HALF-YEARLY CONSOLIDATED REPORT AS AT 30 JUNE 2022

CRÉDIT AGRICOLE

Crédit Agricole Italia Banking Group

HALF-YEARLY CONSOLIDATED REPORT AS AT 30 JUNE 2022

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Annalisa Sassi

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(°) Independent Directors.

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Giliane Coeurderoy

RETAIL BANKING AND DIGITAL DEPUTY GENERAL MANAGER

Vittorio Ratto

MANAGER IN CHARGE OF THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS

Pierre Debourdeaux

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

THE CRÉDIT AGRICOLE GROUP

1°

- Retail Bank in Europe
- European Asset Manager
- Bancassurer in Europe

KEY FIGURES

53
million Customers

47
Countries

147,000
personnel members

8.5 bln€
underlying net income*

126,498 mln€
equity - group share

17.5%
CET 1 ratio

RATINGS

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

Figures as at 31 December 2021.
* 9.1 bln€ net profit "publiable".

THE CRÉDIT AGRICOLE GROUP IN ITALY

Top 3 Player in the Italian consumer finance market

3° Asset manager in Italy

KEY FIGURES

5.2
million customers*

Over 17,300
personnel members**

989 mln€***
net income - Group share

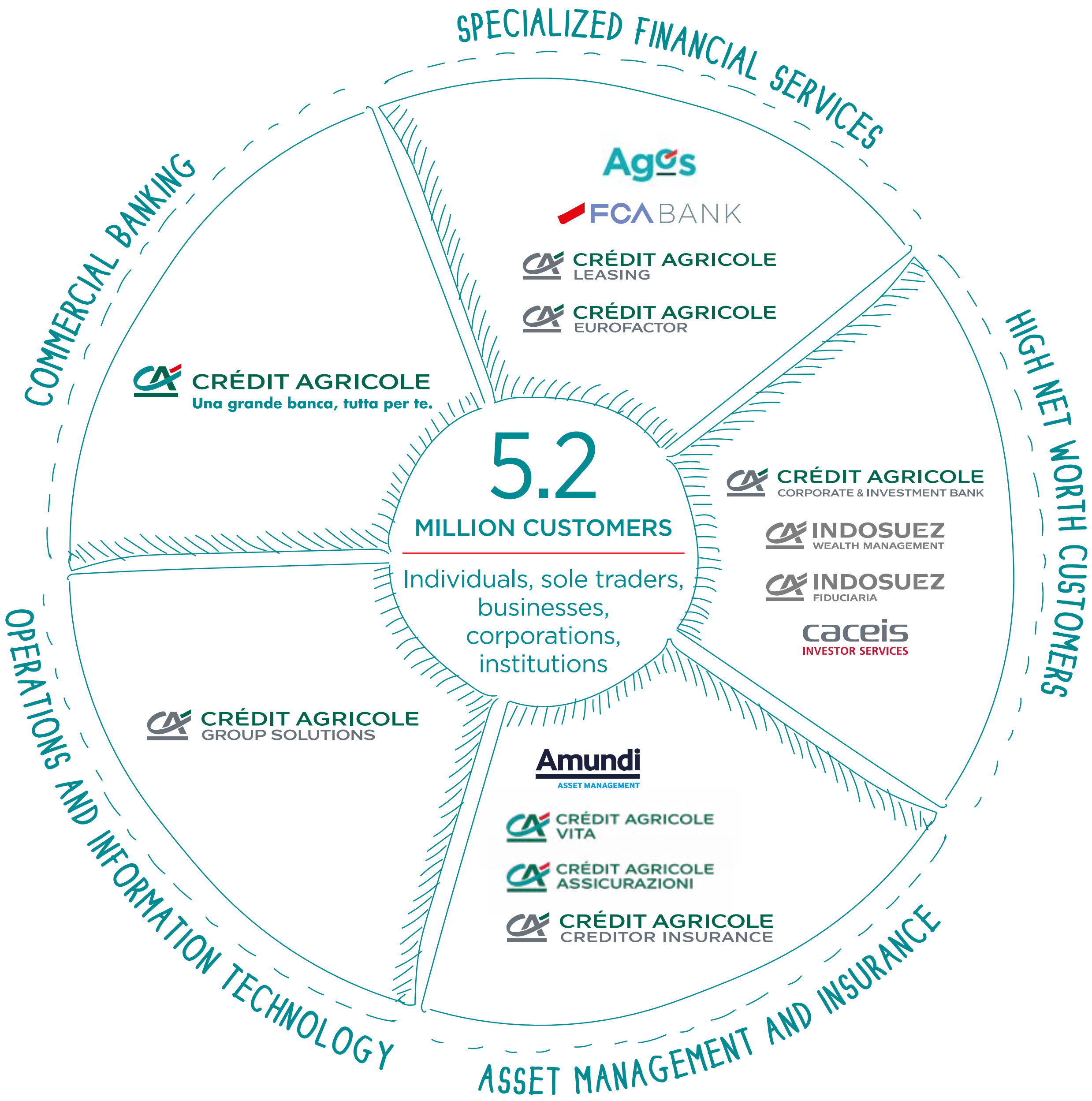
4.1 bln€
net operating income

323 bln€
customers' deposits and funds

92 bln€
loans to customers

Figures as at 31 December 2021.
* Of which 600,000 Creval.
** Of which 3,400 Creval.
*** Of which 751 mln€ attributable to the Crédit Agricole Group.

THE GROUP'S OFFER IN ITALY



THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

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

2.7
million Customers

Over 13,000
personnel members

346 mln€*
net income - Group share

2.3 bln€
net operating income

1,366
points of sale

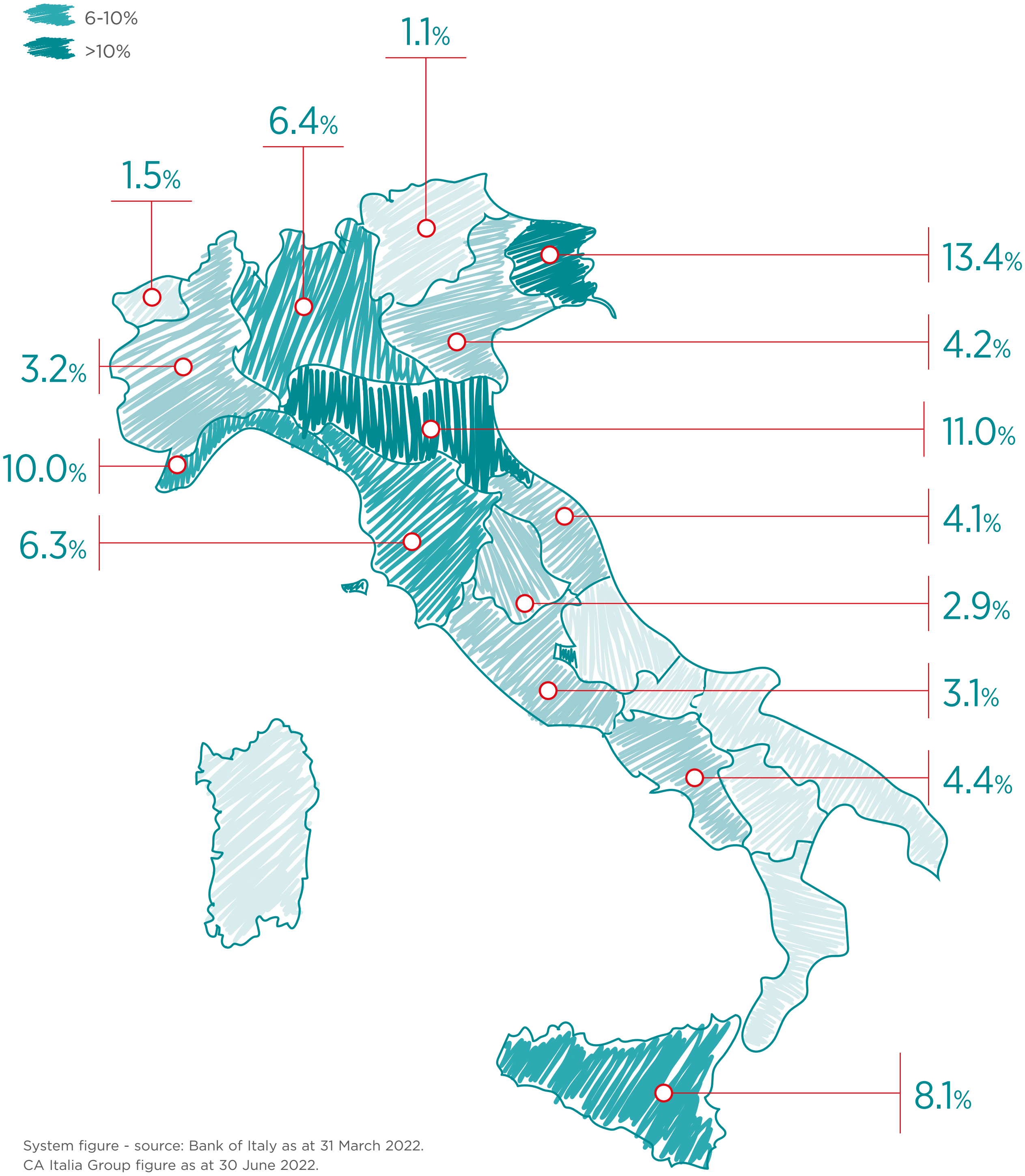
65 bln€
total loans

Figures as at 31 December 2021; number of customers and personnel as at 30 June 2022.
* Excluding non-recurring effects; 607 mln€ including non-recurring effects.

BRANCH NETWORK PERCENTAGE COVERAGE BY REGION

Network percentage coverage

- 0-2%
- 2-6%
- 6-10%
- >10%



System figure - source: Bank of Italy as at 31 March 2022.
CA Italia Group figure as at 30 June 2022.

CRÉDIT AGRICOLE

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

1,167 points of sale

56.5 bln€ loans

141.4 bln€ total funding

CRÉDIT AGRICOLE FRIULADRIA

In 2007 Crédit Agricole FriulAdria joined the Group. Today it is **the bank of choice for households and businesses in Northeast Italy.**

199 points of sale

8.3 bln€ loans

17.3 bln€ total funding

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 2021, the loan portfolio amounted to Euro 2,269 billion.**

CRÉDIT AGRICOLE GROUP SOLUTIONS

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

FINANCIAL HIGHLIGHTS AND PERFORMANCE MEASURES

Income Statement highlights(°) (thousands of Euros)	30 June 2022	30 June 2021(^)	Changes	
			Absolute	%
Net interest income	607,406	627,591	-20,185	-3.2
Net fee and commission income	609,620	603,650	5,970	1.0
Dividends	12,769	10,600	2,169	20.5
Financial Income (loss)	31,117	38,957	-7,840	-20.1
Other operating income (expenses)	3,741	-60	3,801	
Net operating revenues	1,264,653	1,280,738	-16,085	-1.3
Operating expenses	-792,107	-821,386	-29,279	-3.6
Income from operations	472,546	459,352	13,194	2.9
Cost of risk (a)	-118,889	-185,117	-66,228	-35.8
O/w net adjustments to loans	*-102,399*	*-176,916*	*-74,517*	*-42.1*
Creval consolidation difference (Badwill)	-	496,865	-496,865	-100.0
Profit (Loss) for the period attributable to the Parent Company	235,435	655,065	-419,630	-64.1
Profit for the period net of non-recurring effects (*)	255,704	193,964	61,740	31.8

Balance Sheet highlights(°) (thousands of Euros)	30 June 2022	31 Dec. 2021	Changes	
			Absolute	%
Loans to Customers	76,547,040	77,799,539	-1,252,499	-1.6
Of which government securities measured at amortized cost	*11,999,020*	*12,806,752*	*-807,732*	*-6.3*
Net financial Assets/Liabilities at fair value	194,096	196,292	-2,196	-1.1
Financial assets measured at fair value through other comprehensive income	3,636,241	4,115,240	-478,999	-11.6
Equity investments	34,956	45,151	-10,195	-22.6
Property, plant and equipment and intangible assets	2,852,092	2,918,176	-66,084	-2.3
Total net assets	88,799,731	90,398,911	-1,599,180	-1.8
Funding from Customers	70,632,568	74,682,621	-4,050,053	-5.4
Indirect funding from Customers	85,915,254	93,403,923	-7,488,669	-8.0
of which: asset management	*49,592,514*	*52,694,692*	*-3,102,178*	*-5.9*
Net due to banks	3,591,898	3,764,293	-172,395	-4.6
Equity	7,371,857	7,278,895	92,962	1.3

Operating structure	30 June 2022	31 Dec. 2021	Changes	
			Absolute	%
Number of employees	12,924	13,096	-172	-1.3
Average number of employees(§)	12,137	11,284	853	7.6
Number of branches	1,148	1,230	-82	-6.7

(^) In order to ensure comparability of the data on the performance of operations in H1 2022 vs. H1 2021, the figures of the reclassified income statement as at 30 June 2021 were restated proforma to include Creval's profit or loss before the acquisition (January-April) and the effects of the final Purchase Price Allocation – PPA - as recognized in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021.

(°) The balance sheet and Income statement data are those restated in the reclassified financial statements shown on pages 57 and 65. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures.

(a) The cost of risk includes provisions for risks and charges, net adjustments to loans and impairment of securities.

(§) 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%.

(*) 2022 non-recurring effects amounted to Euro 20,3 million and regarded the expenses for Creval integration after taxes. 2021 non-recurring effects were mainly associated with Creval negative consolidation difference, which was redetermined as reported above, with the adjustment to the coverage ratios of performing loans and with the expenses for Creval acquisition/integration after t after taxes.

Structure ratios(°)	30 June 2022	31 Dec. 2021
Loans to and receivables from customers /Total net assets	72.7%	71.9%
Direct funding from Customers/Total net assets	79.5%	82.6%
Assets under management/Indirect funding from Customers	57.7%	56.4%
Loans to and receivables from Customers/ Direct funding from Customers	91.4%	87.0%
Total net assets/Equity	14.0	14.4

Profitability ratios(°)	30 June 2022	30 June 2021
Net interest income/Net operating income	48.0%	49.0%
Net fee and commission income/Net operating income	48.2%	47.1%
Cost(*)/income ratio	59.6%	60.9%
Net income(#)/Average equity (ROE)(a)	7.0%	5.6%
Net income(#)/Average Tangible Equity (ROTE)(a)	9.0%	7.3%
Net income(#)/Total assets (ROA)	0.5%	0.4%
Net income/Risk-weighted assets	1.4%	1.1%

Risk ratios(°)	30 June 2022	31 Dec. 2021
Gross bad loans/Gross loans to Customers with POCI assets	0.7%	0.6%
Gross bad loans/Gross loans to Customers	0.9%	0.8%
Net bad loans/Net loans to Customers	0.2%	0.2%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio) with POCI assets	3.4%	3.3%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio)	4.3%	4.4%
Net non-performing exposures/Net loans to customers (net NPE ratio)	2.1%	2.1%
Net adjustments to loans/Net loans to Customers(**)	0.3%	0.5%
Cost of risk(b)/Income from operations	25.2%	58.6%
Net bad loans/Total Capital(c)	2.2%	2.3%
Total adjustments to non-performing loans /Gross non-performing loans with POCI assets	40.7%	38.2%
Total Impairments of non-performing loans/Gross non-performing loans	53.3%	53.4%
Total impairments of performing loans/Gross performing loans	0.6%	0.6%

Productivity ratios (in income terms)	30 June 2022	31 Dec. 2021
Operating expenses/No. of Employees (average)	132	154
Operating income/No. of Employees (average)	210	207

Productivity ratios (in financial terms)(^)	30 June 2022	31 Dec. 2021
Loans to Customers/No. of employees (average)	5,318	5,254
Direct funding from Customers/No. of Employees (average)	5,820	6,038
Gross banking income (f)/No. of employees (average)	18,217	18,844

Capital and liquidity ratios	30 June 2022	31 Dec. 2021
Common Equity Tier 1(d)/Risk-weighted assets (CET 1 ratio)	13.1%	11.6%
Tier 1(e)/Risk-weighted assets (Tier 1 ratio)	15.5%	13.9%
Total Capital(c)/Risk-weighted assets (Total Capital Ratio)	18.8%	17.2%
Risk-weighted assets (Euro thousands)	33,996,693	34,456,466
Liquidity Coverage Ratio (LCR)	283%	277%

(°) The Ratios are based on the balance sheet and income statement data of the reclassified financial statements shown on pages 57 and 65.
(*) Ratio calculated excluding ordinary and extraordinary contributions to support the banking system and provisioning for Voluntary Redundancy.
(a) The ratio of net income to the equity weighted average (for ROTE net of intangibles).
(b) The cost of risk includes provisioning for risks and charges, net impairment losses on loans and impairment losses on securities.
(c) Total Capital: total regulatory own funds.
(d) Common Equity Tier 1: Common Equity Tier 1.
(e) Tier 1: Tier 1 Capital.
(f) Loans to and receivables from Customers + Direct Funding + Indirect Funding.
(#) Profit net of non-recurring effects.
(**) Ratio calculated net of the securities component.

HALF-YEARLY REPORT ON OPERATIONS

THE MACROECONOMIC SCENARIO AND THE FINANCIAL SYSTEM

INTERNATIONAL MACROECONOMIC SCENARIO IN H1 2022[1]

After showing strong momentum in 2021, **in the first months of this year international economic activities** slowed down across the main Countries. The invasion of Ukraine by Russia fuelled already existing problems: inflation speeding up; obstacles to good operation of value chains; higher volatility in financial markets; further increases in the prices of energy and food commodities.

Those elements, along with the change in the monetary policy stance, which was announced and, in some Countries, already implemented at the beginning of the year, caused general worsening in the short- and medium-term outlook of the international economy. International trade of goods, in terms of volume, increased on average by 5.5% in 2021, whereas, in H1 2022, it markedly slowed down, increasing by 0.8% vs. the three previous months, according to the European Commission data.

In the light of the events occurred in H1 2022 and their consequences generating uncertainty globally, the main economies in the world grew at slower paces.

Between January and March, the Chinese economy, being hindered by the new lockdown measures, slowed down vs. the previous half-year (it grew by +1.3% vs. the expected growth of +1.6%). In the first three months of 2022, the USA GDP posted an unexpected quarterly decrease (down by -1.6% vs. December 2021), the first decrease in two years. The performance was affected by negative contributions from net exports and inventories, which offset the positive contribution from domestic demand.

As expected by the markets and despite the worsening geopolitical tensions, the Federal Reserve, for the first time since December 2018, increased interest rates by 50 and 75 basis points respectively, as a measure deployed to fight high inflation.

In Q1 2022 European economic activities grew on a quarterly basis, despite the difficulties generated by the pandemic and the outbreak of the Russia-Ukraine war, which further fuelled price tensions.

In Q1 2022, the **Euro Area** GDP increased by 0.6% on a quarterly basis, at the same pace as in the previous quarter. In Q1 the GDP of Spain and Germany grew by 0.2%, while the Italian one grew by 0.1%, and the French one posted negative growth down by -0.2%. In Q1 inflation sped up, driven by the higher prices of oil, natural gas and agricultural commodities, which impacted on the different phases of the price system. In June 2022, the period-over-period increase in the harmonized consumer price index hit 8.6%, considerably speeding up vs. the previous months. The development was driven by the decisive increase in energy items (up by +48.7% in June vs. 42.6% in May) being fuelled both by the component of regulated energy goods, which featured quarterly increasing adjustments of electrical energy and gas prices, and by the component of non-regulated energy goods.

1 Source: ISTAT (the Italian National Institute of Statistics) Italy's economic outlook 2022-2023 (June 2022).

Monetary policies[2]

The shock on inflation caused by the increase in commodity prices triggered **the response of Central Banks, which started, in unison, a process of monetary policy normalization, adjusting, except for the Bank of Japan, their programme for interest rate increase**, as already announced, to a scenario featuring high inflation that was no longer temporary but rather persistent:

- The **Federal Reserve**, whose main objective is controlling inflation (which, in June, hit 9.1%, the highest figure since 1981), decided to increase interest rate by a total of 125bps in H1, taking them to 1.75%: it made the first rise in early May, of 50bps, and the second one in June, an historic hike of 75bps (the largest since 1994). At the meeting of the *Federal Open Market Committee* (FOMC) held on 15 June, Chairman Powell did not rule out the possibility of other increases, at a regular pace throughout 2022. Furthermore, the FED started to reduce, from 1 June, the size of its security portfolio at a pace of USD 47.5 billion a month, which has then been sped up to USD 95 billion in H2, with the possibility to reinvest maturing Government securities, after crossing the threshold of USD 30 billion a month ($60 billion after 3 months);
- The **European Central Bank**[3], which had announced its plan to increase interest rates starting from 2023, sped up its deployment announcing, an increase in July in its key rates amounting to +0.50%, which should be followed by other increases in September, whose size will depend on the inflation data. The new rates on the main refinancing operations, the marginal lending facility and on deposits with the Central Bank are +0.50%, +0.75% and -0.00% respectively[4]. Concomitantly, the ECB ended its *Quantitative Easing* in July and brought the end of its Asset Purchase Programme (APP) forward, scheduling it for Q3 2022. Specifically, it will continue to reinvest the principal repaid on maturing securities at least until the date on which the first increase in key rates occurs and, in any case, conditional upon inflation, for as long as necessary to maintain ample liquidity conditions and an appropriate monetary policy stance. In July the ECB also announced the preparation of an "anti-spread shield", called the *Transmission Protection Instrument* (TPI), in order to prevent fragmentation of the Euro Area bond markets: the objective will consist in reducing spreads and ensuring the effectiveness of the monetary policy transmission mechanisms;
- In H1 the **Bank of England** raised interest rates to 1.25%, making four consecutive increases of 25bps, in February, March, May and, the latest one, on 16 June. Furthermore, at the Monetary Policy Committee (MPC) meeting held on 16 June, a programme of other and continuous hikes was announced, in order to control inflation, which hit nearly 10% and is having a big impact on the risk of recession;
- Going in the opposite direction of the other Central Banks, the **Bank of Japan** conversely strengthened its commitment to keeping interest rates very low and promised to purchase an unlimited amount of bonds in order to defend yield targets, consequently triggering sales of the Yen (which hit its all-time low since 1998) and increasing the value of Government securities.

Main economies[2]

The international scenario features uncertainty and the various risk factors that may contribute to weakening the present equilibrium have reflected, albeit with different intensity, in the various geographical areas:

- In H1 2022 the GDP of the **United States**[5] decreased by -1.6% (vs. Dec. 2021) due to the fall in private inventory and residential investments, which was partially offset by consumer spending revised higher. Both personal consumption expenditure (PCE) and residential and non-residential fixed investments increased, whereas private inventory investments decreased due to the fall in wholesale, in the mining industry, public services and in the construction sector. Within exports, the widespread decreased in nondurable goods were partially offset by an increase in "other" services to businesses (mainly financial services). The growth in imports was determined by the increases in durable goods. As regards inflation, the consumer price index, updated at the end of June, showed a huge increase: +9.1% in the previous 12 months, hitting its highest since the 80s. The main effects were generated by the food sector (+10.4% in the previous 12 months) and by the energy sector (+41.6% in the previous 12 months), especially the price of petrol, which increased by nearly 2 dollars a gallon worldwide.

2 Source: PROMETEIA, Forecast Report (July 2022).
3 Source: ECB, Economic Bulletin 4/2022 (June 2022).
4 Source: Bank of Italy, official interest rates on Eurosystem operations.
5 Source: US Bureau of Labor Statistics (July 2022).

- In Q1 2022 **China's** GDP increased by +1.3% vs. the previous quarter, slowing down vs. December 2021 due to the second wave of Covid, to the war against Ukraine and to the fragility of the real estate market. In March, April and May retail sales dropped by -3.5%, -11.7% e and -6.7% respectively, being affected by the lockdowns deployed in cities like Tianjin and especially Shanghai, which account for approximately 40% of the Chinese GDP. Along with disruptions in production chains and blocking of ports, this caused the GDP to grow at a modest rate of 0.7% on a cyclical basis (March-May 2022). In March the unemployment rate increased to 5.8 %, the highest since May 2020, while inflation stood at 3.7% (June 2022). Lastly, foreign trade posted a recovery in exports in real terms and a drop in imports (for the fourth quarter in a row) with a -4.2% cyclical decrease in May.
- Although in Q1 2022 its GDP grew by 0.8% vs. Q4 2021, the **United Kingdom** has been showing signs of economic slowdown. In April the GDP fell by 0.3% with a negative sign in the main sectors (services -0.3% vs. March, investments in constructions -0.4%). The most material impact was that of inflation, which, in May, hiked to 9.1%[6] posting its fifth consecutive increase in 2022.
  Besides food, the largest effects of that increase came from housing construction and from services to households, from electricity, gas and other fuels, along with transportation, especially motor fuel and second hand cars.
- **Russia:** at the end of June 2022 rating agency Moody's stated Russia's technical default due to the sanctions imposed by western countries as a response to the invasion of Ukraine.

EURO AREA

The invasion of Ukraine by Russia has impacted on the Euro Area economy as it caused trade disruption and shortage of materials, besides contributing to the high prices of energy goods and commodities. Indeed, inflationary pressure has become higher and stronger, with a considerable increase in the prices of many goods and services: besides the energy sector, the food sector has been one of the hardest hit, given the important role played by Ukraine and Russia being two of the top food-producing countries in the world. Furthermore, the spike in prices was stronger due to the recovery in domestic demand, especially in the service sector, in the period when the Euro Area economic activities were reopening. All these factors will continue to impact on confidence and slow down growth, especially in the short term.

In Q1 2022 the **Euro Area GDP**[7] increased by +0.6% vs. Q4 2021, in which it had grown by +0.2%. These data give evidence of a slowdown in the economy vs. +2.2% in Q1 2021, due to the negative contribution from domestic demand (-0.4%), which is the overall result of lower consumption and stationary investments. Having regard to the individual States, the GDP slightly decreased only in Sweden (-0.8%) and France (-0.2%).

