wind farms and biomass and biogas plants. Crédit Agricole Leasing Italia remains true to the principles it shares with its Parent Company as the “banque verte”.
The Group continues in its commitment to providing support to initiatives for environmental protection and that also help in raising the Customers’ awareness on this topic.



Supporting the evolution towards more **sustainable mobility, in partnership con FCA Bank and DRIVALIA**, Crédit Agricole Italia stands out as the only banking player with the DRIVALIA Mobility Stores innovative project: dedicated corners at Crédit Agricole Italia branches that propose the lease of green cars to customers, making available also a recharging station at the branch.
After the points of sale at branches opened in Parma, Rome and Milan, in 2022 another one was opened in Treviso, and 2 Mobility Stores will be opening soon in the South of Italy.

Energy leases (G4 - FS8)		2022	2021	2020
Portfolio				
Wind farms	K€	32,736	28,189	31,960
Biomass plants	K€	6,259	7,066	7,524
Cogeneration plants	K€	3,656	4,866	4,330
Photovoltaic plants	K€	102,899	77,535	86,891
Hydroelectric power plants	K€	49,541	43,556	55,116
% over total loans				
Wind farms	%	1.2	1.24	1.53
Biomass plants %	%	0.2	0.31	0.36
Cogeneration plants %	%	0.1	0.21	0.21
Photovoltaic plants	%	3.6	3.41	4.15
Hydroelectric power plants %	%	1.8	1.91	2.63
Amount financed				
Wind farms	K€	1,059	2,784	207
Biomass plants	K€	0	2,293	7,898
Cogeneration plants	K€	0	1,052	1,470
Photovoltaic plants	K€	25,822	12,146	443
Hydroelectric power plants	K€	0	9,650	2,200
Number of projects financed				
Wind farms	No	1	10	1
Biomass plants	No	0	1	5
Cogeneration plants	No	0	2	1
Photovoltaic plants	No	36	10	3
Hydroelectric power plants	No	0	1	1

By 2030, double the global rate of improvement in energy efficiency.

On the one hand, the Group focuses on environmental aspects protecting and promoting the Green Economy with green products and services; on the other hand it ensures close **control of its direct impacts** on the environment, with initiatives aimed at reducing its footprint in terms of energy consumption, emissions and use of resources. 100% of the electrical energy used inside the organization comes from certified renewable sources.*

In 2022, the advantages **generated by self-consumption of electrical energy produced by the main photovoltaic plant owned by the Group and located at "Green Life", the Group's Headquarters in Parma.**
"Green Life" in Parma. Green Life is an absolute benchmark in terms of sustainability and achieved the **LEED Platinum** international certification (the most important acknowledgement of sustainability in architecture). Worth mentioning is also the increase in the fleet of plants producing energy from renewable sources, as with the acquisition of the Credito Valtellinese Group, another 4 photovoltaic plants were also acquired, for total annual energy production of about 800MWh.
In 2021 benefits generated by the construction of Green Life continued; it was built in 2018, and consists of buildings surrounded by lawns and trees, including reduction in CO_2 emissions into the atmosphere thanks to the large amount of vegetation present. Energy saving remained a priority as a contribution to environmental improvement, thanks to the use of innovative systems and solutions supplemented by energy production on site from a renewable sources.

In 2022, after the ones installed at the Green Life Management Headquarters in Parma, **electric vehicle charging stations** were installed at other premises of the Group, for example Milano Feltre.

A plan to optimize the Network was also implemented, which provided for the closure of about 80 branches and other premises (along with the concomitant functional rearrangement of many other sites) and will continue in the coming years; this determined a reduction in electrical energy consumption of nearly 3GWh and in natural gas of over 80,000 cubic metres, with about 170 tons of CO_2 emissions prevented.

As regards Corporate Social Responsibility, the Group continued in its **cooperation with Legambiente**, which has been in place for several years, with **yet another NEW LIFE initiative**, a **Circular Economy** project whereby Crédit Agricole develops, promotes and improves its actions on the environment and in terms of corporate volunteer work. Thanks to its long-standing commitment to this project, Crédit Agricole Italia was awarded the first prize at the 2022 **FReD Awards** for the environment.

The project originated from the **cooperation with Legambiente, Caritas and Reware**, in order to proactively involve and engage institutions, members of the public, customers and personnel to assist and support them in responsibility-taking with specific focus on the development of **circular economy**.

