HALF-YEARLY CONSOLIDATED REPORT AS AT 30 JUNE 2023

CRÉDIT AGRICOLE

Crédit Agricole Italia Banking Group

HALF-YEARLY CONSOLIDATED REPORT AS AT 30 JUNE 2023

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CORPORATE OFFICERS AND INDEPENDENT AUDITORS

Board of Directors

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Ariberto Fassati

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Annalisa Sassi

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Michel Mathieu(*)

Gaëlle Regnard(*)

Marco Stevanato(°)

(*) Members of the Executive Committee.
(°) Independent Directors.

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Francesca Michela Maurelli

Germano Montanari

Enrico Zanetti

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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.

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 OF 2022

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-	AA(low)
S&P Global ratings	Moody's	Fitch Ratings	DBRS

* NIGS (Net Income Group Share). 8,1 Bln€ statutory net income
** Average Liquidity Coverage Ratio (LCR) over 12 months.

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 OF 2022

5.5
million active Customers

98.5 bln€
loans

Approx. 17,000
employees

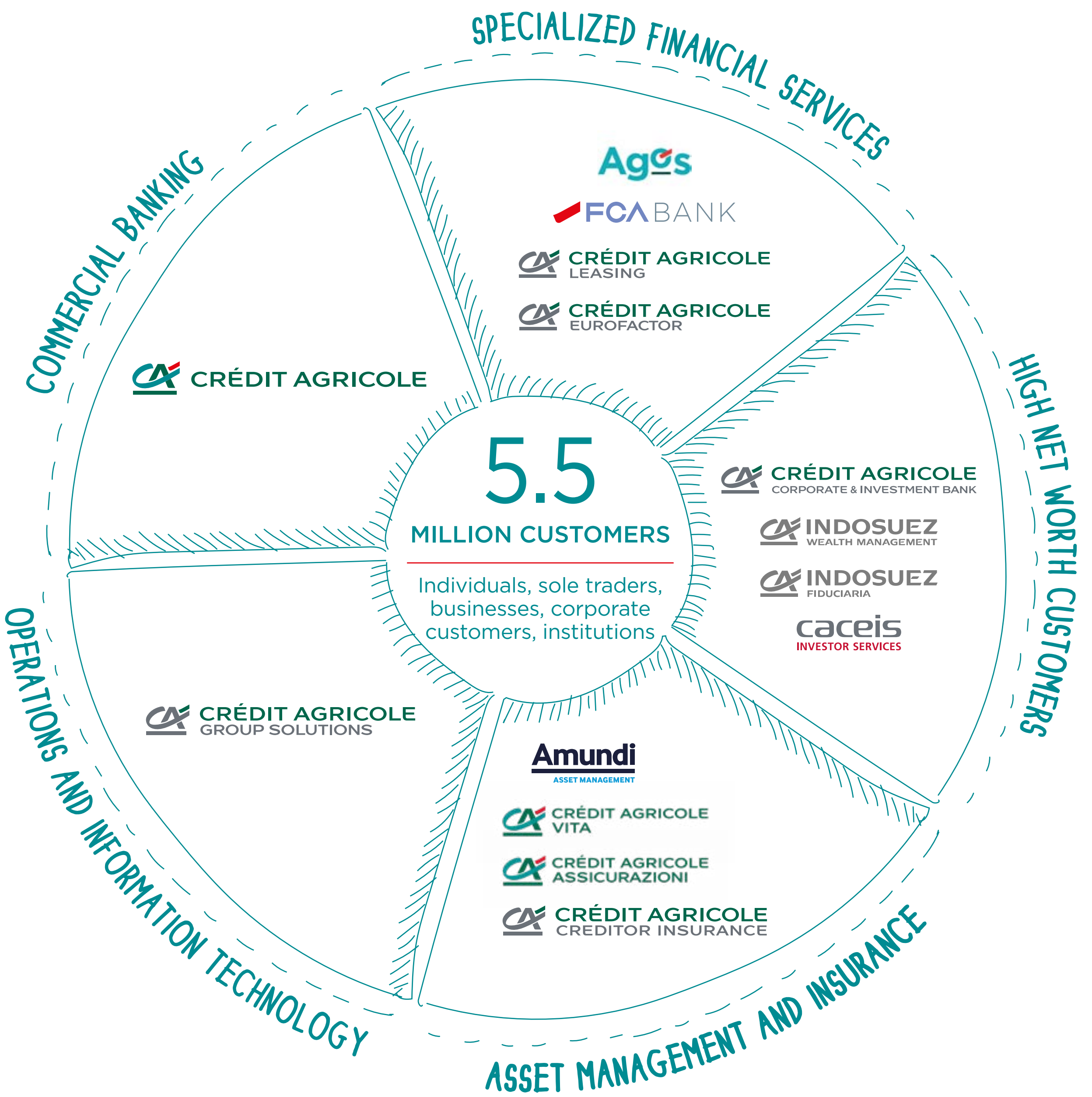
1,097 mln€
net income

317.5 bln€
total funding

4.4 bln€
revenues

* List of the companies of the Crédit Agricole Group in Italia is given on next page.
** 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**, through its commercial bank, is a proximity banking player that covers all market segments, thanks to its distinctive positioning based on Customer centrality.

KEY FIGURES OF 2022

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

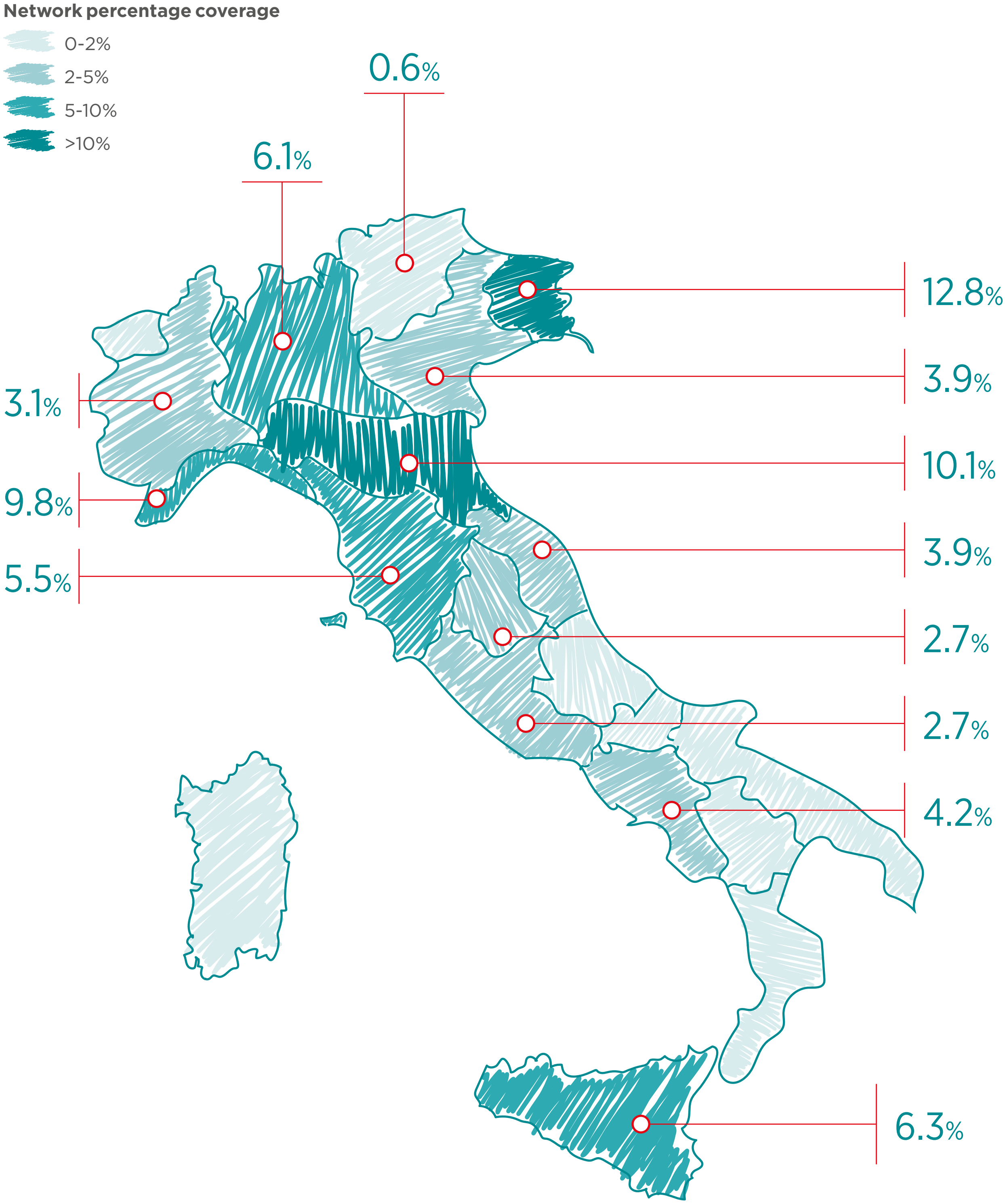
64.3 bln€**
total loans

The main entities the Group consists of are Crédit Agricole Italia S.p.A.(Parent Company), Crédit Agricole Group Solutions S.C.p.A. and Crédit Agricole Leasing Italia S.r.l., which have been consolidated on a line-item basis.

* Excluding non-recurring effects; 559 Mln€ including non-recurring effects.

** Excluding government securities at amortized cost.

BRANCH NETWORK PERCENTAGE COVERAGE BY REGION OF THE CRÉDIT AGRICOLE ITALIA BANKING GROUP



Data as at 30 June 2023.

THE MAIN COMPANIES IN THE CRÉDIT AGRICOLE ITALIA BANKING GROUP'S PERIMETER

CRÉDIT AGRICOLE

Crédit Agricole Italia 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 2.8 billion.**

CRÉDIT AGRICOLE
GROUP SOLUTIONS

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, Procurement and Real Estate Management, as well as Human Resources Administration.**

FINANCIAL HIGHLIGHTS AND ALTERNATIVE PERFORMANCE MEASURES

APM – ALTERNATIVE PERFORMANCE MEASURES

The Crédit Agricole Italia Banking Group has defined some measures, which are set out in the tables of the Group's KPIs and give Alternative Performance Measures ("APM") that are useful to investors as they facilitate the identification of trends in operations and significant financial parameters.

For interim financial reporting, some measures presented in the Annual Report are deemed not representative.

To correctly interpret the APMs, the following specifications are relevant:

- The APMs have been built up based exclusively on historical data of the Group and give no indication about its future performance;
- APMs are not provided for by the International Financial Reporting Standards ("IFRS") and, albeit deriving from the Group's Consolidated Financial Statements, are not included in the audit of the accounts;
- APMs shall not be considered as replacements of the ratios provided for by the adopted financial reporting standards (IFRS);
- Said APMs shall be read along with the Group's financial information as reported in its half-yearly condensed consolidated financial statements;
- The definitions of the measures used by the Group, as they are not governed by the adopted financial reporting standards, may prove not homogeneous with those adopted by other companies/groups and, therefore, may be not be comparable to them;
- The APMs used by the Group have been prepared with continuity and homogeneity of definition and representation for all the periods for which financial information have been included.

Income Statement highlights [(a)] (thousands of Euros)	30 June 2023	30 June 2022	Changes	
			Absolute	%
Net interest income	891,930	607,406	284,524	46.8
Net fee and commission income	607,574	609,620	-2,046	-0.3
Dividend income	12,107	12,769	-662	-5.2
Financial Income (loss)	19,691	31,117	-11,426	-36.7
Other operating income (expenses)	650	3,741	-3,091	-82.6
Operating income	1,531,952	1,264,653	267,299	21.1
Operating expenses	-808,720	-792,107	-16,613	2.1
Operating margin	723,232	472,546	250,686	53.1
Cost of risk[(b)]	-147,822	-118,889	-28,933	24.3
Of which Net adjustments to loans	*-142,986*	*-102,399*	*-40,587*	*39.6*
Profit (Loss) for the period attributable to the Parent Company	405,284	235,435	169,849	72.1
Profit (Loss) for the period net of non-recurring effects[(c)]	405,284	255,704	149,580	58.5

(a) Income statement and balance sheet data are those restated in the reclassified financial statements shown on pages 28 and 25. 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 adjustments to loans and impairment of securities

(c) 2022 non-recurring effects amounted to Euro -20.3 million and regarded the expenses for Creval integration after taxes.

Balance Sheet highlights [(a)] (thousands of Euros)	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
Loans to Customers	72,016,089	75,995,595	-3,979,506	-5.2
Of which government securities measured at amortized cost	*8,130,381*	*11,667,781*	*-3,537,400*	*-30.3*
Net financial assets/liabilities at fair value	182,887	189,662	-6,775	-3.6
Financial assets measured at fair value through other comprehensive income	3,891,697	3,520,018	371,679	10.6
Equity investments	35,042	33,197	1,845	5.6
Property, plant and equipment and intangible assets	2,776,847	2,855,365	-78,518	-2.8
Total net assets	88,612,112	90,800,715	-2,188,603	-2.4
Funding from Customers	73,528,704	72,184,520	1,344,184	1.9
Indirect funding from Customers	89,611,327	87,172,475	2,438,852	2.8
of which: asset management	*49,340,690*	*49,450,233*	*-109,543*	*-0.2*
Net due to banks	869,103	5,639,691	-4,770,588	-84.6
Equity	7,747,459	7,688,952	58,507	0.8

Operating structure	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
Number of employees	12,840	12,671	169	1.3
Average number of employees[(d)]	11,931	12,132	-201	-1.7
Number of branches	1,016	1,123	-107	-9.5

(d) 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]	30 June 2023	31 Dec. 2022
Net loans/Total net assets	72.1%	70.8%
Direct funding from Customers/Total net assets	83.0%	79.5%
Asset under management/Indirect funding from Customers	55.1%	56.7%
Net loans/Direct funding from Customers	86.9%	89.1%
Total assets[b]/Equity	12.1	12.6

Profitability ratios[a]	30 June 2023	30 June 2022
Net interest income/Operating income	58.2%	48.0%
Net fee and commission income/Operating income	39.7%	48.2%
Cost[c]/income ratio	50.2%	59.6%
Net income[d]/Average equity (ROE)[a]	10.6%	7.0%
Net income[d]/Average tangible equity (ROTE)[a]	13.3%	9.0%
Net income[d]/Total assets[b] (ROA)	0.9%	0.5%
Net income[d]/Risk-weighted assets	2.2%	1.4%

Risk ratios[a]	30 June 2023	31 Dec. 2022
Gross bad loans/Gross loans to Customers	0.8%	0.8%
Net bad loans/Net loans to Customers	0.2%	0.2%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio)	3.3%	3.3%
Net non-performing exposures/Net loans to customers (net NPE ratio)	1.7%	1.8%
Net adjustments to loans//Net loans to Customers (*)	0.5%	0.5%
Cost of risk[e]/Operating margin	20.4%	33.9%
Net bad loans/Total Capital[f]	1.8%	2.0%
Total Impairments of non-performing loans/Gross non-performing loans	49.0%	46.9%
Total Impairments of performing loans/Gross performing loans	0.6%	0.6%

Productivity ratios[a] (in income terms)	30 June 2023	31 Dec. 2022
Operating expenses/No. of Employees (average)	137	137
Operating income/No. of Employees (average)	259	213

Productivity ratios [a] (in financial terms)	30 June 2023	31 Dec. 2022
Loans to Customers/No. of employees (average)	5,355	5,302
Direct funding from Customers/No. of Employees (average)	6,163	5,950
Gross banking income (g)/No. of employees (average)	19,028	18,438

Capital and liquidity ratios	30 June 2023	31 Dec. 2022
Common Equity Tier 1[h]/Risk-weighted assets (CET 1 ratio)	13.2%	13.0%
Tier 1[i]/Risk-weighted assets (Tier 1 ratio)	15.5%	15.3%
Total Capital[f]/Risk-weighted assets (Total Capital Ratio)	18.3%	18.3%
Risk-weighted assets (Euro thousands)	36,368,965	35,709,777
Liquidity Coverage Ratio (LCR)	246%	262%
Net Stable Funding Ratio (NSFR)	137%	133%

(a) The Ratios are based on the income statement and balance sheet data of the reclassified financial statements shown on pages 28 and 25. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures.
(b) Ratio calculated based on total assets as reported in the financial statement.
(c) Ratio calculated excluding ordinary and extraordinary bank resolution contributions.
(d) Profit net of non-recurring effects.
(e) The cost of risk includes provisioning for risks and charges, net adjustments to loans and impairment of securities.
(f) Total Capital: total regulatory own funds.
(g) Loans to Customers + Direct Funding + Indirect Funding.
(h) Common Equity Tier 1: CET 1.
(i) Tier 1: Tier 1 Capital.
(*) Ratio calculated net of the securities component

HALF-YEARLY REPORT ON OPERATION

THE MACROECONOMIC SCENARIO AND THE FINANCIAL SYSTEM

THE INTERNATIONAL MACROECONOMIC SCENARIO IN 2023[1,2]

In the first months of 2023 the **international scenario** gave signs of widespread slowdown in economic growth, after growing at a good pace in 2022 (GWP +3.3%). This performance resulted both from the restrictive monetary policies being deployed that curb development in domestic demand, and from inflation still above the target levels, which has reduced households" real income and increased expenses incurred by businesses. Positive signs have been coming from the recovery in Chinese economic activities, which has driven revival in international trade. Conversely, the Euro Area has been giving sings of fragility, as shown by inhomogeneous performances of the EMU Countries. Lastly, the failures and liquidity problems of US regional banks, along with the events occurred in Switzerland, albeit with no immediate repercussions on the Euro Area, have contributed to increasing widespread uncertainty.

The macroeconomic scenario is still being strongly affected by the **Russian invasion** of Ukraine, which has been going on for over one year, causing not only suffering to the people involved, but also strong repercussions on the economy, both in Europe and beyond its borders. Responding to the war escalation and supporting Ukraine, the Governments of the main Western Countries have further tightened the economic, financial and trade sanctions that they deployed last year, targeting Russian natural persons and entities.

The growing trend in **inflation** has shown the first signs of slowing down, although remaining high. Specifically, the easing in inflationary pressure in the Euro Area has been driven by the decrease in the prices of commodities, along with the measures deployed by the European Union to keep prices in check, which started at the end of 2022 and which have generated their benefits in 2023. In the United States, the decrease in inflation has proved more robust, thanks to the more intensive and faster actions deployed by the FED starting as early as in Q1 2022. Indeed, also this year, Central Banks have reasserted the need to bring inflation back to its set target with constant increases in key interest rates, albeit not as large as in 2022, taking the consequences on the real economy and on financial stability into more consideration. Indeed, although having a positive impact against the marked increase in inflation, those polices and their very fast application have also dampened domestic demand, slowing down consumption and impacting businesses" expenses.

In the present scenario, the **Euro Area** has been featuring widespread uncertainty due to the slowdown in economic activities, with the inflation rate still high, albeit gradually decreasing, making the ECB's work quite complex. This scenario has caused the main economies to have heterogeneous performances, with Countries that have continued on the growing trend started in 2022, albeit at a slower pace, and other Countries that conversely have posted negative growth. This is the result, on the one hand, of the push given by gross fixed investments, which have proved the element driving the GDP, and, on the other hand, the drop both in Government spending and in private consumption, with the latter being affected by the decrease in purchasing power. In that regard, a key factor for the economies of the Euro Area Countries is the good outcome in continuing their national Recovery and Resilience Plans (RRPs), with the related investments projects becoming fully operational and thus strengthening their contribution to growth. In this scenario the ECB has continued with its restrictive approach to monetary policy, which has given its first favourable results in 2023, with inflation gradually decreasing.

In the **USA**, the FED had to address the liquidity crisis that was triggered by the failure of some regional banks,

1 Prometeia, Forecast Report (March 2023).

2 Economic Studies Department of Crédit Agricole S.A. (ECO) Macro-Economic Scenario (April 2023).

being in the position to deploy targeted actions, such as guaranteeing the deposits held by the banks under resolution and opening lines of credit to support their liquidity. Despite the risk of a banking crisis, the FED continued in its restrictive action, reasserting once again the importance of bringing the inflation rate back to its target level, although, at its last meeting in June, it decided – for the first time in the last twelve months – to temporarily suspend the increase in interest rates, in order to assess the related effects and implications on financial stability. Nonetheless, the Us economy has proved able to grow, with the positive contribution given by net foreign demand and by recovery in consumption, with the House of Representatives and the Senate being in the delicate position to have to raise the set ceiling to government debt in order to prevent the Country's default.

In China, where the Central Bank has been still keeping an expansionary monetary policy, the GDP has grown driven not only by the contribution from the service sector and the recovered real estate industry, but mainly by the end of the "Zero Covid" policies, which generated positive effects on international trade. Nonetheless, inflation well below criticality thresholds gives evidence of weakness in household consumption, along with weaker foreign demand.