In the first four months of the year, the **industrial output**[8] decreased by -2.0% YoY, recovering in April (+0.4% vs. the previous month) after falling in March (-1.4% vs. the previous month). The YoY decrease was mainly caused by the drop in the production of capital goods (-9.0%). The **inflation rate**[9] continued to be high, hitting 7.5% in June 2022, and with core inflation spiking (above 4%), at its highest since 1998. The growth in Inflation has occurred in all the Euro Area Member States and has concerned all components, especially energy and the food sector.

The **unemployment rate**[10] decreased coming to 6.6% in June 2022, vs. the June 2021 figure (7.7%), stable vs. May.

Albeit affected by the global uncertainty, in Q1 2022 the GDP of **Germany**[11] proved essentially stable, slightly increasing on a quarterly basis by +0.2%, taking the German economy less than 1pp below the pre-pandemic level. Positive contributions to the GDP came from fixed investments in constructions, which increased by +4.6% vs. Q4 2021, despite considerably higher prices, whereas fixed investments in machinery and equipment increased on a quarterly basis by +2.5%. Conversely, household consumption expenditure remained essentially unchanged (-0.1% vs. Q4 2021), as did public expenditure (+0.1%). According to the preliminary estimate made in June 2022, Germany's inflation rate[12] came to 7.5%, slightly decreasing vs. its highest in the previous month (7.9% in May, 7.4% in April). The most material contribution came from energy prices, which increased by +38% YoY and from food prices (+12.7% YoY) showing no signs of any slowdown.

6 Source: Office for National Statistics, Consumer price inflation (May 2022).
7 Source: Eurostat, 65/2022 (June 2022).
8 Source: Eurostat 67/2022 (June 2022).
9 Source: PROMETEIA, Forecast Report (July 2022).
10 Source: PROMETEIA, Forecast Report (July 2022).
11 Source: Destatis 215/2022 (May 2022).
12 Source: PROMETEIA, Forecast Report (July 2022).

Economic growth slowed down in **France**[13], with the GDP decreasing by -0.2% in Q1 2022 vs. the previous quarter (underperforming vs. the preliminary estimate of 0%), after increasing by +0.4% in Q4 2021. The slowdown was due especially to the weakness in domestic demand: private consumption decreased (down by -1.5% on a quarterly basis), driven by the drop in food consumption; demand foreign component proved resilient increasing by +0.2% on a quarterly basis. In May 2022 the inflation[14] rate came to 5.2% (+0.7% vs. the previous month, after increasing by +0.4% in April): the inflation rate increase resulted from the higher prices in the energy sector (+27.8% YoY), in the service sector (+3.2% YoY) and in the sector of food (+4.3% YoY) and manufacturing goods (+3.0% YoY). The inflation rate in June 2022 has been estimated at 5.9%.[15]

In Q1 **Spain's**[16] GDP increased by +0.2% showing a decreasing trend vs. +2.2% in Q4 2021. As in France, the global crisis impact mostly affected domestic demand, which decreased by -1.9% quarter on quarter, whereas foreign demand gave a larger contribution to economic activities.
Inflation[17], continued to grow, hitting 10% in June 2022 (+1.5 p.p. Vs. May) at its highest since 1985, driven by transportation prices (up by +14.9% YoY in May) and food prices (up by +11.0% YoY in May).

Overall, the ratio of public budget deficit to the GDP in the Euro Area decreased to 5.1% in 2021, after hitting its all-time high of 7.1% in 2020, subsequent to the extraordinary measures deployed to control the pandemic. The large adverse cyclical component, which had contributed to the strong increase in 2020, was moderately smaller in 2021. This resulted from the fact that government extended their emergency measures, gradually widening their extent and/or deploying new ones in order to support recovery. Nonetheless, given the extreme instability caused by the war, concomitantly with the issuance of its 2022 European Semester Spring Package on 23 May 2022, the European Commission recommended that the general escape clause, which, as of March 2020, suspended the Stability and Growth Pact rules until the end of 2022, be applied throughout 2023. This would enable budgetary policies to adjust, if necessary, to changing circumstances. Among the recommendations to the Member States worth mentioning is the reference to prompt implementation of the National Recovery and Resilience Plans and, as regards Italy, the focus on public debt sustainability, in a scenario in which the higher cost of commodities and shortage of materials will affect the implementation of projects, especially public works.

THE ITALIAN ECONOMY

In Q1 2022 the Italian GDP grew on a quarterly basis by +0.1[18] outperforming expectations, as did the estimated GDP in **Q2 up by +0.5%**, thanks to the growth in the manufacturing and service sectors and to the further and strong increase in the construction sector, leading to the **2022 GDP growth estimates being revised higher at +2.9%** (vs. +2.2% previously estimated). The uncertainty, being worsened also by the war against Ukraine, besides the Omicron variant, caused both a reduction in household spending and a considerable increase in prices. Indeed, in June,'**inflation**[19] **hit 8.0%, at its highest since 1986** (when it came to +8.2%). Despite the uncertain scenario, the Italian Government decided to keep the government finance targets set last autumn unchanged (deficit at 5.6% of the GDP in the current year and decreasing to below 3% in 2025), reasserting the improvement in balances as a priority, in a scenario where uncertainty and inflation are already causing tensions in the government securities market. In general, the GDP figure in H1 resulted from the essential stability in domestic demand, and especially in investments, against a negative contribution from foreign demand. Domestically, the contribution from private consumption was negative, whereas the contributions from both the public administration and changes in inventories proved constant.

Household spending[20] proved very weak, shrinking by -0.9% in Q1 2022 (vs. Q4 2021), as already seen at the end of the previous year. The worsening in household spending resulted in lower purchases of services (down by -2.0% in Q1 vs. Q4 2021) and of nondurable goods (down by -1.0% in Q1 vs. Q4 2021). Conversely, the improvement in spending for durable and semi-durable goods (up by +2.7% and +2.4% respectively vs. Q4 2021) mitigated the drop in consumption.

13 Source: INSEE 137/2022 (May 2022).
14 Source: INSEE 151/2022 (June 2022).
15 Source: PROMETEIA, Forecast Report (July 2022).
16 Source: PROMETEIA, Forecast Report (July 2022).
17 Source: ISTAT, monthly note on the Italian economy (July 2022).
18 Source: PROMETEIA, Forecast Report (July 2022).
19 Source: ISTAT, Consumer prices – provisional data (June 2022).
20 Source: ISTAT (the Italian National Institute of Statistics) Italy's economic outlook 2022-2023 (June 2022)

In Q1 2022 consumer households' **disposable income** increased by +2.6%[21] vs. the previous quarter. **Propensity to save**, which was estimated at 12.6%[22], **increased by +1.1% vs. Q4 2021**, against higher final consumption expenditure (up by +1.4% vs. Q4 2020, up by +12.1% YoY), which grew at a weaker rate than disposable income.

In June 2022, the **consumer confidence[23]** index decreased coming to its lowest (98,3) since November 2020. The worsening concerned all the variables included in the index calculation except for those regarding savings, especially those referring to the economic climate and current climate, which fell markedly, decreasing from 103.6 to 93.9 and from 104.6 to 97.9, respectively. Conversely, the **business confidence index** showed an opposite trend, increasing for the second month in a row and, in June, it hit its highest since December 2021, coming to 113.6. The improvement was across all economic sectors, albeit uneven: market services posted the highest increase in the index, which was mostly determined by the transportation and warehousing sector.

In Q1 2022, the **State[24]** posted total net debt amounting to 9.0% of the GDP, improving vs. 12.8% in the same period of 2021. In Q1 2022, in terms of weight on the GDP, the primary balance and the revenue balance were both negative, amounting to -5.2% (-9.4% in Q1 2021) and to -5.3% (-8.2% in Q1 2021), respectively.

In the March-May period, **industrial output[25]** rose by 2.3% (the increase was across all the main activity sectors) vs. the three previous months, with a -1.1% decrease in May vs. April. On the other hand, if the May industrial output is considered net of calendar effects and on a cyclical basis, both the general index and those for the main grouping of industries posted an increase, and a very large one for consumer goods (up by +7.8% YoY).

In Q1 2022 the improved economic climate expectations, the measures supporting liquidity and the incentives to investments in constructions determined a quarterly growth in **investments[26]** (up by +3.9% vs. Q4 2021), driven by further acceleration in the construction sector (up by +5.5% vs. Q4 2021) and in plants, equipment and armaments (up by +4.3% vs. Q4 2021).

The data on trade in the first four months of 2022 show an increase in both flows, especially in exports, which were driven especially by the sale of energy and fast-moving consumer goods. Nevertheless, on a year-over-year basis, exports grew at a slower pace (+14.9%[27], vs.+23.1% in March) albeit still fast, with increases in all sectors, except for motor vehicles, and in all main partner Countries, except for Russia, China and Japan. The purchases of natural gas and crude oil accounted for 15.9 percentage points of the marked increase in Italian imports. The energy deficit further increased – due to the sky-rocketing import average unit values of gas, crude oil and petroleum products – and hit approximately Euro 31 billion in the first four months of the year. In the same period, the trade deficit came to well above Euro 10 billion, vs. a trade surplus of over Euro 17 billion in the first four months of 2021. In April, the strong growth in import prices continued, which was higher in the non-euro area; on a year-over-year basis, prices continued to rise (+21.2%, from +19.0% in March), driven by widespread increases, which were larger as regards energy and intermediate goods.

In June 2022 **consumer prices[28]** rose (gross of tobacco products) by +1.2% month over month and by +8.0% year over year (vs. +6.8% in the previous month). In a scenario featuring **widespread inflationary tensions**, the further YoY acceleration in the general consumer price index was mainly caused by the prices of energy goods (whose growth spiked from +42.6% in May to +48.7% in June), by food prices (from +7.1% to +8.8%) and by the prices of services (from +3.1% to +3.4%), which were driven by transport services (from +6.0% to +7.2%). Overall, the high increases in the prices of energy goods continued to drive inflation (with those of non-regulated energy goods speeding up) and their consequences have been spreading more and more to the other sectors, in which higher production costs are increasingly impacting on the selling final stage. Indeed, consumer prices of nearly all other product types have been hiking, with processed food products speeding up the rise in the prices of the so-called "shopping cart" to increase, which was +8.3%, as it had last been seen in January 1986 (when it was +8.6%).

21 Source: ISTAT, Quarterly Non-financial accounts for General Government (July 2022).

22 Percentage ratio of gross savings to disposable income adjusted in order to account for the change in households' net rights on the technical provisions of pension funds.

23 Source: ISTAT (the Italian National Institute of Statistics) consumer and business confidence (June 2022).

24 Source: ISTAT, Quarterly Non-financial accounts for General Government (July 2022).

25 Source: ISTAT, Industrial production (May 2022).

26 Source: ISTAT (the Italian National Institute of Statistics) Italy's economic outlook 2022-2023 (June 2022).

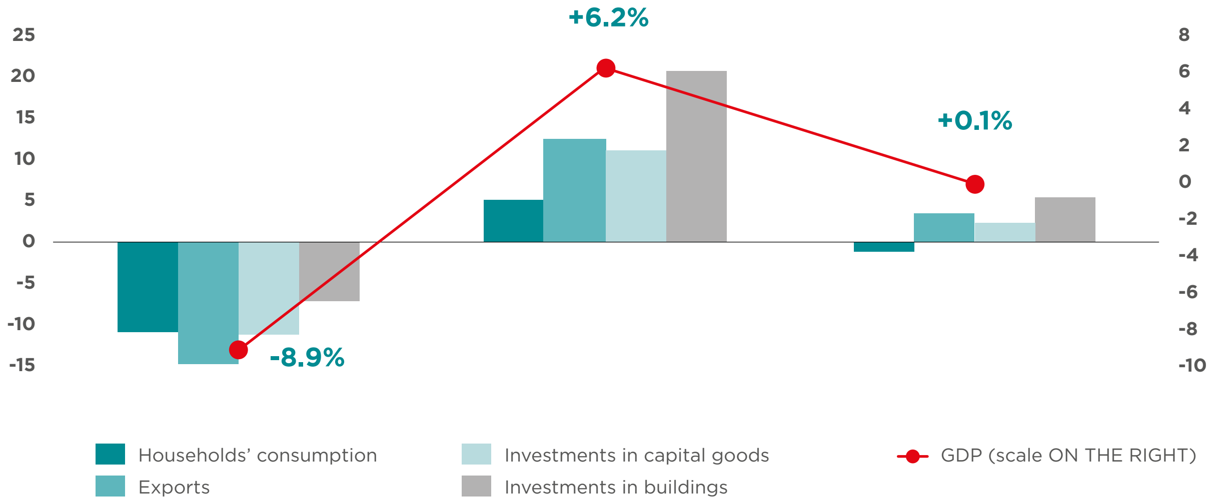
27 Source ISTAT, Foreign trade and import prices (June 2022).

28 Source: ISTAT, Industrial production (May 2022).

After considerably growing between February and March and being essentially stable in April, in May 2022 the **number of employed persons**[29] fell below 23 million, due to the decrease in the number of permanent employees. Nevertheless, the figure is higher than the one for May 2021 by 2.1% (+470 thousand persons) and the increase was crosswise gender, age and job position. The **employment and the unemployment rates** both decreased, with the former coming to 59.8%, (down by -0.1% vs. April 2022) and the latter coming to 8.1% (down by -1.7% May 2022/May 2021); the inactivity rate, which grew to 34.8% (up by +0.2% vs. April 2022), remained at its pre-pandemic levels.

The implementation of the Reforms under **Italy's Recovery and Resilience Plan**, which started in 2021 as scheduled in the policy paper, continued: 14 of the 27 milestones set for 2022 have already been achieved. As the first deadlines were complied with, the payment of the first tranche was made amounting to Euro 21 billion, of which Euro 10 billion in grants and Euro 11 billion in loans, following the pre-financing amount of Euro 24 billion, which was paid out in August 2021. Over the Plan time horizon, loans are expected to hit Euro 100 billion and non-refundable grants approximately Euro 55 billion.

Italy: GDP and its components



Source: Prometeia, Forecast Report (July 2022).

29 Source: ISTAT, Employed and Unemployed Persons (June 2022).

THE BANKING SYSTEM[30]

In H1 2022, despite the very complex scenario featuring inflationary trends and the war against Ukraine, the banking system **continued to meet the demand for loans from households and businesses[31]**. The ECB took action to control inflation announcing the gradual normalization of its monetary policy: indeed, in June it announced the end of its Asset Purchase Programme (APP) as well as an increase in interest rates, both scheduled for July.

In terms of profit or loss, as early as in Q1 2022 the **banking system profitability** started to go down, mainly due to higher adjustments of loans, even though costs decreased and fee and commission income increased. The latter proved able to support **revenues** for the leading Italian banking groups, along with the growth in the trading and capital market component, offsetting the decrease in net interest income. A key factor to support profitability prospects has been the **rationalization of overhead items** in order to steer service models in a market that is becoming more and more competitive due to "non-traditional" players, as pointed out also in the recently published Business Plans. **Investments in technology and cyber security** have been increasing, driven by the stronger push towards digital transformation and by the need to control the higher and higher information and communication technology risks associated with increasing online transactions made by customers. Furthermore, the **contributions to the banking system** have increased because of the rise in the Single Resolution Fund target following the growth in the volumes of protected deposits. In Q1 2022, the cost of risk hit 52bps (vs. 40bps in Q1 2021) being affected by the non-recurring adjustments to loans recognized by the leading Italian banking groups in their international operations division, due to the war against Ukraine. Consequently, significant Italian banks made **profits** amounting to Euro 1.7 billion in Q1 2022, a figure nearly halved vs. the profits they made in Q1 2021.

In Q2 market volatility increased, penalizing banks' share prices due to the impacts on profitability and on asset quality that the low growth prospects may generate.

Total loans to the private sector **increased** in the first five months of the year, both year over year and vs. December 2021. **Bank funding** showed a similar trend posting a material increase in the first months of the year, with growth in deposits on current accounts and in repurchase agreements with Central Counterparties, along with higher funding abroad. Conversely, bonds continued to decrease, being affected by the higher interest rates on newly issued ones. **Assets under management** also grew, albeit being affected by the global tensions on financial markets, with negative net funding flows in May 2022.

Italian banking groups resumed **dividend** distribution in material amounts (with payout ratios back to their pre-Covid levels) and made share buy-back transactions for approximately Euro 6 billion, thanks to performance on the improve and surplus capital accumulated in 2021. Although it announced that it had no intention to limit capital distribution in the banking sector as a whole, considering the resilience of EU banks, the ECB emphasized that banks should remain prudent in deciding on and calculating their dividends, taking into account adverse scenarios.

Even though the extraordinary measures to support lending, as well as moratoria, were ended, over 2.7 million **applications were lodged with the Guarantee Fund** for a total amount of over Euro 256.8 billion. Of these applications, about 1.2 million were for loans under the Italian Liquidity Decree Law up to Euro 30,000, with 100% coverage, with total outstanding loans amounting to approximately Euro 23.1 billion and 694,919 were for guarantees on moratoria introduced by the Cure Italy Decree with total outstanding loans amounting to about Euro 27 billion. Lastly, the total volumes of **loans backed by SACE guarantees within "Garanzia Italia"** increased to Euro 42 billion (data as at June 2022)[32].

In the Italian banking system **capitalization** remains strong and resilient as regards essentially all significant banks, with capital ratios well above the minimum requirements applicable since 1 January 2021 as set by the Supervisory Authority after the SREP carried out in 2021. In Q1 2022 the **fully loaded CET1 ratio** of the listed and significant Italian commercial banks stood at 13.6%. It is pointed out that the spread widening affected, in the first part of the year, the capital ratios to a marginal extent.

30 Source: PROMETEIA, Forecast Report (July 2022).

31 ABI Monthly Outlook (June 2022).

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

The latest business plans that banks presented to the market have the achievement of ESG targets as one of their pillars. Having regard to that matter, the ECB conducted its first Climate Risk Stress Test (from March to June 2022) to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk, in order to identify vulnerabilities, best practices and challenges banks face when managing climate-related risk. The results, which were published in July 2022, showed that banks do not yet sufficiently incorporate climate risk into their stress-testing frameworks and internal models, despite some progress made since 2020; moreover, it is pointed out that banks' vulnerability strongly depends on the sectoral activities that may be affected in an adverse climate scenario. The findings of the 2022 climate stress test will be used as a compass for European banks to boost their climate risk stress-testing capabilities and prepare for the risks and opportunities of a green transition. As of 1 January 2025 ESG risks shall be included in the elements subject to supervisory reporting about prudential requirements and financial information[33].

That scenario resulted in the business performances given below[34]:

In May 2022, **loans to households and businesses** came to Euro 1,335 billion, slightly increasing by +0.7% vs. the end of last year. According to the official data published by the Bank of Italy, lending to non-financial corporations slightly increased. Lending to households was stable as regards home loans and slightly increased as regards consumer loans.

Despite higher uncertainty, no impairment of assets is to be reported and loan quality remained overall good, thanks to the thorough derisking process deployed in the last few years and to effective management of positions in their impairment early stages. Specifically, the default rate further decreased in Q1 2022 to its lowers, i.e. to 1.1%, year over year.

In April 2022, the stock of **net bad loans** continued to progressively decrease coming to Euro 16.7 billion, down by -8.8% from January 2022; the weight of net bad loans on total loans came to 0.95%, decreasing vs. 1.15% in April 2021.

In May 2022, the **interest rates applied to loans to Customers** continued to be very low, at their all-time low: the average rate on total loans at 2.17%, the interest rate on new home loans at 1.93% (vs.1.40% in May 2021) – which reflects the performance of fixed and variable interest rates, as well as the changes in the composition of new loans in terms of type of mortgage loan – while the interest rate on loans to businesses was 1.13% (stable vs. May 2021).

In May 2022 total **direct funding** (customers' deposits and bonds) slightly decreased by -0.4% vs. December 2021, but increased year over year by 3.9%. Specifically, customers' deposits posted a year-over-year increase of +4.9% a/a, whereas the bond component continued to decrease (down by -5.0% YoY) being affected by the higher interest rates on newly issued bonds.

Interest **rates** on **bank funding** remained essentially stable: in May 2022 the average rate on total bank funding from customers came to 0.45% vs. 0.44% in December 2021.

The spread between the average rate on loans to and the average rate on deposits from households and non-financial corporations has remained, in Italy, at very low levels; in May 2022 it came to 172 basis points, stable when compared to 171 basis points in April.

Having regard to the **asset management**[35] industry, the banking system reported net funding up by Euro +7.7 billion from the beginning of the year, slowing down in the last few months due to the tensions in international markets. In May, net funding showed negative growth, down by Euro -1.3 billion. Assets under management came to Euro 2,395 billion: assets managed under mandates amounted to Euro 1,124 billion, accounting for 47% of total AuM, assets managed under collective investment schemes hit Euro 1,271 billion and accounted for the remaining 53% of total assets under management.

33 ECB Banking Supervision (July 2022).

34 ABI Monthly Outlook (June 2022).

35 Source: Assogestioni, Monthly Map of Assets Under. Management (May 2022).

PERFORMANCE OF OPERATIONS

In the first 6 months of 2022 the Crédit Agricole Italia Banking Group proved able to consistently generate profits thanks to its balanced and diversified business model. Consolidated net income from operations came to Euro 256 million net of the expenses associated with Creval acquisition.
Commercial activities performed well across the main business lines, being strengthened also by the completion of the integration of Creval network, with full alignment to the Group's standards, despite the market scenario being affected by the war against Ukraine.

THE PERFORMANCE OF BALANCE SHEET AGGREGATES

LOANS TO CUSTOMERS

As at 30 June 2022 the stock of net loans to Customers came to Euro 64.5 billion, essentially stable vs. 31 December 2021 (-0.4 million).

In H1 lending continued with the origination of Mortgage Loans and Loans for Euro 3.4 billion, of which Euro 1.8 billion in Home Loans and Euro 0.3 billion in Loans backed by State guarantees, despite the decrease in the mortgage loans market.

Thanks to effective management of new loans becoming non-performing, the NPL stock decreased coming to Euro 1.3 billion (down by -2%), and continued to have a low weight (2.07%) on net loans (3.4% on gross loans if stated accounting for POCI assets(*), 4.3% with stated without accounting for POCI assets). Unlikely to Pay, which accounted for 87% of non-performing loans, had a coverage ratio, if stated in accordance with the POCI assets rules, of 33.6% (+1.9% vs. 31 December 2021) and of 47,3% if stated with a "non POCI" approach. Having regard to the whole NPL portfolio, the coverage ratio with POCI rules stood at 40.7% (up by + 2.5 percentage points vs. 31 December 2021) and at 53.3% with non-POCI rules. The coverage ratio of performing loans remained stable at 0.6%.

Moreover, as at 30 June 2022 tax credits relating to the incentive measure known as Ecobonus had been acquired for Euro 922 million (Euro 422 million as at 31 December 2021) and, in compliance with the instructions given to date by the regulator, have been classified under item "Other assets".

FUNDING FROM CUSTOMERS

Direct funding came to Euro 70.6 billion, including debt securities issued amounting to Euro 10.7 billion. The most traditional component consisting of current accounts and deposits came to Euro 60 billion vs. Euro 63 billion as at 31 December 2021. The decrease vs, the end of last year absorbed the growth as at the end of 2021 in the least stable components, which refer to enterprises, consistently with the strategy aimed at reducing excess liquidity held at a cost. Moreover, in H1 a new issue of Covered Bonds for Euro 1.5 billion and with 20-year maturity was finalized, meeting the needs expressed by long-term investors.

The balance of indirect funding, which came to Euro 86 billion, made a sharp U-turn due to the performance of financial markets, which absorbed a large part of the growth accrued since 2021. Versus 31 December 2021 a decrease of -8% is to be reported, with a smaller one (-6%) in the AuM component, which came to about Euro 50 billion with new inflows in H1 amounting to over Euro 1 billion. The insurance component came to Euro 27.6 billion and posted a modest drop of 1%.

The indirect funding stock consisting of assets under administration came to Euro 36.3 billion, down by 11% vs. 31 December 2021. As at 30 June 2022 total funding came to Euro 156.5 billion and consisted of direct funding by 45%, of AuM by 32% and of assets under administration by 23%.

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

NET INTERBANK POSITION

As at 30 June 2022 the net interbank position showed a negative mismatch of Euro 3.6 billion, unchanged vs. the end of last year. Liabilities came to Euro 18 billion, of which Euro 16.5 billion to the ECB for TLTROs; due from banks came to Euro 14.4 billion, of which Euro 10.3 billion in claims on the Central Bank.

EQUITY

As at 30 June 2022, the Group's equity came to Euro 7,372 billion vs. Euro 7,279 billion recognized as at 31 December 2021 (up by Euro +93 million). The increase resulted from the profit for the period (Euro 235 million) and from the share capital increase made by Crédit Agricole Italia in H1 2022, which determined an increase in equity of Euro 83 million net of the future capital increase contributions that were made in 2021 by the French parent company Credit Agricole S.A.. Conversely, the Group's equity decreased subsequent to the distribution of dividends for Euro 166 million and to the decreases recognized in the valuation reserves on financial assets measured at fair value through other comprehensive income, specifically on debt securities, which, in H1, were affected by the decrease in market prices.

OWN FUNDS

The European Central Bank confirmed the minimum capital requirements on a consolidated basis it had assigned to the Crédit Agricole Italia Banking Group in 2021 also for 2022, setting them as follows:

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

As at 30 June 2022 the Common Equity Tier 1 ratio stood at 13.1%, increasing vs. last year figure (11.6% as at 31 December 2021). Besides from the development in the related book equity items – including the retained portion of the H1 earnings and the share capital increase finalized in early June (another Euro 83 million in addition to the future share capital increase contribution of Euro 417 million made by the controlling company Crédit Agricole S.A. in 2021) – the increase resulted also from the considerable decrease in DTAs for tax losses (subsequent to the effects of the 2021 Italian Budget Law, which provided for their conversion into tax credits in case of business combinations) and from lower deductions for DTAs above the threshold. The Tier 1 ratio stood at 15.5% (13.9% as at 31 December 2021), while the Total Capital ratio stood at 18.8% (17.2% as at 31 December 2021).