NEW LIFE enabled the recovery and repurpose of furniture and fittings no longer used by branches or other premises and the regeneration of unused IT equipment, which were then donated to local organizations, with a 3 R logic: the repurposing of furniture and the donation of many computers via the 3R actions:

- **Reduction in waste:** the cooperation arrangement with Caritas has the goal of reducing waste with a service of **daily collection of meals not eaten from the company restaurant at the Group Headquarters in Parma**, which are then donated to people in need.
- **Reuse;** thanks to the cooperation arrangement with Reware and Legambiente.
- **Reclamation of properties no longer used:** given to local organizations to be used for social purposes (i bambini al primo posto, Cesenatico and Comune di Sondrio with social coworking).

* The figure does not include electrical energy consumption for recharging the company's car fleet at recharging stations located at the Group's various premises.

In order to convey, in a tangible, effective and participative manner, Crédit Agricole's sustainability, a distinctive value of the Group, and as done with the 2021 **Bee Future** initiative, whereby 400 bee hives were adopted and 400,000 bees protected, in spring 2022 the **Ready to Green** project was launched, with the engagement of Customers and Prospects through digital gaming and communication via the traditional channels and through Influencers engaged in green topics.

The project was implemented in **cooperation with Biorfarm**, the first digital farm in Italy, which supports small organic farmers by creating an online fruit orchard with home delivery of the produce. Furthermore, the Supply Chain was shortened and, therefore, CO_2 reduced. With Ready to Green 1,500 trees were adopted, 115,000 Kg of CO_2 absorbed and 15 organic farmers supported. At the end of the game, there was a prize for the Customers having outstanding loans, while 80 prizes were randomly awarded to the other participants, including Prospects: the adoption of a fruit tree for one year and 5 kg of organic fresh fruit with home delivery.

It is pointed out that the increase in consumption in absolute value in years 2021 and 2022 was due to former-Credito Valtellinese joining the perimeter. Specifically, the 2021 figures include the contribution for the May-December period only, whereas the 2022 figures consider the full reporting year.

Energy consumption in the organization broken down by primary energy source (*) (302-1)		2022	2021	2020
Electrical energy***	GJ	231,995.3	218,954.7	170,561.7
Of which from certified renewable sources*****	GJ	231,956.0	218,677.3	170,561.7
Natural gas	GJ	117,164.95	116,895.9	74,696.7
Self-produced electrical energy (exclusively from owned PV plants)	GJ	2,770.7	2,661	2,329,4
Diesel fuel for heating	GJ	2,783.5	3,209.1	2,475.9
Diesel fuel for transport	GJ	19,055.8	18,002	16,013
Petrol for transport	GJ	3,408.1	1,975.3	432.5
LPG	GJ	33.0	19.4	-
Home electric power	GJ	104.6	22.7	3.9
- of which from renewable sources	GJ	65.4	22.7	3.9
District heating and district cooling	GJ	3,734.3	3,137.1	3,576.3
Total**	**GJ**	**380,945.6**	**364,854.4**	**270,085.5**

* The figure excludes the consumption regarding condo buildings pertaining to Crédit Agricole Italia, CA Group Solutions, CALIT and FriulAdria. For 2021 only the figure includes also the natural gas consumption of the former-CreVal: perimeter associated to the sites with whole-building heating systems (scope 2).

**** Conversions into GJ have been made using the factors given in ABI 2020 guidelines for 2020 and 2021 data and ABI 2020 guidelines 2021 for 2022 data.

*** Includes emissions from electrical energy for traction purposes.

**** Consumption of energy from non-renewable sources in 2022 consisted of electrical energy for transport purchased from recharging stations other than those at the Group's premises.

GHG emissions (305-1; 305-2)		2022	2021	2020
GHG emissions (scope 1+ scope 2 - Location Based)	**tCO_2eq**	**26,315.5**	**26,767.4**	**19,754.7**
GHG emissions (scope 1+ scope 2- Market Based)	**tCO_2eq**	**9,487.3**	**8,681.8**	**5,638.70**
of which electrical energy (scope 2 -Location based)	tCO_2eq	16,833.3	18,121.2	14,116.1
of which from electrical energy (scope 2 - Market based)	tCO_2eq	5.0	37.5	0
of which from natural gas	tCO_2eq	6,826.7	6,762.2	3,760.4
of which diesel fuel for heating	tCO_2eq	207.8	238,4	184
of which from diesel fuel for motor vehicles	tCO_2eq	1,408.7	1,339.1	1,191.1
of which from petrol	tCO_2eq	249.1	146.3	32
of which LPG	tCO_2eq	2.2	1.3	0
of which from electricity for motor vehicles* (Location Based)**	tCO_2eq	7.6	1.9	0.3
of which from electricity for motor vehicles (Market Based)**	tCO_2eq	5.0	0	0
of which from GHG fluids, R410a gas	tCO_2eq	189.9	21.5	305
of which from GHG fluids, R407c gas	tCO_2eq	483.15	94.6	103
of which from GHG fluids, other gas	tCO_2eq	114.64	40.9	63
Reduction in GHG emissions as direct result of initiatives fighting climate change*	**tCO_2eq**	**-1,088.5**	**0**	**0**

* Electricity for transport is already included in the "from electrical energy" of which item.