Monetary policies[1]

Consistently with last year, the main international **Central Banks** have continued to deploy restrictive monetary policies (except for the Bank of Japan), albeit with a more moderate approach, because of inflation persisting at higher levels than the target ones. Specifically:

- The **Federal Reserve** has constantly kept its fighting inflation approach, which started in 2022 in order to bring it back to a 2% average, but not as intensively: in the first six months of the year it increased its key interest rates three times, by 25bps each time, taking them, in May, to the 5.00%-5.25% range (vs. 4.25%-4.50% in December 2022), despite the crisis of US regional banks in early March. Specifically, Silicon Valley Bank, a regional bank based in California high-tech zone, experienced a severe liquidity crisis, generated by its inefficient management of maturities between deposits and loans, which was triggered by the sudden spike in the yield curve. Then, other banks were involved in the crisis, in response to which the FED deployed several actions, such as fully guaranteeing the deposits held by the banks under resolution procedures and opening a line of credit, with one year maturity, for US banks, in order to provide liquidity. At the June meeting of the Federal Open Market Committee (FOMC), the FED decided not to increase interest rates further, in order to assess the effects and implications on financial stability of the previous increases in key interest rates, which were constant for over a year, in the light of possible restrictions in lending conditions.
- In the current year, the **European Central Bank** has increased its official interest rates by another 150 basis points, taking the rate on the main refinancing operations to 4.00%,while the rates on the marginal lending facility and on the deposit facility with the Central Bank to 4.25% and 3.50%, respectively. Furthermore, as a consequence of the Quantitative Tightening announcement at the end of 2022, the ECB started to reduce its Asset Purchase Programme (APP) portfolio in March 2023, at an average pace of 15 billion Euros a month until June, reinvesting partially only the principal repaid on maturing securities. The restrictive approach adopted by the ECB has not been impacted by the crisis of the US regional banks, because, as stated by President Lagarde, the ECB stands ready to deploy all the necessary measures to ensure liquidity to the system and to preserve the monetary policy transmission mechanism, and no repercussions are expected on European financial stability given that not only is the banking system based on more stringent legislation and regulations, but it can also rely on its high capitalization and liquidity.
- The **Bank of England** has taken its Bank Rate to 5.0%, with 4 hikes totalling 150bps in the first six months of the year, to try to curb inflation in the UK, one of the highest in Europe, at 8.7% in May 2023 (stable vs. April 2023).
- Going against the trend of the other Central Banks" decisions, the **Bank of Japan** has kept an expansionary monetary policy, leaving its key interest rate at its 2016 level (-0.1%), despite the inflation rate standing at +3.5% in April 2023 (slightly up from +3.2% in March 2023). The tolerance threshold in fluctuation of yields from 10Y government securities from 0.25% to 0.50% as changed at the end of 2022, is still in force.

Main economies[1,3]

The high uncertainty and the less favourable financial conditions for households and businesses, hit by still high inflation, characterized the first months of 2023. In this scenario, central banks continued in their fight against inflation with yet another increase in interest rates. Along with the Russia-Ukraine war still going on, these factors are slowing down the world economy, despite the lower pressure along the global value chain:

- Its good performance in 2022 has enabled the United States to continue in its growing trend, keeping, until now, the spectre of recession at bay, fuelled by liquidity worries with the crisis of regional banks, which was limited to the concerned banks only. More in detail, in Q1 2023 the **GDP of the United States** grew by +0.3% QoQ, driven not only by the positive contribution from net foreign demand, but also by the speeding up in consumption generated by the labour market performing well and by pay raises, which enabled recovery, albeit partial, in households" purchasing power. Having regard to inflationary pressure, the restrictive measures deployed by the FED generated the hoped-for effects, with inflation standing at +4.0%[4] YoY in May, at its lowest in two years, thanks to the strong decrease in energy prices. On the other hand, core inflation stood at +5.3% YoY, with the pressure from energy goods in 2022, which would seem to have shifted to the other sectors, especially the one of services (+6.6% YoY). Lastly, the Government was in the delicate position of having to manage the ceiling set to government debt (at 31.4 trillion dollars), which had already been reached in January, and thus of being unable to meet its obligations and being exposed to the possibility of default. The risk was fended off in June, thanks to the approval of the Fiscal Responsibility Act by Congress, suspending the ceiling to the USA debt for two years and enabling the USA to issue debt securities.
- In **China**, the GDP of the first quarter grew by +2.2% QoQ (+4.5% period-over-period), driven by the service sector, which more than offset the modest slowdown in the manufacturing one, and by the real estate sector recovery strategy, with new lines of credit and funding sources. Contrary to Western Countries, the Chinese economy has featured a very low inflation rate, which, in the first five months of the year, grew by +0.8% compared to the same period of 2022, with producer prices down by -4.6% (May 2023/May 2022), posting the eighth decrease in a row and the largest drop since February 2016. Therefore, this performance gives evidence of weakness both in household consumption, despite the efforts deployed by the Government, and in foreign demand. Thanks to low inflation the Central Bank does not have to adopt any monetary tightening measure, with the key interest rates remaining unchanged compared to 2022 (having constantly decreased in the last four years), providing support to the economy with periodic liquidity injections, made especially by local Governments, which however have been showing difficulties in meeting their obligations. In this scenario, Xi Jinping was appointed to office for the third time as the secretary-general of China's Communist Party, with a unanimous vote, after having abolished the limits to terms of office as president in 2018; the objective of this new legislature is achieving economic stability addressing the cash difficulties of local Governments.
- In the first quarter of 2023, the GDP of the **United Kingdom** grew by +0.1% QoQ (+0.2% period-over-period) in line with the figure posted in the previous three months. The performance of the economy has been affected by persistent inflation (+8.7% in April), linked to energy and food products, which has strongly impacted on households" purchasing power and confidence, down to their all-time low in the first quarter. These factors have caused consumption to drop, with uncertainty in investments and businesses reporting higher difficulties in covering energy costs and in finding personnel. The prices of services have also markedly increased, implying persistent inflationary pressure, despite the efforts made by the *Bank of England*, which increased interest rates by 150 bps in the first six months of 2023, taking its key interest rates to 5.0%.
- In **Russia**, in the first quarter of the year economic growth contracted by -1.9% period-over-period, with the construction and agricultural sectors being the only ones proving stable, due to the effects of the sanctions imposed in response to the invasion of Ukraine. Indeed, in 2022 the Government of Western Countries had announced and deployed economic, financial and trade sanctions targeting both individuals and financial institutions, except for players in the healthcare, pharmaceutical, food and agricultural sectors, in order not to hit the Russian population. In February 2023 the EU rolled out its tenth set of sanctions against Russia, targeting a total of 1,473 individuals and 205 entities, with 300 billion in assets of the Russian Central Bank frozen in EU and G7 Countries. The Russian Government responded to these actions raising its deficit, breaching the ceiling laid down in its 2023 Budget Law and hitting, between January and April, 3,400 billion rubles.

3 Source: ISTAT, Italy's Economic Outlook (June 2023).

4 Source: US Bureau of Labor Statistics (June 2023).

EURO AREA

In the first months of 2023 growth was slightly negative (-0.1% QoQ) in line with the last quarter of last year. This resulted from a decrease in consumption, both private and public, which was offset by the positive contribution of foreign trade and gross fixed investments. The economic activity in the Euro Area has shown inhomogeneous growth in the various Countries, some of which have continued on the growing trend started in 2022, albeit at a slower pace, and others have conversely posted negative growth. In this scenario, development in the various sector of the economy has also proved heterogeneous, with the service one continuing in its expansionary phase, evidence of which was given also by the services business activity index stood at 55.1 whereas the manufacturing sector remained weak.

In the Euro Area **inflation**[5] gradually decreased to the estimated June figure of +5.5% from +9.2% in December 2022, thanks mainly to the energy component (-5.6% YoY vs. +25.5% YoY in December 2022). Conversely, the other components have shown growth for food, alcohol and tobacco (+11.7% a/a vs. +13.8% YoY in December 2022), followed by non-energy industrial goods (+5.5% YoY vs. 6.4% YoY in December 2022), while the prices of services have continued to increase (+5.4% YoY vs. +4.4% YoY in December 2022).

After the difficulties experienced in March, **industrial production**[6] has given signs of recovery, with the production of capital goods (+8.3% YoY) able to support the whole aggregate, whose growth, in April 2023, came to +1.0% compared to March and to +0.2% YoY.

The **unemployment rate**[7], standing at 6.5% in May, decreased vs. its figure both as at the end of 2022 (6.7%) and as at May 2022 (6.7%).

In **Germany**, the economy entered a technical recession with the gross domestic product decreasing for the second quarter in a row: -0.3% in March 2023 after -0.4% in December 2022. The contraction resulted mainly from the performance of private consumption, which, along with public expenditure being reduced, proved unable to support the economy facing high rates of inflation, hitting +7.8% in March 2023. Germany's industrial production (-3.4% in March 2023 vs. February 2023) has been affected by the war in Ukraine, which caused disruptions in supply chains (already emerged at the end of 2022) with the chemical, iron and steel, paper and glass industries being the hardest hit.

In **France**[8], the GDP increased by +0.2% in the first quarter of 2023, as the result of a slowdown in investments, especially in construction and private ones, with household consumption essentially stable and growth in foreign trade, which gave a significant contribution to the GDP growth (of +0.6 p.p.). At the end of the first quarter inflation stood at +6.7%, and then decreased to +6.0% in May.

In **Spain**, the GDP grew by +0.5%, driven both by the increasing foreign demand and by higher investments, with inflation that, in March, hit +3.1%, one of the lowest figures in the Euro Area. The growing trend in inflationary pressure continued to decrease in the following months, coming to +2.9% in May. A material driver of the GDP growth throughout 2023 will be the implementation of "*Espana Puede*", Spain's national recovery plan of 140 billion Euros aimed at restructuring actions with a focus on environmental sustainability, digitalization and infrastructure improvement.

Following the end of the health emergency, the European Union Member States are going to go progressively back to the normal fiscal rules laid down in the Stability and Growth Pact (SGP): the safeguard clauses, which had suspended the standard fiscal regime during the Covid emergency, will still be in force for the current year, whereas they will no longer be effective as of 2024 and the Member States shall go back to having their **government deficit/GDP ratios** below 3% (3.6% in 2022, 5.3% in 2021 and 7.1% in 2020[9]). In any case, at the beginning of 2024 the European Commission will propose some procedures regarding any government deficits breaching said limits on the 2023 figures. in the current year the actions that started in 2022 will continue, aimed at countering the increase in energy prices and inflation, both with a more material impact on state budgets than in the past and with higher consistency imposed by the need to favour more vulnerable players without acting directly on prices. A key factor for the Euro Area Country will be continuing to implement their **National Recovery and Resilience Plans** (RRPs). In the first months of 2023, the European

5 Source: Eurostat Flash estimate 72/2023 (June 2023).

6 Source: Eurostat, 66/2023 (June 2023).

7 Source: Eurostat, 73/2023 (June 2023).

8 Source: ECO, France – Conjuncture – Flash PIB (April 2023).

9 Source: Eurostat 47/2023 (April 2023).

Commission paid out 153 billion Euros, mainly associated with the sustainable growth and resilience pillars, as over 530 Milestones and Targets had been achieved. Specifically, France and Spain have already met 22% of their conditions, while Italy follows at 18%. Worth mentioning is that Germany has not yet achieved any one of its 129 Milestone and targets and has obtained an extension of the deadlines because of objective difficulties that have emerged later on. In 2023 the investment projects will become fully operational and their contribution to growth will be stronger.

THE ITALIAN ECONOMY

In the first quarter of 2023, the Italian economy outperformed expectations, with growth again higher than the one of the EMU (Italy's GDP in Q1 2023 up by +0.6% vs. the Euro Area GDP down by -0.1%), despite inflation persisting at high levels. Indeed, inflation stood at +6.7% in June, higher than the Euro Area average of +5.5%. The GDP growth was driven by domestic demand net of inventories, which posted a positive contribution of +0.7%, whereas net foreign demand gave a slightly negative contribution (-0.1%), as did inventories (-0.1%). The growth in domestic demand resulted from the increase in government spending (+1.2%), followed by gross fixed investments (+0.8%) and by consumption expenditure of resident households and Private Social Institutions (+0.5%).

Household final consumption expenditure [10] grew in the first months of the year, posting a period-over-period increase of +12.2% (+0.6% Q1 2023 vs. Q4 2022), at a faster pace than gross disposable income of consumer households, which increased by +8.2% in the same period. Households" purchasing power increased by +3.1% vs. the previous quarter, thanks to the slowdown in inflation. At the same time, propensity to save has continued in its downturn period-over-period (-3.4% Q1 2023 vs Q1 2022), despite posting the first increase QoQ (+2.3%) after decreasing for several quarters.

In June 2023, consumer confidence[11] gave a positive sign, coming to 108.6 and increasing vs. the previous month (105.1). All components grew and to be mentioned is the improvement about the general economic situation. To the contrary, business confidence decreased, coming to 108.3, at its lowest since last December. Confidence improved in the construction sector, but decreased in other sectors, especially the manufacturing and retail ones.

In the first three quarters of 2022, the Italian State6 posted total net debt amounting to -12.1% of the GDP, slightly worsening vs. -11.3% in the same period of 2022, resulting from lower revenue as the tax revenue to GDP ratio decreased . Specifically, this ratio came to 37.0%, down by -0.9% vs. Q1 2022. In terms of weight on the GDP, the primary balance and the revenue balance were both negative, amounting to -8.8% (-7.6% in the same period of 2022) and to -6.0% (-5.9% in the same period of 2021), respectively.

In May 2023 Italy's **industrial production**[12] resumed growth (+1.6% vs. April) after four consecutive downturns, across all the main sectors. Specifically, capital goods increased by +1.4%, followed by intermediate and consumer goods, up by +1.2% and +1.1% respectively, with energy growing to a marginal extent by +0.1%. On a period-over-period basis, net of the calendar effects, the total index decreased by -3.1% in the first five months of 2023 vs. the first five months of 2022, except for capital goods, which went up by +3.3%. Of the economic activity sectors that posted positive period-over-period changes, worth mentioning are the manufacturing of basic pharmaceutical products and pharmaceutical preparations (+8.9%), manufacturing of means of transport (+8.4%), and the manufacturing of computers and electronic products (+ +5.1%). The biggest downturns concerned the manufacturing of coke and refined petroleum products (-19.0%), the wood, paper and printing industries (-15.8%) and the textile, clothing and accessories industries (-10.3%).

In the first quarter of 2023 **gross fixed investments**[13] increased QoQ by +0.8%, with increases both in the machinery, equipment and means of transport component (+0.6%), and in the construction component, which supported the aggregate as it grew QoQ by +1.1%.

In May, **foreign trade**[14] slightly decreased QoQ (-0.3% vs. April), as a result, on the one hand, of the contraction in sales to the EU area (-1.7%) and, on the other hand, of the good performance of exports to the extra-EU area (+1.2%). In the first five months of the year the balance of trade was positive by Euro 10.6 billion (vs.

10 Source: ISTAT, Quarterly Account of Public Administrations, household" s income and savings and company profits (July 2023).

11 Source: ISTAT (the Italian National Institute of Statistics) consumer and business confidence (June 2023).

12 Source: ISTAT, Industrial production (July 2023).

13 Source: Prometeia, Sintesi congiunturale (June 2023).

14 Source: ISTAT, Foreign trade and import prices (July 2023).

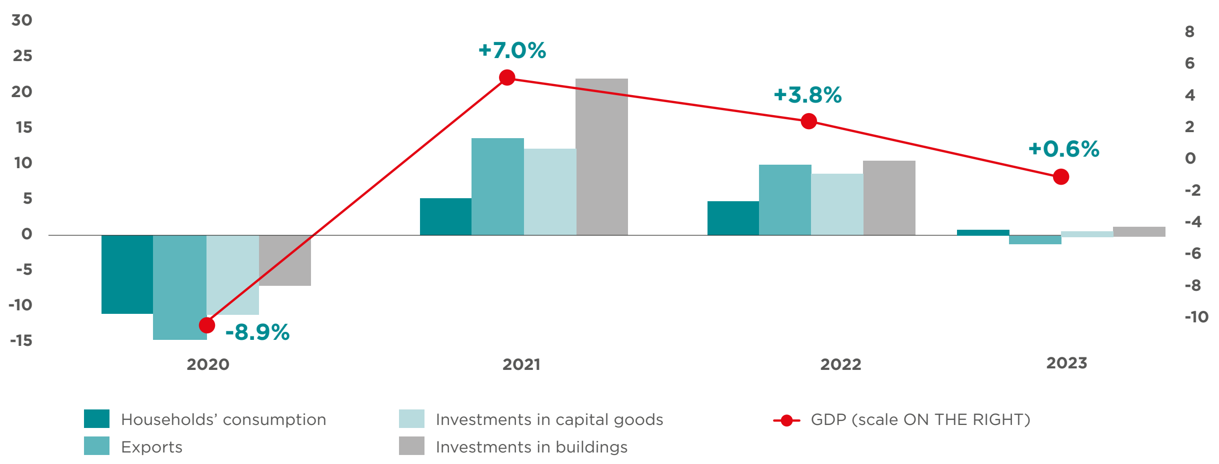
a negative figure of -12.5 billion in the same period of 2022) thanks to exports resuming growth (+4.8% vs, the same period of 2022), driven by sales of capital goods (+12.3% YoY) and consumer goods (+8.7% YoY); concomitantly, imports decreased by -4.1% in January- May 2023 vs, January-May 2022.

Inflation continued on its decreasing trend, with **consumer prices**[15] unchanged in June 2023 vs. the previous month, coming to +6.4% (Consumer Price Index or CPI) on an annual basis (vs. +10.0% in January 2023). That slowdown was still due mainly to the decrease in the prices of non-regulated energy products (+8.4% vs. 20.3% on a period-over-period basis). The Harmonized Index of Consumer Prices (HICP) remained essentially unchanged vs. May 2023 (+0.1%), whereas, on an annual basis, it came to +6.7% markedly decreasing vs. its +10.7% figure of January 2023. “Core inflation” also slowed down net of energy and fresh food products, coming to +5.6% (vs. 6.0% in May 2023, as its period-over-period change).

The **employment market**[16] continued to improve, where the employed population increased in May 2023 vs. the previous month by approx. 21,000 persons and the unemployed population decreased, whereas the number of people neither in employment nor in education or training (NEET) was stable (NEET rate unchanged at 33.7%). Therefore, the employment rate came to 61.2%, increasing vs. its 60.7% figure of December 2022, while the unemployment rate decreased to 7.6% (vs 8.0% in January 2023).

The implementation continued of the reform and investment projects comprised in Italy’s **National Recovery and Resilience Plan (RRP)**, which started in 2021 albeit with some uncertainties concerning the planning arrangements, with the related expense flows being postponed. Specifically, the third instalment of Euro 19 billion, linked to the achievement of the targets set for H2 2022, which shall be paid in September while it was expected in the first part of the year. There is further uncertainty on the fourth tranche of Euro 16 billion, which is linked to the complicated list of the 27 targets to be pursued in the first six months of this year, many of which are showing delays. Indeed, part of the infrastructural works is still at design or call of tender stages, with the increase in prices in the construction sector materially impacting the costs for the completion of the projects. Those problems prompted an overall revision of the Plan, with possible delays in its schedule.

Italy: GDP and its components



Source: Prometeia, Sintesi Congiunturale (June 2023).

15 Source: ISTAT, Consumer prices (June 2023).

16 Source: ISTAT Employment and Unemployment (June 2023, provisional data).

THE BANKING SYSTEM*

In the first six months of 2023 the **banking system as a whole posted growth in profitability across the board** thanks to increasing revenues, which proved able to support profits despite operating costs being affected by persistently high inflation. Thanks to the widening net interest spread, net interest income was one of the main drivers of profitability, giving a significant contribution to net income; while the cost of *funding* remained modest. In a scenario featuring higher price pressure, banks" **cost items** have been impacted by inflation. At the same time, both IT and ESG investments increased, substantiating the need to counter the higher ICT risks associated with the larger and larger number of online transactions made by customers, and to go on towards a digital and *green* transition, with consequent increase in personnel expenses to hire specialists in these scopes. Lastly, credit risk ratios have still remained at historically low levels, thanks to the strong *derisking* actions deployed in 2022, with the leading Italian groups adopting **management overlays**, temporarily limiting the impact of adjustments to loans in the year and thus the cost of risk.

With the restrictive monetary policy adopted by the ECB continuing in force, in H1 the **slowdown in loans** to the Italian private sector also continued because of the increase in interest rates. Specifically, on the one hand the growth in home loans slowed down and, on the other hand, the supply conditions tightened because of the higher risk perceived by lenders. Likewise, the need emerged for businesses to use the high amounts of cash and cash equivalents they held at banks, consequently decreasing demand for loans. Concomitantly, total **direct funding** (customers" deposits and bonds) decreased on an annual basis because of the reduction in 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.

In 2023 households showed the preference to invest their savings in **assets under administration**, which proved more appealing than in the past thanks to the debt securities favoured by higher interest rates.

The increase in debt expenses and the slowdown in the economy did not generate any significant deterioration in **loan quality, which remained under control**, although in Q1 2023 the first consequences of the new macroeconomic scenario on households and businesses started to show: specifically, the main risks associated with the customers" ability to afford their debt are the slowdown in the economic cycle and the effects of higher interest rates, with inflation still high. The weight of loans with late repayment doubled in the first three months of the year, but it has not yet reached such levels of non-performance as to require their classification to *default*.

In the Italian banking system **capitalization** remains **strong** as regards essentially all significant banks, with capital ratios well above the minimum requirements applicable since 1 January 2023 as set by the Supervisory Authority after the SREP carried out in 2022, and is expected to increase in 2023 through self-financing with earnings. Consequently, as announced also by the leading European banks, the Italian groups will continue to adopt generous profit distribution policies: the proposed buy-back and distribution of dividends (regarding 2022) amount to over 10 billion Euros, with the payout ratio in line with that of 2021.

Sustainability (ESG) and climate-related risks have by now become core in business strategies, risk management and *governance*. 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 include the assessment of climate-related risk in their lending policies, besides extending their range of products and services more and more in accordance with ESG criteria. Furthermore, sustainability-related investments are expected to grow, not only to ensure compliance with the policies issued by the regulator but also as a choice made by banks, giving evidence of their full awareness of the importance of these matters to make their business model resilient.

* Source: Prometeia, Sintesi Congiunturale (June 2023).

That market scenario resulted in the business performances given below[17]:

In May 2023 **loans to households and businesses** came to Euro 1,312 billion, down by -1.1% YoY while proving essentially stable in April 2023 (-0.3%). In April 2023 loans to households decreased vs. the previous month because of the lower number of home loans (+2.7% YoY vs. +3.2% in March 2023), whereas the consumer credit component remained stable (+3.2% YoY).

Despite the adverse macroeconomic scenario where customers" ability to repay their loans is being affected by several risk factors, the weight of non-performing loans on total loans originated by significant banking groups is continuing to decrease thanks to the *derisking* process undertaken in the last few years, giving priority to **active management of NPLs** and going on with **disposals on the market of bad loans and Unlikely to Pay**.

Specifically, **bad loans**, net of impairment and provisions, after reaching their peak in November 2015, have decreased vs. last year (15.2 bln in April 2023 vs. 16.6 bln in April 2022), albeit increasing in April. The ratio of bad loans to total loans has been stable since the beginning of the year (0.89% in April 2023).