Risk-weighted assets (RWA) came to Euro 33,997 million, decreasing vs. Euro 34,456 million as at 31 December 2021, with a development that is consistent with favorable impacts generated by the review of the prudential treatment of AIRB-measured exposures backed by State guarantees, by the issuance, in Q2 2022, of the State guarantee on the securitization of bad loans (Italian acronym GACS), which was finalized at the end of 2021, and lastly by the disposal of the entire equity investment held in Creval Più Factor S.p.A..

In short, in H1 2022 the consolidated Common Equity Tier 1 ratio was once more well above the regulatory requirements, after Creval acquisition and its merger into Crédit Agricole Italia, giving even further evidence of the acknowledged capital strength and quality of the Crédit Agricole Italia Banking Group.

PROFIT OR LOSS

As exhaustively described in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021, in H1 2021 Crédit Agricole Italia acquired 100% of Creval share capital; in accordance with IFRS3, the acquisition was recognized identifying 30 April 2021 as the acquisition date and, at the end of the **Purchase Price Allocation (PPA) process, it determined the recognition of net badwill** amounting to Euro 497 million in the consolidated financial statements as at 31 December 2021.

Therefore, the profit or loss figures of the Crédit Agricole Italia Banking Group presented in the Consolidated Financial Report as at 30 June 2021 included Creval's profit or loss from the acquisition date (30 April 2021) and the provisional net badwill. In order to ensure comparability of the data on the performance of operations in H1 2022 vs. H1 2021, the figures given in the table of the reclassified income statement as at 30 June 2021 were restated and adjusted to include Creval's profit or loss for H1 2021 as a whole, sterilizing some non-recurring components and representing the effects of the final Purchase Price Allocation – PPA – as recognized in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021.

The consolidated income statements for H1 2022 report a stated net profit of Euro 235 million, including a gross amount of Euro 30 million (net amount of Euro 20 million) in non-recurring expenses incurred for Creval integration into the Group, net of which the profit from operations came to Euro 256 million, up by Euro 62 million (+32%) vs. 30 June 2021 having been adjusted, in order to ensure comparability as mentioned above, taking into account Creval profit or loss before the acquisition (January-April 2021) and the sterilization of some non-recurring components (as defined on page 12), including tax benefits recognized as at 30 June 2021 by the Group (approximately Euro 38 million) and profit portion of Crédit Agricole FriulAdria minority interests accrued in H1 2021 (approximately Euro 6 million) given that there was no minority interest portion as at 30 June 2022 following the public tender offer finalized in 2021.

The 2022 profit was made in a macroeconomic scenario that has become more complex due to the spiking of international political tensions and worse due to sky-rocketing prices of commodities, especially energy ones, which have fuelled an inflationary spiral. A consequence has been monetary policy tightening by central banks, which further penalized share and bond prices. In the banking industry, those factors have mostly penalized the asset management and mortgage loans sectors, dampening demand. Nevertheless, the Group has proved able to achieve higher fee and commission income thanks to the performance of its other business lines, especially consumer credit, non-life insurance and structured finance transactions. As regards operating costs (down by -3% net of the contributions to the banking system), the merger has shown the benefits of the synergies provided for by the business plan. The most material contribution to the net profit growth came from the decrease in the cost of credit (down by Euro -75 million, -42%) which has factored in the policies implemented within the “NPL strategy”.

Specifically, in H1 Operating Income came to Euro 1,265 million, decreasing by Euro 16 million (-1%) vs. H1 2021 adjusted figure, mainly because of the decrease in net interest income, which came to Euro 607 million decreasing by Euro 20 million (-3%) due both to the persistent cut in interest rates, which has been continuing in H2 2022, although stopping in Q4 2021, and to the lower contribution of time value (down by Euro 13 million) following the NPL disposal made at the end of 2021.

Net fee and commission income came to Euro 610 million (up by +1% YoY), giving a larger contribution than net interest income and thus evidence of higher resilience in less favourable scenarios thanks to the progressive higher weight of more stable revenues, both in Wealth Management, up by 1% despite a 9% decrease in placed volumes), and in the typical banking business (up by +7%), whose growth was driven by payment systems (up by +25%).

In H1 the contribution from Financial Income amounted to Euro 31 million, of which approximately Euro 24 million from hedging and foreign exchange activities (+36%) driven by the demand for hedging from borrowers. The realization and measurement of the Group’s financial instruments recognized as assets and liabilities generated approximately Euro 7 million.

Operating expenses came to Euro 792 million and the figure includes contributions to the banking system amounting to Euro 38 million, net of which operating expenses decreased by Euro -26 million (-3%); specifically, personnel cost came to Euro 486 million, increasing by 1% YoY, as the figure does not yet report the effect of the 250 employees that left at the end of June; on the other hand, material cost reductions (Euro -20 million -11%) were achieved in the Administrative Expenses perimeter, which, net of the contributions to the banking system, came to Euro 169 million and benefited from the cost synergy and rationalization actions that were deployed consistently with Creval integration plan and mainly concerned costs for advisory services, IT costs and property management costs, while benefiting also from lower expenses for managing the health emergency Depreciation and amortization came to Euro 100 million, decreasing by Euro 11 million thanks to the synergies resulting from Creval integration into the Group, with the subsequent disposal of IT assets.

The cost/income ratio for the period, net of the contributions to the banking system, stood at 59.6% vs. the adjusted figure for H1 2021 of 60.9%. The result was income from operations coming to Euro 472.5 million, up by over Euro 13 million (+3%) vs. the adjusted figure for H1 2021.

The net amounts allocated to provisions for risks and charges came to Euro 9.9 million (up by +1.6 million vs. 2021) and mostly referred to provisions for lawsuits in which the Group is the defendant and revocatory actions.

Adjustments to loans and impairment of securities totalled Euro 109 million decreasing by Euro 68 million vs. H1 2021 thanks to new defaults at their all-time low and the lower need for provisions on existing positions (following the Stelvio NPL disposal finalized at the end of last year) the weight of adjustments on loans to customers (net of the securities component) came to 33 bps vs. 55 bps as at 30 June 2021 (47 bps as at 31 December 2021).

In H1 a profit was made on other investments amounting to Euro 5.6 million (up by Euro +3 million YoY) mainly thanks to the sale of a 16.7% equity investment in the associate company General Finance, within its IPO process.

As the result of the dynamics described above, the gross profit from continuing operations came to Euro 359 million, increasing by Euro 82 million vs. the adjusted figure for H1 2021.

Current and deferred tax liabilities came to Euro 103 million vs. the 2021 figure of Euro 83 million (+23%) adjusted (sterilized of the non-recurring tax benefits recognized in 2021).

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 featuring widespread slowdown in the economies of the main Countries, speeding up inflation, obstacles in the operation of value chains and increasing volatility in financial markets, it is appropriate to mention the constant attention that the Crédit Agricole Italia Group and its Management place on risk control. Indeed, the Bank's governance bodies are fully aware that sustainable development and growth do require also effective analysis of the risks which Crédit Agricole Italia is exposed to and of the relating uncertainties, in terms of impacts that may be generated on its financial position, cash flows and performance; effective management and mitigation of said risks to acceptably low levels are another crucial requirement for sustainable growth, also in order to protect savings (and, with them, Customers' confidence) on the one hand, and loans (healthy drivers of growth) on the other. 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.

Over two years after the outbreak of the Covid-19 pandemic, its impacts and effects on public health, economic activity and trade continue to affect the present and forward-looking scenario in which Crédit Agricole Italia operates and will operate. The events in Eastern Europe and the geopolitical tensions that arose in H1 2022 worsened uncertainty globally, with the main economies in the world slowing down their growth pace with potential effects on the banking industry profitability, especially as regards the cost of credit.

Albeit in a complex scenario still featuring profound uncertainties, the analyses performed by the governance bodies based on the information currently available gave evidence to conclude that Crédit Agricole Italia will be able to address the risks and uncertainties generated by the situation.

The Crédit Agricole Italia Banking Group and its parent company Crédit Agricole Italia can rely on their proven capital quality and strength to control risks and to respond to the challenges that the banking system will have to face. The business combinations and the capital strengthening made in the last few years give evidence of the bank's ability to develop solid business plans and to seize opportunities for growth.

The sound and prudent management that has always informed Crédit Agricole Italia operations aims also at ensuring strong development through strategies that pursue sustainable growth.

EVENTS OCCURRED AFTER THE REPORTING DATE AND OUTLOOK

From 30 June 2022 to the date of approval of this half-yearly report and condensed consolidated financial statements, no events occurred that could materially affect the structure of the Crédit Agricole Italia Banking Group and its profit or loss.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets		30 June 2022	31 Dec. 2021
10.	Cash and cash equivalents	768,341	845,657
20.	Financial assets measured at fair value through profit or loss (IFRS 7 para. 8 letter a))	403,059	271,334
	a) financial assets held for trading;	209,322	70,778
	c) other financial assets mandatorily measured at fair value	193,737	200,556
30.	Financial assets measured at fair value through other comprehensive income (IFRS 7, para. 8 letter h))	3,636,241	4,115,240
40.	Financial assets measured at amortized cost (IFRS 7 para. 8 letter f))	90,944,949	92,268,499
	a) due from banks	14,397,909	14,468,960
	b) loans to Customers	76,547,040	77,799,539
50.	Hedging derivatives	867,397	634,497
60.	Fair value change of financial assets in macro-hedge portfolios (+/-)	-400,923	-3,906
70.	Equity investments	34,956	45,151
90.	Property, Plant and Equipment	1,254,753	1,291,516
100.	Intangible assets	1,597,339	1,626,660
	- of which goodwill	1,315,925	1,315,925
110.	Tax assets	2,670,433	2,730,874
	a) current	525,753	418,478
	b) deferred	2,144,680	2,312,396
120.	Non-current assets held for sale and discontinued operations	8,170	226,579
130.	Other assets	1,621,888	890,812
Total assets		**103,406,603**	**104,942,913**

Consolidated Balance Sheet		30 June 2022	31 Dec. 2021
10.	Financial liabilities measured at amortized cost (IFRS 7 para. 8 letter g))	88,967,636	93,269,092
	a) Due to banks	17,991,498	18,234,985
	b) Due to Customers	60,323,750	63,322,922
	c) Debt securities issued	10,652,388	11,711,185
20.	Financial liabilities held for trading	208,963	75,042
40.	Hedging derivatives	2,758,297	1,020,311
50.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	-757,202	166,386
60.	Tax liabilities	309,159	403,945
	a) current	169,345	271,013
	b) deferred	139,814	132,932
70.	Liabilities associated with non-current assets held for sale and discontinued operations	-	16,400
80.	Other liabilities	3,726,869	1,827,900
90.	Employee severance benefits	117,248	143,625
100.	Provisions for risks and charges	677,731	718,681
	a) commitments and guarantees given	67,771	62,105
	b) post-employment and similar obligations	28,053	34,476
	c) other provisions for risks and charges	581,907	622,100
120.	Valuation reserves	-82,456	-66,213
140.	Equity instruments	815,000	815,000
150.	Reserves	1,806,668	1,825,235
160.	Share premium reserve	3,495,975	3,118,147
170.	Capital	1,101,235	979,283
190.	Minority interests (+/-)	26,045	22,636
200.	Profit (Loss) for the period	235,435	607,443
Total liabilities and equity		**103,406,603**	**104,942,913**

CONSOLIDATED INCOME STATEMENT

Items		30 June 2022	30 June 2021(*)
10.	Interest and similar income	585,977	491,855
	Of which: interest income calculated with the effective interest method	581,736	488,087
20.	Interest and similar expense	15,028	25,264
30.	**Net interest income**	**601,005**	**517,119**
40.	Fee and commission income	636,029	547,568
50.	Fee and commission expense	(23,521)	(24,721)
60.	**Net fee and commission income**	**612,508**	**522,847**
70.	Dividends and similar income	12,769	10,608
80.	Net profit (loss) on trading activities	14,815	16,746
90.	Net profit (loss) on hedging activities	(4,014)	(3,916)
100.	Profit (losses) on disposal or repurchase of:	29,569	32,325
	a) financial assets measured at amortized cost	10,542	3,130
	b) financial assets measured at fair value through other comprehensive income	10,027	29,172
	c) financial liabilities	9,000	23
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(4,011)	143
	b) other financial assets mandatorily measured at fair value	(4,011)	143
120.	**Net interest and other banking income**	**1,262,641**	**1,095,872**
130.	Net losses/recoveries for credit risk on:	(102,287)	(167,091)
	a) financial assets measured at amortized cost	(99,842)	(164,784)
	b) financial assets measured at fair value through other comprehensive income	(2,445)	(2,307)
140.	Profits/Losses on contract modifications without derecognition	(500)	(878)
150.	**Net financial income (loss)**	**1,159,854**	**927,903**
180.	**Net profit (loss) on financial and insurance activities**	**1,159,854**	**927,903**
190.	Administrative expenses:	(895,042)	(768,208)
	a) personnel expenses	(485,629)	(397,219)
	b) other administrative expenses	(409,413)	(370,989)
200.	Net provisions for risks and charges	(15,678)	(5,693)
	a) commitments and guarantees given	(5,784)	(858)
	b) other net provisions	(9,894)	(4,835)
210.	Net impairment losses/recoveries on property, plant and equipment	(54,896)	(45,772)
220.	Net adjustments to/recoveries on intangible assets	(46,392)	(48,918)
230.	Other operating expenses/income	172,412	661,139
240.	**Operating costs**	**(839,596)**	**(207,452)**
250.	Profit (losses) on equity investments	7,322	399
260.	Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	(389)	(9)
280.	Profit (losses) on disposals of investments	(772)	218
290.	**Profit (Loss) before tax from continuing operations**	**326,419**	**721,059**
300.	Taxes on income from continuing operations	(89,917)	(36,160)
310.	**Profit (Loss) after tax from continuing operations**	**236,502**	**684,899**
330.	**Profit (Loss) for the period**	**236,502**	**684,899**
340.	Profit (Loss) for the period attributable to minority interests	(1,067)	(6,877)
350.	**Profit (Loss) for the period attributable to the Parent Company**	**235,435**	**678,022**

(*) In accordance with IFRS 3 the profit and loss data as at 30 June 2021 have been restated including the effects of the final Purchase Price Allocation – (PPA) regarding the acquisition of Creval S.p.A. which was finalized on 30 April 2021 as presented in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021. For more exhaustive information, please see paragraph "Comparative disclosures" in the section on accounting policies of the notes to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		30 June 2022	30 June 2021(*)
10.	**Profit (Loss) for the period**	**236,502**	**684,899**
	Other comprehensive income after tax not recycled to profit or loss	**-**	**-**
20.	Equity securities designated at fair value through other comprehensive income	8,101	1,738
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	11,339	1,272
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves on equity investments measured using the equity method	-	-
	Other comprehensive income after tax reclassified to profit or loss	**-**	**-**
100.	Hedges of investments in foreign operations	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(35,684)	(12,823)
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Share of valuation reserves on equity investments measured using the equity method	-	-
170.	**Total other comprehensive income after taxes**	**(16,244)**	**(9,813)**
180.	**Comprehensive income (Item 10+170)**	**220,258**	**675,086**
190.	Consolidated comprehensive income attributable to Minority Interests	1,066	6,734
200.	**Consolidated comprehensive income attributable to the Parent Company**	**219,192**	**681,820**

(*) In accordance with IFRS 3 the profit as at 30 June 2021 has been restated including the effects of the final Purchase Price Allocation (PPA) regarding the acquisition of Creval S.p.A., which was finalized on 30 April 2021 as presented in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021. For more exhaustive information, please see paragraph "Comparative disclosures" in the section on accounting policies of the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022

	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. 2021	**979,283**	**3,118,147**	**1,422,467**	**402,768**	**-66,213**	**815,000**	**-**	**607,443**	**7,278,895**
MINORITY INTEREST AS AT 31 DEC. 2021	**19,156**	**4,805**	**-5,142**	**2,939**	**-51**	**-**	**-**	**929**	**22,636**
CHANGE TO OPENING BALANCES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
GROUP SHAREHOLDERS' EQUITY AS AT 1 JAN. 2022	979,283	3,118,147	1,422,467	402,768	-66,213	815,000	-	607,443	7,278,895
MINORITY INTERESTS AS AT 1 JAN, 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
Charity	-	-	-	-	-	-	-	-	-
Consolidation adjustments	-	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	-	-	-	-	-	-
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 CHANGES IN EQUITY AS AT 30 JUNE 2021(*)

	Capital: ordinary shares	Share premium reserve	Riserve: Retained earnings reserves	Riserve: other	Valuation reserves	Equity instruments	Treasury shares	Profit (Loss) for the period	Equity
EQUITY GROUP SHARE AS AT 31 DEC. 2020	979,235	3,117,848	1,654,899	-14,224	-48,443	715,000	-	-53,437	6,350,878
MINORITY INTEREST AS AT 31 DEC. 2020	39,717	84,514	13,492	2,939	-697	-	-	8,224	148,189
CHANGE TO OPENING BALANCES	-	-	-	-	-	-	-	-	-
GROUP SHAREHOLDERS' EQUITY AS AT 1 JAN. 2021	979,235	3,117,848	1,654,899	-14,224	-48,443	715,000	-	-53,437	6,350,878
MINORITY INTERESTS AS AT 1 JANUARY 2021	39,717	84,514	13,492	2,939	-697	-	-	8,224	148,189
ALLOCATION OF NET PROFIT FOR THE PREVIOUS YEAR	-	-	-	-	-	-	-	-	-
Reserves	-	-	-45,213	-	-	-	-	45,213	-
Dividends and other allocations	-	-	-91,319	-	-	-	-	-	-91,319
CHANGES IN THE PERIOD	-	-	-	-	-	-	-	-	-
Change in reserves	-	-	362	300,000	-	-	-	-	300,362
Transactions on equity	-	-	-	-	-	-	-	-	-
Issues of new shares	2	12	-	-	-	-	-	-	14
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-25,347	-	-	-	-	-	-25,347
Charity	-	-	-	-	-		-	-	-
Consolidation adjustments	-	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	-	-	-	-	-	-
Changes in equity interests	-290	-468	-414	-	31	-	-	-	-1,141
Comprehensive income	-	-	-	-	-9,813	-	-	684,899	675,086
GROUP SHAREHOLDERS' EQUITY AS AT 30 JUNE 2021	979,236	3,117,860	1,485,090	285,776	-58,082	715,000	-	678,022	7,202,902
MINORITY INTERESTS AS AT 30 JUNE 2021	**39,428**	**84,046**	**21,370**	**2,939**	**-840**	**-**	**-**	**6,877**	**153,820**

(*) In accordance with IFRS 3 the profit as at 30 June 2021 has been restated including the effects of the final Purchase Price Allocation (PPA) regarding the acquisition of Creval S.p.A., which was finalized on 30 April 2021 as presented in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021. For more exhaustive information, please see paragraph "Comparative disclosures" in the section on accounting policies of the notes to the financial statements.

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2022

	30 June 2022	30 June 2021(*)
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**345,013**	**911,068**
– Profit (loss) for the period (+/-)	235,435	678,022
– Gains/losses on financial assets held for trading and on financial assets/liabilities measured at fair value through profit or loss(-/+)	-6,436	-7,657
– Gains/losses on hedging activities (-/+)	-352,602	2,402
– Net losses/recoveries for credit risk (+/-)	93,652	187,935
– Net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	101,288	94,690
– Net provisioning for risks and charges and other costs/revenues (+/-)	15,678	5,693
– Taxes, levies and tax credits not settled (+)	89,917	36,160
– Net adjustments to /recoveries on discontinued operations net of tax effect (-/+)	-	-
– Other adjustments (+/-)	168,081	-86,177
2. Cash flow generated/absorbed by financial assets	**-818,854**	**-3,271,164**
– Financial assets held for trading	-132,108	27,322
– Financial assets designated at fair value	-	-
– Financial assets mandatorily measured at fair value	6,819	21,709
– Financial assets measured at fair value through other comprehensive income	448,971	-84,527
– Financial assets measured at amortized cost	1,437,579	-2,816,239
– Other assets	-2,580,115	-419,429
3. Cash flow generated/absorbed by financial liabilities	**479,412**	**2,980,247**
– Financial liabilities measured at amortized cost	-3,127,455	1,859,363
– Financial liabilities held for trading	133,921	-25,326
– Financial liabilities designated at fair value	-	-
– Other liabilities	3,472,946	1,146,210
Net cash flow generated/absorbed by operating activities	**5,571**	**620,151**
B. INVESTING ACTIVITIES		
1. Cash flow generated by	**29,415**	**30,469**
– Sales of equity investments	15,162	-
– Dividends received on equity investments	12,769	10,608
– Sales of property, plant and equipment	1,484	19,861
– Sales of intangible assets	-	-
– Sales of subsidiaries and business units	-	-
2. Cash flow absorbed by:	**-3,368**	**-740,147**
– Purchases of equity investments	-	-2,689
– Purchases of property, plant and equipment	-528	-4,835
– Purchases of intangible assets	-2,840	-16,512
– Purchases of subsidiaries and business units	-	-716,111
Net cash flow generated/absorbed by investing activities	**26,047**	**-709,678**
C. FUNDING ACTIVITIES		
– Issues/purchases of treasury shares(°)	84,720	300,397
– Issues/purchases of equity instruments	-27,644	-25,347
– Distribution of dividends and other	-166,000	-91,319
– Changes in equity interests	-10	-1,141
Net cash flows generated/absorbed by funding activities	**-108,934**	**182,590**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-77,316**	**93,063**

RECONCILIATION

	30 June 2022	30 June 2021
Opening cash and cash equivalents	845,657	361,221
Net increase/decrease in cash and cash equivalents for the period	-77,316	93,063
Cash and cash equivalents: foreign exchange effect	-	-
Closing cash and cash equivalents	**768,341**	**454,284**

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

(°) In row “Issues/purchases of treasury shares” the effects for 2022 of the share capital increase are represented, net of the payments already made in 2021, while, for 2021, the payments for future capital increase already collected are represented.

(*) In accordance with IFRS 3 the profit as at 30 June 2021 has been restated including the effects of the final Purchase Price Allocation (PPA) regarding the acquisition of Creval S.p.A., which was finalized on 30 April 2021 as presented in the Group’s Annual Report and Consolidated Financial Statements as at 31 December 2021. For more exhaustive information, please see paragraph “Comparative disclosures” in the section on accounting policies of the notes to the financial statements.

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. 2021	Changes from cash flows generated by financing activities	Changes from obtaining or losing control of subsidiaries or other businesses	Fair value changes	Other changes	30 June 2022
Liabilities arising from financing activities (items 10, 20 and 30 of Liabilities)	93,344,134	-3,127,456	-	-1,040,079	-	89,176,599

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 2022 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 2021, 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 2021, please see the relevant information given in the 2021 Annual Report.

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).

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.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION IN FORCE IN 2022

In compliance with IAS 8, the table below reports the new international accounting standards or the amendments to standards already in force, along with the Regulations endorsing them, that shall mandatorily be applied for reporting periods starting on or after 1 January 2021.

Standards, amendments or interpretations	Publication date	Date of first application and
Annual Improvements 2018-2020 IFRS 1 First time adoption of IFRS – Translation differences IFRS 9 Financial instruments – Test for assessing whether a modification to the terms of a financial liability is substantial IAS 41 Agriculture – Fair value of a biological asset	2 July 2021 (UE 2021/1080)	1° Jan. 2022
Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use	2 July 2021 (UE 2021/1080)	1° Jan. 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework 2018 on the definition of assets and liabilities	2 July 2021 (UE 2021/1080)	1° Jan. 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Costs of fulfilling a contract to assess whether it is onerous	2 July 2021 (UE 2021/1080)	1° Jan. 2022

The amendments to IAS/IFRS in force since 1 January 2022, where applicable, have not entailed any material impacts on the Group's financial situation and profit or loss.

The aforementioned amendments to the accounting standards are not relevant for the Crédit Agricole Italia Banking Group.

MAIN STANDARDS AND ACCOUNTING INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION AND NOT APPLIED AS AT 30 JUNE 2022

The main standards and accounting interpretations endorsed by the European Union and not applied as at 30 June 2022 and for which the Bank and the Group it belongs to did not exercise the option, where any, of early adoption are listed below.

On 12 February 2021 the IASB published the following papers:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

The amendments will help companies to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and to distinguish changes in accounting estimates from changes in accounting policies. The amendments shall apply to reporting periods starting on or after 1 January 2023.

IFRS Interpretations Committee - TLTRO III Transactions (IFRS 9 and IAS 20)

A third series of targeted long-term refinancing operations was resolved by the ECB in March 2019 and was amended in September 2019 due to the worsening in the economic scenario and again in March and April 2020 due to the Covid-19 situation.

In accordance with the terms as amended in April 2020, the borrowing rates in these operations can be as low as 50 basis points below the average interest rate on the deposit facility over the period from 24 June 2020 to 23 June 2021 (then extended to June 2022), and as low as the average interest rate on the deposit facility during the rest of the life of the respective TLTRO III. The borrowing rate is linked to the achievement of a target growth rate in lending to businesses and households. The reduced interest rate is subject to the achievement of pre-set thresholds in lending performances.

It is pointed out that the accounting treatment that the Group has adopted since 2020 consists in recognizing the borrowing rate advantages as soon as it believes that it has reasonable certainty that the amounts that can be allocated will ensure that the conditions to obtain said advantageous rates are met and to allocate the related advantages on an accrual basis to the relevant period. This treatment was kept for financial reporting as at 30 June 2022 because the decisions of the IFRS interpretation committee do not change our accounting policy.

Benchmark Interest Rate Reform

In early 2019, the Crédit Agricole Group implemented a programme to prepare for and oversee the benchmark rate transition in all its operations, assigning the specific projects to each entity concerned.

In accordance with the recommendations given by the national work groups and by the competent authorities, the Group fostered as much as possible the transition to alternative benchmark rates in view of the cessation of the existing ones while pursuing constant compliance with the deadlines set by the market or imposed by the competent authorities.