** In 2022 the method to calculate consumption of energy for transport from renewable sources was fine-tuned and, therefore, the figure is not comparable to those for the previous years.

*** Actions by the firm that reduced emissions deployed in 2022:
- 840,1 tCO_2, from electrical energy savings (location based).
- 248,5 tCO_2, from natural gas savings.

Material used by weight and volume (301-1; 301-2)		2022	2021	2020
Recyclable materials				
Paper	Kg	882,191.34	928,777.79	851,625.83
- of which recycled	Kg	774,600.00	847,153.61	776,137.50
- of which forms	Kg	95,469.84	72,833.60	71,232.68
Other (paper/cardboard stationery, plastic containers)	Kg	23,781.20	20,783.28	22,446.89
Non-recyclable material				
Stationery	Kg	60,761.55	51,920.23	44,823.73
IT material (of which mainly toners)	Kg	1,999.30	15,371.24	25,358.09
Total	**Kg**	**968,733.39**	**1,057,050.54**	**944,254.54**
GHG fluids, R410a gas	Kg	148.6	22.86	135.38
GHG fluids, R407c gas	Kg	204.5	168.10	53.70
GHG fluids, other gas	Kg	62.2	18.42	22.27
Medical material	**kg**	**27,162**	**35,602.47**	**85,363.76**
- of which replenishment of First-aid kits	kg	1,195.65	1,794.93	1,901.31
- of which Covid-related PPE	kg	21,189.99	30,286.06	63,675.55
- of which Plexiglass	kg	4,777.1	3,521.48	19,786.90
Other*	kg	21,673.50	-	-

* The 2022 figure reports basic sanitary material (toilet paper, soap, wipes, garbage bags) provided to the structures based in former-Credito Valtellinese premises.

Waste generation (306-3)*		2022	2021	2020
Non-hazardous waste	t	962.33	790.54	692
Hazardous waste	t	0	0	119

* The Group does not directly handle waste management, selecting waste management and authorized transport companies (special waste) that, based on the waste type, dispose or recycle the waste. Conversely, for office waste equivalent to home waste, the Group outsources its management from the town waste management entities.

Total water withdrawal broken down by source (303-3)		2022	2021	2020
Water mains	thousands of m^3	269.5	343.123	248.604
Water withdrawal from areas with water stress*	thousands of m^3	0	29.586	0
From surface water (lakes, rivers, etc.)	thousands of m^3	0	2.544	0
Of which fresh water	thousands of m^3	0	2.544	0
Of which, other type of water	thousands of m^3	0	0	0
From underground water	thousands of m^3	0	26.923	0
Of which fresh water	thousands of m^3	0	26.923	0
Of which, other type of water	thousands of m^3	0	0	0
From the sea	thousands of m^3	0	0.120	0
Of which fresh water	thousands of m^3	0	0	0
Of which, other type of water	thousands of m^3	0	0.120	0

* As regards withdrawals from areas with water stress, the 2021 figures represent an estimate made by reconstructing consumption based on assumptions by region/site, in compliance with "ABI Lab guidelines on the application to banks of the GRI (Global Reporting Initiative) universal standards on the environment". In 2022, no accurate analysis by region could be done. Therefore, it was decided to make an estimate based on a sample of 10 sites located in different areas, as the impacts from water withdrawals, or areas with water stress are not significant, given the type of organization.

Occupational Health and Safety

The pandemic caused the **redefinition of the concepts of health and safety at work.** The arrangements of rooms and the use of tools i order to ensure that the activities could be carried out in full safety were priorities in 2022, in order to protect the health of the people of the Group and of those that went to its premises.

In that regard, **several initiatives were deployed to protect the heath and safety of all employees and all stakeholders of the Group.** Of the most important ones, worth mentioning are the following:

- The adoption of the Occupational health and safety management system in accordance with Uni Inai guidelines;
- Continuing to deploy advanced security, anti-robbery and anti-burglary systems at the Network premises.