In May 2023, total **direct funding** (resident customers" deposits and bonds) came to Euro 2,010 billion, down by -2.2% YoY. The bond component markedly increased (+11.9% YoY). Conversely, in May 2023 deposits came to Euro 1,789 billion, decreasing by -3.7% YoY.

As at May 2023, the **interest rates applied to loans to customers** continued to be affected by the further hikes decided by the European Central Bank in the first months of this year: with the average rate on total loans being 4.12%, (vs. 2.16% in May 2022); the interest rate on newly originated home loans being 4.24% (vs. 3.01% in December 2022), and the interest rate on loans to businesses hitting 4.90% (vs. 1.19% in May 2022).

Interest **rates** on **bank funding** have also increased and in May 2023 came to 0.87% (vs. 0.81% in April 2023). It is also pointed out that the rate on deposits with an agreed maturity in Euro applied to households and non-financial corporations came to 3.21% (vs. 0.29% in June 2022).

The **spread** between the average rate on loans to households and non-financial corporations and the average one on funding has been strongly affected by the high rates currently in force coming to 325 basis points (vs. 260 in December 2022).

In April 2023 assets under management suffered net outflows of Euro 3,88 billion mainly consisting of outflows of portfolio management assets (-6,68 bln), whereas collective asset management funding increased by 2.8 bln. Specifically, bond funds posted a strong increase (+4.36 bln),equity funds proved stable, whereas balanced and flexible funds decreased, by -993 bln and -1.59 bln respectively.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Flood in the Emilia-Romagna Region

Following the floods that hit the Emilia-Romagna Region in May, the Crédit Agricole group in Italy deployed a structured action plan to provide support to the population and to the communities affected.

Among the most significant initiatives worth mentioning is the allocation of 200 million Euros in credit lines at bespoke terms and conditions and with a streamlined origination procedure in order to foster immediate resumption of productive activities and to provide the businesses based in the area with the necessary liquidity. Furthermore, a fundraising campaign in favour of the Italian Red Cross went live on CrowdForLife, CA Italia's crowdfunding portal, for projects aimed at helping the communities hit by the floods, to which all the companies of the Crédit Agricole Group in Italy contributed, doubling the donations made by their personnel, customers and by members of the public.

17 ABI Monthly Outlook (June 2023).

Immediately adopting the measures laid down by the decree-laws issued to respond to the emergency, the Crédit Agricole Italia Banking Group suspended the repayment of loans and mortgage loans; specifically:

- It suspended the repayment of loan instalments falling due in May and June, in accordance with the. "Flood Decree-law" of 1 June 2023, informing its customers of the adopted measure in the shortest time possible and giving them the possibility to opt for alternative solutions;
- It gave its customers the possibility to suspend, for up to 12 months, the repayment of mortgage loans and loans for buildings and land that had to be cleared as not usable because of the flood, in accordance with the "Head of the Civil Protection Department Order" OCDPC no. 992 of 8 May 2023 later supplemented by the "Head of Civil Protection Department Order" OCDPC no. 997 and no. 1003.

Equity investment in BDX S.p.A.

In H1 a partnership was established with the Sesa Group, within which Crédit Agricole Italia S.p.A. acquired an equity investment in BDX S.p.A. (an entity resulting from the corporate reorganization of the Omigrade Group). BDX S.p.A. is the partner of choice to carry out the transformative development of the systems of the Finance, Wealth Management and Bancassurance areas, as well as to consolidate a significant portion of the software development and maintenance activities, again as regards the aforementioned specialist areas, in addition to other aspects currently being managed, including e-money, digital channels and international transactions.

The shares held by Crédit Agricole Italia S.p.A. amount to 15% of the investee's share capital and the equity investment has been recognized under "Equity investments in entities subject to significant influence" (item 70 of assets).

Equity investment in Fiere di Parma S.p.A.

In March 2023 a corporate transaction was finalized concerning the company Fiere di Parma S.p.A. consisting in the transfer to the company by Fiere di Milano S.p.A. of the Tutto Food business unit through a share capital increase reserved to Fiera Milano, as a result of which Fiera Milano now holds approximately 18.5% of the share capital of Fiere di Parma S.p.A..

Fiera Milano S.p.A. becoming a shareholder entailed the dilution of the share held by Crédit Agricole Italia S.p.A. in the capital of Fiere di Parma S.p.A., which decreased from 32.4% to 26.4%; Crédit Agricole Italia remains, nonetheless, the largest shareholder of Fiere di Parma S.p.A., retaining the related influence on its governance.

The partnership with Fiera Milano S.p.A. is going to enable Fiere di Parma S.p.A. to: (i) strengthen the Cibus trade fair, enhancing its role also to the advantage of the Italian food supply chain; (ii) develop its management capacities through organizing TuttoFood; (iii) reasserting its position as the leading player in the Agri-Food trade fair sector.

Incorporation of Le Village by CA delle Alpi Società Benefit S.r.l.

The Le Village by CA project is an initiative that was devised and started in France inb2014 by the *Fédération Nationale du Crédit Agricole*, pursuing the goal of creating an innovation ecosystem at an international level involving startups, large companies and all the Entities of the Crédit Agricole Group. The ecosystem has been growing at a fast pace and today it is one of the most important innovation networks in Europe.

At present, in Italy three Villages are in operations: Le Village by CA Milano S.r.l., Le Village by CA Parma S.r.l. and Le Village by CA Triveneto S.r.l. (Based in Padua). In but few years the ecosystem has become one of the main accelerators of startups in Italy, establishing many strategic partnerships with institutions, Research Centers and top Universities.

In this scope, Crédit Agricole Italia S.p.A. promoted the opening of a new Village, in order to extend the "Le Village by CA" international innovation ecosystem to the Province of Sondrio and the Lombardy highlands, a strategic area. In May 2023 a NewCo was incorporated and named "Le Village by CA delle Alpi Società Benefit S.r.l.", based in Sondrio, a subsidiary of Crédit Agricole Italia (76.56%) the other shareholders of which are Fondazione Pro Valtellina Onlus and Crédit Agricole Vita.

The new entity focuses on mountain economy and pursues the goals of supporting the growth of startups, speeding up businesses" innovation, attracting talents and disseminating knowledge and awareness of these topics, to generate a positive economic and social impact on the area as a whole.

Geographical rationalization of the physical network

Consistently with the objectives set in the 2025 MTP, the geographical optimization of Crédit Agricole Italia S.p.A.'s physical network has been continuing in order to harmonize the service model across the Network and to rationalize the number of branches by geographical area, with the closure of 71 branches in the reporting period.

The plan goes along with the Group's growth and is consistent with the evolution in customers" behaviour featuring progressive reduction in the use of the physical channel and continuous increase in the use of digital tools and channels.

Covered bonds

In June 2023 the Crédit Agricole Italia Banking Group made a new issue of Covered Bonds having 6.5-year maturity (maturing on 15 January 2030) and an amount of 1 billion Euros, one of the first European Covered Bond Premium label issues in the Italian market and compliant with the latest applicable EU Directive.

PERFORMANCE OF OPERATIONS

In a scenario featuring inflation still high and interest rates that returned to grow after being stable for years, the Crédit Agricole Italia Banking Group has proved once again able to generate profits, as in the previous years, thanks to its balanced and diversified business model, continuing to support the economic fabric with constant focus on asset quality.

Commercial operations performed well in the main business lines, thanks to the diversified range of products and services made available to Customers, benefiting from the services provided by all the companies of the Crédit Agricole Group in Italy. Worth specific mentioning is the significant development in the customer base, with the acquisition of over 84 thousand new customers (+3% YoY), thanks to the contributions given by both the commercial network and the digital channel. Total assets performed better than the Italian banking system across all segments, with important growth in total funding, which was driven by high net inflows of savings (amounting to over 3 billion).

CA Italia's capital strength was proved once again, with capital well above the minimum requirements assigned by the ECB for 2023; liquidity also continues to be high with the LCR at 246%.

THE PERFORMANCE OF BALANCE SHEET AGGREGATES

RECLASSIFIED CONSOLIDATED BALANCE SHEET

Assets	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
Net financial Assets/Liabilities at fair value	182,887	189,662	-6,775	-3.6
Financial assets measured at fair value through other comprehensive income	3,891,697	3,520,018	371,679	10.6
Loans to Customers	72,016,089	75,995,595	-3,979,506	-5.2
Equity investments	35,042	33,197	1,845	5.6
Property, plant and equipment and intangible assets	2,776,847	2,855,365	-78,518	-2.7
Tax assets	2,292,818	2,764,573	-471,755	-17.1
Other assets	7,416,732	5,442,305	1,974,427	36.3
Total assets	**88,612,112**	**90,800,715**	**-2,188,603**	**-2.4**

Liabilities	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
Net due to banks	869,103	5,639,691	-4,770,588	-84.6
Funding from Customers	73,528,704	72,184,520	1,344,184	1.9
Tax liabilities	196,080	313,626	-117,546	-37.5
Other liabilities	5,556,819	4,267,096	1,289,723	30.2
Specific-purpose provisions	689,729	683,756	5,973	0.9
Capital	1,102,071	1,102,071	-	-
Equity instruments	815,000	815,000	-	-
Reserves (net of treasury shares)	5,483,656	5,268,193	215,463	4.1
Valuation reserves	-58,552	-54,906	3,646	6.6
Equity attributable to minority interests	24,218	23,074	1,144	5.0
Profit (Loss) for the period	405,284	558,594	-153,310	-27.4
Total equity and net liabilities	**88,612,112**	**90,800,715**	**-2,188,603**	**-2.4**

LOANS TO CUSTOMERS

The stock of net loans to customers came to Euro 63.9 billion (-0.7% vs. 31 December 2022) proving more resilient than the banking system, which posted a larger decrease (down by over -2%).

In terms of composition, short-term exposures increased (current accounts up by +2.3%, invoice financing and credit facilities up by +2.2%), whereas the component consisting of Mortgage loans and Loans decreased (down by -1.8%). To support households and businesses, in H1 Mortgage loans and Loans were originated amounting to 2.8 billion Euros, about 50% of which to households as Home loans.

LOAN QUALITY

Thanks to effective management of new loans becoming non-performing, the net NPL stock decreased coming to Euro 1.1 billion (down by -6%), and continued to have a low weight (1.7%) on net loans (3.3% on gross loans). The coverage ratio of Unlikely to Pay, which account for 89% of non-performing loans, increased to 40.2% (up by +1.5% vs. 31 December 2022). Considering the NPL aggregate as a whole, the coverage ratio increased to 49% (up by +2.1% vs. 31 December 2022). The coverage ratio of performing loans remained stable at 0.6%.

FUNDING FROM CUSTOMERS

Total Funding, as the sum of Direct and Indirect Funding, came to 163.1 billion Euros, increasing by 3.8 billion (up by +2.4% vs, 31 December 2022), driven also by the contribution of new inflows of assets under management amounting to approx. 3 billion Euros.

Direct Funding grew by 1.3 billion vs. 31 December 2022, hitting 73.5 billion Euros (up by +1.9% vs. 31 December 2022), recomposition between demand funding (current accounts and on-demand deposits down by -1.4%) and fixed-term funding (which the increase in interest rates has made more appealing), which increased to 12.6 billion Euros, by +2 billion (+21%). That performance proved better than that of the banking system (down by -3% vs. 31 December 2022 and posting a drop of 4% on the deposits component alone).

In H1 an issue of Covered Bonds was finalized amounting to 1 billion Euros, with 6.5-year maturity replacing a similar amount of maturing bonds. The issue, one of the first European Covered Bond Premium label issues in the Italian market thanks to prompt adoption if the new EU directives, was appreciated by the market, with order exceeding the amount to be allocated and with strong appreciation shown by international investors.

Indirect funding came to 89.6 billion Euros, increasing by 2.4 billion Euros in H1 (+2.8%) thanks to positive net flows, especially on assets under administration (2 billion) which increased to 40.3 billion Euros; assets under management were stable at 49.3 billion Euros, with the Funds and Wealth Management component slightly increasing (+1.3%) offsetting a similar decrease in the insurance component.

NET INTERBANK POSITION

As at 30 June 2023, the net Interbank Position reported a debt of Euro 0.9 billion (vs. Euro 5.6 billion as at 31 December 2022) resulting from the mismatch between due from banks amounting to Euro 5.1 billion and due to banks amounting to Euro 6 billion. In the reporting period, TLTROIII tranches were repaid for an amount of 5.2 billion Euros, with no significant impacts on liquidity ratios, which have remained more than satisfying, with the LCR at 246%.

EQUITY

As at 30 June 2023, book Equity stood at Euro 7.7 billion, increasing by Euro 0.1 billion vs. 31 December 2022 (+0.8%).

The increase resulted from the profit for the period, amounting to 405 million Euros, which was partly offset by the distribution of dividends for 300 million Euros paid out in H1 2023.

Statement of reconciliation of the Parent Company equity and profit (loss) for the period and consolidated equity and profit (loss) for the period

	30 June 2023	
	Equity	of which: Profit for the period
Parent Company's balances	7,738,098	403,149
Effect of consolidation of subsidiaries	5,652	3,379
Effect of the equity method accounting of significant equity investments	341	1,103
Dividends received in the period	-	-1,532
Other consolidation adjustments	3,368	-815
Consolidated balances	**7,747,459**	**405,284**

OWN FUNDS

The European Central Bank confirmed, also for 2023, the minimum capital requirements on a consolidated basis it had assigned to the Crédit Agricole Italia Banking Group in 2021, setting them as follows:

- 7.98% the CET1 ratio;
- 9.81% the Tier1 ratio;
- 12.25% the Total Capital ratio.

As at 30 June 2023 the Common Equity Tier 1 ratio stood at 13.2%, increasing vs. last year figure (13.0% as at 31 December 2022). The increase mainly resulted from the evolution in book equity items (including the portion of the half-year earnings and the interest paid on the stock of Additional Tier 1 instruments) and lower deductions of DTAs above the threshold

The Tier 1 ratio came to 15.5% (15.3% as at 31 December 2022). The Total Capital ratio stood at 18.3% (18.3%as at 31 December 2022), taking into account also the prudential amortization of the Tier 2 instruments.

Risk-weighted assets (RWA) came to Euro 36,369 million, increasing vs. their figure of Euro 35,710 million as at 31 December 2022, with a performance mainly reflecting that of loans to customers; it is pointed out that, in April 2023, the retail portfolio underwent an update of internal models.

In short, in H1 2023 the consolidated Common Equity Tier 1 ratio was once more well above, by over 500 bps, the regulatory requirements, giving even further evidence of the acknowledged capital strength and quality of the Crédit Agricole Italia Banking Group.

PROFIT OR LOSS

RECLASSIFIED INCOME STATEMENT

	30 June 2023	30 June 2022	Changes	
			Absolute	%
Net interest income	891,930	607,406	284,524	46.8
Net fee and commission income	607,574	609,620	-2,046	-0.3
Dividend income	12,107	12,769	-662	-5.2
Financial Income (loss)	19,691	31,117	-11,426	-36.7
Other operating income (expenses)	650	3,741	-3,091	-2.6
Operating income	**1,531,952**	**1,264,653**	**267,299**	**21.1**
Personnel expenses	-503,260	-485,629	-17,631	3.6
Administrative expenses	-213,102	-206,785	-6,317	3.1
Depreciation and amortization	-92,358	-99,693	7,335	-7.4
Operating expenses	**-808,720**	**-792,107**	**-16,613**	**2.1**
Operating margin	**723,232**	**472,546**	**250,686**	**53.1**
Net provisioning for risks and charges	-9,055	-9,894	839	-8.5
Net adjustments to loans	-142,986	-102,399	-40,587	39.6
Impairment of securities	4,219	-6,596	10,815	
Profit (loss) on other investments	-960	5,640	-6,600	
Profit (loss) before tax from continuing operations	**574,450**	**359,297**	**215,153**	**59.9**
Taxes on income from continuing operations	-168,172	-102,526	-65,646	64.0
Profit for the period	**406,278**	**256,771**	**149,507**	**58.2**
Profit (loss) for the period attributable to minority interests	-994	-1,067	73	-6.8
Profit (loss) for the period attributable to the Parent Company before badwill and Creval integration expenses	**405,284**	**255,704**	**149,580**	**58.5**
Expenses for Creval acquisition/integration net of tax effect	-	-20,269	20,269	
Profit for the period attributable to the Parent Company	**405,284**	**235,435**	**169,849**	**72.1**

The net profit made in H1 2023 amounted to **405 million** Euros (+58% YoY)[18]; this strong increase reflects the performance of **Operating income**, which came to **1,532** million Euros (up by +21% YoY) driven by the growth in net interest income (up by +47%), while net fee and commission income was stable. This performance also reflects operating costs under control (+2%) and conservative management of the cost of credit.

Net interest income came to 892 million Euros, growing by 285 million Euros YoY (+47%), driven by the widening of the commercial spread thanks to the benefit generated by the increasing yield curve.

The increase in the ECB key interest rates that has taken place in the last 12 months (8 consecutive hikes for a total of +400 bps) has generated effects also on the cost of institutional funding (TLTROIII loans and Covered bonds) albeit mitigated by a benefit on the ECB deposit facility and on the security portfolio.

Net fee and commission income came to 608 million Euros, stable YoY with a positive performance in the commercial banking business, whereas management, intermediation and advisory services were penalized by the increase in interest rates. Specifically, the increase in transaction volumes and transactions made by customers generated an improvement in fee and commission income from collection and payment services (up by +7 million Euros, +18.5%), from keeping and managing current accounts (up by +8 million Euros YoY, +5.7%) and from debit and credit card services (up by +8 million Euros YoY, +26.7%). In asset management, the recovered appeal of direct funding fixed-maturity products slowed down the placing of asset management

18 In H1 2022 expenses for the integration of Credito Valtellinese S.p.A. were incurred for a total of 20 million Euros after tax.

products, with fee and commission income from the distribution of insurance products decreasing YoY by 12 million Euros (-7.4%) as did fee and commission income from securities intermediation and placement (-5 million Euros YoY, -3.1%) to the benefit of assets under administration and the strengthening of funding sources .

Dividend income from equity investments came to 12 million Euros, mainly regarding the stake in the Bank of Italy for Euro 9.6 million and the equity investments in Unipol for Euro 1 million and in Fraer Leasing for Euro 1 million.

Total financial income came to 20 million Euros, decreasing by Euro 11 million YoY mainly due to the lower contribution of realized gains on the disposal of financial assets and liabilities vs, h1 of last year, which benefit also from the positive effects generated by the disposal of part of the financial portfolio that was recognized subsequent to Creval acquisition.

The balance of item "**Other operating income (expenses)**" was positive by Euro 0.7 million, decreasing by Euro 3 million vs. 30 June 2022, when this figure benefited from contingent assets coming mainly from the merged entity Creval.

Operating expenses came to 809 million Euros, modestly increasing (+2%) vs. 30 June 2022 (Euro 769 million net of the Contributions to Bank Resolution Funds). This aggregate reports an increase in **Personnel expenses coming to 503 million Euros (up by +4% YoY)**; as at 30 June 2022 the personnel consisted of 12,840 resources, as the result of 416 new entries and 247 exits.

Administrative expenses and depreciation and amortization (net of the Contributions to Bank Resolution Funds) came to Euro 266 million, slightly decreasing vs. last year (down by -1.1%) thanks to the optimization actions started (containment of energy consumption and expenses, facility management optimization actions, geographical rationalization of the physical network).

The joint performance of increasing income and expenses kept under control generated significant improvement in the **operating profit** (net of Contributions to Bank Resolution Funds) coming to 763 million Euros and increasing by +49% YoY, and in the **cost/income ratio** (net of the Contributions to Bank Resolution Funds), which stood at 50.2% improving vs. the same period of 2022 by 9.4 percentage points.

Net provisions for risks and charges came to Euro 9 million (down by -8% YoY) and also include a provisional estimate of the damage caused by the flood in the Emilia-Romagna Region to the Bank's branches and other premises.

Net value adjustments of loans and impairment of securities totalled 139 million Euros increasing by Euro 30 million (+27% YoY). New defaults were once again at very low levels (0.68%) and remained in line with last year. The weights of adjustments to loans came to 45 bps vs. 34 bps in June 2022.

Profit (losses) on disposals of investments came to -1 million Euros (down by Euro 7 million YoY) and this figure mostly resulted from the writedown of the rights of use of the assets that were disposed due to the geographical optimization of the physical network, partly offset by profits from the disposal of investments and equity investments.

As the result of the dynamics described above, **the gross profit from continuing operations came to 574** million Euros, increasing by Euro 215 million (+60%) vs, the same period of 2022. **Current and deferred taxes** came to **168 million Euros**, vs. 103 million Euros (+64%) last year.

Net income came to 405 million Euros, increasing by Euro 150 million (+58%) vs. h1 2022 income (loss) from operations of 256 million Euros (net of Creval integration expenses[18]).

OTHER INFORMATION

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.

In this phase of widespread uncertainty across the economies of the main Countries, of inflation above its target levels and key interest rates that were hiked after being stable for years, it is appropriate to point out the constant attention that the governance bodies give to sustainable development and growth, through the careful assessment of the risks to which the Crédit Agricole Italia Banking Group is exposed and of the related uncertainties in terms of impacts on the Bank's capital, financial and income structure, as well as in terms of the approaches adopted to manage and reduce those risks to acceptable low levels, in order to protect, on the one hand, savings (and with its Customers" trust) and, on the other hand, loans (healthy drivers of growth).

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 restrictive approach that Central Banks adopted in 2022 continued in the first months of 2023, with favourable effects in the fight against inflation. Specifically, inflation gave the first signs of slowing down thanks to the decrease in the prices of commodities, along with the measures deployed by the European Union to curb prices. Indeed, also this year, Central Banks have reasserted the need to bring inflation back to its set target with constant increases in key interest rates, albeit not as large as in 2022, with closer attention to the consequences on the real economy and on financial stability.

Indeed, although having a positive impact against the marked increase in inflation, those polices have also dampened domestic demand, slowing down consumption, impacting businesses" expenses and affecting individuals" ability to repay their loans. In this scenario, lending has slowed down, due to, on the one hand, the increase in interest rates, which affected demand, and, on the other hand, due to more restrictive credit supply.