Assessment as at 30 June 2022 of the recent transitions and developments

Orderly and controlled performance of these transitions was ensured by all the actions undertaken starting from 2019. Moreover, thanks to the work done the Group's entities could manage new products benchmarked to Risk Free Rates (RFR).

In H1 2022 the internal project activities continued to ensure compliance with the EU Regulation on benchmark rates and to manage the orderly transition from LIBOR to the alternative benchmark rates.

Risk management

In H1 2022, the project activities focused also on the management and control of the risks associated with the benchmark transitions, especially on the related financial, operational, legal and compliance aspects and on Customer protection (prevention of "conduct risk").

GENERAL PREPARATION PRINCIPLES

The condensed consolidated financial statements consist of:

- The Balance Sheet;
- The Income Statement;
- The Statement of Comprehensive Income;
- The Statements of Changes in Equity;
- The Statement of Cash Flows;
- The Notes to the financial statements.

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.

These Half-yearly Condensed Consolidated Financial Statements, as the Annual Report and Financial Statements as at 31 December 2021, were prepared on a going-concern basis.

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 slowdown in the economies of the main Countries, speeding up inflation, obstacles in the operation of value chains and increasing volatility in financial markets, have given 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, with liquidity 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 2021 Annual Report.

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.

COMPARATIVE DISCLOSURE

The financial statements presenting the profit and loss data as at 30 June 2021 have been restated including the effects of the final Purchase Price Allocation (PPA) regarding the acquisition of Creval S.p.A. Which was finalized on 30 April 2021 as presented in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021.

The data published in the "Half-yearly report as at 30 June 2021" considered the partial and provisional Creval PPA, the amount of which, as permitted by IFRS 3, was finally determined in the 2021 Annual Report and Financial Statements and after the purchase price allocation activities were completed.

The adjusted statements are the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows.

CONSOLIDATED INCOME STATEMENT

Items		30 June 2021 published	PPA reclassifications	30 June 2021 restated
10.	Interest and similar income	499.619	(7.764)	491.855
	Of which: interest income calculated with the effective interest method	*495.851*	*(7.764)*	*488.087*
20.	Interest and similar expense	21.309	3.955	25.264
30.	**Net interest income**	**520.928**	**(3.809)**	**517.119**
60.	**Net fee and commission income**	**522.847**	**-**	**522.847**
120.	**Net interest and other banking income**	**1.099.681**	**(3.809)**	**1.095.872**
150.	**Net financial income (loss)**	**931.712**	**(3.809)**	**927.903**
180.	**Net financial and insurance income (loss)**	**931.712**	**(3.809)**	**927.903**
220.	Net adjustments to//recoveries on intangible assets	(47.921)	(997)	(48.918)
230.	Other operating expenses/income	541.906	119.233	661.139
240.	**Operating costs**	**(325.688)**	**118.236**	**(207.452)**
290.	**Profit (Loss) before tax from continuing operations**	**606.632**	**114.427**	**721.059**
300.	Taxes on income from continuing operations	(37.749)	1.589	(36.160)
310.	**Profit (Loss) after tax from continuing operations**	**568.883**	**116.016**	**684.899**
330.	**Profit (Loss) for the period**	**568.883**	**116.016**	**684.899**
340.	Profit (Loss) for the period attributable to minority interests	(6.877)	-	(6.877)
350.	**Profit (Loss) for the period attributable to the Parent Company**	**562.006**	**116.016**	**678.022**

The income statement items that have been adjusted are:

- Item 10 "Interest and similar income" and item 20 "Interest and similar expenses" because of the adjustments to the carrying amount of financial assets and liabilities measured at amortized cost (loans to customers, securities and funding from customers);
- Item 220 "Net adjustments to /recoveries on intangible assets" because of the recognition of intangible assets attributable to customer relationship;
- Item 230 "Other operating expenses/income" because of the consequent recognition of the final consolidation difference (Euro 496 million vs. the provisional figure of Euro 377 million);
- Item 300 "Taxes on income for the period from continuing operations" which includes the tax effect of the adjustments set out 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 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, under IFRS 10.

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) are the same ones used to prepare the Annual Report and Consolidated Financial Statements as at 31 December 2021.

EQUITY INVESTMENTS IN SUBSIDIARIES

The following table shows the equity investments included in the scope of consolidation, reporting:

- The method of consolidation;
- The type of control;
- The Investee Company;
- The percentage of voting rights held by the Investor.

Company name	Headquarters	Type of control(1)	Equity investment		Actual % of votes available(2)
			Investor	% held	
A. Companies	Parma, Italy				
Parent Company					
Crédit Agricole Italia S.p.A.	Pordenone, Italy				
A1. Companies consolidated on a line-item basis	Milan, Italy				
1. Crédit Agricole FriulAdria S.p.A.	Milan, Italy	1	Crédit Agricole Italia S.p.A.	99.10%	99.56%
2. Crédit Agricole Leasing Italia S.r.l.	Milan, Italy	1	Crédit Agricole Italia S.p.A.	85.00%	85.00%
3. Sliders S.r.l. in liquidation(*)	Parma, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
4. Crédit Agricole Italia OBG S.r.l.	Milano	4	Crédit Agricole Italia S.p.A.	60.00%	60.00%
5. Credit Agricole Group Solutions S.c.p.a.	Parma	1	Crédit Agricole Italia S.p.A.	89.10%	89.10%
		1	Crédit Agricole FriulAdria S.p.A.	8.75%	8.75%
		1	Crédit Agricole Leasing Italia S.r.l.	1.19%	1.19%
6. Crédit Agricole Real Estate Italia S.r.l.	Parma, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
7. Società Agricola Le Cicogne S.r.l.	Faenza, Italy	1	Crédit Agricole Italia S.p.A.	50.01%	50.01%
8. San Piero Immobiliare Srl in liquidation (*)	Cesena, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
9. San Giorgio Immobiliare S.r.l. in liquidation (*)	Cesena, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
10. Le Village by CA Parma S.r.l.	Parma, Italy	1	Crédit Agricole Italia S.p.A.	66.67%	66.67%
11. Stelline Real Estate S.p.A.	Sondrio, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
12. Le Village by CA Triveneto S.r.l.	Padua, Italy	1	Crédit Agricole FriulAdria S.p.A.	51.00%	51.00%

(1) Type of control:
1 = maggioranza dei diritti di voto in assemblea.
2 = Majority of the voting rights in the General Meeting of Shareholders.
3 = agreements with other shareholders.
4 = other forms of control.
5 = unitary management pursuant to Article 26, paragraph 1, of Italian Legislative Decree No. 87/92.
6 = unitary management pursuant to Article 26, paragraph 2, of Italian Legislative Decree No. 87/92.
7 = joint control.
8 = significant influence.

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

(*) All three companies were put into liquidation in May:
- Sliders Srl: liquidation deed filed on 23 May 2022;
- San Piero Immobiliare Srl: liquidation deed filed on 25 May 2022;
- San Giorgio Immobiliare Srl: liquidation deed filed on 25 May 2022.

JOINTS ARRANGEMENTS AND INVESTEES SUBJECT TO SIGNIFICANT INFLUENCE

Company name	Headquarters	Type of control (1)	Equity investment		Availability Actual % of votes(2)
			Investor	% held	
A2. Consolidated using the equity method					
1. Fiere di Parma S.p.A.	Parma, Italy	8	Crédit Agricole Italia S.p.A.	32.42%	32.42%
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.	19.74%	22.64%
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%

(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 = agreements with other shareholders.
4 = other forms of control.
5 = unitary management pursuant to Article 26, paragraph 1, of Italian Legislative Decree No. 87/92.
6 = unitary management pursuant to Article 26, paragraph 2, of Italian Legislative Decree No. 87/92.
7 = joint control.
8 = significant influence.
(2) The percentage has been calculated taking account of the treasury shares held by the Bank as at the reporting date.

The main changes in the consolidation scope vs. 31 December 2021 resulted from:

- The merger by absorption of Credito Valtellinese S.p.A. into Crédit Agricole Italia S.p.A.;
- Disposal of the equity investments in Creval Più Factor S.p.A.;
- Exclusion from the consolidation scope of Quadrivio SME 2018 S.r.l following the completion in 2021 of the securitization transaction carried out by Creval through that special-purpose entity;
- Disposal of the equity investment in special-purpose entity Creval Covered Bond Srl;
- Disposal of the equity investment in Sondrio Città Futura Srl.

The main transactions are described in the paragraphs below.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

CAPITAL INCREASE

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

On 25 January 2022 the extraordinary General Meeting of Crédit Agricole Italia Shareholders resolved to increase its share capital by Euro 500 million through the issue of 121,951,220 shares having a nominal value of Euro 1 each to be offered in option to the shareholders at a unit price of Euro 4.10, of which Euro 1 as capital and Euro 3.10 as share premium.

Considering the shareholding structure and the large presence of retail Shareholders, it was appropriate to publish an information prospectus. After the completion of the preliminary proceeding with Consob, during the option offer period, which started on 16 May 2022 and ended on 30 May 2022, 751,857,352 option rights were exercised and, subsequently, 93,982,169 new shares were subscribed, accounting for 77.07% of the offered shares, for a countervalue of Euro 385,326,892.90.

Then, with value date on 3 June, the pre-emption rights that were exercised for the remaining 27,969,051 new shares, accounting for 22.93% of the offered shares, were settled, for a countervalue of Euro 114,673,109.10.

The new shares have the same characteristics and give the same rights as the Crédit Agricole Italia ordinary shares already issued.

Therefore, in H1 2022, the Group’s equity rose due to the share capital increase of Euro 500 million, net of the future share capital increase contributions that had already been made by the controlling company Crédit Agricole S.A. in 2021 totalling Euro 417 million and allocate to a specific equity reserve.

DISPOSAL OF CREVAL PIÙ FACTOR

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

After obtaining the required authorizations from the Supervisory Authorities, the transaction was closed with the payment of a consideration of Euro 9.4 million, following the distribution of the extraordinary reserve amounting to Euro 36 million by Creval Più Factor S.p.A. to its sole shareholder Crédit Agricole Italia S.p.A..

The equity investment sale was in line with the equity amounts after the distribution of reserves and, therefore, it did not generate any material impacts on the consolidated income statement as at 30 June 2022.

The sale of Creval Più Factor S.p.A. falls into the wider scope of the reorganization of the Group’s operations in Italy pursuing the objective of enhancing the structure efficiency in accordance with the core model of the Crédit Agricole Group, which is organized based on lines of business (“*lignes métiers*”).

GENERALFINANCE LISTING

Subsequent to Creval absorption, Crédit Agricole Italia became the owner of a 46.81% equity investment in Generalfinance, a company authorized to engage in financial activities under Articles 106 and 107 of the Italian Consolidated Law on Banking and that specifically engages in lending to the public and in providing financial, commercial and administrative services and services of equity investment holding and purchase of business receivables.

In the current financial year, the company started the process that led to its listing on Euronext Milan STAR segment.

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

Generalfinance shares started being traded on 29 June 2022.

The above transactions resulted in the equity investment owned by Crédit Agricole Italia in Generalfinance decreasing from 46.81% to 19.74% (22.64% in terms of voting rights). Therefore, the value of the equity investment in General Finance, measured with the equity method (IAS28), was adjusted to take into account the effects of the equity investment held following the issue of new shares and the concomitant sale of part of the shares, determining a profit recognized in the income statement under item "Profits (losses) on equity investments" of about Euro 6 million.

STELVIO PROJECT

Within the derisking actions deployed on the NPE portfolio, in 2021 the Crédit Agricole Italia Banking Group successfully completed disposals of non-performing loans for a gross book value of about Euro 1.6 billion.

- As regards the Stelvio Project (please, see the 2021 Annual Report and Financial Statements for an exhaustive description of the transaction), as at 30 June 2022 the Crédit Agricole Italia Banking Group held:
- 100% of the Senior notes in the Hold-to-Collect portfolio, which were admitted to the State guarantee scheme on securitization of bad loans (Italian acronym GACS) on 29 April 2022;
- 5% of the Mezzanine and Junior notes in the portfolio of instruments mandatorily measured at fair value through profit or loss.

CREVAL MERGER

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

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

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

From an accounting standpoint, in accordance with the IAS/IFRS, it is a "business combination of entities under common control". Those combinations are usually made to achieve simply corporate reorganization purposes within a group and, therefore, IFRS 3 "Business Combinations" does not apply to them.

In compliance with the practices of the Crédit Agricole Italia Banking Group for the accounting of this type of transactions, the combination was recognized in the Parent Company's separate financial statements in accordance with the predecessor basis of accounting (or continuity of values), which is also referred to by the Italian Association of Audit Firms (Assirevi) in its Preliminary Interpretation Guidance.

For the merger, the application of the predecessor basis of accounting (or continuity of values) determined the recognition in the Parent Company's separate financial statements of all balance sheet, income statement and equity balances of the absorbed bank, with accounting effectiveness as of 1 January 2022.

Furthermore, the following were eliminated:

- Intercompany receivables and payables;
- The costs and revenues resulting from transactions made between the surviving entity Crédit Agricole Italia and the absorbed entity;
- The amount of the equity investments from the Parent Company's separate financial statements;
- The equity balances of the absorbed entity.

DEMERGER OF CREVAL LEASING OPERATIONS

Within the acquisition of Credito Valtellinese S.p.A (Creval) by Crédit Agricole Italia S.p.A and within the business and corporate integration activities that led to the merger by absorption of Creval into the Parent Company Crédit Agricole Italia in April 2022, the Group planned the concomitant demerger of Creval's remaining leasing operations and their subsequent transfer to Crédit Agricole Leasing Italia.

The Demerger Plan was approved by the Boards of Directors of Creval, Crédit Agricole Leasing and Crédit Agricole Italia at the end of November 2021, and the demerger was then authorized by the ECB on 28 February 2022, resolved by the General Meetings of the Shareholders of the two companies involved on 8 March 2022 and was finalized with the signing of the demerger deed on 29 March 2022 with validity as of 31 March 2022.

The demerger had the purpose of integrating Creval leasing operations into Crédit Agricole Leasing Italia, the leasing entity of the Credit Agricole Group in Italy, which has specialist skills, technologies, procedures, models and processes fit not only to distribute but also to manage lease contracts in all the various phases. The transfer to Crédit Agricole Leasing of the lease loans, of the related contracts and underlying assets was the natural and logical solution from an industrial, management and organizational standpoint within the Crédit Agricole Group's business model.

The portfolio of lease assets subject to the demerger consisted of: (i) All lease contracts originated and signed by Creval in force as at the demerger date, (ii) all assets (including capital assets, real estate assets, appurtenances and ancillary assets) underlying the lease contracts, (iii) the loans under said lease contracts, iv) the financial liabilities consisting of due to banks within the aforementioned operations, and (v) any other assets and liabilities associated with the aforementioned operations.

With the demerger, 486 new loans were acquired for a total NBV as at the demerger validity date of Euro 230 million, of which Euro 206 million in performing loans, Euro 15.5 million in non-performing loans and Euro 8.2 million in loans classified under discontinuing operations.

Subsequent to the demerger, the company's equity increased by a total amount of Euro 14 million, of which Euro 10.347 million as share capital and Euro 3.653 million as Demerger Surplus Reserve.

The transaction described above, which was carried out between two subsidiaries of Crédit Agricole Italia consolidated on a line-item basis, determined no changes in the book value of the transferred financial assets to be recognized in the Group's consolidated financial statements and no impacts on profit or loss.

CRÉDIT AGRICOLE LEASING SHARE CAPITAL INCREASE

Servicing the demerger and because of the set share swap ratio – on 8 March 2022 the General Meeting of CALIT Shareholders approved a share capital increase in kind for a total amount of Euro 10.347 million, made by issuing new shares having the same amount and allotted to its majority shareholder Crédit Agricole Italia S.p.A., in its capacity as the sole shareholder of the demerged entity Creval.

Because of the Demerger and the subsequent share capital increase, Crédit Agricole Italia's nominal shareholding increased hitting 86.33% of CALIT share capital (85% before the Demerger).

Minority shareholder CAL&F informed shareholder Crédit Agricole Italia of its intention to rebuild its shareholding in CALIT share capital, taking it back to 15%.

In order for CAL&F to increase its shareholding from 13.67% to 15%, a Share Capital Increase for a consideration was made for a total of Euro 1.826 million to be paid in in money, which was carried out by issuing new shares and allotting them to CAL&F.

Following the transaction resolved by the General Meeting of CALIT Shareholders on 16 June 2022, CALIT nominal share capital (subscribed and paid in) came to Euro 118.9 million and its shareholding structure is as follows: 85% owned by Crédit Agricole Italia, 15% owned by shareholder CAL&F of Euro 17,826,441.00, equal to 15% of CALIT share capital (thus restoring the balances between its shareholders existing before the demerger of CREVAL leasing operations and their transfer to CALIT).

BULK DISPOSAL OF A PORTFOLIO OF LEASING NPE OF CALIT

In order to maintain the loan quality and NPE ratio parameters of CALIT as they were before the acquisition of the lease contracts from Creval, after accurate and thorough analyses, the process was started for the marketing and sale of disposable portion of the NPE portfolio coming from Creval.

Having received, in late 2021, a Non-Binding Offer, a bilateral negotiation on an exclusive basis with Guber Banca S.p.A. was started and resulted in the receipt of a final Binding Offer on 12 May 2022. Said offer was negotiated and, on 10 June 2022, a letter supplementing the offer was received.

A technical and legal Vendor Due Diligence exercise was concomitantly started, in order to obtain evidence of the conformity and transferability of the movable and immovable assets underlying the exposures to be sold.

The exposures to be sold were identified starting from the analysis of the former Creval lease contracts classified as NPEs, including – where possible – also the bank lines (now pertaining to Crédit Agricole Italia after Creval absorption) existing with the same counterparties, in order to optimize the strategy for the management of these exposures.

The portfolio thus identified consists of leases for Euro 48.2 million, of which Euro 16.2 million in exposures classified as bad and Euro 32 million in exposures classified as UTP,, and, as mentioned above, of minor bank credit exposures to the same customers; the portfolio total exposure had a GBV of approximately Euro 55.1 million as at the cut-off date of 31 December 2021.

The Binding Offer submitted by the purchaser on 12 May 2022, as supplemented with the letter received on 10 June 2022, provides for a price that is higher than the present NBV (Euro 8.2 million) of the exposures to be sold; therefore, as at 30 June 2022, all the credit exposures being negotiated were classified under item "Non-current assets held for sale and discontinued operations" with no adjustments made to their carrying amount.

The offer scope may be subject to some adjustments based on the favourable outcome of some essential conditions and some aspects currently being negotiated may have some effects on the proposed price, but no material impacts are expected. The transaction will lead to the final disposal of the exposures by the end of 2022.

IMPACTS OF THE ECONOMIC SCENARIO ON ESTIMATES AND ASSUMPTIONS

Applying some accounting standards necessarily entails the use of estimates and assumptions, which can generate significant effects on the values recognized in the Balance Sheet and in the Income Statement, as well as on the information on contingent assets and liabilities. The economic effects generated by the Covid-19 epidemic and the uncertainties in the macroeconomic scenario driven by the Russia-Ukraine war have required a thorough analysis and weighting of the new economic situation in the models for measuring the recoverable amount of the Group's assets.

Any assessment of the consequences on the economy materially depends on how the situation will evolve; therefore, all the designed scenarios will have to be reviewed and will be subject to changes that, for the time being, cannot be quantified and that may impact on the estimates and assumptions used.

Many communications and measures of an accounting nature have been issued by the various Supervisory Authorities giving recommendations on the disclosures and transparency required of entities as regards the consequences of the Covid-19 pandemic. For more exhaustive and detailed information on the documents issued by the Regulator, please see the Notes to the Group's Consolidated Financial Statements as at 31 December 2021.

Moreover, in 2022 ESMA[36] published recommendations concerning transparency about the present and foreseeable, direct and indirect impacts of the crisis on businesses' operations, strategy, exposures, procurement chains, financial situation and performances.

To address the emergency, the banking system has strengthened its policies for the monitoring, management and control of risks, especially of credit risk. The extraordinary measures deployed by the Group in favour of businesses and households ensured immediate provision of support to customers, while constant attention was paid to the credit quality of the originated loans and to the assessment of their recoverability.

In this scenario, which is very complex and uncertain due to the extent of the involved economic sectors and to the unforeseeable duration of the crisis, the Crédit Agricole Italia Banking Group's exposures to Russian and Ukrainian banks are utterly negligible, amounting to Euro 5 million, i.e. 0.01% of total on-balance-sheet

36 Specifically- Public Statement of 13 May 2022: "Implications of Russia's invasion of Ukraine on half-yearly financial reports".

and off-balance-sheet loans. Conversely, quite a different story is the extent of possible indirect economic implications that may affect the Group's customers resulting from this continuously evolving situation. For the time being, any forecast would be premature and point-in-time updates will be communicated to the market when the macroeconomic scenario stabilizes.

An update of the information published in the Annual Report and Consolidated Financial Statements as at 31 December 2021 is given below concerning the main developments in the ECL estimating models and goodwill impairment tests in the light of the changed scenario.

ECL GOVERNANCE AND ESTIMATE

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 Crédit Agricole S.A.).

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. No contagion applies in 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.

To measure any significant increase in credit risk since initial recognition, it is necessary to use the internal rating and Probability of Default.

(PD) at origination The Probability of Default at origination is compared to the Probability of Default as at the reporting date and, setting the change between the two PDs against the SICR thresholds estimated with a statistical approach, it can be assessed whether the financial instrument has undergone any significant increase in credit risk vs. origination. In case of any significant increase in credit risk, the financial instrument shall be classified in stage 2. Otherwise, the instrument shall remain in stage 1.

The table below shows the PD change thresholds to be used for staging as set by the Crédit Agricole Italia Banking Group within its recent parameter review (November 2021) whereby, in agreement with the French Parent Company Crédit Agricole S.A., it was decided to replace the previous absolute change thresholds with new relative change thresholds:

Portfolio		SICR (significant increase in credit risk) threshold
Large Corporate		3.0
Small Medium Enterprises		2.8
Retail Bnkg	Individuals with real estate collaterals	4.3
	Qualified rotating Retail Exposures	4.0
	Other exposures to individuals	4.3
	Small Enterprises and Sole Traders	3.2

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).

As regards its security portfolio, the Crédit Agricole Italia Banking Group applies the low credit risk exemption rule as done by the Parent Company Crédit Agricole S.A., according to which financial instruments with investment grade ratings shall not be classified in stage 2.

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 the ECL is determined at 12 months;
- “Non-Investment Grade” (NIG) securities, at the reporting date, shall be subject to monitoring for significant increase in credit 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).

Management of SICR thresholds for positions coming from CREVAL

Subsequent to the acquisition and Credito Valtellinese and the following IT migration carried out in April 2022 starting from the figures regarding Q2 2022, some measures were adopted in order to align the staging rules to the Crédit Agricole Italia Banking Group framework, in accordance with the instructions given by IFRS9 about the acquisition of performing loans. More specifically:

- The Crédit Agricole Italia Banking Group staging rules were adopted to identify the Stage 2 perimeter comprising Positions Past Due by >=30 days, Forbearance, “sensitive” PD and positions unrated for 6 months;
- On the other hand, as regards SICR rules, the comparison was made between the PD as at the reference date and the PD as at the origination date, which, in accordance with the IFRS, is the acquisition date. The list of contracts to be downgraded in accordance with this rule was identified starting from the Creval ratings before the migration and applying SICR rules consistent with those adopted by Crédit Agricole Italia Banking Group.

The above-reported transitional approach will then be replaced by the Crédit Agricole Italia Banking Group framework as a whole, once having progressively applied the Crédit Agricole Italia Banking Group ratings after the IT migration.

MULTI-SCENARIO CALCULATION

To estimate the parameters used in calculating the forward-looking scenarios at the 30 June 2022 reporting date, the weights set by the French 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 2022

11/04/2022	Central				Moderately adverse				Stressed budget				Favorable			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
ITA GDP	1.9%	2.1%	1.7%	1.4%	1.2%	0.7%	1.3%	1.5%	0.8%	0.3%	1.2%	1.4%	3.1%	2.2%	1.6%	1.3%
EU 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%
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%
EMPLOYMENT RATE	1.5%	0.4%	0.4%	0.2%	-1.2%	0.3%	0.2%	0.2%	-0.9%	0.3%	0.2%	0.2%	-0.5%	0.4%	0.3%	0.2%
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%			

The main underlying assumptions are:

- Central scenario: it factors in the effects of the Russia-Ukraine war on the rise in prices of commodities and in inflation. Slump in the economic outlook being affected by the COVID-19 health crisis still going on. It assumes the GDP to grow by 1.9% in 2022.
- Moderately adverse scenario: more marked and long-lasting increase in inflation and in the prices of commodities and intermediate goods than in the central scenario. The quarterly change causes consumption and investments to decrease starting from mid-2022, with direct impacts on economic recovery. It assumes the GDP to grow by 1.2% in 2022.
- The stressed budget scenario is the most severe scenario. It is considered a variant of the moderately adverse scenario. This scenario is associated with a marked oil shock, stronger sanctions and the procurement of material commodities having impacts on many sectors of the economy. The GDP decreasing by 0.8%.
- The favourable scenario is considered a variant of the central scenario with economic recovery somewhat steadier thanks to an improvement in the conflicts, thanks to China taking part in the negotiations and to the easing of sanctions. It assumes the GDP to grow by 3.1% in 2022.

In order to prevent excessive volatility of models caused by the strong growth in macroeconomic indicators in 2022-2023 following the deep depression expressed by the 2020 indicators, Crédit Agricole S.A. decided that the whole Group was to adopt the smoothing approach (lissage in French) for some macroeconomic variables (Italian and Euro Area GDP, fixed investments in constriction and machinery, Industrial output index). The process is intended to spread the effects of the economic slump over the forecast years starting from 2020, thus mitigating any excessive procyclicality. This treatment can be justified with the uncertainty in the effectiveness of the measures to stimulate the economy (moratoria, new liquidity...) on the probabilities of default in the first year.