2022 was the year if the first completion of the entire dynamic process of the Occupational Health and Safety Management System, which was implemented in 2021 in accordance with the UNI INAIL guidelines.

The System consists in a set of documents:

- The Occupational Health and Safety Policy, which sets out the principles, the mission and the objectives comprised in the occupational health and safety action plan; furthermore, the Policy is an integral part of the Organization and Management Model under Italian Legislative Decree 231/2001 (Special Part Section D) adopted by the Companies of the Crédit Agricole Italia Banking Group;
- The Manual, which describes the methods and criteria with which the Occupational Health and Safety Management System is implemented, managed and reviewed; it also describes the organization, responsibilities and decision-making methods and it can be used to identify, implement and control all the activities that are relevant for Occupation Health and Safety in compliance with the UNI-INAIL guidelines;
- The Procedures, which, for each relevant activity and process, define the consistent assignment of responsibility and the related implementation methods; for each procedures the related performance indicators are also given.

In 2022 the first review of the Occupational Health and Safety Management System was carried out with a favourable outcome.

The review of the Occupational Health and Safety Management System is carried out on a yearly basis and consists in verifying proper operation of the System as a whole through the assessment (also an independent audit), in terms of both adequacy to the set Occupational Health and Safer requirements, as set out and formalized in the Occupational Health and Safety Policy of the Company, and as regards the effectiveness of the Occupational Health and Safety performances of the System (results). At the end of the review its highlights are reported, along with any decisions on improvements and modifications to be made to the Management System.

As regards the risk factors associated with the health and safety of work environments, the criteria and outcomes of the assessments made, having special regard to the banking industry (robbery, VDT and stress risks l-c) are reported in the Risk Assessment Document. The assessment process consists in collecting the necessary information and indicators, their processing and in the definition of the necessary prevention and protection measures. The controls are performed by the relevant corporate functions (including Compliance and Internal Audit) and by the Risk Prevention and Protection Service and by the Occupational Safety Service.

The **COVID-19 Task Force** continued to operate also in 2022 - which had been set up at the outbreak of the health emergency in 2020 - tasked with overseeing the management of the health situation in compliance with the applicable legislation and measures issued by the competent Authorities and responsible for the implementation of the set of technical, organizational and communication actions necessary to ensure the safety of the personnel operating in the Network and at Complex Sites.

The measures that continued to be applied were of different kinds, in order to mitigate all possible risks for employees and customers as much as possible; worth mentioning are the following:

- **Technical, physical measures,** such as personal protective equipment provided to employees (e,g. face masks), safety devices for workplaces, such as signs, barriers, sanitizing gels, thermometers, activities to ensure natural and forced air circulation in rooms,
- **Infection prevention organizational measures,** formalized with the three Safety Protocols (Complex Sites, Branches and Smart Working) which continued to be duly updated, also in accordance with the instructions given by the competent Authorities; for example, limitation to the number of people physically present indoors, careful management of events and meetings, keeping a prudent organization of services and space at the company restaurant, and a system of controls verifying proper application of the protocols;
- **Training and awareness initiatives,** through specific communication campaigns to draw attention on the main aspects.

In 2022 the **Smart Working** mode continued, both in compliance with the new regulatory instructions on Covid-19, and to handle the energy crisis and comply with the related ministerial instructions. In this way **employees' mobility could be reduced** and the company could **reduce its consumption from work at the office** and achieve savings (e.g.-. Electrical energy and natural gas consumption, waste generation).

Work-related injuries (403-9)		2022	2021	2020
Injuries to employees				
Hours worked	No	17,828,234.91	19,941,050	13,940,195.82
Accidents to employees	No	90	91	80
Frequency rate of accidents to employees (by million of hours worked)		5.05	4.56	5.74
Fatalities for employees	No	0	0	0
Frequency rate of fatalities for suppliers (by million of hours worked) worked)		0	0	0
Injuries with serious consequences (6 months, excluding fatalities) to employees	No	0	0	0
Frequency rate of injuries with serious consequences to employees (by million of hours worked)		0	0	0.21
Days lost for injuries**	No	3,990	2,815	3,273.5
Absentee rate	%	7.10	6	10.91
Injuries to suppliers				
Hours worked*	No	n.a.	n.a.	n.a.
Injuries to suppliers	No	n.a.	n.a.	n.a.
Frequency rate of injuries to suppliers (by million of hours worked)		n.a.	n.a.	n.a.
Fatalities for suppliers	No	n.a.	n.a.	n.a.
Frequency rate of deadly injuries to suppliers (by million of hours worked)		n.a.	n.a.	n.a.
Injuries with serious consequences (6 months, excluding deadly injuries) for suppliers	No	n.a.	n.a.	n.a.
Frequency rate of accidents with serious consequences to employees (by million of hours worked)		n.a.	n.a.	n.a.
Days lost for accidents	No	n.a.	n.a.	n.a.
Absentee rate		n.a.	n.a.	n.a.