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 new situation.

The assessment giving evidence of the Bank's ability to continue as a going concern is based on the capitalization it has long proved able to maintain, 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.

For reporting on the main risks to which the Crédit Agricole Italia Banking Group is exposed, please see the specific section of the notes 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 the specific section of the Note to the financial statements.

DISCLOSURE ON ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Any atypical and/or unusual transactions are assessed in accordance with the definition given in CONSOB Regulation 11971/99. 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

Research and development activities have aimed mainly at studying the possible application of new technologies in relationships with Customers, improving products/services and enhancing the efficiency of internal processes.
For more exhaustive information, please see section “Strategic plan and business development lines” of the 2022 Annual Report and Financial Statements.

TREASURY SHARES

As at 30 June 2023 the Parent Company Crédit Agricole Italia held 4,373 treasury shares having the nominal value of 1 Euro each, totalling Euro 4,373. Said treasury shares have been deducted from equity.

HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET

Assets		30 June 2023	31 Dec. 2022
10.	Cash and cash equivalents	4,501,693	2,876,381
20.	Financial assets measured at fair value through profit or loss	482,581	518,711
	a) financial assets held for trading;	302,506	331,982
	c) other financial assets mandatorily measured at fair value	180,075	186,729
30.	Financial assets measured at fair value through other comprehensive income	3,891,697	3,520,018
40.	Financial assets measured at amortized cost	77,110,569	81,519,206
	a) due from banks	5,094,480	5,523,611
	b) loans to customers	72,016,089	75,995,595
50.	Hedging derivatives	1,114,405	1,318,646
60.	Fair value change of financial assets in macro-hedge portfolios (+/-)	-552,950	-607,953
70.	Equity investments	35,042	33,197
90.	Property, Plant and Equipment	1,206,132	1,262,134
100.	Intangible assets	1,570,715	1,593,231
	- of which goodwill	1,315,925	1,315,925
110.	Tax assets	2,292,818	2,764,573
	a) current	719,742	1,070,187
	b) deferred	1,573,076	1,694,386
120.	Non-current assets held for sale and discontinued operations	-	2,283
130.	Other assets	2,353,584	1,852,948
Total assets		**94,006,286**	**96,653,375**

Liabilities and Equity		30 June 2023	31 Dec. 2022
10.	Financial liabilities measured at amortized cost	79,823,866	83,708,908
	a) due to banks	5,964,986	11,164,887
	b) due to Customers	61,224,967	62,145,427
	c) debt securities issued	12,633,913	10,398,594
20.	Financial liabilities held for trading	299,694	329,049
40.	Hedging derivatives	3,361,330	3,815,534
50.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	-1,368,549	-1,491,822
60.	Tax liabilities	196,080	313,626
	a) current	140,748	248,361
	b) deferred	55,332	65,265
80.	Other liabilities	3,232,459	1,582,298
90.	Employee severance benefits	90,642	98,817
100.	Provisions for risks and charges	599,087	584,939
	a) commitments and guarantees given	83,475	73,904
	b) post-employment and similar obligations	29,716	24,020
	c) other provisions for risks and charges	485,896	487,015
120.	Valuation reserves	-58,552	-54,906
140.	Equity instruments	815,000	815,000
150.	Reserves	1,988,282	1,772,120
160.	Share premium reserve	3,495,378	3,496,073
170.	Capital	1,102,071	1,102,071
180.	Treasury shares (+/-)	-4	-
190.	Minority interests (+/-)	24,218	23,074
200.	Profit (Loss) for the period	405,284	558,594
Total liabilities and equity		**94,006,286**	**96,653,375**

CONSOLIDATED INCOME STATEMENT

Items		30 June 2023	30 June 2022
10.	Interest and similar income	1,477,853	585,977
	Of which: interest income calculated with the effective interest method	1,373,895	581,736
20.	Interest and similar expense	(589,811)	15,028
30.	**Net interest income**	**888,042**	**601,005**
40.	Fee and commission income	631,235	636,029
50.	Fee and commission expense	(23,918)	(23,521)
60.	**Net fee and commission income**	**607,317**	**612,508**
70.	Dividends and similar income	12,107	12,769
80.	Net profit (loss) on trading activities	9,346	14,815
90.	Net profit (loss) on hedging activities	(3,258)	(4,014)
100.	Profit (losses) on disposal or repurchase of:	26,401	29,569
	a) financial assets measured at amortized cost	21,662	10,542
	b) financial assets measured at fair value through other comprehensive income	4,717	10,027
	c) financial liabilities	22	9,000
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	851	(4,011)
	b) other financial assets mandatorily measured at fair value	851	(4,011)
120.	**Net interest and other banking income**	**1,540,806**	**1,262,641**
130.	Net losses/recoveries for credit risk on:	(126,846)	(102,287)
	a) financial assets measured at amortized cost	(123,950)	(99,842)
	b) financial assets measured at fair value through other comprehensive income	(2,896)	(2,445)
140.	Profits/Losses on contract modifications without derecognition	(103)	(500)
150.	**Net financial income (loss)**	**1,413,857**	**1,159,854**
180.	**Net financial and insurance income (loss)**	**1,413,857**	**1,159,854**
190.	Administrative expenses:	(886,974)	(895,042)
	a) personnel expenses	(503,260)	(485,629)
	b) other administrative expenses	(383,714)	(409,413)
200.	Net provisions for risks and charges	(26,634)	(15,678)
	a) commitments and guarantees given	(9,579)	(5,784)
	b) other net provisions	(17,055)	(9,894)
210.	Net adjustments to/recoveries on property, plant and equipment	(53,301)	(54,896)
220.	Net adjustments to//recoveries on intangible assets	(41,077)	(46,392)
230.	Other operating expenses/income	167,831	172,412
240.	**Operating costs**	**(840,155)**	**(839,596)**
250.	Profit (losses) on equity investments	880	7,322
260.	Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	(589)	(389)
280.	Profit (losses) on disposals of investments	457	(772)
290.	**Profit (Loss) before tax from continuing operations**	**574,450**	**326,419**
300.	Taxes on income from continuing operations	(168,172)	(89,917)
310.	**Profit (Loss) after tax from continuing operations**	**406,278**	**236,502**
330.	**Profit (Loss) for the period**	**406,278**	**236,502**
340.	Profit (Loss) for the period attributable to minority interests	(994)	(1,067)
350.	**Profit (Loss) for the period attributable to the Parent Company**	**405,284**	**235,435**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items		30 June 2023	30 June 2022
10.	**Profit (Loss) for the period**	**406,278**	**236,502**
	Other comprehensive income after tax not reclassified to profit or loss	**-**	**-**
20.	Equity securities designated at fair value through other comprehensive income	(7,264)	8,101
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	(1,299)	11,339
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves on equity investments measured with the equity method	3	-
100.	Financial revenue and expenses related to insurance contracts issued	-	-
	Other comprehensive income after tax reclassified to profit or loss		
110.	Hedges of investments in foreign operations	-	-
120.	Foreign exchange differences	-	-
130.	Cash flow hedges	-	-
140.	Hedging instruments (non-designated elements)	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	4,916	(35,684)
160.	Non-current assets held for sale and discontinued operations	-	-
170.	Share of valuation reserves on equity investments measured with the equity method	-	-
180.	Financial revenue and expenses related to insurance contracts issued	-	-
190.	Financial revenue and expenses related to reinsurance contracts held	-	-
200.	**Total other comprehensive income after taxes**	**(3,644)**	**(16,244)**
210.	**Comprehensive income (Item 10+200)**	**402,634**	**220,258**
220.	Consolidated comprehensive income attributable to Minority Interests	994	1,066
230.	**Consolidated comprehensive income attributable to the Parent Company**	**401,640**	**219,192**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2023

	Capital: Ordinary shares	Share premium reserve	Reserves:		Valuation reserves	Equity instruments	Treasury shares	Profit (Loss) for the period	Equity
			Retained earnings reserves	other					
EQUITY GROUP SHARE 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
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY									
Reserves	-	-	257,884	-	-	-	-	-257,884	-
Dividends and other allocations	-	-	-	-	-	-	-	-302,184	-302,184
CHANGES IN THE PERIOD									
Change in reserves	-	-	11	-	-	-	-	-	11
Transactions on equity									
Issues of new shares	-	-695	-	-	-	-	-	-	-695
Purchase of treasury shares	-	-	-	-	-	-	-4	-	-4
Change in equity instruments	-	-	-40,265	-	-	-	-	-	-40,265
Changes in equity interests	12	138	6	-	-	-	-	-	156
Comprehensive income	-	-	-	-	-3,646	-	-	406,278	402,632
EQUITY GROUP SHARE AS AT 30 JUNE 2023	1,102,071	3,495,378	2,002,276	-13,994	-58,552	815,000	-4	405,284	7,747,459
MINORITY INTERESTS AS AT 30 JUNE 2023	20,469	2,901	-3,063	2,939	-22	-	-	994	24,218

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022

	Capital: Ordinary shares	Share premium reserve	Reserves: Retained earnings reserves	Reserves: other	Valuation reserves	Equity instruments	Treasury shares	Profit (Loss) for the period	Equity
EQUITY GROUP SHARE 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**
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	-	-	-14,943	-416,897	-	-	-	-	-431,840
Transactions on equity									
Issues of new shares	123,778	377,829	-	-	-	-	-	-	501,607
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-27,644	-	-	-	-	-	-27,644
Changes in equity interests	-10	-	-	-	-	-	-	-	-10
Comprehensive income	-	-	-	-	-16,244	-	-	236,502	220,258
EQUITY GROUP SHARE AS AT 30 JUNE 2022	**1,101,235**	**3,495,975**	**1,820,797**	**-14,129**	**-82,456**	**815,000**	**-**	**235,435**	**7,371,857**
MINORITY INTERESTS AS AT 30 JUNE 2022	**20,972**	**4,806**	**-3,687**	**2,939**	**-52**	**-**	**-**	**1,067**	**26,045**

CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2023	30 June 2022
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**884,074**	**345,013**
- profit (loss) for the period (+/-)	405,284	235,435
- gains/losses on financial assets held for trading and on financial assets/liabilities measured at fair value through profit or loss(-/+)	914	-6,436
- gains/losses on hedging activities (-/+)	-72,279	-352,602
- net adjustments/recoveries for credit risk (+/-)	130,319	93,652
- net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	94,378	101,288
- net provisioning for risks and charges and other costs/revenues (+/-)	26,634	15,678
- taxes, levies and tax credits not settled (+)	168,172	89,917
- other adjustments (+/-)	130,652	168,081
2. Cash flow generated/absorbed by financial assets	**3,574,877**	**-818,854**
- financial assets held for trading	28,562	-132,108
- financial assets designated at fair value	-	-
- financial assets mandatorily measured at fair value	6,654	6,819
- financial assets measured at fair value through other comprehensive income	-376,922	448,971
- financial assets measured at amortized cost	4,299,973	1,437,579
- other assets	-383,390	-2,580,115
3. Cash flow generated/absorbed by financial liabilities	**-2,484,356**	**479,412**
- financial liabilities measured at amortized cost	-3,788,072	-3,127,455
- financial liabilities held for trading	-29,355	133,921
- other liabilities	1,333,071	3,472,946
Net cash flow generated/absorbed by operating activities	**1,974,595**	**5,571**
B. INVESTING ACTIVITIES		
1 Cash flow generated by:	**15,365**	**29,415**
- sales of equity investments	-	15,162
- dividend received on equity investments	12,107	12,769
- sales of property, plant and equipment	3,258	1,484
2. Cash flow absorbed by:	**-21,516**	**-3,368**
- purchases of equity investments	-2,000	-
- purchases of property, plant and equipment	-3,153	-528
- purchases of intangible assets	-16,363	-2,840
Net cash flow generated/absorbed by investing activities	**-6,151**	**26,047**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	-695	84,720
- issues/purchases of equity instruments	-40,265	-27,644
- distribution of dividends and other	-302,184	-166,000
- sale/purchase of ownership interests without loss or acquisition of control over the investee	12	-10
Net cash flows generated/absorbed by funding activities	**-343,132**	**-108,934**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT FOR THE PERIOD	**1,625,312**	**-77,316**

RECONCILIATION

Financial Statement items	30 June 2023	30 June 2022
Opening cash and cash equivalents	2,876,381	845,657
Net increase/decrease in cash and cash equivalents for the period	1,625,312	-77,316
Closing cash and cash equivalents	**4,501,693**	**768,341**

KEY: (+) generated/ from (–) absorbed/used in

Consistently with the amendment to IAS 7, adopted with Commission Regulation (EU) 2017/1990 of 6 November 2017, to be 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. 2022	Changes from cash flows generated by financing activities	Changes from obtaining or losing control of subsidiaries or other businesses	Fair value changes	Other changes	30 June 2023
Liabilities arising from financing activities (items 10, 20 and 30 of Liabilities)	84,037,957	-2,216,695	-	-1,697,702	-	80,123,560

NOTES TO THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

STANDARDS AND METHODS APPLICABLE WITHIN THE GROUP, ASSUMPTIONS AND ESTIMATES USED

Statement of compliance with IAS/IFRS

The half-yearly condensed consolidated financial statements of the Crédit Agricole Italia Banking Group as at 30 June 2023 were prepared and presented in compliance with IAS 34 "Interim Financial Reporting", which lays down the minimum information content and identifies the accounting standards and measurement bases to be applied to half-yearly condensed financial statements. This half-yearly report and financial statements have been prepared in accordance with Article 154-*ter* of the Italian Consolidated Law on Finance as the reporting entity is an issuer of financial instruments having Italy as the Member State of origin.

The accounting standards and interpretations used to prepare the half-yearly condensed consolidated financial statements, having regard to the classification, recognition, measurement and derecognition of assets and liabilities, as well as to recognition of the relevant revenues and costs, are the same ones used by the Crédit Agricole Italia Banking Group to prepare its consolidated financial statements as at 31 December 2022, which were prepared and presented in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations given by the IFRS Interpretations Committee (IFRIC) and endorsed by the European Commission, in accordance with Regulation (EC) No. 1606/2002 of 19 July 2002.

As regards the standards and principles that have not been amended vs. those used to prepare the financial statements as at 31 December 2022, please see the relevant information given in the 2022 Annual Report.

As applicable, the communications issued by the competent Supervisory Authorities (Bank of Italy, ECB, EBA, Consob and ESMA) were taken into account, as were the interpretation papers on the application of IAS/IFRS prepared by the Italian Accounting Body (*Organismo Italiano di Contabilità* - OIC), by the Italian Banking Association (ABI) and by the *Organismo Italiano di Valutazione* (OIV), whereby recommendations have been given on the disclosures to be included in the Financial Reporting on some material aspects in accounting terms or on the accounting treatment of specific transactions.

In accordance with IAS 34, due to need of provide timely information, interim financial reporting ("condensed financial statements") may provide more limited information than that required to be given in the annual financial report and essentially intended to give an update of the latest complete annual report; consequently, the condensed financial statements must be read along with the annual consolidated financial statements of the Group for the FY closed as at 31 December 2022.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION AND ENTERED INTO FORCE IN 2023

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 2023.

Standards, amendments or interpretations	Publication date	Date of first application
IFRS 17 Insurance Contracts (including Amendments to IFRS 17) (Not applicable by the Crédit Agricole Italia Banking Group)	23 November 2021 (EU 2021/2036)	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 2022/1491)	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors Those amendments clarify the differences between accounting policies and accounting estimates (monetary amounts in financial statements that are subject to measurement uncertainty) to ensure further consistent application of accounting standards and comparability of financial statements	03 March 2022 (EU 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 2022/1392)	1 January 2023

The new IAS/IFRS and the amendments thereto in force since 1 January 2023, where applicable, have not entailed any material impacts on the Group's financial situation and profit or loss.

GENERAL PREPARATION PRINCIPLES

The condensed 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;
- The Notes to the financial statements.

The half-yearly condensed consolidated financial statements are also accompanied by the Interim Report on Operations.

The layouts of the consolidated financial statements were prepared in accordance with the instruction on banks" financial reporting given in Bank of Italy Circular 262 of 22 December 2005 (as updated).

The half-yearly condensed consolidated financial statements have been prepared in accordance with the layouts provided for by the Bank of Italy Circular no. 262 "Banks" financial statements: layouts and preparation".

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 to be reported, as the major amendments concerned the application of IFRS17, which is not applicable to the Crédit Agricole Italia Banking Group.

Communication of 14 March 2023 - Update of the provisions laid down by 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.

The communication, which repeals and replaces the previous one published on 21 December 2021, has updated the provisions governing banks" financial statements as regards the information provided to the market 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 was due to the changed pandemic scenario, as, in 2022 the volumes of loans under moratoria progressively decreased, whereas the volume of loans backed by COVID-19-related State guarantee remained material and, for these loans, after a preamortization period, repayment started at the end of 2022. Therefore, the update eliminated the requirement to report information in the financial statements concerning loans under moratoria.

The Half-yearly Condensed Consolidated Financial Statements have been prepared using the Euro as the reporting currency; the amounts are expressed in thousands of Euros, where not otherwise specified. The amounts in the financial statements, the notes to the financial statements and the Management Report are expressed in thousands of Euro, where not otherwise specified

These Half-yearly Condensed Consolidated Financial Statements, as the Annual Report and Financial Statements as at 31 December 2022, were prepared on a going-concern basis.

In preparing these financial statements and the accompanying notes and report, the communications and interpretation documents issued by the various regulators and supervisory authorities (ESMA, EBA, ECB, Bank of Italy) have also been taken into account, where applicable.

As reported in paragraph "Risks and uncertainties" of the Half-yearly Consolidated Financial Report, the analyses that were carried out based on the information currently available, in this phase featuring widespread uncertainty the economies of the main Countries, inflation above its target levels and interest rates that have suddenly hiked after being stable for years all give grounds to conclude that the Group will be able to handle the risks and uncertainties caused by the economic situation. This assessment takes into account the capitalization level reached, which shows a reassuring buffer higher than the ECB requirements, and the present liquidity level above the regulatory threshold.

The preparation of the Half-yearly Condensed Consolidated Financial Statements entails the use of estimates and assumptions to determine some cost and revenue components, as well as to measure assets and liabilities. Making such estimates entails the use of the information that is available at the relevant time and of subjective assessments. For full information on such estimates and assumptions, please see the consolidated financial statements as at 31 December 2022.

It is reported that, as regards the quantification of losses on impairment of financial assets, the measurement of the fair value of financial instruments, the impairment test on goodwill and the analysis of recoverability of deferred tax assets, the estimates and assumptions related thereto and used to prepare the half-yearly consolidated financial statements may change subsequent to new information becoming available in the next months and based on its reliability, about the macroeconomic scenario described above.

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.

The methods used to consolidate the data of subsidiaries (line-by-line consolidation) and associates (consolidation with the equity method) are the same ones used to prepare the Annual Report and Consolidated Financial Statements as at 31 December 2022.

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		Availability
			Investor	% held	Actual % of votes available(2)
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. Crédit 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 Srl 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%
12. Le Village by CA delle Alpi Società Benefit S.r.l.	Sondrio, Italy	1	Crédit Agricole Italia S.p.A.	76.56%	76.56%

(*) Sliders S.r.l: final liquidation financial statements approved on 23 June 2023. It was struck off the Business Register on 30 June 2023.

(1) Type of control:

1 = Majority of the voting rights in the General Meeting of Shareholders.

2 = dominant influence in the extraordinary General Meeting of Shareholders.

3 = agreement with other shareholders.

4 = other forms of control.

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 = significant influence.

(2) The percentage has been calculated taking account of the treasury shares held by the Bank as at the reporting date.

2. Joints arrangements and investees subject to significant influence

Company name	Headquarters	Type of control[1]	Equity investment		Availability Actual % of votes available[2]
			Investor	Actual % of votes available[2]	
A2. Consolidated using the equity method					
1. Fiere di Parma S.p.A.	Parma, Italy	8	Crédit Agricole Italia S.p.A.	26.42%	26.42%
2. Le Village by CA Milano S.r.l.	Milan, Italy	8	Crédit Agricole Italia S.p.A.	38.91%	38.91%
3. Rajna Immobiliare S.r.l.	Sondrio, Italy	7	Crédit Agricole Italia S.p.A.	50.00%	50.00%
4. Generalfinance S.p.A.	Milan, Italy	8	Crédit Agricole Italia S.p.A.	16.29%	20.44%
5. Global Broker S.p.A.	Milan, Italy	8	Crédit Agricole Italia S.p.A.	30.00%	30.00%
6. Valtellina Golf Club S.p.A.	Caiolo (SO), Italy	8	Crédit Agricole Italia S.p.A.	43.08%	43.08%
7. BDX S.p.A.	Collecchio (PR), Italy	8	Crédit Agricole Italia S.p.A.	15.00%	15.00%

(1) Type of control:

1 = Majority of the voting rights in the General Meeting of Shareholders.

2 = dominant influence in the extraordinary General Meeting of Shareholders.

3 = agreement with other shareholders.

4 = other forms of control.

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 = significant influence.

(2) The percentage has been calculated taking account of the treasury shares held by the Bank as at the reporting date.

Changes in the consolidation scope occurred in H1 2023

The changes in the consolidation scope vs. 31 December 2022 are reported below:

- Incorporation on 10 May 2023 of the company Le Village by CA delle Alpi società benefit s.r.l., based in Sondrio, a subsidiary of Crédit Agricole Italia S.p.A. which subscribed 76.56% of its share capital;
- Acquisition, on 19 April 2023, of an equity investment in the company BDX S.p.A. Amounting to 15% of its share capital, which has been classified under equity investments in entities subject to significant influence;
- On 23 June 2023 the final liquidation financial statements of Sliders S.r.l. were approved; on 30 June 2023 the company was struck off the Business Register.

OTHER INFORMATION

Impairment test -Estimate of possible impairment of intangible assets with indefinite useful life (Goodwill)

In accordance with IAS 36, all intangible assets with indefinite useful life shall be tested for impairment at least annually, in order to verify that their carrying amount is not higher than their recoverable amount. Furthermore, the standard rules that the results of the annual test may be considered valid for subsequent measurements, as long as the likelihood that the recoverable amount of the intangible assets would be less than their carrying amount is remote.