The economic scenarios used in the 2021 Half Yearly Report are also given, in order to represent the main changes occurred vs. the 2022 Half-yearly Report.

Indicators used as at 31 December 2021

	Central				Adverse modéré				Stress budgétaire				Favorable			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
ITA GDP	6.0%	4.1%	2.3%	1.5%	6.0%	2.9%	1.1%	1.3%	4.5%	2.5%	0.5%	1.1%	6.0%	4.7%	2.8%	1.9%
EU GDP	5.3%	4.3%	2.5%	1.5%	-8.3%	3.4%	0.7%	1.1%	-6.4%	3.0%	0.1%	0.9%	-2.8%	4.7%	2.8%	2.0%
INVESTMENTS IN BUILDINGS	20.8%	5.3%	3.9%	3.6%	20.8%	2.8%	3.1%	2.6%	18.7%	4.3%	1.1%	1.5%	20.8%	6.5%	4.6%	4.3%
INVESTMENTS IN MACHINERY	15.6%	6.0%	4.4%	2.6%	15.6%	3.1%	3.2%	2.1%	16.2%	3.1%	0.1%	2.4%	15.6%	6.5%	4.8%	4.3%
FIXED INVESTMENTS	15.3%	5.1%	3.9%	3.3%	15.3%	2.9%	3.1%	2.6%	14.6%	3.6%	1.0%	2.2%	15.3%	6.1%	5.0%	4.5%
EMPLOYMENT RATE	-0.5%	0.9%	0.5%	0.8%	-2.2%	0.8%	0.0%	-0.1%	-0.7%	-0.1%	-0.4%	0.6%	-0.1%	1.0%	1.4%	0.7%
DOMESTIC DEMAND	3.7%	3.7%	1.9%	1.0%	3.7%	2.8%	0.8%	0.9%	2.7%	3.0%	0.6%	0.8%	3.7%	4.5%	2.3%	1.5%
WORLD OIL DEMAND	4.7%	3.4%	0.8%	1.1%	-5.3%	3.0%	0.5%	0.6%	-3.9%	2.5%	1.0%	0.8%	-4.5%	3.6%	0.8%	1.2%
WORK PRODUCTIVITY	6.4%	3.9%	1.6%	-0.1%	6.4%	3.0%	1.4%	0.2%	-0.7%	0.9%	1.1%	0.8%	6.4%	2.3%	1.8%	1.1%
INDUSTRIAL PRODUCTION INDEX (IPI)	10.6%	3.2%	3.1%	1.7%	10.6%	1.0%	0.9%	2.7%	11.2%	1.1%	0.5%	0.8%	10.6%	4.2%	3.9%	2.8%
PROPENSITY TO CONSUME	-0.8%	1.9%	0.0%	-0.7%	-1.1%	0.8%	-1.5%	-1.1%	-0.5%	2.2%	0.5%	0.2%	-0.6%	2.2%	0.0%	-0.7%
WEIGHT	50%				35%				5%				10%			

Indicators used as at 30 June 2021

	HALF-YEAR FINANCIAL REPORT Main macroeconomic indicators for 2021-2023															
	Central				Moderately adverse				Stressed budget				Favorable			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Italy GDP	-8.9%	3.8%	3.9%	1.5%	-8.9%	1.7%	2.5%	1.1%	-8.9%	-0.5%	1.4%	1.0%	-8.9%	5.0%	3.5%	1.3%
EU GDP	-7.0%	3.9%	4.0%	2.3%	-7.0%	2.3%	2.9%	2.2%	-7.0%	-1.1%	3.4%	1.7%	-7.0%	4.8%	4.4%	2.7%
Industrial Production Index (IPI)	-10.4%	6.7%	4.5%	0.9%	-10.4%	3.9%	2.3%	0.9%	-10.4%	2.7%	1.8%	1.2%	-10.4%	7.1%	4.3%	1.2%
Investments in Buildings	-6.6%	10.0%	4.3%	3.3%	-6.6%	6.4%	1.8%	2.6%	-6.6%	6.3%	3.8%	4.1%	-6.6%	11.4%	4.9%	2.9%
Investments in machinery	-15.2%	10.8%	4.4%	3.5%	-15.2%	7.3%	3.2%	3.2%	-15.2%	-3.8%	6.6%	4.2%	-15.2%	12.7%	5.3%	2.7%
Employment rate	-1.0%	0.3%	0.3%	0.3%	-1.0%	-0.2%	0.4%	0.4%	-1.0%	-1.9%	0.9%	0.2%	-1.0%	0.5%	0.4%	-0.1%
Propensity to consume	-5.0%	-0.2%	3.7%	0.4%	-5.0%	-0.8%	2.8%	0.2%	-5.0%	-2.7%	1.7%	0.8%	-5.0%	0.3%	2.7%	0.2%
Public expenditure	1.6%	2.8%	-0.1%	-0.8%	1.6%	1.8%	-0.2%	-0.8%	1.6%	1.5%	-0.3%	-0.8%	1.6%	2.8%	-0.1%	-0.8%
WEIGHT	60%				25%				5%				10%			

SCENARIO SENSITIVITY ANALYSIS

Within the revision of the parameters used for the IFRS9 calculation of the Q2 2022 figures, the Crédit Agricole Italia Banking Group estimated the sensitivity of the ECL figure to the different macroeconomic scenarios given by the Crédit Agricole Group Economic Research Department - ECO, which is a specialist in macroeconomic studies.

To estimate the impact from the different scenarios identified, the maximum weighting was associated to each scenario, each time zeroing the contribution from the others in determining the forward-looking risk parameters and, thus, assessing the marginal contribution of each scenario to the final result.

Sensitivity was estimated on the June 2022 data in a lab environment and later applied to the H1 2022 closing data. The application of the observed variations to the June 2022 calculation results for the Crédit Agricole Italia Banking Group is summarized in the table below, which shows the range of figures that can obtained with the above-described method.

€/mln	EAD	EAD	ECL Multi-scenario	Sensitivity analysis: ECL per single scenario			
				Central	Adverse modéré	Stress budgétaire	Favorable
RETAIL BNKG	40,535	40,599	193	188	203	200	174
Stage1	37,354	37,411	54	53	56	56	50
Stage2	3,181	3,188	139	135	147	144	124
CORPORATE BNKG	47,437	46,300	191	185	200	217	173
Stage1	45,107	44,049	72	70	77	83	61
Stage2	2,330	2,251	119	115	123	134	112
SECURITIES	16,475	16,475	28	26	32	34	15
Stage1	16,466	16,466	28	26	32	34	15
Stage2	9	9	-	-	-	-	-
TOTAL	**104,447**	**103,374**	**412**	**399**	**434**	**452**	**362**
Deviation				**-3.2%**	**5.6%**	**9.5%**	**-12.1%**
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 362 million (-12.1% decrease) to Euro 451 million in the Stress Budgetaire scenario used for budget simulations (9.5% increase). The recognized amount of Euro 412 million reflects the weights on the Central and Moderately Adverse Scenarios.

POST-MODEL ADJUSTMENTS

Following the Forward-Looking Local ECL calculation as at the end of June 2022, the Crédit Agricole Italia Banking Group made management overlays for a total amount of Euro 6.3 million. Said adjustments can be broken down into the following types:

- Single-name adjustments (adjustments on single positions) whereby the results could be aligned with the expectations – in terms of risk profile – of the IFRS9 work group. In accordance with the regulated process, based on the results obtained with the calculation approach defined by the Group and based on the management information of the single counterparties, if the expected loss value associated with a specific counterparty does not accurately reflect its riskiness, the provisioning on the counterparty may be adjusted manually to a level deemed appropriate; such manual actions are allowed only if they increase the coverage ratio on the counterparty. Single-name adjustments also include adjustments of the ECL value associated with exposures to the Bank of Italy, to the State Treasury and to intra-group positions (with effects on the separate financial statements of the Group’s entities); As regards the exposures to the State Treasury, in Q2 2022 the coverage was increased vs. the previous quarters in order to take into account the change in the BTP SPREAD occurred in the last weeks of the quarter.
- Reclassifications of portfolio in stage 2. In order to foretell any latent risk situations linked to moratoria, consistently with the end of the last year, the Crédit Agricole Italia Banking Group made adjustments, in terms of both staging on a significant cluster of positions for which it cannot be ruled out that the concession of payment suspension may have generated an impact on the risk parameters used for staging and for the ECL calculation.
- Reclassifications in stage 2.of the portfolio of former-CREVAL exposures whose PD was downgraded vs. the exposure acquisition date;
- Portfolio adjustments made through massive spreading of the identified amounts over all positions proportionally to the ECL. Said case included the following actions:
  - Inclusion of an impact generated by the recalibration of the IFRS9 for the new definition of default, which went live in the systems of the Crédit Agricole Italia Banking Group on 7 September 2020;
  - Restoring the coverage of a cluster of positions for which it cannot be ruled out that the concession of the Covid-19-related moratorium has entailed benefits in the ’ECL calculation (in addition to the impact on the FLL ECL due to the reclassification of some positions under Covid-19-related moratoria to Stage 2 as reported above);
  - Actions concerning methodological elements not yet included in the used parameters or the shifting from a regulatory FIRB LGD to a management one, also for the Corporate segment and the implementation of a Forward-Looking Local model also for the LGD value;

- Actions aimed at mitigating the impacts on the impairment of positions with State guarantees that had not been correctly factored in to calculate the Forward-Looking Local ECL;
- Former-CREVAL unrated exposures: As regards the former-CREVAL portfolio, in January 2022 a campaign started to assign ratings to the Corporate positions for which a manual rating process is to be carried out upon review/first acceptance. Despite all the work that was done in the months before and after the IT migration, in Q2 2022 this scope still showed a portfolio portion on which the activity could not be completed in time for the IFRS 9 quarterly calculation. The fact that these positions had no rating caused an increase in provisions (a problem that affect both the loan portfolio and the security portfolio). Therefore, a correction factor was applied to neutralize that effect, setting the reference target as the average coverage ratio that the positions should have had if they had been rated in time for the calculation as at the reporting date.
- Ukrainian crisis: Subsequent to the outbreak of the Russia-Ukraine war, the Parent Company started, together with the various entities of the Group, to run simulations in order to assess in advance and forestall any possible impacts in terms of impairment of performing loans. In Q2 it was deemed appropriate to increase the impact of the new ECO scenarios on our models. It was decided to define an FLL add-on equal to the maximum weighting of the budgetaire adverse scenario. During the second half of 2022, the Group will continue to constantly monitor the possible indirect economic implications, thus related to the quality of its customer exposures, arising from the changing economic environment and geopolitical tensions.
- ANADEFI grids: the action aimed at taking account in advance of the effects linked to the adoption of the 2018 Corporate C1 new grids for the calculation of the counterparties' PDs. The grids, which have been validated by the ECB for the Crédit Agricole Group, will be adopted by the Crédit Agricole Italia Banking Group upon its shift to the DAFNE rating platform in March 2023. On the other hand, the expected worsening effect on the portfolio average PD was included in the calculation with a forward-looking approach.

After the above-reported individual and portfolio adjustments, a realistic margin was kept between the calculated need and the recognized provision without any accounting recoveries in order to take into account the uncertain economic situation expected in 2022.

BREAKDOWN OF THE TREATMENT OF MORATORIA AND SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

Exposures under Covid-related moratoria

Following the Forward-Looking Local ECL calculation as at the end of June 2022, the Crédit Agricole Italia Banking Group made management overlays on the moratoria perimeter for a total amount of Euro 7.6 million. Said adjustments can be broken down into two types of actions:

- Component 1: reinstatement to stage 2 for the Counterparties whose ratings improved rating (SICR) and thus whose staging was upgraded due to moratoria (Euro 3.6 million);
- Component 2: reinstatement of the before-COVID coverage ratios for the positions posting lower coverage subsequent to the moratorium (Euro 4.0 million).

The monitored perimeter is the one of moratoria granted as of March 2020, with special focus on those in force and/or expired less than 6 months before the reporting date.

In 2021 the analysis was supplemented taking into account not only positions under moratoria, but also the customer's overall situation, in order to factor in the positive effect on the counterparty's rating, which consequently affects also the provisioning for positions with no moratorium.

Significant Increase in Credit Risk (SICR)

In Q4 2021, Crédit Agricole S.A. asked all the entities of the Group to assess the impact of the revision of the SICR thresholds in terms of changes in ECLs and volumes per Bucket.

In accordance with the rules set by the Parent Company, it is deemed that there is a significant increase in credit risk if the following assumption is true:

$$PD_{Closing\ Date} > \alpha + \beta_i * PD_{Origial\ Date},$$

where i is the type of IFRS9 portfolio (Loans to individuals secured by real estate collaterals, revolving loans to individuals, other loans to individuals loans to Large Corporate borrowers, loans to SMEs, loans to micro-enterprises-Sole Traders).

The adopted values of α and ßι are the following:

	α	β
BANK/LC/SOVN	-	3.0
PME	-	2.8
SECURED BY PROPERTY	-	4.3
REVOLVING	-	4.0
OTHER	-	4.2
TPE-PRO	-	3.2

LOANS GUARANTEED BY THE STATE

Reasserting the Group's commitment to providing tangible response and its will to stand by those Customers that have been worst hit by the health emergency, the program comprises solutions to ensure liquidity to all the Group's Customers, also through the measures laid down by Italian Liquidity Decree Law of 8 April 2020 and the law enacting it: In accordance with the relevant accounting principles, these loans are recognized at amortized cost. As at 30 June 2022, the gross exposure of loans with State guarantees (FCG, SACE and ISMEA) amounted to approximately Euro 4.6 billion.

IMPAIRMENT TESTING OF GOODWILL

Goodwill is tested for impairment every time there is objective evidence of impairment and at least once a year.

Although the increase in interest rates and the uncertainties generated by the Russia-Ukraine war are not in their own right signs of impairment, their consequences generate impacts on all sectors of the economy, including the financial one. The impact of these factors generating uncertainty can be seen in the financial trajectories of the various lines of business as updated in Crédit Agricole S.A.'s plan – Ambitions 2025 - which, among the other entities, includes Crédit Agricole Italia S.p.A.. As a result, the Group decided to estimate the value of goodwill on the basis of the new financial trajectories and considering the updated financial parameters, even though there was a significant positive variance at 31 December 2021.

Consequently, albeit with a material positive difference as at 31 December 2021, the Group has decided to estimate the value of goodwill based on the new financial trajectories and taking into account also the updated financial parameters.

In accordance with the IASs/IFRSs and with Esma's Public Statement of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-yearly financial reports", the goodwill resulting from the purchase of Crédit Agricole FriulAdria, of the 180 Crédit Agricole Italia branches and of the 29 Crédit Agricole FriulAdria branches (made in 2007), of the 81 Crédit Agricole Italia branches and of the 15 Crédit Agricole FriulAdria branches (made in 2011), of CALIT (made in 2009) and of Crédit Agricole Carispezia (made in 2011) was tested for impairment. Consistently with the segment reporting given in the Annual Report and Consolidated Financial Statements, the goodwill determined after the allocation of the purchase price paid within the above-described transactions was initially allocated, in the Group consolidated financial statements, to the two Cash Generating Units (CGU) identified in the Retail and Private Banking Business Segment and in the Corporate Banking Segment. After having been written down in the previous years, the goodwill paid within the four above-described transactions is now fully allocated to the Retail and Private Banking CGU for an amount of Euro 1,316 thousand.

The method used for the impairment test was the same one applied also as at 31 December 2021.

The CGU value in use was determined in accordance with the method used by the Crédit Agricole Group, namely the Dividend Discount Model ("DDM") in its Excess Capital version. The DDM estimates the company value as the sum of the present value of the theoretical future cash flows distributed to shareholders in the explicit period and the Terminal Value. Specifically, in its "Excess Capital" variant, this method provides for the economic value of a financial company to be calculated by discounting a dividend flow determined based on full compliance with the capital requirements set by the Supervisory Authority.

For the calculation of future cash flows, starting from the 2021 profit (loss), a model has been used, which consists of two stages:

- For 2022-2026: the medium-long term financial forecasts.
- The second stage considers the Terminal Value: the cash flow after taxes for the last year was, therefore, projected into perpetuity using a long-term growth rate “g” (2.00%). This rate falls in an interval that is consistent with the industry measurement practices.

The forecasts used in the impairment test provided for growth rates that are consistent with the Italian banking industry performance taking into account the Group’s positioning and record of performances. The profitability ratios considered are also in line with those of the Italian banking industry.

The cash flows (after taxes) thus determined have then been discounted at a rate (ke) calculated based on the Capital Asset Pricing Model (i.e. based on a risk-free rate plus the product of the beta coefficient multiplied by the risk premium), totalling 8.9% (vs. 8.8% used for the impairment test for the 2021 Annual Report and Financial Statements).

Allocated own funds have been measured based on a 9.48% rate of RWA, as done by Crédit Agricole SA. and in compliance with the applicable regulatory requirements.

The components of the discount rate ke and the relating comparison with the parameters used in December 2021 are reported below:

	2022	2021
Cost of equity (ke)	**8.89%**	**8.80%**
- of which risk-free rate	2.82%	2.77%
- of which Beta	1.2	1.2
- of which risk premium	5.07%	5.04%

Specifically, these parameters:

- risk-free rate: 2.82%, represents the average yield in the last 13 years of the 10Y BTP 1benchmark;
- beta: 1.2 equal to the beta used by the Parent Company Crédit Agricole S.A.;
- risk premium: 5.07%, determined based on the 13-year surveys of infoproviders Datastream and Kepler.

For The CGU, the calculation showed its value in use higher than its book value, with a positive difference between 1,152 and 1,495 million Euros, (with the 70% and 75% weight on the consolidated profit, respectively).

Furthermore, that positive difference was calculated considering also intangible assets with finite useful life in the book value. If those assets were excluded, the positive difference would increase coming to a figure between 1,268 and 1,610 million Euros (with the 70% and 75% weight on the consolidated profit, respectively).

Sensitivity to variations in the used parameters was also analyzed. Specifically, this sensitivity analysis was developed calculating the threshold levels of each parameter above which impairment would arise.

The analysis results show that, as regards risk premium, the book value is equal to the value in use at a much higher level than the one used for the test (6.58%), and the same can be said for the risk-free rate (4.63%) and for the beta parameter (1.56). Lastly, it was verified at which discounting rate or at which long-term growth rate “g” the value in use becomes equal to the book value. This analysis showed that the book value is equal to the value in use only with a marked increase in the discount rate ke (10.72%). Lastly, if the long-term growth rate “g” were set at zero, the Retail-Private Banking CGU would continue to have a value in use higher than its book value.

DEFERRED TAX ASSETS (DTA): PROBABILITY TEST

Having regard to the recognition of DTA and to the related probability test, no situations that may reduce their absorption capacity were found other than those represented in the Annual Report and Consolidated Financial Statements as at 31 December 2021.

It is specifically pointed out that Article 1, paragraph 233 et seq. of Italian Law no. 178 of 30 December 2020 was applied to the merger by absorption of Creval into Crédit Agricole Italia, which was finalized in April 2022, under which, with specific methods, Deferred Tax Assets - (DTA) relating to tax losses carried forward or to Corporate Equity Allowance (ACE) excess not used until the 2020 tax period, whether on-balance-sheet or off-balance-sheet, can be converted into tax credits.
Considering the amount of convertible DTAs under Italian Law 214/2011, and the amount of the DTAs for losses converted under Italian Law 178/2020, the DTAs that were subjected to the probability test amounted to approximately Euro 900 million over a grand total of about Euro 2,145 million. On the other hand, DTAs for tax losses are expected to be recovered over a reasonable time horizon, i.e. by the following fifth financial year.

OTHER INFORMATION

OPTION FOR THE ITALIAN NATIONAL TAX CONSOLIDATION

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 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 23 entities.

This regime provides for the consolidated companies to transfer their taxable income (or their tax loss), as regards the Italian corporate income tax (IRES), to the consolidating Entity Crédit Agricole Italia, which calculates a single taxable income or a single tax loss for the Group, as the algebraic sum of the income and/or losses of the single Companies, and recognizes a single tax account payable to or receivable from the Italian Inland revenue Service.

As balancing item of taxes/lower taxes for tax losses and Allowance for Corporate Equity (ACE) benefits to be transferred to the consolidation scheme or withholdings, detractions and the like, the companies in the consolidation scheme recognize due and payables/receivables from the consolidating entity.

In its separate Financial Statements, the Consolidating Entity recognizes matching items of due and payables to/receivables from the entities in the consolidation scheme. Specifically, the intra-group balances resulting from the tax consolidation scheme are recognized in the items:
- “Financial assets measured at amortized cost - due from banks”, or “Financial assets measured at amortized cost - loans to customers”, in accordance with the kind of counterparty, for estimating the corporate income tax (IRES) transferred by the member entities to the tax consolidation scheme;
- “Financial liabilities measured at amortized cost - due to banks”, or “Financial liabilities measured at amortized cost - due to customers”, in accordance with the kind of counterparty, for the transfer of tax losses or ACE benefits by the member entities to the tax consolidation scheme.

Lastly, the tax consolidation scheme’s tax account payable to or receivable from the Italian Inland Revenue Agency is recognized under current tax liabilities or assets based on whether the IRES payable amount is higher or lower than the down-payments made.

OPTION FOR THE VAT GROUP

In November 2018, the option for a VAT Group scheme pursuant to Article 1 paragraph 24 of Italian Law no. 232 of 11 December 2016 was exercised, with effects as of 1 January 2019; the VAT Group includes the subsidiaries of Crédit Agricole Italia 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 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 10 entities of the Group as at 30 June 2022.

Thanks to this scheme, the member entities operate, for VAT purposes, as a single taxable person in their transactions with external companies, with a single VAT registration number. The main advantage generated by the exercise of this option is that, in general, the transactions between the Group member entities are not subject to VAT.

TAX-RELATED DISPUTES

For registration taxes, two disputes were pending as at the reporting date concerning transfers made in 2011 to Crédit Agricole Italia 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 3.8 million, plus any interest and penalties, for which the Group believes it has good grounds as its conduct has always been fair and lawful, as substantiated, in several cases, by fully or partially favourable judgements.

More specifically:

- A dispute for alleged failure to pay a tax account receivable under Italian Decree Law 185/2008 for the amounts credited by it to Customers relating to the State contribution on floating-rate mortgage loans that were taken out by 31 October 2008. The total amount claimed is Euro 1.3 million, including penalties. The first-instance judgement upheld the tax claim but ruled out any penalties. As its arguments are believed to be valid, it was decided to continue the dispute and the second instance hearing is pending;
- Some disputes on registration tax on legal deeds mostly coming from the merged entity Cassa di Risparmio di Rimini, for a total amount of Euro 0.5 million;
- A dispute coming from Crédit Agricole Carispezia, which was absorbed in July 2019, concerning the determination of the taxable base for the Italian Regional Tax on Productive Activities (IRAP) for 2013, for a total amount, including tax, interest and penalties, of Euro 0.2 million; the first-instance judgement was in favour of the Group and the second-instance judgement was pending on the reporting date;; a similar dispute regarding 2014, for a total amount of Euro 0.3 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 0.7 million, on which the first-instance judgement was pending on the reporting date;
- Four disputes of Crédit Agricole Leasing regarding the years 2013, 2014, 2015 and 2016, respectively, and concerning VAT application to certain boat leases for a total amount, including tax, penalties and interest, of approximately Euro 1.5 million. As regards 2013, the first-instance court proceeding of 2019 upheld the Inland Revenue Agency's claim, rejecting penalties, and, as regards 2014, the decision of the court of first instance issued in 2021 upheld the Inland Revenue Agency's claim. For both years, the dispute was continued, and the judgement of the court of second instance was pending on the reporting date. On the assessments concerning fiscal years 2015 and 2016, for the time being favourable judgements have been issued by the competent courts of first instance. For these disputes, a provision of Euro 0.7 million was made, considering also possible recourse against customers;
- Some disputes, involving Crédit Agricole Leasing, are still underway concerning the capacity as taxpayer for the Italian Town Property Tax (IMU) on terminated property lease contracts. Considering the uncertainty in

the relevant case law, for said claim, totalling Euro 1.2 million, the Company has set aside a provision for risk of Euro 0.88 million, which was calculated based on the claimed amounts, as the disputes had temporarily negative outcomes.

- A notice of assessment 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 a member entity that does not belong to the Crédit Agricole Italia Banking Group, for a total amount including tax, penalty and interest of Euro 2.6 million. On this dispute, the first-instance judgement was issued in February 2022 in favour of the Group. It is also pointed out that any expenses shall be paid for by the tax consolidation member entity, which does not belong to the Crédit Agricole Italia Banking Group.

The following are also to be reported:

- A notice of adjustment and settlement concerning the recently absorbed entity Creval, which was served in May 2022, whereby the Agenzia delle Entrate (the Italian Revenue Agency) redetermined the registration tax applied to the sale of a business unit for a total of Euro 0.5 million and on which talks with the Italian Inland Revenue Agency are underway through out-of-court procedures;
- 3 notifications of VAT penalties, concerning Crédit Agricole Italia, Crédit Agricole Group Solutions and the recently absorbed entity Creval for failure to make the required additions to tax-exempt invoices received from a company that provided mail services, for a penalty total amount of Euro 0.2 million, against which appeal has been filed with the competent Court of first instance.

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 “earthquake bonus” schemes, as well as under other incentive schemes for building works, an incentive is a rebate in the price due to the vendor with a tax credit given to the vendor.

The Crédit Agricole Italia Banking Group rolled out the service for the purchase of tax credits from Customers and concomitantly, in accordance with the instructions given by the Bank of Italy (Bank of Italy/Consob/Ivass Document no. 9 of 5 January 2021) implemented a specific accounting policy. In accordance with the applicable legislation, said policy provides for the recognition of purchased tax credits as assets in the Balance Sheet, under item 120 “Other assets”, with initial recognition at fair value, equal to the purchase price paid to the Customers. For these tax credits, the Group also chose the “Hold to collect” Business Model (i.e. an investment to be held to maturity) and consequently recognized them with the amortized cost method.