* As regards accidents of suppliers, the Group does not directly manage any injuries involving external workforce.
** 2022 figures include Credito Valtellinese.

Thefts and robberies		2022	2021	2020
Robberies	Number	6	2	5
Thefts	Number	3	3	9
Attempted thefts	Number	14	2	17
Total	**Number**	**23**	**7**	**31**

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1. End all poverty in all its forms everywhere	1.4	By 2030,ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services including microfinance	• Model innovation and accessibility • Bank and regions	92
2. By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round	2.3	By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.	• Model innovation and accessibility • Bank and regions • Entrepreneurship and agri-food supply chain Role of credit in sustainable development	86, 149
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	• Bank and regions • Centrality of people	124
5. Achieve gender equality and empower all women and girls	5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	• Bank and regions • Role of credit in sustainable development • Centrality of people	125
7. Ensure access to affordable, reliable, sustainable and modern energy for all	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix.	• Climate change and environmental heritage	151
	7.3	By 2030, double the global rate of improvement in energy efficiency.	• Climate change and environmental heritage	149, 153

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Goal	**Target**		**Related material topics**	**Page**
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	• Model innovation and accessibility • Bank and regions • Entrepreneurship and agri-food supply chain • Role of credit in sustainable development	62
	8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	• Model innovation and accessibility • Bank and regions • Entrepreneurship and agri-food supply chain • Role of credit in sustainable development	89
	8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	• People centrality	130
	8.10	Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all.	• Model innovation and accessibility • Bank and regions • Entrepreneurship and agri-food supply chain • Role of credit in sustainable development	90
10. Reduce inequality within and among countries	10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	• Bank and regions • Centrality of people	99, 130
11. Make cities and human settlements inclusive, safe, resilient and sustainable	11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	• Bank and regions • Climate change and environmental heritage	92, 148
	11.4	Strengthen efforts to protect and safeguard the world's cultural and natural heritage.	• Bank and regions • Climate change and environmental heritage	98
13. Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy	13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	• Bank and regions • Climate change and environmental heritage	93, 99
16. Promote peaceful and inclusive societies for sustainable development; provide access to justice for all and build effective, accountable and inclusive institutions all levels	16.4	By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.	• Model innovation and accessibility	143
	16.5	Substantially reduce corruption and bribery in all their forms.	• Model innovation and accessibility	113
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	17.16	Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.	• Model innovation and accessibility • Bank and regions • Role of credit in sustainable development • Climate change and environmental heritage	20, 96, 107

APPENDIX 1/TCFD

order to adopt a transparent approach to the risks generated by climate change, the Crédit Agricole Italia Banking has committed to follow the recommendations given by the Task Force on Climate- related Financial Disclosures (TCFD).
The Group's responses to these recommendations are summarized in the table below.