That judgement may be based on the analysis of events that have occurred and of the circumstances that have changed since the most recent annual impairment test.

In accordance with the standard, Crédit Agricole Italia SpA has chosen to test its intangible assets with indefinite useful life for impairment as at 31 December of every year: the outcome of the tests may be considered valid for the following interim financial reporting, unless such evidence is found as to require that an impairment test be carried out earlier in order to verify the recoverable amount of those intangible assets with indefinite useful life.

In accordance with IAS 36, in H1 it was assessed whether any indications of impairment existed, such as to question the recoverability of the assets" carrying amounts. The assessment of any potential impairment triggers (internal and external) was based on the evolution occurred in the half year in all the factors that are relevant to the measurement of the recoverable amount of the goodwill generated by the acquisitions of Crédit Agricole FriulAdria, of 180 Crédit Agricole Italia branches and of 29 Crédit Agricole FriulAdria branches (made in 2007), of 81 Crédit Agricole Italia branches and of 15 Crédit Agricole FriulAdria branches (made in 2011) and of Crédit Agricole Carispezia (made in 2011), the goodwill paid for within the aforementioned transactions has been fully allocated to the Retail and Private banking CGU for an amount of Euro 1,316 million.

The results of the assessment of any impairment triggers did not show any need for a new impairment test.

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 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 30 June 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 S.p.A., 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 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 3o June 2023. 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.

Specific-purpose provisions

Specific-purpose provisions came to Euro 690 million, increasing by Euro 6 million vs. 31 December 2022.

In the reporting period net provisions were recognized amounting to Euro 9 million, mainly to cover revocatory actions and lawsuits brought against the Bank; the provisions also included a draft estimate of the damages caused by the flood in the Emilia-Romagna Region.

Tax-related disputes

For registration taxes, two disputes were pending as at the reporting date concerning transfers made in 2011 to Crédit Agricole Italia S.p.A. followed by the transfer of an equity investments to institutional shareholders, which were reclassified as sales of business units, further challenging also the goodwill amount as defined, for a tax total 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 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 3.4 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 S.p.A. 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. In May 2023 the 2nd instance court judgment was issued in favour of the counterparty;
- Some disputes on registration tax on legal deeds coming from the merged entity Cassa di Risparmio di Rimini, for a total amount of Euro 0.36 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 first-instance 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;

- Five disputes of Crédit Agricole Leasing Italia S.r.l. regarding the years 2013, 2014, 2015, 2016 and 2017, respectively, and concerning VAT application to certain boat leases for a total amount, including tax, penalties and interest, of approximately Euro 1.58 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. The notice of assessment concerning year 2017 was served in May 2023. 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 Italia S.r.l., 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 1.2 million, the Company has set aside a provision for risk of Euro 0.983 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 4.2 million. On a claim a favourable first-instance judgement was issued in February 2022, whereas the notice of the other assessment was 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.

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 designed and implemented a service for the purchase of tax credits from Customers in accordance with the instructions given by the competent Authorities in document "Accounting treatment of the tax credits associated with the "Cure Italy" and "Relaunch" Italian Law Decrees purchased from the direct beneficiaries thereof or from previous purchasers" published on 5 January 2021 by the Coordination table between Consob, the Bank of Italy and Ivass regarding the application of the. IAS/IFRS, and adopted a specific accounting policy. In accordance with the applicable legislation and given that the accounting of tax credits purchased from a third party is not governed by any specific IAS/IFRS, the aforementioned policy makes reference to the accounting rules laid down by IFRS 9, provides for the purchased tax credits to be recognized as assets in the Balance Sheet under item 120 "Other assets", initially at their fair value, equal to the purchase price paid to the Customers. For the tax credits, the Crédit Agricole Italia Group has also adopted the Business Models given below:

- "*Hold to collect*", whereby the Crédit Agricole Italia Group recognizes the tax credits that were purchased to be held in order to be offset in the future. The tax credits under this business model are recognized with the amortized cost method under other assets and the income component of the rebate (delta between the credit nominal value and cash outflow) are recognized in the Income Statement under item 10 "Interest and similar income".
- "*Hold to collect and sell*", with first-time adoption as of 2023, whereby the Crédit Agricole Italia Group recognizes tax credits purchased in order to be offset in the future or to be sold. The tax credits under this business model are recognized at fair value through other comprehensive income. To date, under this business model, the group has entered into contracts for the sale of tax credits for Euro 34 million over 4 years (of which sales for Euro 5 million have already been made).

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. It is pointed out that the total amount of tax credits that may be purchased under both the HTC and the HTCS Business Models shall be within the limits of the estimated tax capacity for future FYs. 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 30 June 2023 the reported balance of purchased tax credits, recognized under item “Other assets”, came to Euro 1,566 million (of which Euro 1,129 million under the HTC business mode and Euro 437 million under the HTCS one).

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.

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

The Half-yearly report and condensed consolidated financial statements for H1 2023 were subject to limited review by the aforementioned audit firm.

EVENTS OCCURRED AFTER THE REPORTING DATE AND OUTLOOK

No events occurred in the time between reporting date of 30 June 2023 and the date on which the management body approved the Half-yearly Condensed Consolidated Financial Statements, no events occurred that may generate impacts on the stated financial situation and profit or loss as at 30 June 2023.

BALANCE SHEET AGGREGATES

Reclassified Consolidated Balance Sheet

Assets	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
Net financial Assets/Liabilities at fair value	182,887	189,662	-6,775	-3.6
Financial assets measured at fair value through other comprehensive income	3,891,697	3,520,018	371,679	10.6
Loans to Customers	72,016,089	75,995,595	-3,979,506	-5.2
Equity investments	35,042	33,197	1,845	5.6
Property, plant and equipment and intangible assets	2,776,847	2,855,365	-78,518	-2.7
Tax assets	2,292,818	2,764,573	-471,755	-17.1
Other assets	7,416,732	5,442,305	1,974,427	36.3
Total assets	**88,612,112**	**90,800,715**	**-2,188,603**	**-2.4**

Liabilities	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
Net due to banks	869,103	5,639,691	-4,770,588	-84.6
Funding from Customers	73,528,704	72,184,520	1,344,184	1.9
Tax liabilities	196,080	313,626	-117,546	-37.5
Other liabilities	5,556,819	4,267,096	1,289,723	30.2
Specific-purpose provisions	689,729	683,756	5,973	0.9
Capital	1,102,071	1,102,071	-	-
Equity instruments	815,000	815,000	-	-
Reserves (net of treasury shares)	5,483,656	5,268,193	215,463	4.1
Valuation reserves	-58,552	-54,906	3,646	6.6
Equity attributable to minority interests	24,218	23,074	1,144	5.0
Profit (Loss) for the period	405,284	558,594	-153,310	-27.4
Total equity and net liabilities	**88,612,112**	**90,800,715**	**-2,188,603**	**-2.4**

Reconciliation of the balance sheet and Reclassified Balance Sheet

The balance sheet layout presented below has been reclassified in accordance with management criteria, in order to provide information on the general performance of the Group's operations in a timely manner based on profit or loss and financial data that can be determined quickly and easily.

Said financial statements have been built starting from the financial statement layouts provided for by the Bank of Italy's Circular no. 262/2005 as updated, in accordance with the same aggregation and classification methods as used to prepare the consolidated financial statements as at 31 December 2022.

Assets	30 June 2023	31 Dec. 2022
Net financial assets/liabilities at fair value	**182,887**	**189,662**
20 a. Financial assets held for trading	302,506	331,982
20 c. Financial assets mandatorily measured at fair value	180,075	186,729
20. Financial liabilities held for trading	-299,694	-329,049
Financial assets measured at fair value through other comprehensive income	**3,891,697**	**3,520,018**
30. Financial assets measured at fair value through other comprehensive income	3,891,697	3,520,018
Loans to Customers	**72,016,089**	**75,995,595**
40 b. Loans to Customers	72,016,089	75,995,595
Equity investments	**35,042**	**33,197**
70. Equity investments	35,042	33,197
Property, plant and equipment and intangible assets	**2,776,847**	**2,855,365**
90. Property, Plant and Equipment	1,206,132	1,262,134
100. Intangible assets	1,570,715	1,593,231
Tax assets	**2,292,818**	**2,764,573**
110. Tax assets	2,292,818	2,764,573
Other assets	**7,416,732**	**5,442,305**
10. Cash and cash equivalents	4,501,693	2,876,381
130. Other assets	2,353,584	1,852,948
50. Hedging derivatives (Assets)	1,114,405	1,318,646
60. Fair value change of financial assets in macro-hedge portfolios	-552,950	-607,953
120. Non-current assets held for sale and discontinued operations	-	2,283
Total assets	**88,612,112**	**90,800,715**

Liabilities	30 June 2023	31 Dec. 2022
Net due to banks	**869,103**	**5,639,691**
40 a. Due from banks	-5,094,480	-5,523,611
10 a. Due to banks	5,964,986	11,164,887
To deduct: Lease liabilities	-1,403	-1,585
Funding from Customers	73,528,704	72,184,520
10 b Due to Customers	61,224,967	62,145,427
To deduct: Lease liabilities	-330,176	-359,501
10 c. Debt securities issued	12,633,913	10,398,594
Tax liabilities	**196,080**	**313,626**
60. Tax liabilities	196,080	313,626
Other liabilities	**5,556,819**	**4,267,096**
10 a. Due to banks: of which lease liabilities	1,403	1,585
10 b. Due to customers: of which lease liabilities	330,176	359,501
40. Hedging derivatives (Liabilities)	3,361,330	3,815,534
50. Fair value change of financial liabilities in macro-hedge portfolios	-1,368,549	-1,491,822
80. Other liabilities	3,232,459	1,582,298
Specific-purpose provisions	**689,729**	**683,756**
90. Employee severance benefits	90,642	98,817
100. Provisions for risks and charges	599,087	584,939
Capital	**1,102,071**	**1,102,071**
170. Capital	1,102,071	1,102,071
Equity instruments	**815,000**	**815,000**
140. Equity instruments	815,000	815,000
Reserves (*net of treasury shares*)	**5,483,656**	**5,268,193**
150. Reserves	1,988,282	1,772,120
160. Share premium reserve	3,495,378	3,496,073
180. Treasury shares (+/-)	-4	-
Valuation reserves	**-58,552**	**-54,906**
120. Valuation reserves	-58,552	-54,906
Minority interests	**24,218**	**23,074**
190. Minority interests	24,218	23,074
Profit (Loss) for the period	**405,284**	**558,594**
200. Profit (loss) for the period	405,284	558,594
Total liabilities and equity	**88,612,112**	**90,800,715**

Loans to Customers

Items	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
- Current accounts	2,976,064	2,908,173	67,891	2.3
- Mortgage loans	41,575,516	42,318,403	-742,887	-1.8
- Invoice financing and credit facilities	17,449,453	17,070,920	378,533	2.2
- Non-performing loans	1,086,154	1,160,819	-74,665	-6.4
- Non-government securities at amortized cost	798,521	869,499	-70,978	-8.2
Loans to Customers	**63,885,708**	**64,327,814**	**-442,106**	**-0.7**
Government securities measured at amortized cost	8,130,381	11,667,781	-3,537,400	-30.3
Total Loans to Customers	**72,016,089**	**75,995,595**	**-3,979,506**	**-5.2**

Loans to customers: loan quality

Items	30 June 2023				31 Dec. 2022			
	Gross exposure	Adjustments	Net exposure	% coverage	Gross exposure	Adjustments	Net exposure	% coverage
- Bad loans	511,839	394,699	117,140	77.1%	514,091	384,469	129,622	74.8%
- Unlikely to Pay	1,608,816	646,404	962,412	40.2%	1,629,463	630,265	999,198	38.7%
- Past-due/overlimit loans	9,943	3,341	6,602	33.6%	43,079	11,082	31,997	25.7%
Non-performing loans	**2,130,598**	**1,044,444**	**1,086,154**	**49.0%**	**2,186,633**	**1,025,816**	**1,160,817**	**46.9%**
Performing loans - stage 2	5,019,350	269,932	4,749,418	5.4%	3,826,397	226,138	3,600,259	5.9%
Performing loans - stage 1	58,185,652	135,516	58,050,136	0.2%	59,720,848	154,110	59,566,738	0.3%
Performing loans	**63,205,002**	**405,448**	**62,799,554**	**0.64%**	**63,547,245**	**380,248**	**63,166,997**	**0.60%**
Loans to Customers	65,335,600	1,449,892	63,885,708	2.2%	65,733,878	1,406,064	64,327,814	2.1%
Government securities at amortized cost	8,141,653	11,272	8,130,381	0.1%	11,684,743	16,962	11,667,781	0.1%
Total Loans to Customers	73,477,253	1,461,164	72,016,089	2.0%	77,418,621	1,423,026	75,995,595	1.8%

Funding from Customers

Items	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
- Deposits	3,624,173	3,197,704	426,469	13.3
- Current and other accounts	56,674,679	57,819,406	-1,144,727	-2.0
- Other items	595,940	768,816	-172,877	-22.5
Due to Customers	**60,894,791**	**61,785,926**	**-891,135**	**-1.4**
Debt securities issued	12,633,913	10,398,594	2,235,319	21.5
Total direct funding	**73,528,704**	**72,184,520**	**1,344,184**	**1.9**
Indirect funding	**89,611,327**	**87,172,475**	**2,438,852**	**2.8**
Total funding	**163,140,031**	**159,356,995**	**3,783,036**	**2.4**

Indirect funding

Items	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
- Wealth management	22,139,274	21,863,521	275,753	1.3
- Insurance products	27,201,416	27,586,712	-385,296	-1.4
Total assets under management	**49,340,690**	**49,450,233**	**-109,543**	**-0.2**
Assets under administration	**40,270,637**	**37,722,242**	**2,548,395**	**6.8**
Indirect funding	**89,611,327**	**87,172,475**	**2,438,852**	**2.8**

Financial assets and liabilities measured at fair value

Items	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
Financial assets and liabilities measured at fair value through profit or loss				
- Debt securities	1,422	1,520	-98	-6.4
- Equity securities and units of collective investment undertakings	178,742	185,298	-6,556	-3.5
- Derivative financial instruments with positive FV	302,417	331,893	-29,476	-8.9
Total assets	**482,581**	**518,711**	**-36,130**	**-7.0**
- Derivative financial instruments with negative FV	299,694	329,049	-29,355	-8.9
Total liabilities	**299,694**	**329,049**	**-29,355**	**-8.9**
Net Total	**182,887**	**189,662**	**-6,775**	**-3.6**
Financial assets measured at fair value through other comprehensive income				
- Debt securities	3,620,062	3,240,500	379,562	11.7
- Equity securities	271,635	279,518	-7,883	-2.8
Total	**3,891,697**	**3,520,018**	**371,679**	**10.6**

Government securities held

	30 June 2023			31 Dec. 2022		
	Nominal value	Book value	Valuation reserve	Nominal value	Book value	Valuation reserve
FTPL						
Italian Government securities	12	13	X	12	13	X
Argentinian Government securities	87	-	X	87	-	X
HTCS						
Italian Government securities	3,611,250	3,620,061	10,767	3,304,000	3,240,500	-9,228
HTC						
Italian Government securities	7,715,200	8,130,381	X	11,130,300	11,667,781	X
French Government securities	-	-	-	-	-	-
Spanish Government securities	-	-	-	-	-	-
Portuguese Government securities	-	-	-	-	-	-
Total	**11,326,549**	**11,750,455**	**10,767**	**14,434,399**	**14,908,294**	**-9,228**

Specific-purpose provisions

Items	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
Employee severance benefits	90,642	98,817	-8,175	-8.3
Provisions for risks and charges	599,087	584,939	14,148	2.4
a) commitments and guarantees given	83,475	73,904	9,571	13.0
b) post-employment and similar obligations	29,716	24,020	5,696	23.7
c) other provisions for risks and charges	485,896	487,015	-1,119	-0.2
Total specific-purpose provisions	**689,729**	**683,756**	**5,973**	**0.9**

Equity

Items	30 June 2023	31 Dec. 2022	Changes	
			Absolute	%
Share capital	1,102,071	1,102,071	-	-
Share premium reserve	3,495,378	3,496,073	-695	-
Reserves	1,988,282	1,772,120	216,162	12.2
Equity instruments	815,000	815,000	-	-
Reserve for valuation of financial assets through other comprehensive income	-18,289	-15,939	2,350	14.7
Reserves from valuation of actuarial gains (losses) relating to defined-benefit pension plans	-40,263	-38,967	1,296	3.3
Treasury shares	-4	-	4	0.0
Profit for the period	405,284	558,594	-153,310	-27.4
Total (book) equity	**7,747,459**	**7,688,952**	**58,507**	**0.8**

Own Funds

Categories/Values	30 June 2023	31 Dec. 2022
Common Equity Tier 1 (CET1)	**4,810,528**	**4,639,980**
Additional Tier 1 (AT1)	815,000	815,000
Tier 1 capital (T1)	**5,625,528**	**5,454,980**
Tier 2 capital (T2)	1,023,588	1,078,949
Own Funds	**6,649,116**	**6,533,929**
Risk-weighted assets	**36,368,965**	**35,709,777**
o/w for credit and counterparty risk and for loan measurement adjustment risk	32,211,470	31,548,442
CAPITAL RATIOS		
Common Equity Tier 1 ratio	**13.2%**	**13.0%**
Tier 1 ratio	**15.5%**	**15.3%**
Total Capital ratio	**18.3%**	**18.3%**

PROFIT OR LOSS

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

	30 June 2023	30 June 2022	Changes	
			Absolute	%
Net interest income	891,930	607,406	284,524	46.8
Net fee and commission income	607,574	609,620	-2,046	-0.3
Dividend income	12,107	12,769	-662	-5.2
Financial Income (loss)	19,691	31,117	-11,426	-36.7
Other operating income (expenses)	650	3,741	-3,091	-82.6
Operating income	**1,531,952**	**1,264,653**	**267,299**	**21.1**
Personnel expenses	-503,260	-485,629	-17,631	3.6
Administrative expenses	-213,102	-206,785	-6,317	3.1
Depreciation and amortization	-92,358	-99,693	7,335	-7.4
Operating expenses	**-808,720**	**-792,107**	**-16,613**	**2.1**
Operating margin	**723,232**	**472,546**	**250,686**	**53.1**
Net provisions for risks and charges	-9,055	-9,894	839	-8.5
Net adjustments to loans	-142,986	-102,399	-40,587	39.6
Impairment of securities	4,219	-6,596	10,815	
Profit (loss) on other investments	-960	5,640	-6,600	
Profit (loss) before tax from continuing operations	**574,450**	**359,297**	**215,153**	**59.9**
Taxes on income from continuing operations	-168,172	-102,526	-65,646	64.0
Profit for the period	**406,278**	**256,771**	**149,507**	**58.2**
Profit (Loss) for the period attributable to minority interests	-994	-1,067	73	-6.8
Profit (loss) for the period attributable to the Parent Company before badwill and Creval integration expenses	**405,284**	**255,704**	**149,580**	**58.5**
Expenses for Creval acquisition/integration net of tax effect	-	-20,269	20,269	
Profit for the period attributable to the Parent Company	**405,284**	**235,435**	**169,849**	**72.1**

Reconciliation between the income statement and the reclassified income statement

The income statement layout presented below has been reclassified in accordance with management criteria, in order to provide information on the general performance of the Group's operations in a timely manner based on profit or loss and financial data that can be determined quickly and easily.

The financial statement has been built starting from the financial statement layouts provided for by the Bank of Italy's Circular no. 262/2005 as updated, in accordance with the same aggregation and classification methods as used to prepare the consolidated financial statements as at 31 December 2022.