The income component of the rebate (delta between the credit nominal value and cash outflow) has been recognized in the Income Statement under item 10 “Interest and similar income”. Said interest income over the credit life has been allocated with the amortized cost method.

As at 30 June 2022 the balance of purchased tax credits came to Euro 1,203 million, generating interest income of Euro 12.8 million taken to the income statement.

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 2022 were subject to limited review by the aforementioned audit firm.

BALANCE SHEET AGGREGATES

In order to facilitate the understanding of the changes commented on also in the report on operations, the reclassified balance sheet data are given below, along with the table of reconciliation with the consolidated balance sheet layouts.

Reclassified Consolidated Balance Sheet

Assets	30 June 2022	31 Dec. 2021	Changes	
			Absolute	%
Net financial Assets/Liabilities at fair value	194,096	196,292	-2,196	-1.1
Financial assets measured at fair value through other comprehensive income (IFRS 7, para. 8 letter h))	3,636,241	4,115,240	-478,999	-11.6
Loans to Customers	76,547,040	77,799,539	-1,252,499	-1.6
Equity investments	34,956	45,151	-10,195	-22.6
Property, plant and equipment and intangible assets	2,852,092	2,918,176	-66,084	-2.3
Tax assets	2,670,433	2,730,874	-60,441	-2.2
Other assets	2,864,873	2,593,639	271,234	10.5
Total assets	**88,799,731**	**90,398,911**	**-1,599,180**	**-1.8**

Liabilities	30 June 2022	31 Dec. 2021	Changes	
			Absolute	%
Net due to banks	3,591,898	3,764,293	-172,395	-4.6
Funding from Customers	70,632,568	74,682,621	-4,050,053	-5.4
Tax liabilities	309,159	403,945	-94,786	-23.5
Other liabilities	6,073,225	3,384,215	2,689,010	79.5
Specific-purpose provisions	794,979	862,306	-67,327	-7.8
Capital	1,101,235	979,283	121,952	12.5
Equity instruments	815,000	815,000	-	-
Reserves (net of treasury shares)	5,302,643	4,943,382	359,261	7.3
Valuation reserves	-82,456	-66,213	16,243	24.5
Equity attributable to minority interests	26,045	22,636	3,409	15.1
Profit (Loss) for the period	235,435	607,443	-372,008	-61.2
Total equity and net liabilities	**88,799,731**	**90,398,911**	**-1,599,180**	**-1.8**

Reconciliation of the official and reclassified balance sheets

Assets	30 June 2022	31 Dec. 2021
Net financial assets/liabilities at fair value		
20 a. Financial assets held for trading	209,322	70,778
20 b. Financial assets designated at fair value	-	-
20 c. Financial assets mandatorily measured at fair value	193,737	200,556
20. Financial liabilities held for trading	-208,963	-75,042
30 Financial liabilities designated at fair value	-	-
Financial assets measured at fair value through other comprehensive income	**3,636,241**	**4,115,240**
30 Financial assets measured at fair value through other comprehensive income	3,636,241	4,115,240
Loans to Customers	**76,547,040**	**77,799,539**
40 b. Loans to Customers	76,547,040	77,799,539
Equity investments	**34,956**	**45,151**
70. Equity investments	34,956	45,151
Property, plant and equipment and intangible assets	**2,852,092**	**2,918,176**
90. Property, Plant and Equipment	1,254,753	1,291,516
100. Intangible assets	1,597,339	1,626,660
Tax assets	**2,670,433**	**2,730,874**
110. Tax assets	2,670,433	2,730,874
Other assets	**2,864,873**	**2,593,639**
10. Cash and cash equivalents	768,341	845,657
130. Other assets	1,621,888	890,812
50. Hedging derivatives (Assets)	867,397	634,497
60. Fair value change of financial assets in macro-hedge portfolios	-400,923	-3,906
120. Non-current assets held for sale and discontinued operations	8,170	226,579
Total assets	**88,799,731**	**90,398,911**

Liabilities	30 June 2022	31 Dec. 2021
Net due to banks		
40 a. Due from banks	-14,397,909	-14,468,960
10 a. Due to banks	17,991,498	18,234,985
To deduct: Lease liabilities	-1,691	-1,732
Funding from Customers	**70,632,568**	**74,682,621**
10 b) Due to Customers	60,323,750	63,322,922
To deduct: Lease liabilities	-343,570	-351,486
10 c) Debt securities issued	10,652,388	11,711,185
Net financial liabilities/assets at fair value	**-**	**-**
20. Financial liabilities held for trading	-	-
30 Financial liabilities designated at fair value	-	-
Tax liabilities	**309,159**	**403,945**
60. Tax liabilities	309,159	403,945
Other liabilities	**6,073,225**	**3,384,215**
10 a. Due to banks: of which lease liabilities	1,691	1,732
10 b. Due to customers: of which lease liabilities	343,570	351,486
40. Hedging derivatives (Liabilities)	2,758,297	1,020,311
50. Fair value change of financial liabilities in macro-hedge portfolios	-757,202	166,386
80. Other liabilities	3,726,869	1,827,900
Liabilities associated with non-current assets held for sale and discontinued operations	-	16,400
Specific-purpose provisions	**794,979**	**862,306**
90. Employee severance benefits	117,248	143,625
100. Provisions for risks and charges	677,731	718,681
Capital	**1,101,235**	**979,283**
170. Capital	1,101,235	979,283
Equity instruments	**815,000**	**815,000**
140. Equity instruments	815,000	815,000
Reserves (net of treasury shares)	**5,302,643**	**4,943,382**
150. Reserves	1,806,668	1,825,235
160. Share premium reserve	3,495,975	3,118,147
180. Treasury shares (+/-)	-	-
Valuation reserves	**-82,456**	**-66,213**
120. Valuation reserves	-82,456	-66,213
Minority interests	**26,045**	**22,636**
190. Minority interests	26,045	22,636
Profit (Loss) for the period	**235,435**	**607,443**
200. Profit (loss) for the period	235,435	607,443
Total liabilities and equity	**88,799,731**	**90,398,911**

Loans to Customers

Items	30 June 2022	31 Dec. 2021	Changes	
			Absolute	%
- Current accounts	3,092,826	2,478,332	614,494	24.8
- Mortgage loans	42,351,695	43,121,444	-769,749	-1.8
- Invoice financing and credit facilities	16,684,336	16,813,861	-129,525	-0.8
- Non-performing loans	1,334,255	1,362,200	-27,945	-2.1
- Non-government securities at amortized cost	1,084,908	1,216,950	-132,042	-10.9
Loans to Customers	**64,548,020**	**64,992,787**	**-444,767**	**-0.7**
Government securities measured at amortized cost	11,999,020	12,806,752	-807,732	-6.3
Total Loans to Customers	**76,547,040**	**77,799,539**	**-1,252,499**	**-1.6**

Loans to customers: credit quality

Items	30 June 2022			31 Dec. 2021		
	Gross exposure	Adjustments	Net exposure	Gross exposure	Adjustments	Net exposure
- Bad loans	607,386	469,241	138,145	568,934	434,063	134,871
- Unlikely to Pay	2,206,616	1,044,506	1,162,110	2,327,746	1,124,555	1,203,191
- Past-due/overdraft loans	40,603	6,603	34,000	27,336	3,201	24,135
Non-performing loans	**2,854,605**	**1,520,350**	**1,334,255**	**2,924,016**	**1,561,819**	**1,362,197**
Performing loans - stage 2	4,881,334	244,603	4,636,731	4,763,833	227,989	4,535,844
Performing loans - stage 1	58,691,679	114,645	58,577,034	59,239,871	145,125	59,094,746
Performing loans	**63,573,013**	**359,248**	**63,213,765**	**64,003,704**	**373,114**	**63,630,590**
Loans to Customers	**66,427,618**	**1,879,598**	**64,548,020**	**66,927,720**	**1,934,933**	**64,992,787**
Government securities at amortized cost	12,019,301	20,281	11,999,020	12,822,425	15,673	12,806,752
Total Loans to Customers	**78,446,919**	**1,899,879**	**76,547,040**	**79,750,145**	**1,950,606**	**77,799,539**

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

Items	30 June 2022			31 Dec. 2021		
	Gross exposure	Value adjustments	Net exposure	Gross exposure	Value adjustments	Net exposure
- Bad loans	460,839	322,694	138,145	415,193	280,322	134,871
- Unlikely to Pay	1,750,778	588,668	1,162,110	1,763,412	560,221	1,203,191
- Past-due/overdraft loans	39,832	5,832	34,000	25,401	1,266	24,135
Non-performing loans	**2,251,449**	**917,194**	**1,334,255**	**2,204,006**	**841,809**	**1,362,197**
Performing loans - stage 2	4,881,334	244,603	4,636,731	4,763,833	227,989	4,535,844
Performing loans - stage 1	58,691,679	114,645	58,577,034	59,239,871	145,125	59,094,746
Performing loans	**63,573,013**	**359,248**	**63,213,765**	**64,003,704**	**373,114**	**63,630,590**
Loans to Customers	**65,824,462**	**1,276,442**	**64,548,020**	**66,207,710**	**1,214,923**	**64,992,787**
Government securities at amortized cost	12,019,301	20,281	11,999,020	12,822,425	15,673	12,806,752
Total Loans to Customers	**77,843,763**	**1,296,723**	**76,547,040**	**79,030,135**	**1,230,596**	**77,799,539**

Funding from Customers

Items	30.06.2022	31 Dec. 2021	Changes	
			Absolute	%
- Deposits	1,255,454	1,566,594	-311,140	-19.9
- Current and other accounts	58,360,107	60,862,281	-2,502,174	-4.1
- Other items	364,619	542,561	-177,942	-32.8
- Repurchase agreements	-	-	-	-
Due to Customers	**59,980,180**	**62,971,436**	**-2,991,256**	**-4.8**
Debt securities issued	10,652,388	11,711,185	-1,058,797	-9.0
Total direct funding	**70,632,568**	**74,682,621**	**-4,050,053**	**-5.4**
Indirect funding	**85,915,254**	**93,403,923**	**-7,488,669**	**-8.0**
Total funding	**156,547,822**	**168,086,544**	**-11,538,722**	**-6.9**

Indirect funding

Items	30 June 2022	31 Dec. 2021	Changes	
			Absolute	%
- Asset management products	21,984,238	24,754,018	-2,769,780	-11.2
- Insurance products	27,608,276	27,940,674	-332,398	-1.2
Total assets under management	**49,592,514**	**52,694,692**	**-3,102,178**	**-5.9**
Assets under administration	**36,322,740**	**40,709,231**	**-4,386,491**	**-10.8**
Indirect funding	**85,915,254**	**93,403,923**	**-7,488,669**	**-8.0**

Financial assets and liabilities measured at fair value

Items	30 June 2022	31 Dec. 2021	Changes	
			Absolute	%
Financial assets and liabilities measured at fair value through profit or loss				
- Debt securities	1,394	2,451	-1,057	-43.1
- Equity securities and units of collective investment undertakings	192,435	198,202	-5,767	-2.9
- Derivative financial instruments with positive FV	209,230	70,681	138,549	
Total assets	**403,059**	**271,334**	**131,725**	**48.5**
- Derivative financial instruments with negative FV	208,963	75,042	133,921	
Total liabilities	**208,963**	**75,042**	**133,921**	
Net Total	**194,096**	**196,292**	**-2,196**	**-1.1**
Financial assets measured at fair value through other comprehensive income				
- Debt securities	3,362,645	3,836,727	-474,082	-12.4
- Equity securities	273,596	278,513	-4,917	-1.8
Total	**3,636,241**	**4,115,240**	**-478,999**	**-11.6**

Government securities

	30 June 2022			31 Dec. 2021		
	Nominal value	Book value	Valuation reserve	Nominal value	Book value	Valuation reserve
FVSEL						
Italian Government securities	12	14	X	12	15	X
Argentinian Government securities	87	-	X	47	-	X
Other Government securities	-	-		-	-	
Financial assets through other comprehensive income						
Italian Government securities	3,277,500	3,358,624	- 22,889	3,321,142	3,642,957	13,690
Financial assets carried at amortized cost						
Italian Government securities	11,130,300	11,912,956	X	11,537,500	12,499,666	X
Spanish Government securities:	80,000	86,064	X	278,000	296,267	X
Portuguese Government securities	-	-	X	10,000	10,820	X
Other Government securities	-	-	X	-	-	X
Total	**14,487,899**	**15,357,658**	**- 22,889**	**15,146,701**	**16,449,725**	**13,690**

Specific-purpose provisions

Items	30 June 2022	31 Dec. 2021	Changes	
			Absolute	%
Employee severance benefits	117,248	143,625	-26,377	-18.4
Provisions for risks and charges	677,731	718,681	-40,950	-5.7
a) commitments and guarantees given	67,771	62,105	5,666	9.1
b) post-employment and similar obligations	28,053	34,476	-6,423	-18.6
c) other provisions for risks and charges	581,907	622,100	-40,193	-6.5
Total specific-purpose provisions	**794,979**	**862,306**	**-67,327**	**-7.8**

Equity - Group share (no minority interests)

Items	30 June 2022	31 Dec. 2021	Changes	
			Absolute	%
Share capital	1,101,235	979,283	121,952	12.5
Share premium reserve	3,495,975	3,118,147	377,828	12.1
Reserves	1,806,668	1,825,235	-18,567	-1.0
Equity instruments	815,000	815,000	-	-
Reserve for valuation of financial assets through other comprehensive income	-39,814	-12,787	27,027	-
Reserves from valuation of actuarial gains (losses) relating to defined-benefit pension plans	-42,642	-53,426	-10,784	-20.2
Treasury shares	-	-	-	-
Net profit for the period	235,435	607,443	-372,008	-61.2
Total (book) equity	**7,371,857**	**7,278,895**	**92,962**	**1.3**

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 2022	
	Equity	of which: Profit for the period
Parent Company's balances	**7,467,256**	**192,362**
Effect of consolidation of subsidiaries	-95,399	42,497
Effect of the equity method accounting of significant equity investments	-	2,927
Dividends received in the period	-	-2,351
Other changes	-	-
Consolidated balances	**7,371,857**	**235,435**

Own Funds

Categories/Values	30 June 2022	31 Dec. 2021
Common Equity Tier 1 (CET1)	**4,466,849**	**3,987,987**
Additional Tier 1 (AT1)	815,490	815,482
Tier 1 (T1)	**5,282,339**	**4,803,469**
Capitale di classe 2 (Tier 2 –T2)	1,106,660	1,116,505
Own funds	**6,388,998**	**5,919,974**
Risk-weighted assets	**33,996,693**	**34,456,466**
of which for credit and counterparty risk and valuation adjustment credit	29,967,020	30,057,159
Capital ratios		
Common Equity Tier 1 ratio	**13.1%**	**11.6%**
Tier 1 ratio	**15.5%**	**13.9%**
Total Capital ratio	**18.8%**	**17.2%**

PROFIT OR LOSS

Considering that Credito Valtellinese and its subsidiaries became part of the Crédit Agricole Italia Banking Group on 30 April 2021 (the acquisition date), the comparative balances presented in the financial statements as at 31 December 2021, for balance sheet data, and as at 30 June 2021 for income statement data, are those stated in the previous year by the surviving entity Crédit Agricole Italia.

In order to for the income statement figures to be compared on a smooth basis, in the tables breaking down profit or loss performance figures an income statement was added reporting the profit of loss of Creval from 1 January 2021, built in accordance with the data broken down in the reconciliation statement given below. This information was not subject to limited review.

In order to ensure comparability of the data on the performance of operations in H1 2022 vs. H1 2021, the figures of the reclassified income statement as at 30 June 2021 were restated and adjusted – as pointed out in the comments on the performance of operations – to include Creval's profit or loss before the acquisition (January-April) the sterilization of some non-recurring components recognized by the Group as at 30 June 2021 and the effects of the final Purchase Price Allocation (PPA) as recognized in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021.

Reclassified Consolidated Income Statement as at 30 June 2021

	30 June 2021 official	Creval before acquisition 1 Jan. - 30 April 2021	Adjustments	30 June 2021 adjusted
Net interest income	519,886	112,723	-5,018	627,591
Net fee and commission income	522,691	80,959	-	603,650
Dividends	10,608	867	-875	10,600
Financial Income (loss)	42,186	12,671	-15,900	38,957
Other operating income (expenses)	-339	3,029	-2,750	-60
Net operating income	**1,095,032**	**210,249**	**-24,543**	**1,280,738**
Personnel expenses	-397,219	-83,824	400	-480,643
Administrative expenses	-188,442	-43,943	2,200	-230,185
Depreciation and amortization	-94,690	-13,875	-1,994	-110,558
Operating expenses	**-680,350**	**-141,642**	**606**	**-821,386**
Operating margin	**414,681**	**68,607**	**-23,937**	**459,352**
Impairment on goodwill	-	-	-	-
Net provisioning for risks and charges	-4,835	-3,425	-	-8,260
Net adjustments to loans	-145,292	-31,624	-	-176,916
Impairment of securities	116	-57	-	59
Profit (Loss) on other investments	608	2,824	-	3,432
Profit (Loss) before tax from continuing operations	**265,278**	**36,325**	**-23,937**	**277,667**
Taxes on income from continuing operations	-41,480	-5,098	-36,747	-83,326
Profit (Loss) after tax from discontinued operations	-	-	-	-
Profit for the period	**223,798**	**31,227**	**-60,684**	**194,341**
Profit (Loss) for the period attributable to minority interests	-6,877	-	6,500	-377
Profit (Loss) for the period attributable to the Parent Company	**216,921**	**31,227**	**-54,184**	**193,964**
Negative difference on Creval consolidation	496,865	-	-	496,865
Alignment of coverage of performing loans	-25,000	-	-	-25,000
Expenses for Creval acquisition/integration net of tax effect	-10,764	-	-	-10,764
Profit for the period attributable to the Parent Company	**678,022**	**31,227**	**-54,184**	**655,065**

In order to ensure comparability of the data on the performance of operations in H1 2022 vs. H1 2021, the figures of the reclassified income statement as at 30 June 2021 were restated and adjusted, as pointed out in the comments on the performance of operations, to include Creval's profit or loss before the acquisition (January-April) the sterilization of some non-recurring components recognized as at 30 June 2021 and the effects of the final Purchase Price Allocation – PPA – as recognized in the Group's Annual Report and Consolidated Financial Statements as at 31 December 2021. Specifically, said adjustments mainly concerned:

- Item "Net interest income": PPA alignment for the first four months of 2021 because of the adjustments to the carrying amount of financial assets and liabilities measured at amortized cost (loans to customers, securities and funding from customers);
- Item "Financial Income": capital gains on Creval security portfolio realized before the acquisition, not in the scope of continuing operations;
- Item "Depreciation and amortization": PPA alignment for the first four months of 2021, subsequent to the recognition of the intangible assets consisting of customer relationship;
- Item "Taxes on income from continuing operations": tax benefits recognized as at 30 June 2021 by the Crédit Agricole Italia Banking Group subsequent to the tax realignment of Crédit Agricole Italia and FriulAdria assets for tax relief;
- Item "Profit (loss) for the period attributable to minority interests": portion of profit attributable to Crédit Agricole FriulAdria minority interests accrued in H1 2021 and no longer existing as at 30 June 2022 subsequent to the public tender offer finalized in 2021.

Reclassified Consolidated Income Statement

	30 June 2022	30 June 2021(*)	Changes	
			Absolute	%
Net interest income	607,406	627,591	-20,185	-3.2
Net fee and commission income	609,620	603,650	5,970	1.0
Dividends	12,769	10,600	2,169	20.5
Financial Income (loss)	31,117	38,957	-7,840	-20.1
Other operating income (expenses)	3,741	(60)	3,801	
Net operating income	**1,264,653**	**1,280,738**	**-16,085**	**-1.3**
Personnel expenses	(485,629)	(480,643)	4,986	1.0
Administrative expenses	(206,785)	(230,185)	-23,400	-10.2
Depreciation and amortization	(99,693)	(110,558)	-10,865	-9.8
Operating expenses	**(792,107)**	**(821,386)**	**-29,279**	**-3.6**
Operating margin	**472,546**	**459,352**	**13,194**	**2.9**
Net provisioning for risks and charges	(9,894)	(8,260)	1,634	19.8
Net adjustments to loans	(102,399)	(176,916)	-74,517	-42.1
Impairment of securities	(6,596)	59	-6,655	
Profit (Loss) on other investments	5,640	3,432	2,208	64.3
Profit (Loss) before tax from continuing operations	**359,297**	**277,667**	**81,630**	**29.4**
Taxes on income from continuing operations	(102,526)	(83,326)	19,200	23.0
Profit for the period	**256,771**	**194,341**	**62,430**	**32.1**
Profit (Loss) for the period attributable to minority interests	(1,067)	(377)	690	
Profit (Loss) for the period attributable to the Parent Company	**255,704**	**193,964**	**61,740**	**31.8**
Negative difference on Creval consolidation	-	496,865	-496,865	-100.0
Alignment of coverage of performing loans	-	(25,000)	-25,000	-100.0
Expenses for Creval acquisition/integration net of tax effect	(20,269)	(10,764)	9,505	88.3
Profit for the period attributable to the Parent Company	**235,435**	**655,065**	**-419,630**	**-64.1**

(*) Data as at 30 June 2021 adjusted (details on page 64).

Reconciliation between the Official and Reclassified Income Statements

	30 June 2022	30 June 2021(*)
Net interest income	**607,406**	**627,591**
30. Net interest income	601,005	622,224
40. Fee and commission income: of which Deposit Fees and Commissions	3,833	2,064
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	(1)	(4)
100. Profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	1,024	2,600
230. Calit IAS gain	1,545	707
Net fee and commission income	**609,620**	**603,650**
60. Net fee and commission income	612,508	603,725
To deduct: Deposit fees and commissions	(3,833)	(2,064)
To deduct: Fees and commissions on disposal of investments	424	520
200. Other operating expenses/income: of which Commission income from Fast Loan Application Processing	-	1,469
To deduct Fee and commission expense: of which expenses for Creval integration	521	-
Dividends and similar income = item 70	**12,769**	**10,600**
Financial Income (loss)	**31,117**	**38,957**
80. Net profit (loss) on trading activities	14,815	17,431
90. Net profit (loss) on hedging activities	(4,014)	(3,861)
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	1	4
100. Profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	6,322	14,797
to deduct 100. Profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	10,027	16,443
100. Profit (loss) on disposal or repurchase of:: b) financial assets measured at fair value through other comprehensive income	(1,024)	(2,600)
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	(1,930)	(2,039)
100. Profit (loss) on disposal or repurchase of: c) financial liabilities	9,000	23
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(4,011)	(3,585)
To deduct: b) other financial assets mandatorily measured at fair value of which measurement of financial instruments	1,931	2,344
Other operating income (expenses)	**3,741**	**-60**
200. Other operating expenses/income	172,412	674,751
250. Gains (Losses) on equity investments of which Price Adjustment for disposal of equity investments	(165,908)	(173,934)
To deduct: expenses recovered	(794)	(2,785)
To deduct: recovered expenses for the management of non-performing loans	(424)	(520)
To deduct: Commission income from Fast Loan Application Processing	(1,545)	(707)
To deduct: Calit IAS gain	-	496,865
To deduct: Creval consolidation difference after PPA	**1,264,132**	**1,280,738**
Net operating income	**(485,629)**	**(480,643)**
Personnel expenses = item 190 a)	**(206,785)**	**(230,185)**
Administrative expenses	(409,413)	(426,985)
190. Administrative expenses: b) other administrative expenses	165,908	173,934
230. Other operating expenses/income: of which expenses recovered	5,437	8,251
190. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	2,590	-
To deduct: ANNUAL FEE 1.5% DTA (ART.11 D.L.59/2016)	28,693	14,615
To deduct Administrative expenses: b) other administrative expenses: of which expenses for Creval integration	**(99,693)**	**(110,558)**
Depreciation and amortization	(54,896)	(56,916)
210. Net adjustments to/recoveries on property, plant and equipment	1,595	-

(segue)

	30 June 2022	30 June 2021(*)
To deduct: expenses for Creval integration	(46,392)	(53,642)
220. Net adjustments to//recoveries on intangible assets	**(792,107)**	**(821,386)**
Income from operations	**472,546**	**459,352**
Net provisioning for risks and charges = Item 200 b) other net provisioning	(9,894)	(8,260)
Net adjustments to loans	(102,399)	(176,916)
100. Profit (loss) on disposal or repurchase of: a) financial assets measured at amortized cost	10,542	15,872
To deduct profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	(6,322)	(14,797)
To deduct: release of provision for impairment of securities measured at amortized cost	(1,548)	(169)
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	(1,931)	(2,344)
130. Net adjustments for credit risk of: a) financial assets measured at amortized cost	(99,842)	(193,024)
To deduct: net impairment for credit risk of: a) securities classified as financial assets measured at amortized cost	7,629	(220)
To deduct: alignment of coverage of performing loans	-	25,000
140. Profits/Losses on contract modifications without derecognition	(500)	(1,390)
190. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	(5,437)	(8,251)
To deduct: recovered expenses for the management of non-performing loans	794	2,785
200. Net provisioning for risks and charges: a) commitments and guarantees given	(5,784)	(378)
Impairment of securities	**(6,596)**	**59**
130. Net adjustments for credit risk of: a) securities classified as financial assets measured at amortized cost	(7,629)	220
130. Net adjustments for credit risk of:: b) financial assets measured at fair value through other comprehensive income	(2,445)	(2,369)
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	1,930	2,039
To deduct: release of provision for impairment of securities measured at amortized cost	1,548	169
Profit (loss) on other investments	**5,640**	**3,432**
250. Profit (losses) on equity investments	7,322	1,794
260. Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	(389)	(103)
280. Profit (losses) on disposals of investments	(772)	1,741
Profit (loss) on continuing operations before taxes	**359,297**	**277,667**
50. Fee and commission expenses: fees and commission on disposal of investments	(521)	-
Taxes on income from continuing operations = item 300	**(102,526)**	**(83,326)**
300. Taxes on income from continuing operations	(89,917)	(78,006)
160. Administrative expenses: b) other administrative expenses: of which ANNUAL FEE 1.5% DTA (ART.11 D.L.59/2016)	(2,590)	-
To deduct: taxes on expenses for Creval integration	(10,019)	(5,320)
Profit for the period	**256,771**	**194,341**
Profit (Loss) for the period attributable to minority interests	(1,067)	(377)
Profit for the period attributable to the Parent Company	**255,704**	**(193,964)**
200. Other operating expenses/income - Creval consolidation difference after PPA	-	496,865
130. Alignment of coverage of performing loans	-	(25,000)
50. Fee and commission expense: of which expenses for Creval integration	-	(1,469)
190. Administrative expenses: b) other administrative expenses: of which expenses for Creval integration	(28,693)	(14,615)
210.+220. Net adjustments to/recoveries on property, plant and equipment and intangible assets: of which Creval integration expenses	(1,595)	-
300. Taxes on income for the period from continuing operations: taxes on Creval integration expenses	10,019	5,320
Profit for the period attributable to the Parent Company	**235,435**	**655,065**

(*) Data as at 30 June 2021 adjusted (details on page 64).