GOVERNANCE	
a) Describe the board's oversight of climate-related risks and opportunities; b) Describe management's role in assessing and managing climate-related risks and opportunities.	
Responsibility of the management body in the definition of a risk management framework specifying the roles vested with oversight and implementation of the climate strategy	In terms of Governance, sustainability topics are overseen by two Board Committees: the Sustainable Development Committee, chaired by Chairman Fassati, which assesses the Group's Sustainability Policies proposed by the Managerial Committee, submits them to the BoD for approval and monitors the preparation of the NFS; the ESG and Sustainability Managerial Committee vested with the functions of promoting, approving and overseeing sustainability-related strategic plans and initiatives; In accordance with the Bank of Italy's hybrid model, a pivotal structure liaising between the Committees and the Functions of the Bank, the Sustainability Business Unit, and ESG Owners have been identified and appointed in the Bank Functions and report on a dotted line (except for Control Functions) to the Sustainability Business Unit. The Risk and Internal Control Committee is the Group Committee coordinating the Control Functions (Audit, Compliance, Risk Management and Permanent Controls) and overseeing the internal control integrated system, in compliance with the procedures adopted by the Crédit Agricole Italia Banking Group. The Committee is responsible for discussing and resolving on the risk topics pertaining to each Control Function.
Approach adopted by the management Body to address the short-, medium- and long-term effects regarding climate-related and environmental factors and risks in the business lines and internal control functions	The ESG and Sustainability Managerial Committee prepares the half-yearly reporting to the Sustainable Development Committee and to the Direction de la Responsabilité Sociétale et Environnemental (DRSE) of Crédit Agricole S.A. and, as a rule, the annual reporting to the Board of Directors of Crédit Agricole Italia. The Sustainable Development Board Committee supports the Board of Directors in assessing and in analyzing in depth sustainability topics associated with the Bank's operations, as well as in approving the strategic lines and policies concerning ESG and Sustainability matters, including the cultural and social responsibility model and fight against climate change, contributing to ensuring the best possible management and control of risks and taking into account the objective of sound and sustainable value creation for all stakeholders. The Committee receives the information and reporting that shall be sent by the ESG and Sustainability Managerial Committee and has the right to access all corporate information as necessary to perform its duties. The Committee exchanges the information that is mutually relevant with the other Board Committees, with the Board of Auditors and, where appropriate, coordinates with them for the performance of the respective duties. Furthermore, once a year the Committee reports on the activities it performed and on the opinion issued to the Board of Directors. In 2022, specific responsibilities for ESG matters were assigned in the Service Regulations of the control functions and business lines.
Guidelines and frequency of reporting information concerning climate-environmental risk	• On half-yearly basis, the outcomes of the monitoring of multi-year action plans designed to to progressively reach compliance with the ECB's 13 expectations are reported to the Corporate Committees and to the Parent Company. • In the year physical risks and transition risks were analyzed in order to quantify the exposure subject to those risks. • In 2022 the results of the ECB climate stress test were reported to the Corporate Committee.

continues

Alignment of the remuneration policies to the organization's objectives regarding climate and environmental risks	The remuneration policies of the Crédit Agricole Italia Banking Group are defined in compliance with the principles of "consistency to the approach to climate and the environment (and to the related risks)" and of "alignment with the ESG objectives of the Crédit Agricole Italia Banking Group". Those principles provide for the Group to contribute, by applying deferral and defining performance criteria, to promoting a long-term approach for the management of climate and environmental risks, in line with the Group's risk appetite and strategy. In this regard, In order to encourage behaviours that are consistent with that approach, the variable remuneration has been linked also to the achievement of those goals, by defining qualitative objectives within the incentive schemes applying to employees; They also provide for the Group to prevent conflicts of interest in corporate decision-making, to support the achievement of an appropriate risk culture, to take into account the Group's long-term interests and foster behaviours consistent with the approach to environmental. social and governance (ESG) risks, which have also been been included in the internal governance arrangements. More details about the inclusion of ESG factors in personnel's remuneration are given in paragraph "E.S.G. (Environmental, Social and Governance)" of document "Remuneration Policies of the Crédit Agricole Italia Banking Group – Year 2022" which is available on the Group's website.
STRATEGY	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term; b) Describe the impact of climaterelated risks and opportunities on the organization's businesses, strategy, and financial planning.	
Corporate strategy on the inclusion of climate-environmental risks and factors, in order to manage risks and opportunities impacting on the corporate scenario, on the business model and on short-, medium- and long-term financial strategy and planning.	• In order to comply with the national and EU legislation and with self-regulation provisions (i.e. the ECB Guide on climate-related and environmental risks, the bank of Italy's Supervisory expectations, the EBA Guide on Loan Origination and Monitoring and with the Net Zero Banking Alliance commitment), in line with the Parent Company, the Bank has set Sustainability as one of the pillars of its Business Plan and is continuing with the inclusion of ESG factors in its strategies, processes and products, in order to control, manage and monitor climate-related and environmental risks. The inclusion of ESG factors in its Lending Policies and Processes is a key step forward on this path. The main actions taken are broken down below. • Implementation of Policies on "Environmentally-sensitive" sectors, which transpose the CSR Sector Policies of Crédit Agricole S.A. Adapting them to the Italian social and economic background. In this first phase, the policy lays down limitations to loans intended for extraction activities (Coal, Asbestos, Oil and Gas Gas from oil shales and in the Arctic) and for energy production from steam coal; • The adoption of a Quantitative Approach that provides for these two solutions: the correction of the weights used for authorized amount weighted by ESG factors (sectoral and counterparty risks), and the definition of minimum decision-making bodies for physical, climate-related, industrial, seismic and volcanic risks; • The use of a baseline questionnaire, a tool whereby a qualitative indication can be obtained of activation in terms of sustainability. • Implementation of the «ESG Customer File», a tool containing all the ESG information wealth on a single counterparty. The ambition is for it to become the daily consultation tool for loan-proposing and decision-making teams to investigate Customers' ESG characteristics. The features implemented in the ESG Customer File are listed below: • Georeferencing and mapping/monitoring of physical/climate risks (landslide, hydrogeological, seismic, volcanic, tsunami, industrial) of all the pieces of property pledged as collateral, of all legal persons, whether with outstanding credit lines or not, (registered office and operational headquarters) and of Industry, only if with outstanding loans, with external provider Masterinformation. The surveyed data, in quantitative and intensity terms, are then processes in order to determine the complexity indicators and intensity indicators, which are used in the lending process to determine the minimum decision-making bodies if the critical thresholds are breached. • Use and adoption of the Materiality Matrix of SASB (Sustainability Accounting Standard Board) and of the related Technical Notes (Disclosure Topics) to identify and analyze ESG risks associated with the economic sectors our Customers (enterprises) operate in. SASB is a nonprofit organization that sets specific standards and indicators to enable third parties (e.g. credit institutions, enterprises) to use the sustainability information that is financially relevant in their internal processes. The matrix identifies 26 variables (11 environmental ones, 10 social ones and 5 governance-related ones) that are considered material in 11 economic macro-sectors and in 77 related sub-sectors identifies the issues that are material for each sub-industry. Based on the total number of issues and on their weight, a sectoral ESG score is calculated for the enterprise under analysis. • Acquisition and use of the output obtained from the Inside-out analysis (administration of a qualitative questionnaire of 55 questions) by Cerved to define a Counterparty ESG score in the assessment of creditworthiness and of the outside-in analysis, a quantitative score with the collection of public information on a massive basis, supplemented and weighted to obtain an ESG score on the counterparties (Corporate Banking and Small Business). • Calculation of GHG emissions: Scope 1 the reporting entity's direct emissions Scope 2 indirect emissions produced outside the reporting entity. • After the materiality screening of physical risks on the pieces of property pledged as guarantee.