	30 June 2023	30 June 2022
Net interest income	**891,930**	**607,406**
30. Net interest income	888,042	601,005
40. Fee and commission income: of which Deposit Fees and Commissions	1	3,833
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	-	(1)
230. Calit IAS gain	971	1,545
100. Profit (loss) on disposal or repurchase of: a) financial assets measured at amortized cost: o/w profit on disposal on inflation-lined BTP govies	2,916	-
100. Profit (loss) on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income	-	1,024
Net fee and commission income	**607,574**	**609,620**
60. Net fee and commission income	607,317	612,508
To deduct: Deposit fees and commissions	(1)	(3,833)
To deduct: Fees and commissions on disposal of investments	-	521
200. Other operating expenses/income: of which Commission income from Fast Loan Application Processing	258	424
Dividends and similar income = item 70	**12,107**	**12,769**
Financial Income (loss)	**19,691**	**31,117**
80. Net profit (loss) on trading activities	9,346	14,815
90. Net profit (loss) on hedging activities	(3,258)	(4,014)
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	-	1
100. Profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	8,728	6,322
100. Profit (loss) on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income	4,717	10,027
To deduct: 100. Profit (loss) on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income	-	(1,024)
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	(804)	(1,930)
100. Profit (loss) on disposal or repurchase of: c) financial liabilities	22	9,000
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	851	(4,011)
To deduct: b) other financial assets mandatorily measured at fair value of which measurement of financial instruments	89	1,931
Other operating income (expenses)	**650**	**3,741**
230. Other operating expenses/income	167,831	172,412
To deduct: expenses recovered	(164,613)	(165,908)
To deduct: recovered expenses for the management of non-performing loans	(1,027)	(794)
To deduct: Commission income from Fast Loan Application Processing	(258)	(424)
To deduct: Calit IAS gain	(971)	(1,545)
To deduct: profit/losses from sublease contract under IFRS 16	(312)	-
Operating income	**1,531,952**	**1,264,653**
Personnel expenses = item 190 a)	**(503,260)**	**(485,629)**
Administrative expenses	**(213,102)**	**(206,785)**
190. Administrative expenses: b) other administrative expenses	(383,714)	(409,413)
230. Other operating expenses/income: of which expenses recovered	164,613	165,908
190. Administrative expenses: b) other administrative expenses: o/w expenses for the management of non-performing loans	5,999	5,437

	30 June 2023	30 June 2022
To deduct: annual fee 1.5% of DTA (Art. 11 D.L. 59/2016)	-	2,590
To deduct Administrative expenses: b) other administrative expenses: of which expenses for Creval integration	-	28,693
Depreciation and amortization	**(92,358)**	**(99,693)**
210. Net adjustments to/recoveries on property, plant and equipment	(53,301)	(54,896)
To deduct: impairment/impairment recoveries on non-current assets held for investment/IFRS 16 right of use	2,020	
To deduct: expenses for Creval integration	-	1,595
220. Net adjustments to//recoveries on intangible assets	(41,077)	(46,392)
Operating expenses	**(808,720)**	**(792,107)**
Operating margin	**723,232**	**472,546**
Net provisioning for risks and charges = Item 200 b) other net provisioning	**(9,055)**	**(9,894)**
170. Net provisioning for risks and charges; b) other net provisioning	(17,055)	(9,894)
To deduct: other net provision for risks and charges; b) other net provisions	8,000	-
Net adjustments to loans	**(142,986)**	**(102,399)**
100. Profit (loss) on disposal or repurchase of: a) financial assets measured at amortized cost	21,662	10,542
To deduct profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	(8,728)	(6,322)
To deduct: release of provision for impairment of securities measured at amortized cost	(4,339)	(1,548)
To deduct: gains on disposal of inflation BTP Italian Government securities	(2,916)	
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	(89)	(1,931)
130. Net adjustments for credit risk of: a) financial assets measured at amortized cost	(123,950)	(99,842)
To deduct: net impairment for credit risk of: a) securities classified as financial assets measured at amortized cost	(1,972)	7,629
140. Profits/Losses on contract modifications without derecognition	(103)	(500)
190. Administrative expenses: b) other administrative expenses: o/w expenses for the management of non-performing loans	(5,999)	(5,437)
To deduct: recovered expenses for the management of non-performing loans	1,027	794
200. Net provisioning for risks and charges: a) commitments and guarantees given	(9,579)	(5,784)
170. Net provisioning for risks and charges; b) other net provisioning	(8,000)	-
Impairment of securities	**4,219**	**(6,596)**
130. Net adjustments for credit risk to: a) securities classified as financial assets measured at amortized cost	1,972	(7,629)
130. Net adjustments for credit risk of:: b) financial assets measured at fair value through other comprehensive income	(2,896)	(2,445)
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	804	1,930
100. Profit (loss) on disposal or repurchase of: a) of which impairment release on securities measured at amortized cost	4,339	1,548
Profit (loss) on other investments	**(960)**	**5,640**
250. Profit (losses) on equity investments	880	7,322
260. Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	(589)	(389)
280. Profit (losses) on disposals of investments	457	(772)
180. Net adjustments to/recoveries on property, plant and equipment: o/w impairment/ impairment recoveries on non-current assets held for investment/IFRS 16 right of use	(2,020)	
230. Other operating costs/income: o/w profit/losses from sublease contracts IFRS 16	312	
50. Fee and commission expenses: fees and commission on disposal of investments	-	(521)
Profit (loss) before tax from continuing operations	**574,450**	**359,297**
Taxes on income from continuing operations = item 300	**(168,172)**	**(102,526)**
300. Taxes on income from continuing operations	(168,172)	(89,917)
160. Administrative expenses: b) other administrative expenses: o/w annual fee 1.5% of DTA (Art. 11 D.L. 59/2016)	-	(2,590)
To deduct: taxes on expenses for Creval integration	-	(10,019)
Profit for the period	**406,278**	**256,771**
Profit (Loss) for the period attributable to minority interests	(994)	(1,067)
Profit for the period attributable to the Parent Company	**405,284**	**255,704**

	30 June 2023	30 June 2022
190. Administrative expenses: b) other administrative expenses: o/w expenses for Creval integration	-	(28,693)
210.+220. Net adjustments to/recoveries on property, plant and equipment and intangible assets: o/w Creval integration expenses	-	(1,595)
300. Taxes on income for the period from continuing operations: taxes on expenses for Creval integration	-	10,019
Profit for the period attributable to the Parent Company	**405,284**	**235,435**

Net interest income

Items	30 June 2023	30 June 2022	Changes	
			Absolute	%
Business with customers	949,015	482,594	466,421	96.6
Business with banks	(14)	38,459	-38,472	
Debt securities issued	(96,555)	(48,690)	47,865	98.3
Spreads on hedging derivatives	(103,768)	(98,786)	4,982	5.0
Financial assets held for trading	3	4	-1	-25.0
Assets measured at fair value	70	157	-87	-55.4
Securities measured at amortized cost	73,418	169,917	-96,499	-56.8
Securities through other comprehensive income	42,050	50,151	-8,101	-16.2
Other net interest income	27,711	13,600	14,111	
Net interest income	**891,930**	**607,406**	**284,524**	**46.8**

Net fee and commission income

Items	30 June 2023	30 June 2022	Changes	
			Absolute	%
- guarantees given	6,366	6,169	197	3.2
- collection and payment services	45,661	38,524	7,137	18.5
- current accounts	141,931	134,312	7,619	5.7
- debit and credit card services	39,147	30,898	8,249	26.7
Commercial banking business	233,105	209,903	23,202	11.1
- securities intermediation and placement	142,238	146,783	-4,545	-3.1
- intermediation in foreign currencies	3,650	3,497	153	4.4
- asset management	5,648	7,001	-1,353	-19.3
- distribution of insurance products	157,268	169,758	-12,490	-7.4
- other intermediation/management fee and commission income	26,408	30,896	-4,489	-14.5
Management, intermediation and advisory services	335,212	357,935	-22,724	-6.3
Other net fee and commission income	39,257	41,781	-2,524	-6.0
Total net fee and commission income	**607,574**	**609,620**	**-2,046**	**-0.3**

Financial income (loss)

Items	30 June 2023	30 June 2022	Changes	
			Absolute	%
Interest rates	4,012	9,059	-5,047	-55.7
Stocks	-	1	-1	
Foreign exchange	5,334	5,755	-421	-7.3
Total profit (losses) on financial assets held for trading	**9,346**	**14,815**	**-5,469**	**-36.9**
Total profit (losses) on assets held for hedging	**-3,258**	**-4,013**	**-755**	**-18.8**
Net profit (loss) on financial assets and liabilities measured at fair value	**940**	**-2,080**	**3,020**	
Total profit (losses) on securities measured at amortized cost	**8,750**	**15,322**	**-6,572**	**-42.9**
Total profit (losses) on securities through other comprehensive income	**3,913**	**7,073**	**-3,160**	**-44.7**
Financial Income (loss)	**19,691**	**31,117**	**-11,426**	**-37**

Operating expenses

Items	30 June 2023	30 June 2022	Changes	
			Absolute	%
Personnel expenses	**(503,260)**	**(485,629)**	**17,631**	**3.6**
- general operating expenses	(57,855)	(54,790)	3,065	5.6
- IT services	(78,029)	(72,194)	5,835	8.1
- direct and indirect taxes	(77,019)	(76,315)	704	0.9
- real estate property management	(7,662)	(7,215)	447	6.2
- legal and other professional services	(4,810)	(8,853)	(4,043)	-45.7
- advertising and promotion expenses	(7,009)	(5,085)	1,924	37.8
- indirect personnel expenses	(3,222)	(2,599)	623	24.0
- contributions to support the banking system	(39,948)	(38,045)	1,903	5.0
- other expenses	(102,161)	(107,595)	(5,434)	-5.1
- expenses and charges recovered	164,613	165,908	(1,295)	-0.8
Administrative expenses	**(213,102)**	**(206,785)**	**6,317**	**3.1**
- intangible assets	(41,077)	(44,797)	(3,720)	-8.3
- property, plant and equipment	(51,281)	(54,896)	(3,615)	-6.6
Depreciation and amortization	**(92,358)**	**(99,693)**	**(7,335)**	**-7.4**
Operating expenses	**(808,720)**	**(792,107)**	**16,613**	**2.1**

Net adjustments to loans

	30 June 2023	30 June 2022	Changes	
			Absolute	%
- bad loans	(21,428)	(31,133)	(9,705)	-31.2
- Unlikely to Pay	(63,215)	(60,698)	2,517	4.1
- Past-due loans	(725)	(4,028)	(3,303)	-82.0
Non-performing loans	**(85,368)**	**(95,860)**	**(10,492)**	**-10.9**
- Performing loans - stage 2	(47,801)	(20,499)	27,302	133.2
- Performing loans - stage 1	12,926	26,818	(13,892)	-51.8
Performing loans	**(34,875)**	**6,318**	**(41,193)**	
Net losses on impairment of loans	(120,243)	(89,541)	30,702	34.3
Profits/Losses on contract modifications without derecognition	(103)	(500)	(397)	-79.4
Measurement of financial instruments	(89)	(1,931)	(1,842)	-95.4
Provisioning for possible expenses on sold loans	(8,000)	-	8,000	-
Expenses/recovered expenses for loan management	(4,972)	(4,643)	329	7.1
Net losses on impairments of guarantees and commitments	(9,579)	(5,784)	3,795	65.6
Net adjustments to loans	**(142,986)**	**(102,399)**	**40,587**	**39.6**

FAIR VALUE REPORTING - 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:** *Fair value* determined, to a significant extent, using 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.

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 30 June 2023, the CVA value for the Crédit Agricole Italia Banking Group, calculated in accordance with the method reported above, was Euro -2.31 million.

Similarly, as at 30 June 2023, the DVA value was Euro 4.50 million.

The difference between the CVA and DVA amounts as calculated (equal to Euro +2.19 million for the Group), net of the same component already recognized as at 31 December 2022 (equal to Euro +2.13 million), is a positive income component and, as such, has been recognized in the Income Statement.

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.

FAIR VALUE REPORTING - 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.

FAIR VALUE REPORTING - TRANSFERS BETWEEN PORTFOLIOS

In H1 2023 no transfers between portfolios were made.

Other information

The cases provided for by IFRS 13 at paragraphs 51, 93 item (i) and 96 did not apply to the Group.

It is pointed out that the Crédit Agricole Italia Banking Group holds no financial instruments issued by Russian or Ukrainian counterparties.

Having regard to trade finance transactions, the Crédit Agricole Italia Banking Group has exposures to Russian banking counterparties (not belonging to the Crédit Agricole Group) for an amount of Euro 0.15 million and to Ukrainian counterparties belonging to the Crédit Agricole Group for an amount of Euro 0.5 million.

FAIR VALUE REPORTING - FAIR VALUE HIERARCHY

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

Assets/liabilities measured at fair value	30 June 2023			31 Dec. 2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	136	302,352	180,093	88	331,834	186,789
a) financial assets held for trading	88	302,352	66	88	331,834	60
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	48	-	180,027	-	-	186,729
2. Financial assets measured at fair value through other comprehensive income	3,635,057	211,271	45,369	3,255,763	211,271	52,984
3. Hedging derivatives	-	1,114,366	39	-	1,318,583	63
4. Property, Plant and Equipment	-	-	-	-	-	-
5. Intangible Assets	-	-	-	-	-	-
Total	**3,635,193**	**1,627,989**	**225,501**	**3,255,851**	**1,861,688**	**239,836**
1. Financial liabilities held for trading	-	299,629	65	-	328,990	59
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	2,791,889	569,441	-	3,045,592	769,942
Total	**-**	**3,091,518**	**569,506**	**-**	**3,374,582**	**770,001**

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

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	**186,789**	**60**	**-**	**186,729**	**52,984**	**63**		**-**
2. Increases	**8,497**	**344**	**-**	**8,153**	**463**	**-**	**-**	**-**
2.1 Purchases	6,959	335	-	6,624	160	-	-	-
2.2 Profits recognized in:	1,425	8	-	1,417	303	-	-	-
2.2.1 Income Statement	1,425	8	-	1,417	-	-	-	-
- o/w: capital gains	6		-	-	-	-	-	-
2.2.2 Equity	-	X	X	-	303	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	113	1	-	112	-	-	-	-
3. Decreases	**15,193**	**338**	**-**	**14,855**	**8,078**	**24**	**-**	**-**
3.1 Sales	337	337	-	-	238	-	-	-
3.2 Repayments	13,946	-	-	13,946	600	-	-	-
3.3 Losses recognized in:	557	-	-	557	7,240	24	-	-
3.3.1 Income Statement	557	-	-	557	-	24	-	-
- o/w capital losses	557	-	-	557	-	24	-	-
3.3.2 Equity	-	X	X	-	7,240	-	-	-
3.4 Transfers to other levels	142	-	-	142	-	-	-	-
3.5 Other decreases	211	1	-	210	-	-	-	-
4. Closing Balance	**180,093**	**66**	**-**	**180,027**	**45,369**	**39**	**-**	**-**

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	**59**	**-**	**769,942**
2. Increases	**6**	**-**	**1,328**
2.1 Issues	-	-	-
2.2 Losses recognized in:	6	-	1,328
2.2.1 Income Statement	6	-	1,328
- of which Capital losses	6	-	1,328
2.2.2 Equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	**-**	**-**	**201,829**
3.1 Repayments	-	-	198,658
3.2 Repurchases	-	-	-
3.3 Profits recognized in:	-	-	3,171
3.3.1 Income Statement	-	-	3,171
- of which Capital gains	-	-	171
3.3.2 Equity	X	-	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing Balance	**65**	**-**	**569,441**

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	30 June 2023				31 Dec. 2022			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortized cost	77,110,569	8,117,579	5,094,380	63,784,830	81,519,206	11,598,893	5,523,511	63,805,985
2. Investment property	149,829	-	-	173,334	156,327	-	-	178,379
3. Non-current assets held for sale and discontinued operations	-	-	-	-	2,283	-	-	2,283
Total	**77,260,398**	**8,117,579**	**5,094,380**	**63,958,164**	**81,677,816**	**11,598,893**	**5,523,511**	**63,986,647**
1. Financial liabilities measured at amortized cost	79,823,866	-	77,115,231	2,729,454	83,708,908		82,636,082	1,131,054
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**79,823,866**	**-**	**77,115,231**	**2,729,454**	**83,708,908**	**-**	**82,636,082**	**1,131,054**

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

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.

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 Group operates through an organizational structure that comprises:

- The Retail Banking, Private Banking and Financial Advisors channels 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 2022, balance sheet data are presented consistently with the statutory layouts.

The figures of the Crédit Agricole Italia Banking Group are reported below, with the comparison figures for the previous year that are presented net of non-recurring effects resulting from the integration of Credito Valtellinese in order to ensure consistent comparability of the channels" profitability. The amounts of "non-recurring" expenses, associated with the costs of former-Creval size and operating structure adjustments incurred last year, are separately reported.

The "Retail Banking, Private Banking and Financial Advisors" channels generated Operating income of Euro 1,033 million (+7.0%): Net interest income (+17.4%) and Net fee and commission income (-1.5%) slightly decreasing and lower income from trading of financial assets (-16.9%); the operating profit came to Euro 419 million (+16.3%). Net of the Cost of risk, which came to Euro 95 million (equal to 49 bps, +5 bps YoY) and after taxes, the Net Profit came to Euro 229 million (+19.4%).

The "Corporate Banking" channel generated Operating income of Euro 279 million (+12.6%), with net interest income growing (+14.1%), net fee and commission income increasing (+10.2%) and income from trading of financial assets decreasing (-10.3%); the Operating Profit came to Euro 191 million (+14.7%). Net of the Cost of risk, which came to Euro 52 million (equal to 53 bps, increasing YoY due to the higher weight of collective provisioning for performing loans) and after taxes, the net profit came to Euro 97 million (-6.4%).

Assets by segment (point-in-time volumes) consisted of net loans to customers; as at 30 June 2023, the assets of the Retail Banking, Private Banking and Financial Advisors channels came to Euro 37,631 million (-0.8%); the assets of the Corporate Banking channel came to Euro 19,065 million (+1.8%); to the "other" channel an amount of Euro 7,189 million was allocated, mainly consisting of 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 channels came to Euro 49,742 million (-0.1%); the Corporate Banking channel posted a balance of Euro 11,755 million (+7.0%); to the "other" channel an amount of Euro 2,739 million was allocated, mainly regarding institutional counterparties.

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 30 JUNE 2023

	30 June 2023			
	Retail and Private Banking	Corporate Banking	Other	Total
Operating income				
Net interest income	507,819	184,421	199,690	891,930
Net fee and commission income	525,447	83,803	(1,676)	607,574
Dividend income	-	-	12,107	12,107
Financial Income (loss)	1,656	7,775	10,260	19,691
Other net operating income	(2,397)	2,538	509	650
Operating income	**1,032,525**	**278,537**	**220,890**	**1,531,952**
Personnel and administrative expenses and depreciation and amortization	(613,720)	(87,910)	(107,090)	(808,720)
Operating margin	**418,805**	**190,627**	**113,800**	**723,232**
Net provisioning for risks and charges	(2,887)	(1,668)	(4,500)	(9,055)
Net adjustments to loans	(92,324)	(50,662)	-	(142,986)
Impairment of securities	-	-	4,219	4,219
Total Cost of Risk	**(95,211)**	**(52,330)**	**(281)**	**(147,822)**
Profit (loss) on other investments	-	-	(960)	(960)
Profit (loss) before tax from continuing operations	**323,594**	**138,297**	**112,559**	**574,450**
Taxes	(94,735)	(40,838)	(32,599)	(168,172)
Profit (Loss) for the period	**228,859**	**97,459**	**79,960**	**406,278**
Assets and Liabilities				
Assets by segment (customers)	37,630,969	19,065,368	7,189,371	63,885,708
Equity investments in associates	-	-	35,042	35,042
Unallocated assets	-	-	24,691,362	24,691,362
Total Assets	**37,630,969**	**19,065,368**	**31,915,775**	**88,612,112**
Liabilities by segment	49,741,564	11,755,063	2,739,019	64,235,646
Unallocated liabilities	-	-	16,604,790	16,604,790
Total liabilities	**49,741,564**	**11,755,063**	**19,343,809**	**80,840,436**

SEGMENT REPORTING AS AT 30 JUNE 2022

	30 June 2022			
	Retail and Private Banking	Corporate Banking	Other	Total
Operating income				
Net interest income	432,549	161,632	13,225	607,406
Net fee and commission income	533,448	76,060	112	609,620
Dividend income	-	-	12,769	12,769
Financial Income (loss)	1,994	8,671	20,452	31,117
Other net operating income	(3,112)	993	5,860	3,741
Operating income	**964,879**	**247,356**	**52,418**	**1,264,653**
Personnel and administrative expenses and depreciation and amortization	(604,656)	(81,093)	(106,358)	(792,107)
Operating margin	**360,223**	**166,263**	**(53,940)**	**472,546**
Net provisioning for risks and charges	(7,900)	(1,996)	2	(9,894)
Net adjustments to loans	(84,476)	(18,106)	183	(102,399)
Impairment of securities	-	-	(6,596)	(6,596)
Total Cost of Risk	**(92,376)**	**(20,102)**	**(6,411)**	**(118,889)**
Profit (loss) on other investments	-	-	5,640	5,640
Profit (loss) before tax from continuing operations	**267,847**	**146,161**	**(54,711)**	**359,297**
Taxes on income from continuing operations	(76,150)	(42,016)	15,640	(102,526)
Profit for the period (before Creval acquisition effects)	**191,697**	**104,145**	**(39,071)**	**256,771**
Non-recurring effects generated by Creval acquisition	-	-	-	(20,269)
Profit (Loss) for the period	**191,697**	**104,145**	**(39,071)**	**236,502**
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	-	-	26,439,703	26,439,703
Total Assets	**37,930,324**	**18,720,753**	**34,149,637**	**90,800,714**
Liabilities by segment	49,816,042	10,984,831	2,164,694	62,965,568
Unallocated liabilities	-	-	20,123,121	20,123,121
Total liabilities	**49,816,042**	**10,984,831**	**22,287,815**	**83,088,690**

Segment reporting figures as at 30 June 2022 have been recalculated applying criteria that are homogeneous with those used for the reporting period.

RISK MANAGEMENT

This section provides an update of the information on risks and the relative hedging policies, as at 30 June 2023, to complete the reporting given in Part E of the Annual Report as at 31 December 2022.

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 in an economic situation, such as the present one.

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 designing the risk management system, Crédit Agricole Italia S.p.A. complies with both the Italian legislation (with specific reference to Bank of Italy's Circular No. 285/2013, as updated and to Delegated Regulation 2017/565), as well as with guidelines issued by the Parent Company Crédit Agricole SA, which the general model of the Crédit Agricole Italia Banking Group is consistent with.

The companies of the Group have their own risk management and control structures and frameworks in compliance with the Group's guidelines, operate in their respective perimeters and benefit from the functions directly performed by Crédit Agricole Italia S.p.A., when centralized.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP) REPORT

The Crédit Agricole Italia Banking Group is required to prepare the ICAAP report for the European Central Bank (ECB) and, pursuant to Bank of Italy's Circular no. 285 (Part 1, Title III, Chapter 1, Section 1, Paragraph 1), for the national Supervisory Authority.

As at 31 December 2022 the quantitative analyses that generated, for the Crédit Agricole Italia Banking Group, capital absorptions concerned, in addition to Pillar 1 risks, also concentration risk, sovereign risk, the risk of change in the value of the security portfolio, global interest rate risk (including the base/refixing component), liquidity price risk, business risk and, in compliance with the guidelines given by the Parent Company Crédit Agricole S.A., foreign exchange risk (Pillar 2 risks). The analyses have given evidence that the Crédit Agricole Italia Banking Group's total capital is adequate to meet all risks to which the Group is exposed in accordance with its operations and target markets.

Conversely, qualitative assessments, control or mitigation measures based on processes were used for the following risks: liquidity – for the part not referring to liquidity price risk –, reputational risk, noncompliance rand legal risk, climate risk, IT risk, information system security, outsourcing risk and residual risk. On the other hand, the risk of excessive leverage is monitored by the Group through the leverage ratio. Transfer risk, basis risk and country risk were also taken into account, as explicitly required by Bank of Italy Circular no. 285.

At the end of March 2023, the Crédit Agricole Italia Banking Group sent – to the Supervisory Authority – a set of documents for the assessment of the system for internal capital management, which included quantitative evidence and an "ICAAP Statement" containing the opinion of the governance body on the Group capital adequacy, as well as internal reports on ICAAP intended to provide an overview of the Group's ICAAP framework.