Net interest income

Items	30 June 2022	30 June 2021(*)	Changes	
			Absolute	%
Business with customers	482,594	502,444	-19,849	-4.0
Business with banks	38,459	49,709	-11,250	-22.6
Debt securities issued	(48,690)	(50,741)	-2,051	-4.0
Spreads on hedging derivatives	(98,786)	27,674	-126,460	
Financial assets held for trading	4	6	-2	-33.3
Assets measured at fair value	157	76	81	
Securities measured at amortized cost	169,917	(79,780)	90,137	
Securities through other comprehensive income	50,151	22,303	27,848	
Other net interest income	13,600	(3,660)	17,259	
Net interest income	**607,406**	**627,591**	**-20,185**	**-3.2**

Net fee and commission income

Items	30 June 2022	30 June 2021(*)	Changes	
			Absolute	%
- guarantees given	6,169	4,305	1,864	43.3
- collection and payment services	38,524	39,783	-1,259	-3.2
- current accounts	134,312	127,703	6,609	5.2
- debit and credit card services	30,898	24,785	6,113	24.7
Commercial banking business	209,903	196,576	13,327	6.8
- securities intermediation and placement	146,783	153,647	-6,864	-4.5
- intermediation in foreign currencies	3,497	3,624	-127	-3.5
- asset management	7,001	7,132	-131	-1.8
- distribution of insurance products	169,758	168,495	1,263	0.7
- other intermediation/management fee and commission income	30,896	21,600	9,296	43.0
Management, intermediation and advisory services	357,414	354,498	2,916	0.8
Tax collection services	-	-	-	
Other net fee and commission income	41,781	52,576	-10,795	-20.5
Total net fee and commission income	**609,620**	**603,650**	**5,970**	**1.0**

Financial income (loss)

Items	30 June 2022	30 June 2021(*)	Changes	
			Absolute	%
Interest rates	18,059	12,629	5,430	43.0
Stocks	1	85	-84	-98.8
Foreign exchange	5,755	4,739	1,016	21.4
Commodities	-	-	-	
Credit derivatives held for trading	-	-	-	
Total profit (losses) on financial assets held for trading	23,815	17,453	6,362	36.4
Total profit (losses) on assets held for hedging	(4,013)	(3,856)	157	4.1
Net profit (loss) on financial assets and liabilities measured at fair value	(2,080)	(1,241)	839	67.6
Total profit (losses) on securities measured at amortized cost	5,298	12,196	-6,898	-56.6
Total profit (losses) on securities through other comprehensive income	8,097	14,405	-6,308	-43.8
Financial Income (loss)	**31,117**	**38,957**	**-7,840**	**-20.1**

(*) Data as at 30 June 2021 adjusted (details on page 64).

Operating expenses

Items	30 June 2022	30 June 2021(*)	Changes	
			Absolute	%
- wages and salaries	(355,453)	(336,661)	18,792	5.6
- social security contributions	(95,903)	(94,267)	1,636	1.7
- other personnel expenses	(34,273)	(49,715)	-15,441	-31.1
Personnel expenses	**(485,629)**	**(480,643)**	**4,986**	**1.0**
- general operating expenses	(70,827)	(71,044)	-216	-0.3
- IT services	(56,157)	(63,198)	-7,041	-11.1
- direct and indirect taxes	(76,315)	(80,204)	-3,889	-4.8
- real estate property management	(7,215)	(8,086)	-871	-10.8
- legal and other professional services	(8,853)	(14,524)	-5,670	-39.0
- advertising and promotion expenses	(5,085)	(6,343)	-1,258	-19.8
- indirect personnel expenses	(2,599)	(2,458)	141	5.7
- contributions to support the banking system	(38,045)	(41,015)	-2,970	-7.2
- other expenses	(107,595)	(117,247)	-9,651	-8.2
- expenses and charges recovered	165,908	173,933	-8,025	-4.6
Administrative expenses	**(206,785)**	**(230,185)**	**-23,400**	**-10.2**
- intangible assets	(44,797)	(53,642)	-8,845	-16.5
- property, plant and equipment	(54,896)	(56,916)	-2,020	-3.5
Depreciation and amortization	**(99,693)**	**(110,558)**	**-10,865**	**-9.8**
Operating expenses	**(792,107)**	**(821,386)**	**-29,279**	**-3.6**

Net adjustments to loans

Items	30 June 2022	30 June 2021(*)	Changes	
			Absolute	%
- bad loans	(31,133)	(74,124)	-42,991	-58.0
- Unlikely to Pay	(60,698)	(76,678)	-15,980	-20.8
- Past-due loans	(4,028)	(4,353)	-324	-7.4
Non-performing loans	**(95,860)**	**(155,154)**	**-59,294**	**-38.2**
- Performing loans - stage 2	(20,499)	7	-20,506	n.s.
- Performing loans - stage 1	26,818	(12,191)	39,009	n.s.
Performing loans	**6,318**	**(12,184)**	**18,502**	**151.9**
Net impairment of loans	**(89,541)**	**(167,338)**	**-77,797**	**-46.5**
Profits/Losses on contract modifications without derecognition	(500)	(1,390)	-890	-64.0
Impairment of securities	(1,931)	(2,344)	-413	-17.6
Expenses/recovered expenses for loan management	(4,643)	(5,466)	-823	-15.1
Net losses on impairments of guarantees and commitments	(5,784)	(378)	5,406	n.d.
Net adjustments to loans	**(102,399)**	**(176,916)**	**-74,517**	**-42.1**

(*) Data as at 30 June 2021 adjusted (details on page 64).

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 universally acknowledged and 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:
  Appartengono al livello 2:
  - 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 universally acknowledged measurement model based on observable or indirectly observable inputs;
  - Financial instruments whose fair value is determined with measurement models using observable market inputs.
- Level 3: Financial instruments whose fair value is determined using, to a significant extent, inputs that do not meet the set observability requirements.
  The fair value of some complex instruments that are not traded in active markets is determined with measurement techniques based on inputs that are not observable on the market.
  They are mainly complex interest rate instruments, stock derivatives and structured loans, where the measured correlation or volatility inputs are not directly comparable to market inputs.

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 Debt 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 subsequent risk to be reduced and provides, on a regular basis, for the exposure to be recalculated in order to verify that the deposited amount is consistent.

In accordance with IFRS 13, the Crédit Agricole Italia Banking Group has adopted a model implemented by the 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 2022, the CVA value for the Crédit Agricole Italia Banking Group, calculated in accordance with the method reported above, was Euro 3.53 million.

Similarly, as at 30 June 2022, the DVA value was Euro 3.45 million.

The difference between the CVA and DVA amounts as calculated (equal to Euro 0.08 million for the Group), net of the same component already recognized as at 31 December 2021 (equal to Euro 4.81 million), is a positive income component and, as such, has been recognized in the Income Statement.

FAIR VALUE REPORTING - 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, universally acknowledged measurement models have been set, which refer to observable market inputs.

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.

PROCESSES AND SENSITIVITY OF MEASUREMENT

The Finance Department of Crédit Agricole Italia is responsible for defining the fair value category 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 2022 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 S.A. Group) for an amount of Euro 4.4 million and to Ukrainian counterparties belonging to the Crédit Agricole S.A. Group for an amount of Euro 0.6 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 2022			31 Dec. 2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	92	209,159	193,808	95	70,683	200,556
a) financial assets held for trading;	92	209,159	71	95	70,683	-
b) financial assets designated at fair value	-	-		-	-	-
c) other financial assets mandatorily measured at fair value	-	-	193,737	-	-	200,556
2. Financial assets measured at fair value through other comprehensive income	3,377,771	204,525	53,945	3,848,598	208,996	57,646
3. Hedging derivatives	-	867,343	54	-	634,478	19
4. Property, Plant and Equipment	-	-	-	-	-	-
5. Intangible Assets	-	-	-	-	-	-
Total	**3,377,863**	**1,281,027**	**247,807**	**3,848,693**	**914,157**	**258,221**
1. Financial liabilities held for trading	-	208,893	70	-	75,042	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	1,930,947	827,350	-	307,641	712,670
Total	**-**	**2,139,840**	**827,420**	**-**	**382,683**	**712,670**

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	**200,556**	**-**	**-**	**200,556**	**57,646**	**19**	**-**	**-**
2. Increases	**2,821**	**78**	**-**	**2,743**	**1,454**	**35**	**-**	**-**
2.1 Purchases	2,727	75	-	2,652	39	-	-	-
2.2 Profits recognized in:	94	3	-	91	1,415	35	-	-
2.2.1 Income Statement	94	3	-	91	1,162	35	-	-
- of which: capital gains	91	-	-	91	1,162	35	-	-
2.2.2 Equity	-	X	X	-	253	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-	-	-
3. Decreases	**9,569**	**7**	**-**	**9,562**	**5,155**	**-**	**-**	**-**
3.1 Sales	5,467	7	-	5,460	2,302	-	-	-
3.2 Repayments	-	-	-	-	1,406	-	-	-
3.3 Losses recognized in:	4,102	-	-	4,102	1,447	-	-	-
3.3.1 Income Statement	4,102	-	-	4,102	1,146	-	-	-
- of which capital losses	3,838	-	-	3,838	1,146	-	-	-
3.3.2 Equity	-	X	X	-	301	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	-	-	-	-
4. Closing Balance	**193,808**	**71**	**-**	**193,737**	**53,945**	**54**	**-**	**-**

Changes for the year in liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	**-**	**-**	**712,670**
2. Increases	**70**	**-**	**165,209**
2.1 Issues	70	-	-
2.2 Losses recognized in:	-	-	165,209
2.2.1 Income Statement	-	-	165,209
- of which Capital losses	-	-	165,209
2.2.2 Equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	**-**	**-**	**50,529**
3.1 Repayments	-	-	50,529
3.2 Repurchases	-	-	-
3.3 Profits recognized in:	-	-	-
3.3.1 Income Statement	-	-	-
- of which Capital gains	-	-	-
3.3.2 Equity	X	-	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing Balance	**70**	**-**	**827,350**

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

Financial assets/ liabilities not measured at fair value or measured at fair value on a non-recurring basis	30 June 2022				31 Dec. 2021			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortized cost	90,944,949	11,964,546	17,812,100	56,412,346	92,268,499	12,953,168	14,413,702	*66,706,029*
2. Investment property	170,873	-	-	189,952	179,260	-	-	196,965
3. Non-current assets held for sale and discontinued operations	8,170	-	-	8,170	226,579	-	-	226,579
Total	**91,123,992**	**11,964,546**	**17,812,100**	**56,610,468**	**92,674,338**	**12,953,168**	**14,413,702**	**67,129,573**
1. Financial liabilities measured at amortized cost	88,967,636	-	88,386,452	573,255	93,269,092	466,001	75,265,842	16,885,307
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	16,400	-	-	16,400
Total	**88,967,636**	**-**	**88,386,452**	**573,255**	**93,285,492**	**466,001**	**75,265,842**	**16,901,707**

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

OPERATIONS AND PROFITABILITY BY BUSINESS SEGMENT

In compliance with IFRS 8 Operating Segments, the figures on operations and profitability by business segment are given using the “management reporting approach”.
In compliance with the Bank of Italy provisions, segment reporting was prepared, in line with the Group management reporting, using the multiple ITR (internal transfer rate) method, integrating also the cost of liquidity.

The Crédit Agricole Italia Banking Group operates through an organizational structure that comprises: **Retail Banking, Private Banking and Financial Advisors** (F.A.) channels designed to provide services to individuals, households and small businesses, and the **Corporate Banking** channel designed to provide services to larger-size companies. 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 accordance with the reclassified financial statements given in the report on operations and compared to the 2021 figures, with the comparison smoothed (*) *to account for the contribution given of the six months in H1 2021 by the Creval Group, which was acquired at the end of April 2021, and the effects of the final Purchase Price Allocation (PPA) as presented in the Group Annual Report and Financial Statements as at 31 December 2021;* the balance sheet data are presented in accordance with the reclassified layouts. This information was not subject to a limited audit.

The evidence of the Crédit Agricole Italia Group based on the same perimeter as in the previous year is given below, net of the non-recurring effects resulting from the acquisition of the CREVAL Group. The channels’ profitability is presented net of the “non-recurring expenses” associated with the costs for size and operational structure alignment after Creval acquisition.

The **“Retail Banking, Private Banking and F.A.”** channels generated Operating income of Euro 964 million (down by -1.0%) - stable Net interest income (0.5%), slightly lower Net fee and commission income (down by -1.0%) and lower income from trading of financial assets (down by -32.0%) - with the decrease more than offset by the reduction in Operating costs (down by -3.8%); the Operating profit came to Euro 348 million (up by +4.3%). Net of the Cost of risk, which came to Euro 77 million (-21.3%) and after taxes, the Net profit came to Euro 194 million (+17.8%).

The **“Corporate Banking”** channel generated Operating income of Euro 242 million (down by -1.2%), due to the effect of decreasing Net interest income (down by -5.6%), lower income from trading of financial assets (-7.5%), with said effects essentially offset by the growth in Net fee and commission income (+9.9%); Operating costs decreased (-2.3%) with the Operating profit coming to Euro 194 million (-0.9%). Net of the Cost of risk, which came to Euro 35 million (-59.6%) and after taxes, the Net profit came to Euro 113 million (up by +38.5%).

Assets by segment (point-in-time volumes) consisted of net loans to Customers; as at 30 June 2022, the assets of the Retail Banking, Private Banking and F.A. channels came to Euro 39,417 million (+0.2%) and accounted for 61% of the Group aggregate; the assets of the Corporate Banking channel came to Euro 16,761 million (-2.0%) and accounted for 26% of the aggregate; the other channels (13%) mainly comprise institutional counterparties, which are managed by the relevant central departments.

Liabilities by segment (point-in-time volumes) consisted of Direct funding from Customers; within this aggregate, funding of the Retail, Private Banking and F.A. channel came to Euro 49,572 million (-0.5%), accounting for 81% of the Group total; the Corporate Banking channel posted a balance of Euro 9,005 million (-20.9%), accounting for 15% of the Total figure; the weight of the other funding channels was 4%.

It is pointed out that unallocated assets and liabilities report the set of inter-bank transactions, the Covered Bonds issued and other balance sheet aggregates, such as: 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 2022

	Retail and Private Banking	Corporate Banking	Other	Total
External Operating Income				
Net interest income	442,353	158,400	6,653	607,406
Net fee and commission income	522,499	76,433	10,688	609,620
Dividends	-	-	12,769	12,769
Net income (loss) on trading activities	1,688	6,607	22,822	31,117
Other net operating income	(2,704)	740	5,705	3,741
Total operating income	**963,836**	**242,180**	**58,637**	**1,264,653**
Personnel and administrative expenses and depreciation and amortization	(615,619)	(48,646)	(127,842)	(792,107)
Operating Income	**348,217**	**193,534**	**(69,205)**	**472,546**
Adjustments for impairment of financial assets measured at amortized cost	(70,701)	(31,879)	(6,415)	(108,995)
Provisioning for risks	(6,714)	(3,180)	-	(9,894)
Total Cost of Risk	**(77,415)**	**(35,059)**	**(6,415)**	**(118,889)**
Profit (losses) on equity investments - Profits on disposal of investments	-	-	5,640	5,640
Profit/loss before tax	**270,802**	**158,475**	**(69,980)**	**359,297**
Taxes	(76,821)	(45,315)	19,610	(102,526)
Profit for the period (before Creval acquisition effects)	**193,981**	**113,160**	**(50,370)**	**256,771**
Non-recurring effects generated by Creval acquisition	-	-	-	(20,269)
Profit for the period				**236,502**
Assets and Liabilities				
Assets by segment (customers)	39,416,763	16,761,267	8,369,990	64,548,020
Equity investments in associates	-	-	34,956	34,956
Unallocated assets	-	-	24,216,755	24,216,755
Total Assets	**39,416,763**	**16,761,267**	**32,621,701**	**88,799,731**
Liabilities by segment	49,572,468	9,004,824	2,377,993	60,955,285
Unallocated liabilities	-	-	20,446,544	20,446,544
Total liabilities	**49,572,468**	**9,004,824**	**22,824,537**	**81,401,829**

SEGMENT REPORTING AS AT 30 JUNE 2021

	Retail and Private Banking	Corporate Banking	Other	Total	PPA elements	Total with PPA elements
External Operating Income						
Net interest income	444,676	167,835	15,080	627,591	-	627,591
Net fee and commission income	527,554	69,527	6,569	603,650	-	603,650
Dividends	-	-	10,600	10,600	-	10,600
Net income (loss) on trading activities	2,482	7,145	29,330	38,957	-	38,957
Other net operating income	(814)	559	195	(60)	-	(60)
Total operating income	**973,898**	**245,066**	**61,774**	**1,280,738**	**-**	**1,280,738**
Personnel and administrative expenses and depreciation and amortization	(639,941)	(49,779)	(131,666)	(821,386)	-	(821,386)
Operating Income	**333,957**	**195,287**	**(69,892)**	**459,352**	**-**	**459,352**
Adjustments for impairment of financial assets measured at amortized cost	(93,855)	(83,061)	59	(176,857)	-	(176,857)
Provisioning for risks	(4,483)	(3,777)	-	(8,260)	-	(8,260)
Total Cost of Risk	**(98,338)**	**(86,838)**	**59**	**(185,117)**	**-**	**(185,117)**
Profit (losses) on equity investments - Profits on disposal of investments	-	-	3,432	3,432	-	3,432
Profit/loss before tax	**235,619**	**108,449**	**(66,401)**	**277,667**	**-**	**277,667**
Taxes	(70,955)	(32,714)	20,343	(83,326)	-	(83,326)
Profit for the period (before Creval acquisition effects)	**164,664**	**75,735**	**(46,058)**	**194,341**	**-**	**194,341**
Non-recurring effects generated by Creval acquisition	-	-	-	(35,764)	496,865	461,101
Profit for the period				**158,577**	**496,865**	**655,442**
Assets and Liabilities						
Assets by segment (customers)	39,327,160	17,099,901	8,565,726	64,992,787	-	64,992,787
Equity investments in associates	-	-	45,151	45,151	-	45,151
Unallocated assets	-	-	25,360,973	25,360,973	-	25,360,973
Total Assets	**39,327,160**	**17,099,901**	**33,971,850**	**90,398,911**	**-**	**90,398,911**
Liabilities by segment	49,840,004	11,385,970	2,911,926	64,137,900	-	64,137,900
Unallocated liabilities	-	-	18,959,480	18,959,480	-	18,959,480
Total liabilities	**49,840,004**	**11,385,970**	**21,871,406**	**83,097,380**	**-**	**83,097,380**

RISK MANAGEMENT

This section is meant to provide an update of the information on risks and the relative hedging policies, as at 30 June 2022, to complete the reporting given in Part E of the Annual Report as at 31 December 2021.

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.

As regards Creval, having shared the risk measurement tools and control processes and approaches, the risk management structures of the Parent Company and of the subsidiary completed the integration process.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP) REPORT

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

As at 31 December 2021 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, interest rate risk on the Banking Book (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 on contingency plans-business continuity- security of the information systems, 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 April 2022, the Crédit Agricole Italia Banking Group sent the following:

- As regards the ICAAP for the ECB, 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. Along with the ICAAP Report, at the end of April 2022, the Group sent its ILAAP (Internal Liquidity Adequacy Assessment Process) documentation to the EU Regulator.
- As regards the ICAAP for the national Supervisory Authority, a Report containing the results of the capital adequacy assessment concerning the situation as at 31 December 2021 to the Bank of Italy.
- Unlike the set of documents sent to the ECB, the Report sent to the Bank of Italy comprises ICAAP quantitative figures and qualitative measurements referring also to ILAAP in a single document.

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 Report, at the end of April 2022, the Crédit Agricole Italia Banking Group sent its ILAAP (Internal Liquidity Adequacy Assessment Process) Report to the EU Regulator. 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 Important Operational Functions (Italian acronym FOIE) 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 have been designed to 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 designed and regulated in order to identify the criteria for risk taking and management, the activities to implement for the proper application of such criteria, the units responsible for carrying out the above activities and the procedures and tools supporting them. The process steps are structured and the responsibilities are assigned in order to pursue set objectives in terms of overall effectiveness and efficiency.

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 exposures 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.

The mitigation of credit risk is pursued by entering into ancillary agreements or by adopting adequate tools and techniques designed to mitigate this risk. In 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).

In H1 2022, the Crédit Agricole Italia Banking Group focused on full integration of Credito Valtellinese, ensuring continuity, in terms of lending, of the management activity that was started in Q4 of last year and aims at aligning Creval's loan origination processes to the Group's standards. Indeed, shared guidelines were designed in order to govern lending decision-making powers and the methods for cooperation between the decision-making bodies of Credito Valtellinese and those of Crédit Agricole Italia. Likewise, specific arrangements were implemented for monitoring watch-list loans in compliance with the Group's standards. In the same scope, in H1 2022 the IT integration of all lending procedures was completed, which pursued the goal of enhancing the strong points of both banks while ensuring full continuity of lending operations. The process for the integration and enhancement of Credito Valtellinese's assets and skills included also insourcing and centralization of the management of the full lifecycle of State guarantees, which, because the related volumes, are strategic, especially subsequent to the measures deployed to respond to the Covid-19 pandemic crisis and to the crises triggered by the increase in the costs of commodities and by the Russia-Ukraine war.

In Q1 2022 the Crédit Agricole Italia Banking Group proved once again committed to providing support to its Customers both by ensuring continuity of the measures deployed for full recovery from the pandemic crisis and by promptly implementing the measures on loans issued by the Italian Government to support households and businesses hit by the energy crisis and by the crisis linked to the war, of which worth mentioning are the measures on loans backed by State guarantees introduced with the Energy Decree Law, the Ukrainian Crisis and Aids Decree Laws, and, in general, the measures deployed within the new State aid Temporary Framework adopted by the European Union and in force throughout 2022.

Moreover, the Crédit Agricole Italia Banking Group continued to pursue its strategic and transformation objectives in the lending scope, as set out in the Medium Term Plan of the Crédit Agricole Group – 2025 Ambitions:

- in H1 2022 the Boards of Directors of all the banks of the Group approved their ESG lending policies, which have introduced specific solution in the creditworthiness measurement processes aimed at better describing the characteristics of our Customers as regards environmental, social and governance aspects. The ESG lending policies are based on 4 main pillars: (i) Clear lending rules for counterparties that operate in environmentally-sensitive sectors, aimed at supporting the decarbonization transformation of the Group's Customers; (ii) a proprietary method for assessing ESG counterparty risk, which has been developed in cooperation with CERVED S.p.a., (iii) a questionnaire to survey the ESG characteristics of the largest possible number of Customers and (iv) a climate sheet integrated in lending processes, which, through all the ESG information on the Customer, contributes to disseminate the sustainability culture at all corporate levels;
- on the other hand, as regards the digitalization of lending processes, the projects underway are worth mentioning, starting from the initiative whereby the Group is heading towards structured data management (Credit Data Platform) and whose main objective is to meet all the quantitative analysis needs in lending, also through advanced technologies, such as artificial intelligence and machine learning. Another central transformation project that started in H1 is the Digital Lending one, aimed at ensuring the origination of new loans to worthy Customers with shorter response time and with end-to-end automatic solutions.

Furthermore, the portfolio of loans in default and subject to continuous analysis and monitoring, both in terms of scenario evolution and in terms of performance of the riskiest positions; this ensured that all protection actions could be taken and, where necessary, provisions were supplemented. Thanks to this, also after Creval integration, Crédit Agricole Italia's overall coverage ratio of non-performing loans could be kept at 53.3% (vs. 53.4% as at 31 December 2021).