continues

Describe the resilience of the Bank's strategy in the various climate scenarios	In H1 2022 the Crédit Agricole Italia Banking Group participated in the ECB's first climate risk stress testing exercise, contributing to the consolidated calculation of the Parent Company Crédit Agricole S.A., The stress test was carried out as a joint learning exercise, to the benefit both of banks and of the Regulator, aimed at assessing vulnerabilities, the best practices and the challenges that banks face in managing climate-related risks. After completing the exercise, the ECB published its results, which, on the one hand, gave evidence of progress achieved by credit institutions in managing climate-related risks; however, on the other hand the results gave evidence that banks need to put in place robust reference frameworks for the management of climate risks and also need to make further effort in collecting and managing climate-related data. The ECB will continue to monitor the progress made by banks in the definition of Climate Stress Testing Frameworks and expects considerable improvement in the coming years. The exercise gave evidence of the substantial resilience of the Bank in the adverse scenarios assumed.
Describe the activities for the origination of sustainable financing, present and future, and the related assessment frameworks	In 2022 the Group started on a multi-year path towards the inclusion of ESG factors in its credit rating processes. That path has been designed by updating the Lending Policies and by defining a specific framework that provides for an approach structured into three steps to serve and assist the counterparties in their evolution towards a sustainable transition. Specifically: • Step 1, Diagnostics; it aims at identifying the potential credit and ESG risks that may impact on the counterparty and use of that information as the guiding line to keep the detected risks under control. To support step 1 the "ESG Customer File" was implemented, a new information tool that ensures the most capillary spreading of ESG information to all the levels in the lending process, starting from the proposing structures all the way up to the top decision-making body. • Step 2, the counterparty's ESG performance (Inside-Out ESG score); it aims at verifying the level of control on ESG risks by the counterparty; that performance is determined by processing the answers given to a specific questionnaire administered to the counterparty whereby the Environmental (E), Social (S) and Governance (G) scopes are thoroughly investigated; • Step 3, Alignment; it aims at verifying whether the activities and investments deployed o planned by the counterparty are consistent with a transition path to sustainability.
Describe the policies and procedures regarding direct or indirect involvement with counterparties on their strategies fit to mitigate and reduce climate risks	Along the path started in 2022 directed to the inclusion of ESG factors in the processes to assess creditworthiness, physical/climate risks have been especially focused on, both in order to respond to the expectations of the European Banking Authority (EBA), and also because of the materiality that those risks may have in the control of lending. In this regard a process has been designed for regular mapping of 6 risks (landslide, hydraulic, industrial, tsunami, seismic and volcanic) on all counterparties (legal and natural persons) with active accounts (both borrowers and non-borrowers) and on all pieces of property (commercial and residential) pledged as guarantee for mortgage loans and/or other loans. The information resulting from the mapping is processed into two indicators (complexity and intensity) and made available in the ESG File (Step 1 - Diagnostics) and in the ESG Section of the Electronic Loan Application Processing. To manage and keep those risks under control, Minimum Decision-making Bodies are identified if thresholds that are deemed "critical" are breached and appropriate verifications of structural control on the counterparty are implemented (Step 2 - Counterparty ESG Performance).