The Internal Capital Adequacy Assessment Process (ICAAP), along with the Internal Liquidity Adequacy Assessment Process (ILAAP), is the first phase in the supervisory review process. The second phase consists of the Supervisory Review and Evaluation Process – SREP and it falls within the Supervisory Authority's competence, which shall review the ICAAP and ILAAP and issue an overall opinion on the Group.

The capital adequacy exercises gave once more evidence of full compliance with the reference frameworks.

INTERNAL LIQUIDITY ADEQUACY ASSESSMENT PROCESS (ILAAP) REPORT

Along with the ICAAP set of documents, at the end of March 2023, the Crédit Agricole Italia Banking Group sent its ILAAP (Internal Liquidity Adequacy Assessment Process) Report to the Supervisory Authority. This Report is intended to provide the results of a self-assessment on the processes for the identification, measurement, management and monitoring of internal liquidity and describes: the liquidity framework, the Group's refinancing structure, the composition of its liquidity reserves, the mechanism for the allocation of refinancing costs, resilience testing, the contingency funding plan and areas where the methodological model needs to be further developed.

This exercise gave evidence of the compliance of the liquidity risk management framework of the Crédit Agricole Italia Banking Group with the requirements set down by the Regulator. Indeed, the adopted framework ensures liquidity steering and effective monitoring of compliance with the set limits.

INTERNAL CONTROLS SYSTEM

The internal control system is the set of organizational, procedural and regulatory mechanisms aimed at controlling all types of activities and risks to ensure proper execution and security of operations.

The scope of the Crédit Agricole Italia Group's internal control system includes all its structures, both central and of the Distribution Network, Information Technology departments, Outsourced Critical and Important Functions and the related main providers.

In compliance with the standards of the Controlling Company, Crédit Agricole S.A., internal control is carried out with two different modalities: permanent control and periodic control.

In the Crédit Agricole Italia Banking Group, the Risk Management and Permanent Controls Department and the Compliance Department are in charge of permanent control activities, while the Audit Department is in charge of periodic control activities.

In accordance with the regulations in force, roles and departments engaged in control functions provide the corporate bodies having strategic responsibilities with periodic information on the single risks, through both dedicated reporting and participation in specific Committees, set up at Group level, especially the Risk and Internal Control Committee, which receives the evidence resulting from the activities of the 3 departments engaged in control functions (Internal Audit, Compliance and Risk Management).

CREDIT RISK

Consistently with the guidelines issued by the French Parent Company Crédit Agricole S.A., for adequate control on Credit Risk, the Crédit Agricole Italia Banking Group's internal lending processes are firmly in place and fully formalized; those processes aim at:

- 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 analyses, aimed at developing and driving business with the most creditworthy Customers, as well as to anticipate and curb insolvency risks.

Lending processes are defined and governed by operating procedures 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. The whole set of internal rules and normative instruments on lending has been rationalized, supplementing it with all operational aspects that regard the origination and monitoring phases, in full accordance with EBA Guidelines of 29 May 2020 (EBA/GL/2020/06).

The lending policies governing loan origination, through guidelines that are specifically designed both by customer segment and by single lending product, have been updated and supplemented with two discontinuity and novelty elements vs. the past: indeed, specific Environmental, Social & Governance (ESG) lending policies have been introduced and provide for factors that go beyond the traditional assessment of credit rating; furthermore, the foundations have been laid for credit rating assessment in automatic and semi-automatic mode.

In the loan origination phase, the mitigation of credit risk is pursued by entering into ancillary agreements or by adopting appropriate tools and techniques designed to mitigate this risk. In this scope, special attention is paid to obtaining and managing guarantees, with the definition of general and specific requirements, with special regard to the rules and procedure to monitor that the requirements of the guarantees remain complied with (legal certainty, prompt realization and value consistency with the guaranteed exposure).

The quality of the loan portfolio is constantly monitored, in terms of the portfolio as a whole, analyzing its composition in accordance with the risk measurement parameters used by the Group (internal rating system, early warning indicators, other performance-monitoring indicators), as well as in terms of single positions, designing and applying the operational processes and procedures that regulate all steps in the management of the single lending accounts, in order to ensure preventive management of any default risks.

The organizational structure, procedures and tools supporting the processes for the management of watch-list exposures, i.e. showing anomalies, ensure prompt triggering of appropriate actions to restore them to a performing status or, should the circumstances require termination of the business relation, to collect the credit claim.

From a strategic standpoint, the Crédit Agricole Italia Banking Group has continued to pursue its transformation ambitions in lending, with special focus on three main scopes: early and proactive loan management, automation of procedures and reporting, digitalization of lending processes. The goal being pursued with all the lending transformation initiatives deployed is the maximization of customer satisfaction, the reduction of manual operational activities in order to minimize the related risks and the cost of risk.

Specifically, in H1 2023 all the project streams started within the wider lending transformation programme and the first results were achieved:

- in the scope of early and proactive loan management, considering, on the one hand, the technological evolution that enables to use available information more effectively and, on the other hand, the increase in sources available on the market, a programme was started to evolve Early Warning tools.
- in Q1 2023 the first results of the centralization of credit data in the Credit Data Platform ("Data Lake") enabled to complete a set of initiatives concerning the automation of loan reporting and the first lending decision-making automated systems to be used for customers in the small business segment (Digital Lending).
- furthermore, in Q1 2023 an ambitious investment plan was designed in order to improve credit information availability across the board and the usability of lending apps; thanks to this forward-looking plan, the time to cash will be shortened and the manual activities supporting the lending processes, now to be carried out by the commercial network, will be strongly reduced.

In H1 2023, specifically in May, a severe flood took place in the Emilia-Romagna Region and involved many customers, as well as the Bank's personnel working in the area hit by the flood. Responding to that emergency and providing immediate support to the customers hit by the natural catastrophe, the Crédit Agricole Italia Banking Group immediately adopted the measures laid down by the decree-laws addressing the emergency and suspended the repayment of loans and mortgage loans, specifically:

- it suspended the repayment of loan instalments falling due in May and June, in accordance with the. "Flood Decree-law" of 1 June 2023, informing its customers of the adopted measure in the shortest time possible and giving them the possibility to opt for alternative solutions;
- it gave its customers the possibility to suspend, for up to 12 months, the repayment of mortgage loans and loans for buildings and land that had to be cleared as not usable because of the flood, in accordance with the "Head of the Civil Protection Department Order" OCDPC no. 992 of 8 May 2023 later supplemented by the "Head of Civil Protection Department Order" OCDPC no. 997 and no. 1003.

The loans benefiting from the relief measures deployed to respond to this exceptional weather event are and will be continuously monitored although they account for an immaterial portion of the Group's loan portfolio.

The portfolio of defaulted exposures default has been subject to continuous analysis and monitoring, assessing risk position based on the developments in the market scenario and determining the best management and protection action for each one of them; concomitantly, where the case, the provisions covering them have been supplemented, in accordance with the guidelines set by the internal Policies, which implement the applicable legislation and regulations. Thanks to this, Crédit Agricole Italia S.p.A.'s overall coverage ratio of non-performing loans could be increased to 49% (vs. 46.9% as at 31 December 2022).

In H1 2023, the NPE Department fully implemented the "Ermes" project. As planned, the collection of the types of non-performing loans listed below has been contracted out to specialist servicers:

- granular loans classified as UTP (unsecured and of amounts below Euro 50 thousand);
- loans classified as bad (both unsecured and backed by mortgage of amounts below Euro 500 thousand);
- residential mortgage loans classified as UTP or Bad of amounts below Euro 500 thousand.

Furthermore, having regard to the aforementioned project, it is confirmed that, within the Bad Loans and Servicers Division, the organizational structure responsible for overseeing the UTP and bad loans contracted out to the servicers is fully operational and has the task of verifying the effectiveness, good value for money and timeliness of the collection actions performed by the servicers.

CREDIT QUALITY

ITEMS	GROSS EXPOSURES - WEIGHT ON TOTAL				Change	
	June 2023		December 2022		Absolute	%
- Bad loans	511,839	0.8%	514,091	0.8%	-2,252	-0.4%
- Unlikely to Pay	1,608,816	2.5%	1,629,463	2.5%	-20,647	-1.3%
- Past-due/overlimit loans	9,943	0.0%	43,079	0.1%	-33,136	-76.9%
Non-performing loans	**2,130,598**	**3.3%**	**2,186,633**	**3.3%**	**-56,035**	**-2.6%**
- Performing loans - stage 2	5,019,350	7.7%	3,826,397	5.8%	1,192,953	31.2%
- Performing loans - stage 1	58,185,652	89.1%	59,720,848	90.9%	-1,535,196	-2.6%
Performing loans	**63,205,002**	**96.7%**	**63,547,245**	**96.7%**	**-342,243**	**-0.5%**
Gross loans to Customers	**65,335,600**	**100.0%**	**65,733,878**	**100.0%**	**-398,278**	**-0.6%**

ITEMS	NET EXPOSURES - COVERAGE RATIO				Change	
	June 2023		December 2022		Absolute	%
- Bad loans	117,140	77.1%	129,622	74.8%	-12,482	-9.6%
- Unlikely to Pay	962,412	40.2%	999,198	38.7%	-36,786	-3.7%
- Past-due/overlimit loans	6,602	33.6%	31,997	25.7%	-25,395	-79.4%
Non-performing loans	**1,086,154**	**49.0%**	**1,160,817**	**46.9%**	**-74,663**	**-6.4%**
- Performing loans - stage 2	4,749,418	5.4%	3,600,259	5.9%	1,149,159	31.9%
- Performing loans - stage 1	58,050,136	0.2%	59,566,738	0.3%	-1,516,602	-2.5%
Performing loans	**62,799,554**	**0.6%**	**63,166,997**	**0.6%**	**-367,443**	**-0.6%**
Net loans to Customers	**63,885,708**	**2.22%**	**64,327,814**	**2.14%**	**-442,106**	**-0.7%**

Asset quality further improved: the stock of net non-performing loans decreased by -6.4% compared to December 2022.

The coverage ratio of the NPE portfolio also improved, increasing to 49.0%; and the gross NPE ratio proved essentially stable (2.2%).

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, ß are estimated for each entity (in this case they have been estimated on Crédit Agricole Italia S.p.A.).

To estimate ß_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.

PORTFOLIOS		ALPHA	BETA
Large Corporate		0.30	3.20
Small Medium Enterprises		0.30	2.75
Retail Banking	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).

Effective as of Q2, yet other classification factors have been implemented, such as:

- Downgrading from stage 1 to stage 2 of positions with red or blue IMA (Early Warning) indicator in at least three of the four months before the reference date. The red and blue colours identify the monitoring chain;
- Downgrading from stage 1 to stage 2 of Retail positions with PD equal to or higher than 11% and of Corporate positions with PD equal to or higher than 5% (known as sensitive ratings).

For the security portfolio, the Crédit Agricole Italia Banking Group uses the "Low Credit Risk Exemption", i.e. the practical device of assuming that credit risk has not significantly increased vs. the initial recognition of the instrument, classifying it in Stage 1. The aforementioned exemption is applied to securities that, as at their measurement date, have an investment grade rating, in compliance with IFRS 9.

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 30 June 2023 reporting date, the weights set by the Parent Company Crédit Agricole S.A. were the following:
- Central scenario, 55%;
- Moderately adverse scenario, 30%;
- Stressed budget scenario, 10%;
- Favourable 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 30 June 2023

Indicators used as at 30 June 2023	Central Scenario				Moderately adverse scenario				Stressed budget				Favourable			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
ITA GDP	3.8%	0.6%	1.0%	1.1%	3.8%	-0.4%	0.1%	1.3%	3.8%	-1.4%	1.6%	1.9%	3.8%	0.8%	1.3%	1.3%
ZE GDP	3.5%	0.6%	1.2%	1.1%	3.5%	-0.2%	-0.1%	1.1%	3.5%	-2.6%	1.7%	1.6%	3.5%	0.8%	1.9%	1.6%
Inflation in Italy	8.7%	7.4%	3.3%	2.6%	8.7%	8.0%	3.7%	2.6%	8.7%	8.8%	3.4%	1.9%	8.7%	6.4%	2.4%	2.0%
Investments in Buildings	13.6%	0.7%	-0.1%	1.7%	13.6%	-2.1%	-3.4%	2.5%	13.6%	-0.2%	2.4%	4.4%	13.6%	0.8%	1.6%	3.2%
Investments in machinery	9.7%	4.0%	0.6%	1.9%	9.7%	2.6%	-2.2%	2.6%	9.7%	-2.1%	3.6%	4.6%	9.7%	4.2%	1.7%	3.2%
Fixed investments	9.7%	2.4%	0.6%	1.9%	9.7%	0.3%	-2.3%	2.4%	9.7%	-0.4%	3.1%	4.4%	9.7%	2.5%	1.8%	3.0%
Unemployment rate	8.1%	8.1%	8.2%	8.1%	8.1%	8.4%	9.1%	8.9%	8.1%	10.6%	11.2%	10.1%	8.1%	8.1%	8.0%	7.9%
Domestic demand	2.7%	0.4%	0.9%	0.7%	2.7%	-0.5%	0.0%	0.8%	2.7%	-0.8%	1.7%	1.5%	2.7%	0.5%	0.9%	0.7%
World oil demand	2.4%	1.1%	0.4%	0.7%	2.4%	0.8%	0.5%	0.5%	2.4%	-2.0%	0.3%	0.9%	2.4%	1.5%	1.5%	1.2%
Work productivity	3.6%	5.3%	2.6%	1.9%	3.6%	4.9%	3.2%	2.2%	3.6%	-1.0%	1.5%	1.0%	3.6%	3.5%	2.4%	1.6%
Industrial Production Index (IPI)	0.4%	0.8%	1.2%	1.4%	0.4%	-0.6%	0.3%	0.9%	0.4%	-1.9%	2.1%	2.4%	0.4%	1.1%	1.4%	1.2%
Propensity to consume	-0.5%	11.9%	-0.8%	0.0%	-0.5%	11.9%	-1.0%	-1.0%	-0.5%	8.4%	3.0%	0.7%	-0.5%	11.6%	-1.1%	-0.5%
Weight	55%				30%				10%				5%			

The main underlying assumptions are:
- **Central scenario:** the war in Ukraine persists, hitting Countries both close to its epicenter and far away from it, because of higher prices or even shortages of energy or food commodities. In the Euro Area, the market prices of oil and gas have hiked, there is strong pressure on the prices of grains and of some intermediate goods, especially metals and, in many sectors, energy intermediate costs have increased, there are procurement difficulties and disruption in value chains. Consequently, the export of Russian gas is expected to decrease and the diversification of energy sources deployed by European Countries via alternative ones proves insufficient. Inflation decreases in 2023, after posting an average figure of 8.4% in the Euro Area in 2022, thanks to an energy crisis that is less severe than expected in Q1 2023: relatively mild winter, high gas stockpiling in most Countries, development of other supplies to make up for the decrease in the supply of Russian gas, Asia/Europe competition for gas supplies proves less intense

than expected. Business profitability is eroded by the increase in non-wage costs, by the smaller energy supply, by the increase in interest rates and by limited pricing capacity because of still modest demand. Nonetheless, corporate investments have remained on average dynamic. Households" income is reduced by the inflationary shock; modest increase in wages but deployment of tax relief measures. Monetary policies remain restrictive but less aggressive, the fight against inflation remains a priority.

- **Moderately adverse scenario:** scenario impacted by the Russia-Ukraine war. Yet another material increase in energy prices is assumed, specifically very high prices of oil and gas in Europe, strongly increasing vs. early 2023. Strong drop in households" purchasing power, with very high inflation reduction of the support measures and insufficient wage increases. Very poor business profitability (weak demand, increasing costs and increasing interest rates) and stagnation in investments. Likely technical recession (two consecutive quarters of negative growth) in late 2023/early 2024. The upstream shock on inflation (commodity prices) is assumed rather strong, but inflation speeding up is ultimately concentrated in the second half of 2023 and in the first half of 2024. Euro Area monetary policy with the ECB rate further increasing in 2023 and expected to start to decrease not before 2024 with gradual normalization with the inflationary risk zeroing in the following years (2025 and 2026). Long-term rates and sovereign spreads, factoring in the markets" concern about the shock on prices, significantly increase in 2023; 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. Respite on oil and gas prices in 2023-2024, thanks to very favourable climate conditions in Europe and in Asia, relatively modest gas imports by China, weak Asia/Europe competition for gas supplies. The result is recovery in consumption driven by progressive improvement in purchasing power, restored confidence and use of part of the excess savings accumulated in 2020-2021. Furthermore, investment stimulus measures are introduced (targeting both government and private investments) which, concomitantly with key interest rates easing at the end of 2023 and more markedly decreasing in 2024, drive recovery in investment expenditure from 2024 on.

The economic scenarios used in financial reporting as at June 2022 and December 2022 are also given, in order to represent the main changes occurred vs. the multi-scenario used in Q2 2023.

Indicators used as at 30 June 2022

Indicators used as at 30 June 2022	Central Scenario				Moderately adverse scenario				Stressed budget				Favourable			
	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%
ZE GDP	2.9%	2.4%	1.8%	1.4%	-6.6%	0.6%	1.1%	1.2%	4.7%	-0.8%	0.3%	0.9%	-1.3%	2.9%	1.7%	1.3%
Inflation in Italy	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	9.2%	9.1%	8.8%	8.6%	9.6%	9.5%	9.3%	9.1%	9.8%	9.8%	9.6%	9.4%	9.3%	9.1%	8.7%	8.4%
Domestic demand	0.7%	-0.1%	-0.6%	-0.8%	1.1%	0.6%	-0.7%	-0.6%	1.3%	0.6%	-0.3%	-0.5%	0.3%	-0.7%	-0.8%	-0.9%
World oil demand	1.9%	0.2%	1.0%	0.8%	-2.4%	0.0%	0.5%	0.2%	-0.8%	-0.5%	0.2%	0.2%	1.2%	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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Weight	**55%**				**30%**				**10%**				**5%**			

Indicators used as at 31 December 2022

Indicators used as at 30 June 2022	Central Scenario				Moderately adverse scenario				Stressed budget				Favourable			
	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%
ZE GDP	3.3%	0.4%	1.2%	1.5%	3.3%	0.7%	1.1%	1.2%	2.5%	-1.5%	1.7%	1.6%	3.3%	0.6%	1.6%	1.6%
Inflation in Italy	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	8.9%	9.8%	9.7%	9.4%	8.9%	9.1%	8.7%	8.5%	9.2%	10.6%	11.2%	10.1%	8.9%	8.9%	8.5%	8.3%
Domestic demand	2.7%	0.2%	0.8%	69.2%	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%	9.9%	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%**			

Scenario sensitivity analysis

Within the revision of the parameters used for the IFRS 9 calculation of the Q2 2023 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 January 2023 processing (December 2022 database) in a lab environment and later applied to the H1 2023 closing data. It is specified that, in a lab environment, the data processed as at 2023 are considered because, at that date, the database that, starting from the OMP processing, implements the Model Change 2020 application on the perimeter of Crédit Agricole Italia S.p.A. is available. Therefore, that database is comparable to the June 2023 closing data as it includes the Model Change 2020 application. Having regard to Crédit Agricole Leasing Italia S.r.l., the sensitivity estimates made on the perimeter of Crédit Agricole Italia S.p.A. were applied to its perimeter, as for Crédit Agricole Leasing Italia S.r.l. the same database referred to above dated January 2023 is not available.

The application of the observed variations to the June 2023 calculation results for Crédit Agricole Italia S.p.A. is summarized in the table below, which shows the range of figures that can obtained with the above-described method.

€/mln	Exposure	EAD	ECL Multi-scenario	Sensitivity analysis: ECL per single scenario			
				Central Scenario	Moderately adverse scenario	Stressed budget	Favourable
RETAIL BANKING	42,824	40,818	286	275	294	318	261
Stage 1	38,834	36,896	85	81	87	99	79
Stage 2	3,990	3,922	201	194	207	217	181
CORPORATE BANKING	51,871	33,518	156	146	159	203	139
Stage 1	49,581	31,930	71	65	73	100	61
Stage 2	2,290	1,588	84	80	86	102	78
SECURITIES	13,663	13,663	21	19	23	26	13
Stage1	13,658	13,658	21	19	24	26	12
Stage2	5	5	0	0	0	0	0
TOTAL	**108,358**	**87,999**	**462**	**439**	**477**	**550**	**411**
Deviation				**-4.9%**	**3.2%**	**18.9%**	**-11.1%**
	Weight			**55%**	**30%**	**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 411 million (-11.1% decrease) to Euro 550 million in the Stress *Budgetaire* scenario used for budget simulations (18.9% increase). The recognized amount of Euro 462 million reflects the weights on the Central and Moderately Adverse Scenarios.

Q2 2023 changes

In terms of methods and approaches, the actions deployed in Q2 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 an improvement vs. those in production in 2022;
- removal of the add-on regarding the NDOD/New Models in Material Change subsequent to the update of the calculation parameters used by the tool in line with the modifications made with the Retail Model Change;
- downgrading from stage 1 to stage 2 of positions with red or blue IMA (Early Warning) indicator in at least three of the four months before the reference date. The red and blue colours identify the monitoring chain;
- downgrading from stage 1 to stage 2 of Retail positions with PD equal to or higher than 11% and of Corporate positions with PD equal to or higher than 5% (known as sensitive ratings).

These actions are summarized, along with the other post model overlays and adjustments already present in the processing operations before Q2 2023 and reported in the paragraph below.

Post-model overlays and adjustments

Following the Forward-Looking Local ECL calculation as at the end of June 2023, the Crédit Agricole Italia Banking Group made management overlays of the types given below.

- **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. The **single-name** adjustments also include value adjustments to the ECL associated with exposures to:
    - **The Bank of Italy;**
    - **The State Treasury;**
    - **Intra-group positions** (with effects on the separate financial statements of the entities of the Group);
- **Portfolio adjustments made proportionally to the ECL**. Said case included the following actions:
  - Actions concerning methodological elements not yet included in the used parameters or 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, in accordance with the present planning, will be adopted by the Crédit Agricole Italia Banking Group at the end of 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.
  - Action aimed at mitigating the impacts on impairments where there are State Guarantees (applying to the guaranteed portion). Furthermore, as done in the previous quarters on the Crédit Agricole Italia perimeter, the coverage ratio of government securities has been considered of 0.152%;
  - Other actions to allocate provisions to specific portfolios or on the overall portfolio of Performing Customers as at the reference date.