CREDIT QUALITY

Items	GROSS EXPOSURES - WEIGHT ON TOTAL				Change	
	June 2022		December 2021		Absolute	%
- Bad loans	607,386	0,9%	568,934	0,9%	38,452	6.8%
- Unlikely to Pay	2,206,616	3,3%	2,327,746	3,5%	-121,130	-5.2%
- Past-due/overdraft loans	40,603	0,1%	27,336	0,0%	13,267	48.5%
Non-performing loans	**2,854,605**	**4,3%**	**2,924,016**	**4,4%**	**-69,411**	**-2.4%**
- Performing loans - stage 2	4,881,334	7,3%	4,763,833	7,1%	117,501	2.5%
- Performing loans - stage 1	58,691,679	88,4%	59,239,871	88,5%	-548,192	-0.9%
Performing loans	**63,573,013**	**95,7%**	**64,003,704**	**95,6%**	**-430,691**	**-0.7%**
Gross loans to Customers	**66,427,618**	**100,0%**	**66,927,720**	**100,0%**	**-500,102**	**-0.7%**

Items	NET EXPOSURES - COVERAGE RATIO				Change	
	June 2022		December 2021		Absolute	%
- Bad loans	138,145	77,3%	134,871	76,3%	3,274	2.4%
- Unlikely to Pay	1,162,110	47,3%	1,203,191	48,3%	-41,081	-3.4%
- Past-due/overdraft loans	34,000	16,3%	24,135	11,7%	9,865	40.9%
Non-performing loans	**1,334,255**	**53,3%**	**1,362,197**	**53,4%**	**-27,942**	**-2.1%**
- Performing loans - stage 2	4,636,731	5,0%	4,535,844	4,8%	100,887	2.2%
- Performing loans - stage 1	58,577,034	0,2%	59,094,746	0,2%	-517,712	-0.9%
Performing loans	**63,213,765**	**0,6%**	**63,630,590**	**0,6%**	**-416,825**	**-0.7%**
Net loans to Customers	**64,548,020**	**2,8%**	**64,992,787**	**2,9%**	**-444,767**	**-0.7%**

LOAN QUALITY WITH RECOGNITION OF PURCHASED OR ORIGINATED CREDIT IMPAIRED (POCI) ASSETS

Items	GROSS EXPOSURES - WEIGHT ON TOTAL				Change	
	June 2022		December 2021		Absolute	%
- Bad loans	460,839	0,7%	415,193	0,6%	45,646	11.0%
- Unlikely to Pay	1,750,778	2,7%	1,763,412	2,7%	-12,634	-0.7%
- Past-due/overdraft loans	39,832	0,1%	25,401	0,0%	14,431	56.8%
Non-performing loans	**2,251,449**	**3,4%**	**2,204,006**	**3,3%**	**47,443**	**2.2%**
- Performing loans - stage 2	4,881,334	7,4%	4,763,833	7,2%	117,501	2.5%
- Performing loans - stage 1	58,691,679	89,2%	59,239,871	89,5%	-548,192	-0.9%
Performing loans	**63,573,013**	**96,6%**	**64,003,704**	**96,7%**	**-430,691**	**-0.7%**
Gross loans to Customers	**65,824,462**	**100,0%**	**66,207,710**	**100,0%**	**-383,248**	**-0.6%**

Items	NET EXPOSURES - COVERAGE RATIO				Change	
	June 2022		December 2021		Absolute	%
- Bad loans	138,145	70.0%	134,871	67.5%	3,274	2.4%
- Unlikely to Pay	1,162,110	33.6%	1,203,191	31.8%	-41,081	-3.4%
- Past-due/overdraft loans	34,000	14.6%	24,135	5.0%	9,865	40.9%
Non-performing loans	**1,334,255**	**40.7%**	**1,362,197**	**38.2%**	**-27,942**	**-2.1%**
- Performing loans - stage 2	4,636,731	5.0%	4,535,844	4.8%	100,887	2.2%
- Performing loans - stage 1	58,577,034	0.2%	59,094,746	0.2%	-517,712	-0.9%
Performing loans	**63,213,765**	**0.6%**	**63,630,590**	**0.6%**	**-416,825**	**-0.7%**
Net loans to Customers	**64,548,020**	**1.9%**	**64,992,787**	**1.8%**	**-444,767**	**-0.7%**

The stock of non-performing loans decreased, thanks to higher recoveries and to the disposal of the leasing NPE portfolio that had come from Creval and had already been classified under discontinuing operations.

The net and gross NPE ratios proved essentially stable, as did the coverage ratio of the NPE portfolio standing at 53.3% (before the recognition of POCI assets).

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 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 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 measurement 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 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.

In regulatory terms, the short-term liquidity risk threshold is the Liquidity Coverage Ratio (LCR), which, as at 30 June 2022 and as the Group LCR, came to 282.56%, 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 (medium-/long-term market resources, funding from Customers, own funds) and long-term uses (non-current assets, loans to Customers and liquidity reserves), as well as at limiting concentration of maturities within medium-/long-term funding.

In regulatory terms, since June 2021 longer term liquidity risk has been monitored using the Net Stable Funding Ratio (NSFR). The ratio, which shall be higher than 100%, 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%[37].

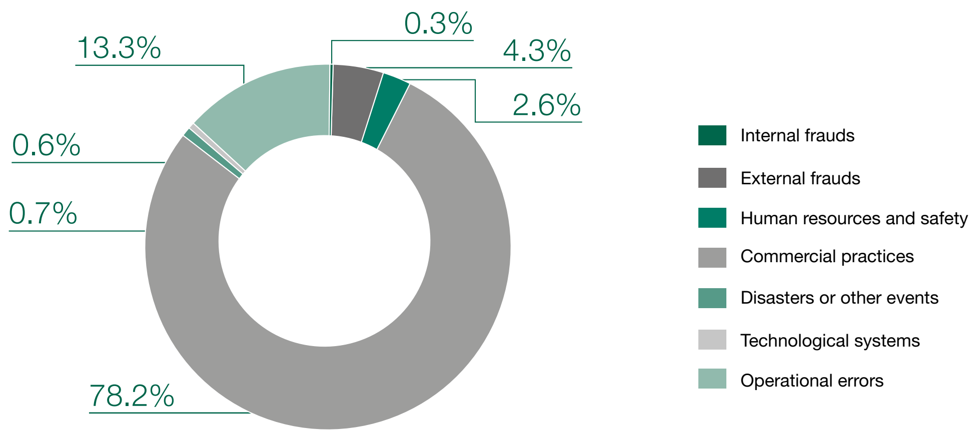
The limit structure is completed by a set of management and alert indicators provided for in the Contingency Funding Plan.

OPERATIONAL RISKS

BREAKDOWN OF LOSSES

Operational losses recognized by the Group in H1 2022 came to approximately Euro 8.6 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.



37 The NSFR as at 30 June 2022 shall be available from the second week in August (11 August is the date on which it is to be sent to the Regulator).

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) RISK

Cybersecurity has been affected by the Covid-19 pandemic and by the worsening of the Russia-Ukraine war as they caused digital services to speed up. In that scope, in H1 the Group continued to strengthen its processes implementing new technological solutions. Specifically, innovation, which started last year, concerned the following scopes:

- Communication and Training;
- Control on strategic systems;
- Strengthening of production defences;
- Enhancement of monitoring schemes and of incident detection ability;
- Enhancement of the ability to detect fraudulent activities;
- Protection of sensitive data.

It is also stated that no impacts associated with the Russia-Ukraine war have emerged.

BUSINESS COMBINATIONS

COMBINATIONS MADE IN THE REPORTING PERIOD

In H1 2022 the Crédit Agricole Italia Banking Group made no business combinations.

On 24 April 2021 the merger by absorption of Credito Valtellinese S.p.A. into Crédit Agricole Italia S.p.A. was finalized, as described in the related paragraph of section “Significant events in the reporting period”, to which reference is made.

TRANSACTIONS WITH RELATED PARTIES

The closeness of some persons to a company’s decision-making centers may compromise the objectivity and impartiality of its decisions, with possible distortions in the allocation of resources, as well as expose the company to risks and damages to itself and to its stakeholders.

This is the matter addressed by CONSOB with its Regulations containing provisions relating to transactions with related parties (adopted by CONSOB with Resolution no. 17221 of 12 March 2010, laying down specific measures for Italian companies listed in Italian regulated markets or in regulated markets of other EU Member States and whose shares are publicly held to a considerable extent, in order to ensure transparency and substantial and procedural fairness of transactions with related parties carried out directly or through subsidiaries.

The regulation issued by the Bank of Italy on 12 December 2011, on risk assets and conflicts of interest with associated persons falls within the scope of the framework regulation concerning related parties (Article 2391-bis of the Italian Civil Code, Article 53 of the Italian Consolidated Law on Banking 53 of the Italian Consolidated Law on Banking (TUB) and CONSOB Regulation No. 17221/10) and has been designed to *“control the risk that the closeness of some persons to the Bank’s decision-making centers may compromise the objectivity and impartiality of decisions relating to loan granting and other transactions with the same persons, with possible distortions in the allocation of resources, in the Bank’s exposure to risks not adequately measured or controlled, potential damages to depositors and shareholders”.* This regulation came into force on 31 December 2012 and, consequently, the first supervisory reporting was made on 31 March 2013, as required by the Supervisory Authority.

The Crédit Agricole Italia Banking Group had already adopted a Regulation on transactions with related parties implementing the original CONSOB regulation of 2010; afterwards, on 11 December 2012, in accordance with the regulation issued by the Bank of Italy, Crédit Agricole Italia approved the Document “Regulation for Risk Assets and Conflicts of Interests with Parties associated to the Crédit Agricole Italia Banking Group”, in order to give the Group a specific internal normative instrument on this matter and to harmonize the various regulations in force; the Document was then updated on 29 July 2014.

On 25 July 2018, the Board of Directors of Crédit Agricole Italia approved the adoption of the new “Regulation on transactions with Associated Persons”, which was then adopted by the other Banks and Companies of the Crédit Agricole Italia Banking Group.

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 said amendments entered into force on 1 July 2021, the "Regulation on Transactions with Associated Persons" of the Crédit Agricole Italia Banking Group had to be aligned with them; the Regulation on Transactions with Associated Persons defines and formalizes, in a single normative instrument, the procedures that the Banks and the Companies of the Crédit Agricole Italia Banking Group apply to transactions with associated persons, in compliance with the relevant instructions and rules issued by CONSOB and by the Bank of Italy.

Furthermore, the document implements the amendments introduced with the 33rd update of 23 June 2020 to "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.

In addition to identifying the related parties and the associated persons of the Crédit Agricole Italia Banking Group, the Regulation on transactions with Associated Persons 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 different 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 parties.

RELATED PARTIES

In accordance with the definition given in the aforementioned Consob Regulation[38], 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).

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.

38 The parties as defined by the IAS/IFRS endorsed in accordance with the procedure laid down in Article 6 of Regulation (EC) 1606/2002.

In accordance with the Bank of Italy Provisions:

(c) Corporate Officer;

(d) Shareholder/Investor[39];

(e) The person, other than a shareholder/investor, that can appoint, on his/her/its own, one or more members of the Board of Directors, also based on any agreements in whatsoever form or clauses of the Articles of Association dealing with or providing for the exercise of the above rights and powers;

(f) A company or an enterprise, also set up in a legal form other than that of a company, on which a bank or an entity of the Group can exercise control or significant influence.

CONNECTED PERSONS

Persons connected to a related party are defined as follows:

1. Companies or enterprises, also set up in a legal form other than that of a company, which are controlled by a related party among those set forth at letters a), b), d) and e) of the definition of related party, as well as companies or enterprises, also set up in a legal form other than that of a company, on which one of the related parties as per letter a) of the definition (i.e. Corporate Officer) can exercise significant influence;
2. Persons exercising control on a related party among those listed at letters d) and e) of the relevant definition, as well as entities that are directly or indirectly subject to joint control with the same related party;
3. Close family members of one of the related parties set forth in letters c), d), e), and f) of the relevant definition and the companies or enterprises, also set in a legal form other than that of a company, that are controlled, subject to joint control or significant influence by such related party.

ASSOCIATED PERSONS

Associated persons of the Crédit Agricole Italia Banking Group are defined as the set consisting of a related party and of all the persons connected to the same. For application at individual level, the banks and supervised intermediaries belonging to the Group refer to the same perimeter of associated persons as determined by the Parent Company.

INFORMATION ON TRANSACTIONS WITH RELATES PARTIES

Transactions with related parties consist in the transfer of resources, services or bonds between a Group company (or companies directly and/or indirectly controlled by it) and one or more related parties, independently of the whether payment was agreed or not.

Transactions carried out with related parties have followed the specific procedures provided for by the aforementioned Regulation. In H1 2022 intra-group transactions and/or transactions with related parties/associated persons, Italian and foreign, were carried out within routine operations and the related financial activities and generally executed at terms and conditions similar to those applied to transactions with unrelated parties.

Intra-group transactions were carried out based on reciprocal business expediency considerations and the terms and conditions to be applied were defined in compliance with substantive fairness, pursuing the shared objective of creating value for the Crédit Agricole Italia Banking Group as a whole.

The same principle was applied also to intra-group provision of services, along with the principle of pricing such services at the lowest amount required to recover the related production costs.

39 Shareholder/Investor": the party that is required to apply for the authorizations under Article 19 et seq. of the Italian Consolidated Law on Banking.

The same principle was applied also to intra-group provision of services, along with the principle of pricing such services at the lowest amount required to recover the related production costs.

Type of related parties	Cash and cash equivalents	Financial assets held for trading	Financial assets measured at fair value through other comprehensive income	Financial assets measuredat amortized cost: loans to Customers	Financial assets measuredat amortized cost: due from Banks	Financial liabilities measuredat amortized cost: due to Customers	Financial liabilities measuredat amortized cost: due to Banks	Guarantees given
Controlling Company	198,670	-	-	-	2,007,619	-	1,171,894	14,589
Entities exercising significant influence in the Company	-	-	-	-	-	37,344	-	-
Associates	-	-	-	46,484	-	12,612	-	1,618
Directors and managers vested with strategic responsibilities	-	-	-	2,595	-	5,306	-	-
Other related parties	4,253	173,478	3,609	5,839,279	1,820,728	355,446	46,904	92,025
Total	**202,923**	**173,478**	**3,609**	**5,888,358**	**3,828,347**	**410,708**	**1,218,798**	**108,232**

MAIN INCOME TRANSACTIONS WITH RELATED PARTIES

Type of related parties	Net interest income	Net fee and commission income	Personnel expenses
Controlling Company	-17,450	-1,118	-133
Entities exercising significant influence on the Company	-	14	-
Associates	110	37	-
Directors and Managers with strategic responsibilities	3	88	-7,894
Other related parties	**14,672**	**258,353**	**-66**

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

CRÉDIT AGRICOLE

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 adeguacy 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 2022.

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

3. The undersigned also certify 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, 26 July 2022

Giampiero Maioli
Chief Executive Officer

Pierre Débourdeaux
Manager responsible for preparing the Company's financial reports

Crédit Agricole Italia S.p.A. - Sede Legale Via Università, 1 - 43121 Parma - telefono 0521.912111

Capitale Sociale euro 1.101.234.560,00 i.v. - Iscritta al Registro Imprese di Parma, Codice Fiscale n. 02113530345, aderente al Gruppo IVA Crédit Agricole Italia, Partita Iva n. 02886650346. Codice ABI 6230.7. Iscritta all'Albo delle Banche al n. 5435. Aderente al Fondo Interbancario di Tutela dei Depositi e al Fondo Nazionale di Garanzia. Capogruppo del Gruppo Bancario Crédit Agricole Italia iscritto all'Albo dei Gruppi Bancari al n. 6230.7 - Società soggetta all'attività di Direzione e Coordinamento di Crédit Agricole S.A.

INDEPENDENT AUDITORS' REPORT

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 2022, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated changes in equity, the consolidated statement of cashflow 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 the 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 Italia SpA as of 30 June 2022 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, 5 August 2022

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

The Parent Company's financial statements as at 30 June 2022 report also the contribution of Credito Valtellinese S.p.A. after the merger finalized on 24 April 2022.

BALANCE SHEET

	Assets	30 June 2022	31 Dec. 2021
10.	Cash and cash equivalents	687,253,853	540,292,990
20.	Financial assets measured at fair value through profit or loss	317,172,641	106,074,989
	a) financial assets held for trading	148,738,312	49,298,731
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	168,434,329	56,776,258
30.	Financial assets measured at fair value through other comprehensive income	3,282,881,234	3,108,575,153
40.	Financial assets measured at amortized cost	84,833,091,903	63,943,468,733
	a) due from banks	16,586,885,983	11,810,802,433
	b) Loans to customers	68,246,205,920	52,132,666,300
50.	Hedging derivatives	782,683,239	570,134,962
60.	Fair value change of financial assets in macro-hedge portfolios (+/-)	-366,774,371	-9,363,880
70.	Equity investments	1,282,937,190	2,105,245,158
80.	Property, Plant and Equipment	1,061,833,609	734,684,573
90.	Intangible assets	1,167,238,126	1,138,297,061
	- of which goodwill	1,042,597,768	1,042,597,768
100.	Tax assets	2,487,157,755	1,367,420,769
	a) current	489,540,703	277,918,150
	b) deferred	1,997,617,052	1,089,502,619
110.	Non-current assets held for sale and discontinued operations	-	-
120.	Other assets	1,389,112,206	631,491,320
	Total assets	**96,924,587,385**	**74,236,321,828**

Liabilities and Equity		30 June 2022	31 Dec. 2021
10.	Financial liabilities measured at amortized cost	64,531,161,515	83,332,139,648
	a) Due to banks	19,240,942,816	14,831,132,057
	b) Due to Customers	53,554,131,425	38,772,715,804
	c) Debt securities issued	10,537,065,407	10,927,313,654
20.	Financial liabilities held for trading	148,804,269	53,025,449
30.	Financial liabilities designated at fair value	-	-
40.	Hedging derivatives	2,579,432,639	823,174,324
50.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	-628,724,747	139,352,620
60.	Tax liabilities	270,269,603	281,166,065
	a) current	150,627,315	243,962,223
	b) deferred	119,642,288	37,203,842
70.	Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80.	Other liabilities	3,019,130,455	1,084,026,575
90.	Employee severance benefits	98,193,373	83,190,913
100.	Provisions for risks and charges	638,086,072	437,227,253
	a) commitments and guarantees given	61,080,151	30,334,274
	b) post-employment and similar obligations	28,053,435	32,691,664
	c) other provisions for risks and charges	548,952,486	374,201,315
110.	Valuation reserves	-65,976,805	-48,666,017
120.	Redeemable shares	-	-
130.	Equity instruments	815,000,000	815,000,000
140.	Reserves	1,928,120,705	2,011,527,725
150.	Share premium reserve	3,496,515,771	3,118,688,309
160.	Capital	1,101,234,560	979,283,340
170.	Treasury shares (+/-)	-	-
180.	Profit (Loss) for the period (+/-)	192,361,842	-71,836,243
Total liabilities and equity		**96,924,587,385**	**74,236,321,828**

INCOME STATEMENT

Items		30 June 2022	30 June 2021
10.	Interest and similar income	514,683,182	361,612,852
	Of which: interest income calculated with the effective interest method	512,218,016	358,839,328
20.	Interest and similar expense	(2,574,797)	16,320,051
30.	**Net interest income**	**512,108,385**	**377,932,903**
40.	Fee and commission income	554,369,515	424,928,238
50.	Fee and commission expense	(20,504,131)	(18,015,997)
60.	**Net fee and commission income**	**533,865,384**	**406,912,241**
70.	Dividends and similar income	15,120,249	10,569,370
80.	Net profit (loss) on trading activities	11,882,097	13,690,296
90.	Net profit (loss) on hedging activities	(3,343,692)	(3,276,165)
100.	Profit (Loss) on disposal or repurchase of:	26,719,435	27,888,129
	a) financial assets measured at amortized cost	8,912,641	1,081,242
	b) financial assets measured at fair value through other comprehensive income	8,806,010	26,791,719
	c) financial liabilities	9,000,784	15,168
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	(3,903,884)	51,645
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	(3,903,884)	51,645
120.	**Net interest and other banking income**	**1,092,447,974**	**833,768,419**
130.	Net losses/recoveries for credit risk on:	(94,559,983)	(112,802,112)
	a) financial assets measured at amortized cost	(92,430,402)	(110,593,113)
	b) financial assets measured at fair value through other comprehensive income	(2,129,581)	(2,208,999)
140.	Profits/Losses on contract modifications without derecognition	(474,245)	(623,998)
150.	**Net financial income (loss)**	**997,413,746**	**720,342,309**
160.	Administrative expenses:	(821,241,980)	(626,348,833)
	a) personnel expenses	(401,080,996)	(274,867,580)
	b) other administrative expenses	(420,160,984)	(351,481,253)
170.	Net provisioning for risks and charges	(14,632,195)	(4,354,352)
	a) commitments and guarantees given	(5,856,263)	184,081
	b) other net provisions	(8,775,932)	(4,538,433)
180.	Net adjustments to/recoveries on property, plant and equipment	(44,172,718)	(28,788,168)
190.	Net adjustments to//recoveries on intangible assets	(14,261,578)	(12,301,085)
200.	Other operating expenses/income	152,337,131	136,614,953
210.	**Operating costs**	**(741,971,340)**	**(535,177,485)**
220.	Profit (losses) on equity investments	4,386,903	-
230.	Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	-	-
240.	Goodwill impairment	-	-
250.	Profit (losses) on disposals of investments	408,414	158,480
260.	**Profit (Loss) before tax from continuing operations**	**260,237,723**	**185,323,304**
270.	Taxes on income from continuing operations	(67,875,881)	(18,536,525)
280.	**Profit (Loss) after tax from continuing operations**	**192,361,842**	**166,786,779**
290.	Profit (Loss) after tax from discontinued operations	-	-
300.	**Profit (Loss) for the period**	**192,361,842**	**166,786,779**

STATEMENT OF COMPREHENSIVE INCOME

Items		30 June 2022	30 June 2021
10.	**Profit (Loss) for the period**	**192,361,842**	**166,786,779**
	Other comprehensive income after tax not recycled to profit or loss	**-**	**-**
20.	Equity securities designated at fair value through other comprehensive income	6,385,710	1,082,334
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	9,723,944	1,147,977
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserve on equity investments measured with the equity method	-	-
	Other comprehensive income recycled 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	(32,375,786)	(12,471,167)
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**	**(16,266,132)**	**(10,240,856)**
180.	**Comprehensive income (Item 10+170)**	**176,095,710**	**156,545,923**

STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2022

	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 PROFIT(LOSS)	-		-	-	-	-	-	-
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	-	-	-	-	-	-	-	
Changes in reserves	-	-	598,970,703	-416,897,352	-1,044,656	-	-	181,028,695
Transactions on equity	-	-	-	-	-	-	-	
Issue 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 in 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 CHANGES IN EQUITY AS AT 30 JUNE 2021

	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. 2020	979,234,664	3,118,389,293	1,565,178,584	3,027,257	-33,784,159	715,000,000	168,206,243	6,515,251,882
ALLOCATION OF PROFIT(LOSS)								-
FOR THE PREVIOUS FY								-
Reserves	-	-	76,887,211	-	-	-	-76,887,211	-
Dividends and other allocations	-	-	-	-	-	-	-91,319,032	-91,319,032
CHANGES IN THE PERIOD								
Changes in reserves	-	-	361,529	300,000,000	-	-	-	300,361,529
Transactions on equity								
Issue of new shares	1,880	11,549	-	-	-	-	-	13,429
Purchase of treasury shares	-	-	-	-	-	-	-	-
Extraordinary dividend distribution	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-25,346,263	-	-	-	-	-25,346,263
Derivatives on treasury shares	-	-	-	-	-	-	-	-
Shares and rights on shares in the Parent Company								-
assigned to employees and directors	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-10,240,856	-	166,786,779	156,545,923
EQUITY AS AT 30 JUNE 2021	979,236,544	3,118,400,842	1,617,081,061	303,027,257	-44,025,015	715,000,000	166,786,779	6,855,507,468

STATEMENT OF CASH FLOWS

	30 June 2022	30 June 2021
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**236,869,979**	**804,795,606**
- Profit (loss) for the period (+/-)	192,361,842	166,786,779
- gains (losses) on financial assets held for trading and on financial assets/liabilities measured at fair value through profit or loss (-/+)	-4,587,650	-6,404,965
- Gains/losses on hedging activities (-/+)	-319,349,644	-5,974,270
- Net adjustments/recoveries for credit risk (+/-)	87,516,903	92,709,414
- Net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	58,434,296	41,089,253
- Net provisioning for risks and charges and other costs/revenues (+/-)	14,632,195	4,354,352
- Taxes, levies and tax credits not settled (+)	67,875,881	18,536,525
- Net adjustments to /recoveries on discontinued operations net of tax effect (-/+)	-	-
- Other adjustments (+/-)	139,986,156	121,853,793
2. Cash flow generated/absorbed by financial assets	**-1,169,276,069**	**-1,911,388,279**
- Financial assets held for trading	-47,793,452	21,406,868
- Financial assets designated at fair value	-	-
- Financial assets mandatorily measured at fair value	4,584,245	568,931
- Financial assets measured at fair value through other comprehensive income	78,432,807	-112,148,520
- Financial assets measured at amortized cost	-914,168,528	-1,490,207,940
- Other assets	-290,331,141	-331,007,618
3. Cash flow generated/absorbed by financial liabilities	**938,584,343**	**2,087,433,765**
- Financial liabilities measured at amortized cost	13,207,490,137	1,471,520,013
- Financial liabilities held for trading	95,278,280	-20,224,099
- Financial liabilities designated at fair value	-	-
- Other liabilities	-12,364,184,074	636,137,851
Net cash flow generated/absorbed by operating activities	**6,178,253**	
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by:	**77,218,631**	**16,069,370**
- sales of equity investments	60,614,350	-
- dividend received on equity investments	15,120,249	10,569,370
- sales of property, plant and equipment	1,484,032	5,500,000
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flow absorbed by:	**174,326,777**	**-865,455,184**
- purchases of equity investments	-2,820	-864,275,995
- purchases of property, plant and equipment	-451,487	-1,179,189
- purchases of intangible assets	-	-
- purchases of business units	174,781,084	-
Net cash flow generated/absorbed by investing activities	**251,545,408**	**-849,385,814**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	-217,118,670	13,429
- issues/purchases of equity instruments	-27,644,030	-25,346,263
- distribution of dividends and other	133,999,902	208,680,968
Net cash flows generated/absorbed by funding activities	**-110,762,798**	**183,348,134**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**146,960,863**	**-57,041,313**

RECONCILIATION

Financial Statement items	30 June 2022	30 June 2021
Opening cash and cash equivalents	540,292,990	313,267,087
Net increase/decrease in cash and cash equivalents for the period	146,960,863	-57,041,313
Cash and cash equivalents: foreign exchange effect	-	-
Closing cash and cash equivalents	**687,253,853**	**256,225,774**

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Share Capital euro 1,101,234,560.00 fully paid in
Entry number in the Business Register of Parma,
Taxpayer Identification Number and VAT Identification Number 02113530345.
Italian Banking Association (ABI) Code 6230.7 On the Register of Banks
at no. 5435. Member of the Italian Interbank Deposit Protection Fund
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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