continues

RISK MANAGEMENT	
a) Describe the organization's processes for managing climate-related risks; b) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Describe the approach to manage the short-, medium- and long-term effects of climate-environmental factors and risks in the framework of traditional risks	Climate risks are included in the set of material risks for the Group and, in accordance with the instructions given by the Parent Company and with the supervisory setting, they are considered as risk factors that may affect or worsen the traditional prudential risks (credit, market, operational and liquidity risks) and other existing risks. Acute physical risks (for example hydrogeological ones) occur and are material also in the short term, whereas transition risks have a long-term time horizon and depend on the transition time frame and methods. The CAI Group is progressively extending and ad-hoc fine-tuning its internal controls system as a whole in compliance with the Supervisory Authority's expectations (dedicated governance risk strategy, organizational structure, internal normative instruments, three-line of defence model, compensation, data collection, monitoring and reporting) and deployment of many actions of an organizational, training, management and application nature in the ESG scope The control activity uses the arrangements and systems already in place for the prevention, mitigation and shifting of the exposure to pillar 1 and pillar 2 risks on which climate and environmental risks reflect.
Processes implemented to identify, measure, manage and monitor assets and exposures (and guarantees where applicable) that are sensitive to environmental risks, covering the pertinent transmission channels	Of an organizational, training, management and application nature in the ESG scope The control activity uses the arrangements and systems already in place for the prevention, mitigation and shifting of the exposure to pillar 1 and pillar 2 risks on which climate and environmental risks reflect.

METRICS AND TARGETS	
a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process; b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
Monitoring metrics and objectives included in the corporate strategy for the assessment and management of climate and environmental opportunities and risks	Having specific regard to the NZBA, in 2021 the Crédit Agricole Group took the voluntary commitment to reach carbon neutrality in 2050 aligning its loan and investment portfolios to the Net Zero trajectories consistent with the Paris Climate Accord. In its capacity as an entity belonging to the Group, Crédit Agricole Italia directly participates in the Net Zero project and contributes to the achievement of the goals set together with Crédit Agricole S.A. Having joined the Net Zero Banking Alliance, Crédit Agricole Italia shall measure the baseline figure, define decarbonization goals and related strategies for ten carbon-intensive sectors, such as: commercial real estate, residential real estate, agriculture, energy production, automotive, oil and gas, steel, cement, sea transport and aviation. Crédit Agricole Italia focuses especially on three sectors: Commercial Real estate, Residential Real Estate and Agriculture.
Please, disclose emissions and related associated risks	See pages 49 and 155.

INDEPENDENT AUDITORS' REPORT

pwc

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267

To the Board of Directors of Crédit Agricole Italia SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Crédit Agricole Italia SpA and its subsidiaries (the "Group") for the year ended on 31 December 2022 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 23 March 2023 (the "NFS").

Our review does not extend to the information set out in the paragraph "EU Taxonomy" of the NFS, pursuant to article 8 of European Regulation 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" published in 2021 by the GRI – Global Reporting Initiative (the "GRI Standards"), disclosed within the paragraph "Methodological Note" of the NFS, identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures*:*

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements*;*
4. understanding of the following matters:
    a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
    b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
    c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

    With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;
5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Crédit Agricole Italia SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
  a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
  b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the companies Crédit Agricole Italia SpA and Crédit Agricole Group Solutions SCPA which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Crédit Agricole Italia Group for the year ended on 31 December 2022 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of Crédit Agricole Italia Group do not extend to the information set out in the paragraph "EU Taxonomy" of the NSF, pursuant to article 8 of European Regulation 2020/852.

Milan, 6 April 2023

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi	Paolo Bersani
(Partner)	(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2022 translation

Crédit Agricole Italia S.p.A.

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and of the Italian National Compensation Fund.
Parent Company of the Crédit Agricole Italia Banking Group,
which is on the Italian Register of Banking Groups at entry No. 6230.7
Company subject to the management and coordination exercised
by Crédit Agricole S.A.

CRÉDIT AGRICOLE