In the quarter, the corrective actions listed below were considered for the overlay calculation as they had been requested by the Validation Service during its annual review and not yet reflected in the calculation model:

- Corrective actions requested by the Validation Service during its annual review and referring to the following scopes:
  - Method to calculate the SICR thresholds;
  - Implementation of the calculation regarding the add-on for the future implementation of the Corporate rating new grids;
- Action to cover potential future degradations resulting from the uncertainty about the Italian economic scenario expected in the retail sector.

MARKET RISK

TRADING BOOK

The Crédit Agricole Italia Banking Group does not engage in significant proprietary trading on financial and capital markets and, furthermore, in its capacity as the sub-consolidating subsidiary of the Crédit Agricole Group, Crédit Agricole Italia S.p.A. is subject to the Volcker Rule and to the "*Loi francaise de séparation et de régulation des activitès bancaires*" (LBF), which prohibit any banking entity from engaging in proprietary speculative trading.

Therefore, trading activities are instrumental to meeting customers" requirements. The market risk control system implemented by Crédit Agricole Italia S.P.A. for all the entities of the Group ensures that a risk level consistent with the set objectives is constantly kept.

The Group's entities calculate their First Pillar capital needs for Market Risk using standardized approaches, given the low materiality of the exposures to this risk.

BANKING BOOK

Asset & Liability Management activities concern all the exposures on the banking book. The impacts generated by changes in the forward yield curve on net interest income and on the economic value of capital are monitored and mitigated with specific hedging transactions using derivatives with interest rates as the underlying, also through appropriate modeling of financial statement items and behavioural trends (behavioural models).

In its capacity as the Parent Company, Crédit Agricole Italia S.p.A. 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 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;
- 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.

In compliance with the normative instruments of the Group and with the supervisory regulations, the system of limits regarding interest rate risk is reviewed on a yearly basis within the Risk Appetite Framework (RAF) process, setting out operational limits in the Risk Strategy of the Crédit Agricole Italia Banking Group, which is submitted to the Group Risk Committee of the Crédit Agricole Group and is approved by the Boards of Directors of all the banks of the Group.

The limit system consists of global limits, operational limits and alert thresholds (that are then adapted to each single entity of the Group).

As regards limits on interest rate risk, the Risk Strategy has confirmed:
- A global limit in terms of Net Present Value (NPV);
- A gap global limit subdivided into different time bands;
- A global limit in Van Index terms.

As regards price risk for the Banking Book, global limits have been set, based on the type of instruments that may be held (Government securities), which are expressed with reference to commonly used metrics (fair value, nominal value), and global limits and alert thresholds have been identified on the Banking Book fair value.

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 Options and Interest Rate Swaps, 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 (macro-hedging) 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.

LIQUIDITY RISK

The system for Liquidity Risk classification and management aims at ensuring continuity of essential business activities considering illiquidity risk and any reduction in resources. The management model includes methods for risk measurement and aggregation and for stress testing, which are compliant with the EU legislation and with the standards of the liquidity management system of the Crédit Agricole Group.

The limit system is based on stress scenarios, with the purpose of ensuring a liquidity surplus on different time horizons and in increasingly serious scenarios. The stress assumptions used cover idiosyncratic crises, systemic crises and global crises.

Moreover a limit to short term refinancing with market counterparties (LCT – *Limite Court Terme*) has been defined in order to limit short term exposure to the market over a one-year time horizon. Furthermore, in order to strengthen the Group's liquidity management, effective as of March 2023 the Parent Company as set an alert threshold on the *Deficit Crédit Collecte* (DCC) indicator, which ensures appropriate coverage of loans to customers through funding from customers.

In regulatory terms, the short-term liquidity risk threshold is the Liquidity Coverage Ratio (LCR), which, as at 30 June 2023 and as the Group LCR, came to 246.10%, once again well above the regulatory 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 balance between stable resources (market resources, funding from Customers, own funds) net of TLTROIII loans[19] on the one hand, and long-term uses (market, customers, non-current assets and investments), as well as at limiting concentration of maturities in medium-/long-term funding.

In regulatory terms, longer term liquidity risk is 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. The Group's NSFR has always been well above 100%[20].

The limit structure is completed by other management and alert indicators provided for in the Contingency Funding Plan.

19 The amount of TLTROIII loans used for that calculation is net of a liquidity portion retroceded to a company of the Crédit Agricole Group.

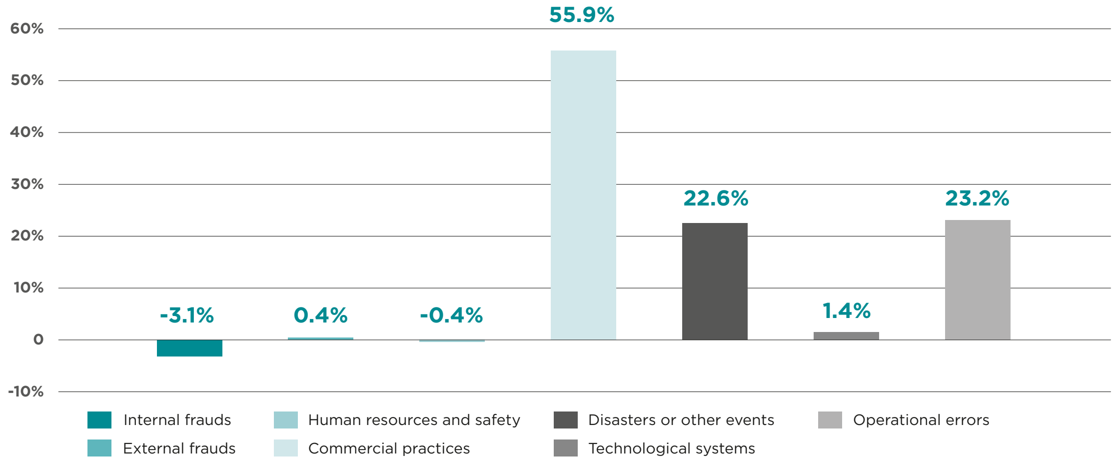
20 The NSFR as at 30 June 2023 shall be available from the second week in August (11 August is the date on which it is to be sent to the Regulator).

OPERATIONAL RISKS

BREAKDOWN OF LOSSES

Operational losses recognized by the Group in H1 2023 came to approximately Euro 12.8 million.

As regards the sources of operational risk, the breakdown of the losses recognized as at the end of June by type of event (LET, "Loss Event Type") is given below, net of recoveries and excluding boundary losses.



INFORMATION AND COMMUNICATION TECHNOLOGY RISK

Information and Communication Technology risk (hereinafter referred to also as "ICT risk" is defined as the 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. 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".

Over the years the Group has developed a framework for the assessment of ICT risk, which consists of a harmonized set of policies, organizational structures and controls, defining also specific monitoring and verification indicators and thresholds.

In 2023 the risk control level further extended, both in organizational terms and in capacity terms, and, at the same, the activities started for progressive alignment to the recent developments in the applicable legislation.

CLIMATE-RELATED 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, which started being 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.

BUSINESS COMBINATIONS

COMBINATIONS MADE IN THE REPORTING PERIOD

In H1 2023 the Crédit Agricole Italia Banking Group made no business combinations.

TRANSACTIONS WITH RELATED PARTIES

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 formalized, in a single normative instrument, the procedures that the Banks and Companies of the Crédit Agricole Italia Banking Group had to apply to transactions with Associated Persons, in compliance with the regulations in force at the time 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 Credito Valtellinese 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 Banking Group perimeter no longer includes any entities whose shares are listed(publicly held to any material extent, the Bank has no longer the obligation to apply the provisions laid down in CONSOB Regulation no. 17221 on related parties.

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 governing controls on risk assets and conflicts of interest with the Group's Associated Persons. That document describes, 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.

Perimeter of Related Parties

The International 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.

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 given in paragraph "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.

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.

MAIN FINANCIAL TRANSACTIONS WITH RELATED PARTIES

	Cash and cash equivalents	Financial assets held for trading	Financial assets at fair value through other comprehensive income	Financial assets measured at amortized cost: loans to Customers	Financial assets measured at amortized cost: due from Banks	Financial liabilities measured at amortized cost: due to Customers	Financial liabilities measured at amortized cost: due to Banks	Guarantees given
Controlling Company	294,663	-	-	-	2,006,326	-	1,136,996	14,983
Entities exercising significant influence on the Company	-	-	-	-	-	22,067	-	-
Associates	-	-	-	40,256	-	6,805	-	1,618
Directors and Managers with strategic responsibilities	-	-	-	1,985	-	5,195	-	200
Other related parties	7,522	284,886	3,609	4,413,580	2,268,351	399,169	14,314	103,883
Total	**302,185**	**284,886**	**3,609**	**4,455,821**	**4,274,677**	**433,235**	**1,151,310**	**120,684**

MAIN INCOME TRANSACTIONS WITH RELATED PARTIES

Amounts in thousands of Euro	Net interest income	Net fee and commission income	Personnel expenses
Controlling Company	-29,261	-1,610	-76
Entities exercising significant influence on the Company	-156		-
Associates	122	-17	-
Directors and Managers with strategic responsibilities	-5	58	-6,120
Other related parties	121,002	237,247	567

CERTIFICATION OF THE HALF-YEARLY CONDENSED 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, Manager responsible for preparing of the Company's financial reports of Crédit Agricole Italia S.p.A., taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998, do hereby certify:
   - The adequacy in relation to the Company's features and
   - The actual application of the administrative and accounting procedures employed for drawing up the condensed consolidated half-yearly financial statements, in the first half of 2023.

2. With regard to this, no significant aspects have emerged.

3. The undersigned certify also that:

   3.1 The condensed consolidated half-yearly financial statements:

   a) have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and the Council Regulation 1606/2002 of 19 July 2002;

   b) correspond to the results of the books and accounts;

   c) give 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 half-yearly report on operations contains indications of the most significant events in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties faced in the remaining six months of the year as well as information on significant related party transactions.

Parma, 25 July 2023

Giampiero Maioli

Chief Executive Officer

Pierre Débourdeaux

Manager responsible
for preparing the Company's
financial reports

INDEPENDENT AUDITORS' REPORT

pwc

REVIEW REPORT ON HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Crédit Agricole Italia SpA

Foreword

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Crédit Agricole Italia SpA and its subsidiaries (the Crédit Agricole Italia Group) as of 30 June 2023, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes.
The directors of Crédit Agricole Italia SpA are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of half-yearly condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

PricewaterhouseCoopers SpA

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Crédit Agricole SpA as of 30 June 2023 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 7 August 2023

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

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

FINANCIAL STATEMENTS OF THE PARENT COMPANY

BALANCE SHEET

Assets (in Euro units)		30 June 2023	31 Dec. 2022
10.	Cash and cash equivalents	4,500,759,780	2,875,997,217
20.	Financial assets measured at fair value through profit or loss	482,581,198	518,710,525
	a) financial assets held for trading	302,505,765	331,981,829
	c) other financial assets mandatorily measured at fair value	180,075,433	186,728,696
30.	Financial assets measured at fair value through other comprehensive income	3,888,174,347	3,516,495,984
40.	Financial assets measured at amortized cost	76,978,319,534	81,364,404,927
	a) due from banks	5,094,428,050	5,523,334,015
	b) loans to customers	71,883,891,484	75,841,070,912
50.	Hedging derivatives	1,114,404,829	1,318,646,124
60.	Fair value change of financial assets in macro-hedge portfolios (+/-)	-552,949,562	-607,952,920
70.	Equity investments	201,643,455	201,023,496
80.	Property, Plant and Equipment	1,109,925,509	1,161,326,911
90.	Intangible assets	1,421,075,000	1,431,556,223
	- of which goodwill	1,315,925,274	1,315,925,274
100.	Tax assets	2,249,476,101	2,719,734,329
	a) current	713,758,834	1,064,236,238
	b) deferred	1,535,717,267	1,655,498,091
120.	Other assets	2,272,328,649	1,774,224,451
	Total assets	**93,665,738,840**	**96,274,167,267**

Liabilities and Equity (in Euro units)		30 June 2023	31 Dec. 2022
10.	Financial liabilities measured at amortized cost	79,844,147,096	83,673,491,689
	a) due to banks	5,879,912,957	11,059,726,859
	b) due to customers	61,329,520,669	62,215,170,574
	c) debt securities issued	12,634,713,470	10,398,594,256
20.	Financial liabilities held for trading	299,693,690	329,048,608
40.	Hedging derivatives	3,361,329,741	3,815,534,067
50.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	-1,368,549,425	-1,491,822,497
60.	Tax liabilities	190,448,861	307,487,497
	a) current	140,448,859	248,156,117
	b) deferred	50,000,002	59,331,380
80.	Other liabilities	2,928,947,428	1,291,325,643
90.	Employee severance benefits	86,662,958	94,308,596
100.	Provisions for risks and charges	584,960,169	573,091,388
	a) commitments and guarantees given	81,100,184	72,517,108
	b) post-employment and similar obligations	29,715,885	24,020,276
	c) other provisions for risks and charges	474,144,100	476,554,004
110.	Valuation reserves	-58,201,698	-54,583,512
130.	Equity instruments	815,000,000	815,000,000
140.	Reserves	1,980,706,074	1,770,262,079
150.	Share premium reserve	3,495,378,045	3,496,073,455
160.	Capital	1,102,071,064	1,102,071,064
170.	Treasury shares (-)	-4,373	-
180.	Profit (Loss) for the period (+/-)	403,149,210	552,879,190
Total liabilities and equity		**93,665,738,840**	**96,274,167,267**

INCOME STATEMENT

Items (in Euro units)		30 June 2023	30 June 2022
10.	Interest and similar income	1,464,612,867	514,683,182
	of which: interest income calculated with the effective interest method	1,361,240,828	512,218,016
20.	Interest and similar expense	(588,411,335)	(2,574,797)
30.	**Net interest income**	**876,201,532**	**512,108,385**
40.	Fee and commission income	629,876,538	554,369,515
50.	Fee and commission expense	(23,523,131)	(20,504,131)
60.	**Net fee and commission income**	**606,353,407**	**533,865,384**
70.	Dividends and similar income	13,640,506	15,120,249
80.	Net profit (loss) on trading activities	9,343,822	11,882,097
90.	Net profit (loss) on hedging activities	(3,258,203)	(3,343,692)
100.	Profit (Loss) on disposal or repurchase of:	26,871,129	26,719,435
	a) financial assets measured at amortized cost	22,132,211	8,912,641
	b) financial assets measured at fair value through other comprehensive income	4,717,016	8,806,010
	c) financial liabilities	21,902	9,000,784
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	851,231	(3,903,884)
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	851,231	(3,903,884)
120.	**Net interest and other banking income**	**1,530,003,424**	**1,092,447,974**
130.	Net losses/recoveries for credit risk on:	(123,194,595)	(94,559,983)
	a) financial assets measured at amortized cost	(120,298,706)	(92,430,402)
	b) financial assets measured at fair value through other comprehensive income	(2,895,889)	(2,129,581)
140.	Profits/Losses on contract modifications without derecognition	(102,555)	(474,245)
150.	**Net financial income (loss)**	**1,406,706,274**	**997,413,746**
160.	Administrative expenses:	(917,041,774)	(821,241,980)
	a) personnel expenses	(459,027,132)	(401,080,996)
	b) other administrative expenses	(458,014,642)	(420,160,984)
170.	Net provisions for risks and charges	(25,400,872)	(14,632,195)
	a) commitments and guarantees given	(8,590,342)	(5,856,263)
	b) other net provisions	(16,810,530)	(8,775,932)
180.	Net adjustments to/recoveries on property, plant and equipment	(47,429,420)	(44,172,718)
190.	Net adjustments to//recoveries on intangible assets	(10,481,223)	(14,261,578)
200.	Other operating expenses/income	165,266,430	152,337,131
210.	**Operating costs**	**(835,086,859)**	**(741,971,340)**
220.	Profit (losses) on equity investments	(2,377,451)	4,386,903
250.	Profit (losses) on disposals of investments	601,066	408,414
260.	**Profit (Loss) before tax from continuing operations**	**569,843,030**	**260,237,723**
270.	Taxes on income from continuing operations	(166,693,820)	(67,875,881)
280.	**Profit (Loss) after tax from continuing operations**	**403,149,210**	**192,361,842**
300.	**Profit (Loss) for the period**	**403,149,210**	**192,361,842**

STATEMENT OF COMPREHENSIVE INCOME

Items (in Euro units)		30 June 2023	30 June 2022
10.	Profit (Loss) for the period	403,149,210	192,361,842
	Other comprehensive income after tax not reclassified to profit or loss	-	-
20.	Equity securities designated at fair value through other comprehensive income	(7,265,103)	6,385,710
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	(1,269,987)	9,723,944
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	4,916,904	(32,375,786)
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	(3,618,186)	(16,266,132)
180.	**Comprehensive income (Item 10+170)**	**399,531,024**	**176,095,710**

STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2023

(in Euro units)	Capital: Ordinary shares	Share premium reserve	Reserves:		Valuation reserves	Equity instruments	Treasury shares	Profit (Loss) for the period	Equity
			Retained earnings reserves	other					
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**
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY									
Reserves	-	-	250,695,446	-	-	-	-	-250,695,446	-
Dividends and other allocations	-	-	-	-	-	-	-	-302,183,744	-302,183,744
CHANGES IN THE PERIOD									
Change in reserves	-	-	13,459	-	-	-	-	-	13,459
Transactions on equity									
Issues of new shares	-	-695,410	-	-	-	-	-	-	-695,410
Purchase of treasury shares	-	-	-	-	-	-	-4,373	-	-4,373
Extraordinary dividend distribution	-	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-40,264,910	-	-	-	-	-	-40,264,910
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-3,618,186	-	-	403,149,210	399,531,024
EQUITY AS AT 30 JUNE 2023	**1,102,071,064**	**3,495,378,045**	**1,977,525,334**	**3,180,740**	**-58,201,698**	**815,000,000**	**-4,373**	**403,149,210**	**7,738,098,322**

STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022

(in Euro units)	Capital: Ordinary shares	Share premium reserve	Reserves:		Valuation reserves	Equity instruments	Profit (Loss) for the period	Equity
			Retained earnings 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	-	-	-166,000,098	-	-	-	-	-166,000,098
CHANGES IN THE PERIOD								
Change in reserves	-	-	598,970,703	-416,897,352	-1,044,656	-	-	181,028,695
Transactions on equity								
Issues of new shares	121,951,220	377,827,462	-	-	-	-	-	499,778,682
Purchase of treasury shares	-	-	-	-	-	-	-	-
Extraordinary dividend distribution	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-27,644,030	-	-	-	-	-27,644,030
Derivatives on treasury shares	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-16,266,132	-	192,361,842	176,095,710
EQUITY AS AT 30 JUNE 2022	**1,101,234,560**	**3,496,515,771**	**1,925,054,914**	**3,065,791**	**-65,976,805**	**815,000,000**	**192,361,842**	**7,467,256,073**

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2023

(in Euro units)	30 June 2023	30 June 2022
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**918,481,055**	**236,869,979**
- profit (loss) for the period (+/-)	403,149,210	192,361,842
- gains/losses on financial assets held for trading and on financial assets/ liabilities measured at fair value through profit or loss(-/+)	-916,974	-4,587,650
- gains/losses on hedging activities (-/+)	72,278,126	-319,349,644
- net adjustments/recoveries for credit risk (+/-)	-25,505,975	87,516,903
- net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	57,910,643	58,434,296
- net provisioning for risks and charges and other costs/revenues (+/-)	25,400,872	14,632,195
- taxes, levies and tax credits not settled (+)	166,693,820	67,875,881
- other adjustments (+/-)	219,471,333	139,986,156
2. Cash flow generated/absorbed by financial assets	**3,807,801,245**	**-1,169,276,069**
- financial assets held for trading	30,393,038	-47,793,452
- financial assets designated at fair value	-	-
- financial assets mandatorily measured at fair value	6,653,263	4,584,245
- financial assets measured at fair value through other comprehensive income	-376,908,992	78,432,807
- financial assets measured at amortized cost	4,354,736,256	-914,168,528
- other assets	-207,072,320	-290,331,141
3. Cash flow generated/absorbed by financial liabilities	**-2,771,306,635**	**938,584,343**
- financial liabilities measured at amortized cost	-3,917,825,964	13,207,490,137
- financial liabilities held for trading	-29,354,918	95,278,280
- financial liabilities designated at fair value	-	-
- other liabilities	1,175,874,247	-12,364,184,074
Net cash flow generated/absorbed by operating activities	**1,954,975,665**	**6,178,253**
B. INVESTING ACTIVITIES		
1 Cash flow generated by:	**16,898,016**	**77,218,631**
- sales of equity investments	-	60,614,350
- dividend received on equity investments	13,640,506	15,120,249
- sales of property, plant and equipment	3,257,510	1,484,032
2. Cash flow absorbed by:	**-3,962,681**	**174,326,777**
- purchases of equity investments	-2,497,410	-2,820
- purchases of property, plant and equipment	-1,465,271	-451,487
- purchases of business units	-	174,781,084
Net cash flow generated/absorbed by investing activities	**12,935,335**	**251,545,408**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	-699,783	-217,118,670
- issues/purchases of equity instruments	-40,264,910	-27,644,030
- distribution of dividends and other	-302,183,744	133,999,902
Net cash flows generated/absorbed by funding activities	**-343,148,437**	**-110,762,798**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT FOR THE PERIOD	**1,624,762,563**	**146,960,863**

RECONCILIATION

Items (in Euro units)	30 June 2023	30 June 2022
Opening cash and cash equivalents	2,875,997,217	540,292,990
Net increase/decrease in cash and cash equivalents for the period	1,624,762,563	146,960,863
Cash and cash equivalents: foreign exchange effect	-	-
Closing cash and cash equivalents	4,500,759,780	687,253,853

KEY: (+) generated/ from (–) absorbed/used in

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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.

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